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**The Effects of Performance Appraisal Practice on  
Organizational Performance and Job Satisfaction in  
Ethiopian Civil Aviation Authority:  
The case of Air Navigation Department**

**By:**

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A Thesis Proposal Submitted to Addis Ababa University, School of Commerce in  
Partial Fulfillment of the Requirements for the Degree of Master of Human Resource  
Management

July, 2020

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## APPROVAL SHEET

This is to certify that this thesis prepared by Dereje Bekele Agajeyeleh, entitled: “The effects performance appraisal practice on organizational performance and job satisfaction in Ethiopian Civil Aviation Authority the case of Air Navigation Department” submitted to Addis Ababa University, School of Commerce in partial fulfillment for the requirements of Masters of Human Resource Management complies with the regulations of the Addis Ababa University and meet the accepted standards with respect to originality and quality.

Name of the Advisor: \_\_\_\_\_ Signature: \_\_\_\_\_ Date\_\_\_\_\_

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Name of the External Examiner:\_\_\_\_\_ Signature:\_\_\_\_\_ Date\_\_\_\_\_

## DECLARATION

I, Dereje Bekele Agajeyeleh hereby declare that this thesis for Masters of Human Resource Management (HRM) in Addis Ababa University (AAU), School of Commerce, is my original work. This work has not been submitted in any form for another degree or diploma at any university or other institution of higher education. Information derived from the published or unpublished work of others has been duly acknowledged in the text and a list of references is given inside.

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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## Abstract

*Many studies have been conducted on the relationship between performance appraisal practices and its impacts on employee job satisfaction and organizational performance. The findings differ as there are different performance appraisal approaches. Besides, indicators of employee job satisfaction and organizational performance vary from industry to industry. This research was designed to address the gap of knowledge about performance appraisal and its role on organizational performance and job satisfaction in the Ethiopian Civil Aviation Authority Department of Air Navigation. Quantitative and qualitative research method was employed to address the research questions. The result shows that the most frequently used types of performance appraisal were forward-looking approach and incident reporting method in combination as indicated by the respondents. Employees reported that the performance appraisal practice is biased and that they lack confidence in the process of performance appraisal since it is unsystematic and irregular. The results of performance appraisal are not only unreliable but also not communicated to employees timely. The study revealed that organizational performance is hardly related to the nature of performance appraisal. The activities done to increase job satisfaction produced poor level of job satisfaction. In short, there is a converse relationship between performance appraisal practices and organizational performance and job satisfaction. Therefore, it is concluded that the idea and practice of performance appraisal in the Ethiopian Civil Aviation Authority deserves serious reconsideration. To that end, the researcher recommends the Ethiopian Civil Aviation Authority should introduce a multi-source feedback or 360 degree performance appraisal method.*

### Key words

Performance Appraisal Practice, Organizational Performance, Job Satisfaction, And Air Navigation Departmet.

## Chapter one: Introduction

### 1.1 Background of the study

The effect of Performance Appraisal Practice on Organizational Performance and Job Satisfaction is a well-known industrial practice. Performance Appraisal refers to a systematic and periodic process in which the performance of an employee's job productivity is assessed against a pre-established criteria and organizational objectives. Performance Appraisal helps estimate the degree of achievement or success of employees of an institution with the objective of improving their performance. While the frequency Performance Appraisal differs from organization to organization, it is claimed that a typical Performance Appraisal is conducted annually. The result of Performance Appraisal could contribute for offering feedback to employees, plan counseling, strategize employees' development, stratifying compensation schemes or for initiating disciplinary decisions" Senyah et al (2016).

For some reasons, precisely measuring the performance of workers is a difficult task. As Senyah et al (2016) noted, the ability to conduct Performance Appraisal relies on the ability to assess an employee's performance in a fair, institutional, and accurate manner. For a proper rating of performance, a supervisor should understand the nature of the job and the sources of information which must be collected and processed in a systematic way. Besides, employees should be provided with the feedback on their Performance Appraisal and make it a crucial factor in the organization's compensation, job placement, and training decisions Senyah et al (2016).

The main objective of this study is to determine the effects of Performance Appraisal Practice on Organizational Performance and Job Satisfaction in Ethiopian Civil Aviation Authority Department of Air Navigation. This is because poor Performance Appraisal can have disastrous consequences. As the above mentioned researcher noted,

*‘Appraisal is one of the most important tools in the management of human resources. However, made in an inappropriate way, it can be harmful rather than useful. Therefore, one should, from the very beginning, follow a set of rules thanks to which employees will perceive the system as ethical. The article is aimed at defining ethical aspects of staff appraisal and regulations*

*governing the creation of moral or ethical appraisal system in a given firm. However, the main goal is not to describe and characterize the system, chosen criteria and methods, but to identify ethical aspects of particular elements in the entire process (Misiak, 2010)*

A robust human resource management in an organization can be achieved through an equally robust Performance Appraisal instrument. Achieving organizational objectives require individuals and team work individually and in teams where expected performance of each should be measurable. Seamless personnel management requires careful Performance Appraisal, documentation and communication. Performance Appraisal also enables leaders and followers to cooperate and enhance work result and satisfaction (Khanna and Sharma, 2014). The state of the art of literature on the subject matter and the gap which this study aims to fill is shown in the statement of the problem section.

## **1.2 Background of the industry**

The Ethiopian Civil Aviation Authority is both a Regulatory authority and a service rendering organization located at Bole International Airport and has different branch units, at least one in all Regions including Addis Ababa and Dire Dawa administration except in Harari and Benishangul Gumuz National Regional States. The Authority has different functional departments one of which is Air Navigation department in which there are three directorates: Air Traffic Service Directorate, Briefing Directorate, and Communication, Navigation, & Surveillance Directorate. This particular study will be conducted on employees at Bole International Airport and Mekelle Air Navigation branch office.

## **1.3 Statement of the Problem**

As shown in the background of the study, and as will be shown in the review of related literature, the effects of Performance Appraisal Practice on Organizational Performance and Job Satisfaction is a widely discussed topic of academic study and industrial practice. However, the level of attention given to the subject matter among Ethiopian researchers isn't as good as the case elsewhere. Nevertheless, it is imperative to briefly present available works on the same topic in Ethiopia. As will be shown below, studies on performance appraisal and related issues aren't evenly distributed in government and private sector organizations and the share of financial institutions is quite high.

Mehari (2017) studied employee's job satisfaction in private and public sectors in Woldia district. The main area of investigation was on the predicative capacity of job satisfaction and job satisfaction differences of employees in the two sectors. The relevance of this study for Performance Appraisal and related issues is very limited. However, there are studies that directly tackled the nature of Performance Appraisal, how it is conducted, its relationship with job motivation, and its impact on performance and factors that undermined the effects of Performance Appraisal Practice on Organizational Performance and Job Satisfaction (Haile and Premanandam 2017). Terecha (2019), identified that the compensation scheme of workers in Oromia National Regional State is linked to the result of performance appraisal. In that way, employers manage to retain employees through equitable salary and benefits and the necessary policies and practices needed for that purpose are put in place (Terecha et al 2019).

On his part, Hika (2017) studied the practices and challenges of employee's performance management in Gamo Gofa Zone. He rightly asserts that there is very little research on the challenges and practices of performance management in the public sector of Ethiopia which justifies undertaking this research (Nigatu et al 2017). On their part, Solomon and Gebre (2016) explored the relationship between employee performance and Performance Appraisal among workers in Hawassa University administrative staff. The study showed positive and strong relationship between dependent and independent variables. This means that the performance of workers increased because 1) there are established performance standards, 2) the established standards are communicated, 3) actual performance measurements are compared with the standard, 4) appraisals are discussed and feedbacks provided and, 5) corrective measures are taken in light of Performance Appraisal results (Solomon and Gebre 2016). There is a wider study on the overall aspect of Performance Appraisal in the public sector in Adigrat by Balaraman et al (2018). The research assessed the practices and challenges of Performance Appraisal and the fundamental factors for the performance of Performance Appraisal. It found out that in spite of differences in knowledge and skills, and hence in job duties and responsibilities, employees are rated based on similar criteria. It also found critical problems on listening and responding to employee grievances about the standard of performance appraisal and evaluation. The study noted the lack of employee's confidence on the neutrality of supervisors (Balaraman et al 2018).

There are dozens of performance appraisal researches on the banking sector. Betre (2017) studied on the effectiveness of performance appraisal in the Commercial Bank of Ethiopia. The purpose of her study focused on factors that determine the effectiveness of performance appraisal in the said bank. The study concluded that the effectiveness of performance appraisal is affected by richness of feedback, improved performance of employees, purpose of performance appraisal results, job motivation etc. (Betre 2017 ). Another study revealed significant difference in effect among raters and ratees about the personal impact of raters on performance appraisal results. Abdurezak and Tigist (2019) investigated the Employees Performance Management System (EPMS) as practiced at the Commercial Bank of Ethiopia based on the experience of Bishoftu district area. The study found out that the EPMS system suffers from poor awareness and training about the requirements of performance appraisal and its purpose. Moreover, the study revealed that employees lack trust in EPMS and that they do not have regular feedback and coaching mechanism to enhance their performance (Kuhil and Tigist 2019). In the same vein, Beki (2019) investigated the link between performance appraisal and employee productivity in the Commercial Bank of Ethiopia, taking South Addis Ababa District as a case study. It concludes that the performance appraisal system is positively related to employee's productivity (Beki 2019).

Muluwork (2018) studied the nature of performance appraisal in Dashen Bank Share Company. Like other researchers, he agrees that the idea and practice of PA isn't given due attention by researchers in Ethiopia adding that most performance appraisal practices are ineffective because of subjective criteria, poor rater understanding, and inadequate training. The performance of employees is rated by their immediate supervisors though employees need to be rated by others like peers, customers, subordinates etc. which could make the appraisal more balanced. While the appraisal format covers many aspects, the dominant weight is given to trait. Employees have different attitude about the number of appraisal that should be conducted in a year, some supporting biannual while others call for a more frequent appraisal. Employee's participation in their appraisal is low and most of them felt that the rating was a punishment mechanism. The main problems reported are lack of objectivity since most performance criteria aren't related to jobs, rater bias, measurement problems etc. (Muluwork 2018).

A research on another private bank was done by Solomon (2016) who assessed performance appraisal in Abay Bank S.C. It found that the bank has no formal appraisal process. On the other hand, the performance standard of the bank includes issues like quality, timeliness, quantity, cost

effectiveness, and strategic relevance. However, the performance appraisal is poorly coached to ensure consistency and stability about individual's level of performance over time. The most crucial limitations of the bank's appraisal system relate to rater's error and situational influence. The responsible body for employee's performance appraisal where supervisors take the lion share by filling appraisal forms. More importantly, the study noted that the bank lacks discussion on performance results (M. Solomon 2016).

Among sector specific researches on performance appraisal is the work of Mengistu (2018). The research sought to investigate performance appraisal practices in the Ethiopian Road Authority based on the case of Kombolcha branch. The findings show that performance appraisal isn't undertaken on regular basis and that employees have no information about the purpose of performance appraisal. Moreover, the study concluded that employees are unsure about their weakness and strength because of lack of confidence in performance raters (Mengistu 2018). A similar study on the NGO sector in Ethiopia is conducted by Kebre (2016). He explored the general practice of performance appraisal in Save the Children International. The study found significant discrepancy between the standards set for the management of performance appraisal and the actual practice. It noted that the established standards of performance appraisal were not implemented for their intended purposes as the main concern was fulfilling the requirements for submission to the HR department (Kebre 2016).

As can be the preceding discussion, the idea and practice of performance appraisal in public and government organizations isn't a new phenomenon. Besides, the number of activities tackling different aspects of performance appraisal is limited. To the best of the writer's information, no performance appraisal research was conducted in the Ethiopian Civil Aviation Authority in general and some domestic and international airports in Ethiopia. As an important employers and contributor to economic development, studying the performance appraisal system, practices, intentions, challenges, and achievements would contribute to the sustainable development of the company- Ethiopian civil aviation, as well as its employees. Therefore, the main problem statement of this research is addressing this total lack of performance appraisal study in the Ethiopian civil aviation industry.

#### 1.4 Basic Research Questions

- a. What types of Performance Appraisal practices used in Ethiopian Civil Aviation Authority Department of Air Navigation?
- b. How does the employs perceive the process of performance appraisal at Ethiopian Civil Aviation Authority Department of Air Navigation?
- c. What is the role of Performance Appraisal on organizational Performance at Ethiopian Civil Aviation Authority Department of Air Navigation?
- d. Is there a relationship between Performance Appraisal and job satisfaction at Ethiopian Civil Aviation Authority Department of Air Navigation?

#### 1.5. Objectives of the study

##### 1.5.1 General objectives of the study

The general objective of this study is to investigate the type and impacts Performance Appraisal in Ethiopian Civil Aviation Authority Department of Air Navigation and its impacts on organizational performance and job satisfaction.

##### 1.5.2 Specific objectives of the study

The specific objectives of this study are:

- A. Assessing Performance Appraisal practices in Ethiopian Civil Aviation Authority Department of Air Navigation.
- B. Analyzing how the employs perceive the process of performance appraisal at Ethiopian Civil Aviation Authority Department of Air Navigation.
- C. Examining the role of Performance Appraisal on organizational Performance at Ethiopian Civil Aviation Authority Department of Air Navigation.
- D. Describing the relationship between Performance Appraisal and job satisfaction at Ethiopian Civil Aviation Authority Department of Air Navigation.



## 1.6 Definition of Terms

### 1.6.1 Conceptual definition

**Performance appraisal:** Performance Appraisals are a systematic way of evaluating the standard of a worker's performance (Armstrong, 2006). **Performance management:** Performance management can be defined as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors (Armstrong, 2006).

**Performance Standards:** Performance standards define the expected levels of performance, and are labeled benchmarks or goals or targets— depending on the approach taken (Mathis and Jackson, 2006).

### 1.7 Significance of the study

This study will have a practical significance to Ethiopian Civil Aviation Authority as a whole and to department of Air Navigation in partial in identifying or understanding the effects of performance appraisal practice on Organizational performance and job satisfaction. The general finding of the study will reflect the effect on Organizational performance and job satisfaction by the practices of performance appraisal and it will help the organization identify the effect and providing possible recommendations to fill the gaps that affect the employees in their day to day operation. It also will serve as reference for concerned management offices.

For planners, it also will help them to effectively plan and schedule the effective human resource management practices that intended to enhance employees' motivation and organizational performance. The study also would have a significant contribution for both strategic and operational managers on setting plans and targets by considering such effects. It will also help in providing information for other organizations in identifying the effects of performance appraisal practice organizational performance and job satisfaction in provision of vital recommendations.

### **1.8 Delimitation/scope of the study**

This study was about the effects of performance appraisal practice on organizational performance and job satisfaction in Ethiopian Civil Aviation Authority (ECAA) the case of Air Navigation department. Hence, it did not consider the cases of other departments in the organization and similar departments other than Air Navigation department located at Bole International Airport and Mekelle Air Navigation branch office due to only the difficulty to manage for their location,

time required to cover the study, and also the significance of outcome of the remaining employees is less due to their number is low.

The study was conducted at Ethiopian Civil Aviation Authority Department of Air Navigation (ECAA-AIRNAV). Located at and near Bole International Airport, and also covers Mekelle Air Navigation branch office. Furthermore, the study was mainly concerned with the effects of performance appraisal practice on organizational performance and job satisfaction in Ethiopian Civil Aviation Authority Department of Air Navigation and related issue as shown in the specific objectives section of this proposal.

### **1.9 Organization of the study**

The study was contained five chapters. Chapter one was the introduction part which Contains the back ground, the statement of study, objectives of the study, research questions, significance of the study, definition of key terms and scope of the study.

Chapter two covered all about the review of related literature that includes the empirical and conceptual framework reviews.

The third chapter was about the research methodology involving the research design, source of data and collection method, sampling techniques and size, data analysis method and ethical consideration.

The fourth chapter was also about the discussion, data analysis and interpretation parts. The last chapter, chapter five, was about the summary, conclusion and recommendation part.

## **Chapter Two: Review of Related Literature**

### **Introduction**

The review of related literature is structured in such a way that the researcher can identify pertinent units of analysis for the study. The main targets of the study are restricted to the issue identified in the objectives of the study. Accordingly, the survey of related literature is limited to six basic aspects of Performance Appraisal practice

The first deals with the Performance Appraisal: it's meaning, concept, rationale, application, merits and demerits, types of performance appraisal practices, and its perception by the employees of the organization under study. The second aspect is concerned with organizational practice: dealing with its contested meaning, and parameters of organizational performance. The third aspect deals with job satisfaction: definition, and determinants of job satisfaction. The fourth aspect has to do with the relationship of Performance Appraisal and organizational performance. The fifth aspect tries to deal with the relationship between performance appraisal practice and job satisfaction. The sixth and the last aspect of the literature review deals about the relationship of organizational performance and job satisfaction. The way the survey of literature is made isn't argumentative in the sense that the main interest is depicting what has been so far argued by various researchers about the six aspects identified. However, how existing claims and counterclaims stands with the insights of this research will be discussed in the presentation and discussion of data from the studied organizations.

### **2.1. Performance Appraisal:**

#### **2.1.1. Concept, Rationale, Application, Merits and Demerits**

This section is concerned with the benefits of Performance Appraisal to different interest groups. Different scholars have articulated the perceived benefits of Performance Appraisal to various interest groups. The intention of Performance Appraisal is one thing, how it is done and acted up on eventually is different. Nonetheless, it is worthwhile to cogently summarize reported rationale for undertaking Performance Appraisal or what advantages were obtained from the practice.

One of the advantages of undertaking Performance Appraisal is said to be utility to generate primary information for giving feedback and this is valuable input for future development

planning. Performance Appraisal enables managers to grasp the weaknesses, strengths, potentials, and training needs of employees. Besides, supervisors can follow up the progress of employees and inform them accordingly. Hence, Performance Appraisal enables supervisors to know how to counsel employees for better performance. This is because employees might not discover their own weakness unless supervisors are able to make necessary advice based on informed rating. The counsel of the supervisors has dual aims- correcting deficient performance while reinforcing good performances for the future development of both the organization and the employees. Therefore, Performance Appraisal should be coached in such a way that employees consider it as beneficial to their own development (Armstrong, 2006).

Another issue of how Performance Appraisal is conducted or practiced is concerned with the frequency of Performance Appraisal practice. Some noted that the efficiency and effectiveness of organizational performance depends on the ability to undertake continuous Performance Appraisal and evaluation. As McGregor (1957) noted, Performance Appraisal is important for appropriate financial and administrative measures. It enables managers to institute salary increment in light of Performance Appraisal results enables them to identify areas of improvement in their attitude, knowledge, skills, and attitude to employees. Ultimately, Performance Appraisal is meant to be instruments to nurture a high-performance culture for higher organizational effectiveness thereby promoting the needs and wants of individuals. In other words, Performance Appraisal is useful to nurture continuous progress in skill, commitment, competence, and motivation. As such, Performance Appraisal and its management should be taken as the continuous responsibility of managers and team leaders. A reliable Performance Appraisal can't be done through by conducting it once in a year (Armstrong, 2006).

Organizational performance and its resultant efficiency and effectiveness can only be achieved when individuals are continuously appraised and evaluated. The inability of organization to install an effective performance appraisal culture undermines their competitive advantage (Obisi, 2011). Other suggest annual or biannual Performance Appraisal. However, what is more important than the frequency of Performance Appraisal is how it is administered. It is argued that for a Performance Appraisal to be effective, appraisees should be openly informed that the objective of Performance Appraisal is to improve their performance (OTHMAN 2014).

The other utility of Performance Appraisal is related to its input for informed decision regarding status promotion and salary increments. The results of Performance Appraisal can also be valuable for making informed decisions about recruitment, training, and compensation aspects of organizational sub-divisions. For a manager to make worthy promotion and compensation there must exist; a reliable, accurate, timely, and objective oriented Performance Appraisal (Burack, Elmer and Smith, 1977).

Performance Appraisal is valued for ensuring sustainable development. For an organization to develop, the competence of its workers must develop continuously. Ensuring the continuous development of workers can't be achieved without continuous Performance Appraisal strategy. For this reason, some argued that `performance management` should be called performance and development management. Besides, ensuring the continuous development of organizations and their workforce, Performance Appraisal is valued for responding to the expectations and needs of clients and the public at large. Because employees should be treated as partners in enterprises, their needs and wants should be met and for that to happen their voices should be considered. Therefore, it is necessary to make Performance Appraisal culture conversant with the needs of individuals and teams in an organization. The last but not least rationale for Performance Appraisal is concerned with communication and involvement. Performance appraisal is valuable to create the right atmosphere in which managers and followers engage themselves in a continuous dialogue to shape expectations and share information on organizational missions, values, and objectives. Without creating high involvement culture, organizations can hardly bring teams and individuals together to define and redefine their objectives and ways of achieving them. In effect, high communication and involvement requires that Performance appraisal should be performed within an agreed framework of planned goals, competence requirements and standards (Armstrong, 2006).

The above discussion about the essence of Performance appraisal can be summarized according to the triangular stakeholder analysis suggested by Zachary (2010). According to his analysis, the three main objectives of Performance appraisal are presented as follows.

1. Performance reviews– this is of interest to the organization since Performance appraisal help managers discuss with employees work situations and progresses so that they can identify the strong and weak aspects of the status quo to plan for the future.
2. Potential reviews – this if of interest to the employees’ because Performance appraisal targets opportunities for promotions; Performance appraisal identity the future status promotion of employees and deliberates on what should done to that end.
3. Reward reviews. The performance appraisal result serves as input to make sound decision about rewards such as pay, benefits or promotion and provides feedback.

### 2.1.2. Types of Performance Appraisal and their Application

There are various modalities of Performance Appraisal. One of these is known as Multi-Source Feedback or 360 Degree Feedback. In this model, the required data for assessing the performance of an individual is solicited from concerned and involved stakeholders. It is a means of meeting criteria set previously. It is designed to ensure the development of workers and their organization. 360 Degree Feedback Performance Appraisal differs from traditional (top-down) method in which the manager has near monopoly of rating the performance of an employee. In contrast to this, 360 Degree Feedback Performance Appraisal incorporates the views of others (who are directly or indirectly affected by the jobs of an employee) to generate a fuller picture about individual’s performance. Hence, a worker can be appraised by his peers, subordinates, managers, customers or suppliers and vendors or the organization. Moreover, the 360 Degree Feedback gives due attention to the training needs of individuals. To make Performance Appraisal inclusive of the view of all, the formant of 360 Degree Feedback includes four components: self-appraisal, subordinate appraisal, supervisor appraisal, and peer appraisal. In the context of academic institutions, there is a fifth component- student appraisal (Reddy 2012). To mitigate the personal influence on the Performance appraisal on a worker when filled by a single manager, the 360 degree appraisal uses intersectional evaluation system. Hence, the model allows supervisors, subordinates, and peers to appraise and be appraised by one another, besides self-appraising themselves. In the end, the average value of all appraisals will be considered for various decisions. The model also makes use of a post-appraisal counsel to synchronize the appraisal results with better performance in the future. All of this is tied up with the dedication of organizations to win competitive advantage (Obisi 2011)

Some have suggested that in recent years the focus of Performance appraisal changed from strict appraisal of individual performance to that of a forward-looking approach. The target of the new approach is enhancing performance and building the capacity of appraisees through a well-prepared, open, and honest discussion. It is a kind of appraisal where supervisors and subordinates make face-to-face forum to discuss an employees work is discussed, reviewed and appraised by another based on a framework which is understood and agreed up on by all. The direction of appraisal is vertical (as supervisors can be appraised by subordinates and vice versa), and horizontal in the context of peer appraisal. It can be non-hierarchical when outside stakeholders are involved in appraising a person.

The mutual appraisal discussion forums should focus on behaviors, outcomes issues, and problems. Discussions should target improving an appraisee's growth, motivation, and performance. In other words, appraisal forums shouldn't places personal attack and subjective criticism. The forum should be organized both by the appraiser and appraisee. The appraiser needs to be skillful and tactful to refrain from offensive remarks and be mindful of the fears, doubts, and anxieties of appraisees. On their part, appraisees should have a clear picture of what is expected of them and be able to discuss priorities. They should take the occasion to get rid of their confusions by receiving feedbacks. They should be aware of their right to be heard and respected. They should positively accept constructive guidance to meet agreed goals as well as their own development plans. They should readily to assume responsibility for their performance. In the same way, the forum needs to be seized by appraisers as opportunity to get firsthand information how the worker handles his job and to get his potential and needs. He should also motivate the worker (Chartered Management Institute 2005).

There are many formalities of exciting Performance Appraisal. The Past Oriented Techniques of Performance appraisals Narrative Techniques include global ratings /essays/ free written methods and critical incidents methods. In the global rating method, the rater is supposed to offer the general estimation of the performance with no distinction between performance dimensions. The results of such kind of performance appraisal are presented as 'outstanding', 'satisfactory, and 'needs improvement'. Because this method is deemed to be highly subjective, it is acknowledged to be

difficult to make quality decisions (Wiese & Buckley, 1998 cited in (Majid 2016). Because managers have little time to offer detailed exposition of the ratee, this method is highly restricted to top level managerial positions whose job contents are highly qualitative and there are very few people to be appraised.

In the case of critical incident report method, managers keep diary to documents the negative and positive behaviors of ratees for a long period of time (Mondy & Noe, 2008). This is a method developed by Filanagan (1954) and has three main steps. The first phase is a ratee is rated for his worthiness as 'good' or 'bad'. The second is giving such instant evaluations to experts to assign scale values about the level of desirability for a given job. A test of noteworthy (good or bad) on the job behaviors is prepared. The third is constructing checklist that contains instances by which workers are defined as 'good' or 'bad' workers. According to Hayness (1978), the burdensome rating procedures of the critical incident method is rendered it unpopular. This is because accurate implementation of the system undermines the ability of managers to tackle their daily work.

The other Performance appraisal method is known as Forced Choice Method which was developed after concerted research in the area of military service during WW II Mondy & Noe, (2008). In this case, a rater is provided with a series of statements about an employee where half of the statements are favorable while the other half is unfavorable. In each set of four statements, two appear favorable and two and un-favorable. Then only one of the positive statements is used for computation and the same applies to the negative statements. Since the rater has no clue about the values of each statement, the task of computing the final result is given to other people. The value added or withheld to each statement is based on previous experience about successful and unsuccessful performance. Although the rater has no clue about the value of each statement he is forced to choose a statement he/she thinks to be the most representative of an employee (Wiese & Buckley, 1998). This method is believed to be valuable to reduce bias and enhance accuracy. It is also reputed for its contribution in establishing objective standards to compare two individuals. The main limitation of this method is that it forces the rater to choose between two negative statements thereby forcing them to suggest demeaning comments about a worker (Barret, 1967). Besides being expensive, the method presupposes that a global standard could exist to measure a specific performance dimension which is highly disputable (Cascio, 1991; Patten, 1977).



The other method is called the Graphical Rating Scales (GRS). In this case, a form containing a number of employee characteristics and qualities are printed and provided to a rater. The rater indicates his estimation of the personality traits, outcomes, and job behaviors of the ratee where the main emphasis is on outcome and job behavior since they are more objective than assessment of personality traits (Basu, 1988). The rater is expected to rate a worker's evaluation dimensions by choosing a numerical scale he believes the ratee is best suited to. Since the method forces the rater to link appropriate personality trait with vague performance dimensions, the rater is bound to be full of errors (Bernardin & Smith, 1981, Mufeed & Jenifur, 2015). The positive aspect of the method is the ease with which trait-rating scales can be developed and administered. Because the results of Performance appraisal are quantifiable and because the measurement dimensions are standardized, it helps to give clear comparative picture among individuals and work teams (Cascio, 1991). The method is also valued for not being time consuming (Mondy & Noe, 2008). The relevance of this method declined because raters focused on previous experience of a ratee rather than future goals and because they were performed by senior people with little input from employees.

The other method is called ranking which considered being the simplest of all Performance appraisals. Since this method was developed for the army, the formant uses five scales to rank its officers based on physical qualities, intelligence, leadership, personal qualities, and the general value to the service. First officers are ranked by different raters for their standard of judgment from the highest to the lowest. Then the average of the raters is used to minimize error (*Mufeed, 2011, 2012; Mondy & Noe, 2008, Jenifur, 2014*).

There is Performance appraisal method called Confidential Reports which considered being the most traditional appraisal method still in a number of Indian Business House. In this method the appraisee weaknesses, strengths and opportunities are evaluated by a supervisor against the character traits of the appraisee. This method assumes that the supervisor has the most intimate contact and familiarity with his subordinate so that he is the best to rate the worker more than anyone else. Although the method in use by some organizations, more and more researchers concur that the assumption of Confidential Report is flawed (*Basu, 1988*).

A rating method gaining popularity in recent years is called Behaviorally Anchored Rating Scales (BARS). The method is reputed for placing appraisees in possible alternatives and objective reality. The method is also called Behavioral Observations Scales (BOS), Behavioral Expectation Scales (BES, or Mixed Standard Rating Scales (MSRS), which were highly regarded as methods that gave lasting solutions to the problem of Performance appraisal - rater bias, low reliability and disputable traditional rating techniques. Although variations of leniency and inter-rater agreement exist in all Performance appraisal measurement scales, it is difficult to conclude on the superiority of one rating formant from the other. Nevertheless, compared to measurements that focus on psychometric properties, Performance appraisal according to BARS produced important qualitative and concrete findings.

In discussing the how of Performance Appraisal, scholars pointed out five key elements of Performance Appraisal. The first is measurement which requires evaluating performance in light of agreed objectives, targets, attitudes, and behaviors. The second is feedback which is concerned with giving information to employees on their performance rating and suggestions to improve their future performance. The third is positive reinforcement in which emphasis is made on the strengths of individuals while making constructive criticism about the way forward. The fourth is exchange of views where all make frank discussions regarding how things happened the way they did and how they can support one another in their future career. The fifth is reaching agreement- creating a common understanding as to what all parties need to do to improve and sustain performance (HR Solutions (South) Ltd.).

### 2.1.3. Perception of Employees about Impact of Performance Appraisal

Different studies have been conducted about the attitude of employees on the motive and mechanism of conducting Performance Appraisal. Some noted that Performance Appraisal is poorly institutionalized so much so that the result would be disputable. Among the many factors that undermined the 'institutional' nature of Performance Appraisal the most important is said to be lack of political accountability. For the development ideal or professional public service, there has to be enabling legal provision, training, and valuable reward system. Since such prerequisites do not exist, the right atmosphere couldn't be created to institutionalize Performance Appraisal

(Faizal 2005, 1). Faizel's finding based on a research in Moldova is supported by the findings of a research in Nigeria. According to a study, in most organizations of Nigeria Performance Appraisal is conducted in ways characterized by bias. Although employees have good perception about the scientific merits of Performance Appraisal, they strongly suspect Performance Appraisal because of the way it is done. Another source of lack of confidence in Performance Appraisal has to do with the monopoly of Performance Appraisal by high management without the participation of appraisees or other stakeholders (Kolawole, et al, 2013). Therefore, this is indicative of the same limitation- poor institutionalization of Performance Appraisal.

Poor institutionalization of Performance Appraisal breeds subjective evaluation results and hence disputable reward decisions. That being the case, employees are feel uncertainty about their own performance and doubt the ability of their manager to appraise them. This uncertainty affects employee's future performance since the result of Performance Appraisal depends on the employee's perception of the manager's capability to appraise them objectively or preciously (Khan 2013). The objectivity of Performance Appraisal is disputable since it is not systematic and regular undertaking. Besides, its subjectivity stems from the personal influences as the confidential nature of appraisal undermines objectivity and fairness. More often than not, organizations ignore management by objectives in rating the competence of workers and become victims of personal prejudices. The result of this kind Performance Appraisal erodes the overall performance of an individual (Obisi 2011).

## 2.2. Organizational Performance

### 2.2.1. Contested Meanings

Measuring organizational performance is impossible without first having a clear understanding of what it is all about. However, a glance look at the existing literature reveals that the concept of organizational performance is an extremely disputed one so much so that different scholars have not reached at a single definition that agreeable to all. That being the case some argued that organizational performance is a subjective reading of a reality. Hence, it is clear that the parameters used to measure organizational performance vary according to differing perspectives and conditions. In most cases, the study of organizational performance is common among commercial companies though within the same category the concept lacks precise definition (Armstrong, 2006).

### **2.2.2. Parameters of Organizational Performance**

In spite of confusions about the real meaning of organizational performance, literature on organizational performance focus on productivity, efficiency, effectiveness, economy, earning capacity, profitability, competitiveness etc. This is because such variables can be measured against organizational objectives. The more an objective is achieved the better is organizational performance. Measuring organizational performance in terms of set objectives by itself is not precise since organizations can hardly determine their objectives precisely. In the final analysis, any discussion about organizational performance is understood to be a relative assessment of success or failure (Armstrong, 2006).

According to Debore, (2013) organizational performance is nothing other than a comparison of outcome with that of objectives. However, measuring performance in that way is vague since objectives and outcomes could vary from one sector to another. On the other hand, Michel Lebas (1995) holds that organizational performance is something that is future-oriented in which organizations link components and products in a particular way. In this regard, an organization is deemed to have successful performance if it realizes the goals determined by the management body. Viewed in that way, successful performance is attributable to capability and future.

While some argued that organizational performance can be measured as 'positive' or 'negative', others insist that performance is not a concrete thing that can be assessed or measured. This argument stems from the perspective that organizational performance is something that is socially constructed reality which exists in the minds of people. In spite of such contentions, it seems widely accepted that organizational performance is rooted in measuring seven performance criteria that must be followed: effectiveness, efficiency, quality, productivity quality of work, innovation, and profitability components. Even then, however, organizational performance is a subjective and interpretive engagement (Lebas, 1995; Whooley, 1996). Since organizational performance is a matter of complex computing of achievements in those seven areas, having precise measurement of organizational performance is a daunting task. According to Folan's theory, the outcome of performance measurement is affected by environment, the objectives to be achieved and the relevant and recognizable features. For him, the concept of organizational performance should be analyzed from different perspectives both qualitatively and quantitatively. This implies that organizational performance can't be computed without measuring the performance level of each individual within the organization or at organization level. Even more, Bernadin (1995) noted that

performance is sum of the effects of work on corporate strategic objectives, customer satisfaction, and economic contributions. In other words, organizational performance is appraising products in light of inputs and outputs.

Successful performance can't be achieved unless all efforts are geared towards meeting set objectives, including customer satisfaction. However, measuring the realization of objectives and the meeting of customer satisfaction in precise manner is difficult. Nevertheless, in measuring business performance, Folan (2007) attached primacy to three core considerations. First, organizational performance should be analyzed by each component of the organizations in its own respective context of operation. This means that the market performance of an organization should be analyzed excluding market areas the organization isn't involved in. Secondly, performance should be understood as the sum result of different objectives set by the organization rather than achieving objectives set by other organizations. Thirdly, performance analysis should be restricted to relevant and recognizable features.

## **2.3. Job Satisfaction**

### **2.3.1. Definition**

Unlike organizational performance, job satisfaction isn't that much disputed concept. However, there are slight variations in rendering the meaning of job satisfaction and its indicators. In general terms, job satisfaction is concerned with employees' tendency to continue performing their job with motivation, including the readiness to assume new tasks (Vroom, 1964). According to Vroom (1964), job satisfaction deals with the effective orientation of workers in their workplace and their work roles. Job satisfaction can also be understood as a reference to the feeling and attitude of workers about their work. It is also a reference about the feelings of workers about their work conditions. Viewed in this way, the job satisfaction of workers could be characterized as positive or negative (Armstrong, 2006).

The nature of people's job satisfaction can be surmised from their behaviors such as organizational citizenship, absenteeism and employee turnover. Hence, if a company seeks to avoid or minimize absenteeism or staff turnover, it should engage in activities that enhance job satisfaction (Cohen et al., 2007).

### 2.3.2 Determinants of Job Satisfaction

There are factors that improve job satisfaction. One has to do with the ability of a company to properly appraise the performance of an employee and offer corresponding recognition and encouragement (Kithuku, 2012). Job satisfaction can be affected by the reward system of an organization. A person's job satisfaction can also be influenced by the pleasurable emotional state he/she cherishes for tackling his/her responsibility very well. On the other hand, employees' job satisfaction is a measure of their understanding of the degree to which their workplace endeavors to realize their values. Hence, it becomes evident that job satisfaction has intrinsic, extrinsic, or total dimensions. The other determinant of job satisfaction is the complexity of their tasks; the more complex a task the greater job satisfaction and vice versa (Abuhashesh, Al-Dmour, & Masa'deh, 2019).

According to Abuhashesh et al (2019), there are six basic determinants of job satisfaction. The first is the level of wages (remuneration). Studies have found a positive relationship between employee job satisfaction and the level of their income. Others contest that salary increment by itself has temporary effect on job satisfaction. On the other hand, cutting wages has the effect of undermining the moral of employees thereby negatively affecting their work performance. This explains why companies fire people during recession instead of cutting wages Heneman (1992).

The second determinant of job satisfaction is organizational culture. Organizational culture refers to aspects that make a company unique from other companies, the nature of employee-employer interaction, how things are done, shared organizational values etc. Depending on the nature of organizational culture, the job satisfaction and commitment of employees could have positive or a negative impact on organizational performance. A successful organizational culture motivates workers to deliver their tasks with zeal and enthusiasm. Good organizational culture makes its employees feel valued and crucial to their company. An organizational culture that overtly appreciates and rewards good performance of employees increases their job satisfaction. Job satisfaction blossoms where organizational culture promotes innovative culture and ideal work relationship that yields high quality service and product. Good organizational culture not only induces job satisfaction but also attracts talented workers, besides undermining staff turnover (Abuhashesh et al, 2019).

Job satisfaction is inhibited where organizational culture fails to empower workers which build distrust and anxiety. In this environment, job satisfaction declines because workers don't feel engaged in company planning and operation. Poor estimation of their values to the success of their company further cripples their job satisfaction. Job satisfaction is poor where organizational cultures don't foster team work, unity, and cooperation. On the other hand, in a culture where managers fail to empower their employees, anxiety and distrust become the norm. Employees don't feel involved in the overall company operation, don't perceive their role as important to the company, and thus tend to have low interest and satisfaction which negatively affects their performance (Abuhashesh et al, 2019).

The third determinant is the emotional and behavioral climate of workplace. Job satisfaction is a matter of an individual's subjective attitude about his/her job and the employer organization. If there is pleasurable emotional state in a working environment, job satisfaction increases concomitantly. Job satisfaction dwindles where the emotional climate of workplace breeds anxiety and boredom. The emotional/behavioral aspects of job satisfaction or dissatisfaction can be reflected in terms of happiness, anxiety, boredom, and excitement, early arrival, tardiness, working late, or faking illness (Kithuku, 2012)

The fourth determinant of job satisfaction has to do with Training and Development. Thanks to globalization and dynamic competition in international business, companies are forced to change their leadership and technology. They are forced to compete for talented workers and retain them. Consequently, employees are expected to assume distinct duties and tackle them very well. This can't be realized without robust training and development facility for employees to increase employee's accuracy role, reduce conflicts among employees, and enhance the on-going learning process. Ultimately, Training and development enhance the confidence of employees thereby improving their job satisfaction (Abuhashesh et al, 2019).

The fifth determinant of job satisfaction relates to opportunities of Promotion. Job satisfaction increase to the extent a company offers vertical internal job mobility entitling employees for higher positions and remunerations. Job satisfaction declines the more people stay in the same position

holding the same responsibility for many years. Promotion, besides offering higher income and higher positions, makes people enthusiastic because it gives them tangible evidence that their hard work and loyalty are recognized and rewarded. This high self-esteem in turn induces workers to deliver their responsibilities more efficiently and confidently. Conversely, high employee trust and loyalty would enable a company to realize its objectives and long-term market success. In short, the logic of promotion lies in upholding the principle of merit which encourages workers to work harder and remain loyal to their company (Abuhashesh et al, 2019).

The six important factor of job satisfaction is Job Security which refers to employees' sense of a more secure tenure in their job over years. More often than not, workers prefer a job which they can occupy for a long time. Workers value job security because it is directly related to their social safety. However, the relationship between job security and performance is disputed. While some noted that a short term job security motivates people to work hard to sustain their high social status, others posit that short term job security reduces employee commitment, satisfaction, and performance (Ashford et al. 1989). Others (Rosow & Zager 1985), found no relationship between job insecurity and job performance.

### 2.3.3. Job Satisfaction and Organizational Performance

Available literature on the relationship between job satisfaction and organizational performance has different claims. Some researchers are of the view that job satisfaction is a cardinal factor of organizational success since the efficiency and effectiveness of organizations can't be conceived outside of a workforce that happy about its job. This paradigm posits that human beings can't be considered as mechanical operators devoid of their own personal needs, wants, and desires. Hence, so long as the people's job harnesses their personal needs and wants their job satisfaction increases accordingly. On the other hand, people's job satisfaction is the result of success in performing a given task (Locke and Latham, 1990). In both cases, however, job satisfaction is vital for organizational performance by promoting productivity and loyalty while undermining absenteeism (Bakotić, 2016).

Other researchers reported that there is no strong relationship between job satisfaction and organizational productivity. The reason for this argument holds that satisfied workers aren't necessarily the best performers. This view also assumes that more than job satisfaction reward



mechanisms make people more productive because reward increases their self-esteem and sense of acceptance. However, whether satisfaction leads to performance or the other way around is still a debatable issue (Luthans, 1998).

Job satisfaction is also considered as a critical factor of organizational performance from the perspective that job satisfaction enhances employee loyalty and there are three types of loyalty. The first is affection loyalty which refers to employee's emotional attachment to their company. The second is normative loyalty which refers to workers conviction that they owe something to their organization. The third is continuity loyalty which refers to a situation that worker must be loyal to their company because they can't get employment opportunity elsewhere (Agyare, 2016).

The role of job satisfaction to organizational performance is seen in terms of the impact of the former on work absenteeism. Here the argument is that absenteeism can be tackled by increasing employees' job satisfaction. While high job satisfaction doesn't guarantee low absenteeism it is believed that low job satisfaction surely triggers high absenteeism (Agyare, 2016).

Studies on the link between job satisfaction and organizational performance make a distinction on the role of the former on individual performance and organizational performance. This is because organizational performance isn't necessarily the cumulative result of individual performance. While assessing the role of individuals job satisfaction on organizational performance is difficult to figure out, many researchers concur that there is a positive correlation between job satisfaction and individual performance (Judge et al, 2001). The relationship between individual job satisfaction and organizational performance is complex because the latter is the outcome of all conditions, circumstances, and factors internal and external to an organization (Wright & Cropanzano, 2000). Therefore, it is futile to think that the impact of job satisfaction on organizational culture and hence organizational performance can be measured in empirical terms. However, some noted that job satisfaction as a dependent variable is positively related to independent variables like promotion, fairness, feedback, and clarity of roles (Agyare, 2016). In any case, it is claimed that there is notable relationship between job satisfaction and organizational performance rather than between organizational performance and job satisfaction. This implies that organizational performance might not increase job satisfaction and this could be the result of organizations disinterested in the personal needs and wants of employees (Bakotić, 2016).

It is true that job satisfaction could induce desirable work behaviors that can boost organizational performance. For instance satisfied workers feel that their work gives them variety, challenge, autonomy, good pay, pleasant colleagues etc. under this work environment, satisfied workers devote more private time to their work, they tend to be committed and creative, they are determined to overcome challenges, and would be ready to help their superiors and colleagues. However, in the final analysis, there is no doubt that job satisfaction is a valuable factor for organizational behavior though the relationship between job satisfaction and organizational performance isn't direct and simple (Bakotić, 2016).

#### 2.4. Performance Appraisal and Organizational Performance

Unlike the relationship between organizational performance and job satisfaction, scholars seem to have reached consensus on the role of Performance Appraisal and organizational performance. Some argued that Performance Appraisal has strong influence on organizational performance. However, the relationship between the two isn't simple and direct as it is influenced by the three types of employees' loyalty to their company: affective, continuance and normative, as discussed above (Butali & Njoroge, 2018).

According to Butali & Njoroge,(2018) Performance Appraisal determines organizational behavior and hence organizational performance because the success of organizations can't be imagined outside of capable workforce and the creation of such a capable workforce depends on sound Performance Appraisal system. Organizations that failed to institute rigorous Performance Appraisal strategy failed to achieve competitive advantage. What is valuable about the relationship between Performance Appraisal and organizational performance is the conduct of the Performance Appraisal itself. Organizational success can't be achieved in a Performance Appraisal system that is prone to personal influences which deters objectivity and fairness.

One factor for poor Performance Appraisal system is that organizations implement it ignoring management by objective thereby opening room for personal prejudices. This kind of Performance Appraisal erodes the productivity of appraises instead of building their capacity. Moreover, Performance Appraisal might not lead to organizational success where the appraisal system allows

top down rating. Organizations that implement 360 degrees appraisal method permit rating between and among superiors and subordinates, besides self-appraisal so that only the average result can be used for administrative decision. Besides, this appraisal system gives due attention to post appraisal dialogue and counseling on identified strengths and weaknesses to chart the future. By inducing managers to value the opinions of employees, the 360 appraisal system helps managers devise an informed way of securing competitive advantage (Obisi, 2011).

## 2.5. Performance Appraisal and Job Satisfaction

Scholars are less divided on the relationship between Performance Appraisal and job satisfaction. While the causal link between the two is hardly contested, the focus isn't on Performance Appraisal itself but its quality. Since factors that undermine the objectivity of Performance Appraisal systems are discussed in section 2.1., the focus here is how a sound Performance Appraisal system nurtures job satisfaction (Iqbal, Ahmad et al, 2013).

Some noted that a good performance appraisal enhances job satisfaction and work performance, besides reducing absenteeism and turnover rates. Benefits of well managed Performance Appraisal include high work motivation, generation of new insight about staff and supervisors, objective distribution of rewards, better familiarization about the self and the other etc. A good Performance Appraisal system also provides clear training needs and leadership development directions. Empirical studies also revealed a positive relationship between performance appraisal and employee's performance (Iqbal, Ahmad et al, 2013 cited in (Butali & Njoroge, 2018)). From this, we can surmise that high employee performance was the result of job satisfaction cultivated through effective Performance Appraisal system.

Performance Appraisal also indirectly builds job satisfaction in a sense that the outcomes of training based on Performance Appraisal can make workers more conversant with their duties and hence more satisfied. On the other hand, employees' job satisfaction or performance can be affected by the level of rating (Butali & Njoroge, 2018). Besides, as a dependent variable, job satisfaction has different relationship about different items of Performance Appraisal. A study found that 1% increase in the fairness of the appraisal increases employees' job satisfaction by about 60%. In the same way, 1% increase in promotion increases job satisfaction by 48%.

Likewise, the clarity of roles, employees' commitment, and feedback have their contribution to job satisfaction (Agyare, 2016).

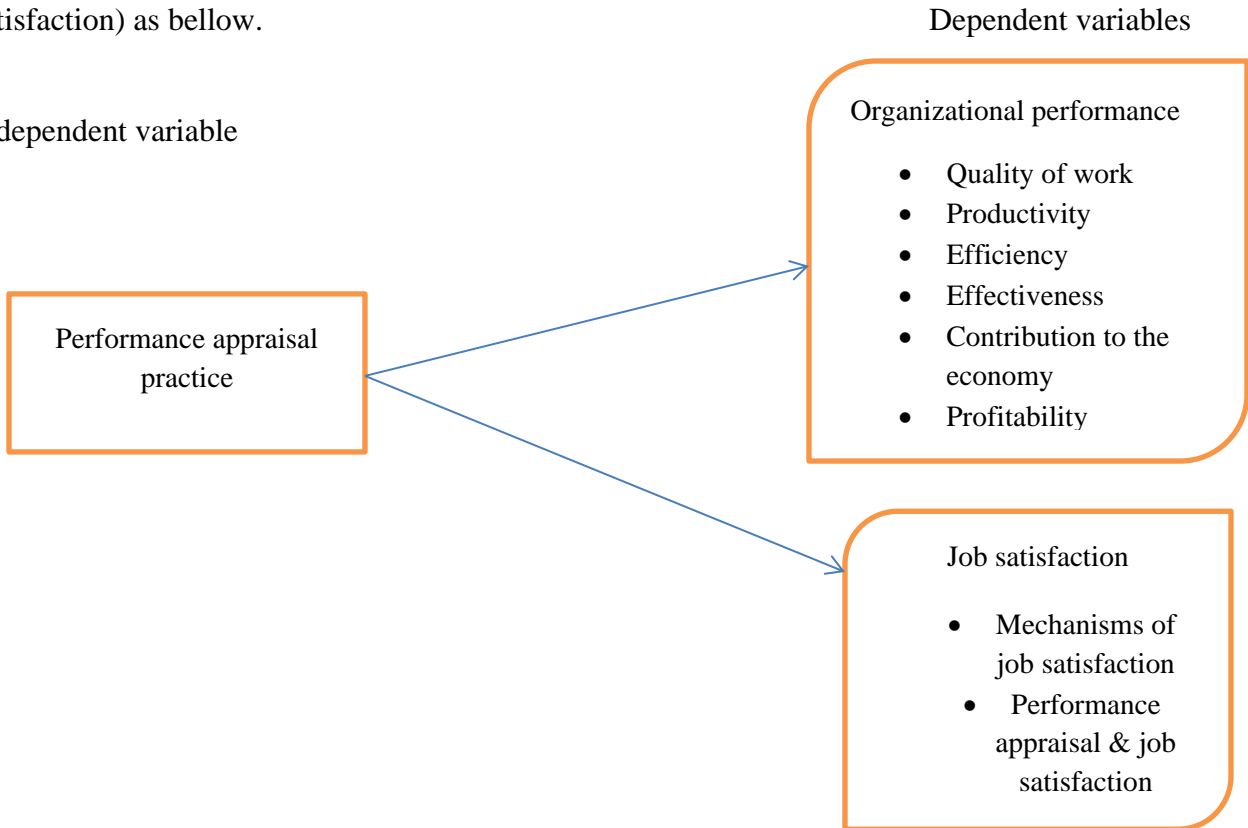
Researches on organizational culture have noted the relationship between Performance Appraisal and job satisfaction. According to a research in Cognitive Psychology, assigning challenging but measurable goals increases job satisfaction and organizational performance as it help both align their respective goals. Moreover, a goal-setting theory holds that a goal achievement level is dependent on employees' job satisfaction. This explains why companies capitalize on the remuneration system for achieving their goals and the remuneration system is directly tied with Performance Appraisal results. Performance based pay increment increases overall job satisfaction (Heywood & Wei, 2006; Green & Heywood, 2008 cited in Kampkötter, 2014).

According to a study, employees who received formal Performance Appraisal got '...a positive and both economically and statistically highly significant effect on job satisfaction'. Performance Appraisal has positive relationship with job satisfaction when it has financial consequences while it has no statistically significant relationship when Performance Appraisal has no monetary outcomes. A Performance Appraisal with monetary outcomes on average increases income satisfaction by 2.4% which is statistically and economically highly significant (Kampkötter, 2014).

## 2.6 Conceptual Framework

The conceptual framework was depicted the relationship between independent variable (performance appraisal practice) on the dependent variables (organizational performance and job satisfaction) as bellow.

Independent variable



**Figure 2. 1 Conceptual framework**

## Chapter Three: Research Design and Methodology

### 3.1. Introduction

This study had been conducted using both the qualitative and quantitative research methodology by designing specific questionnaires to test the effects of performance appraisal practice on organizational performance and job satisfaction at the Ethiopian Civil Aviation Authority the case of Air Navigation Department.

### 3.2. Research approach

This study was used mixed research method using a questionnaire to collect a primary data form the target sample of the employee chosen. The study was tried to cover the total number of employee under the department of Air Navigation (171 employees from Bole International Airport and 25 employees from Mekelle branch office), due to the number of the total employee under study was low and if possible covering the total population guaranty the probability of the outcome, it is good to use the whole population for study. Due to the current outbreak of Corona disease (COVID-19), the collection of data was not smooth to cover the total target population though it was covered by using different method both direct contact and using different social media and covered all 196 targets was successfully reacted.

### 3.3. Research Design/Type

The study was intended to explore the relationship between the independent variables' performance appraisal practice and dependent variables organizational performance and job satisfaction. The study was used descriptive research design to examine the relationship among the variables. This study was both a quantitative & qualitative research, since this research study was conducted to investigate the effects of performance appraisal practice on organizational performance and job satisfaction in Ethiopian Civil Aviation Authority the case of Air Navigation Department.

### 3.4. Sampling design

Ethiopian Civil Aviation Authority has a total of 588 employees. And the sample under study was all the employees of the three Directorates under the Air Navigation Department both at Bole International Airport and Mekelle branch office: Employees of ATS Directorate had 101 employees at Bole International Airport and 9 employees at Mekelle branch office, Communication and Surveillance Directorate had 51 employees at Bole International Airport and

9 employees at Mekelle branch office, and Briefing Directorate had 23 employees at Bole International Airport and 3 employees at Mekelle branch office. The sample under study was  $101+51+23=175$  employees at Bole International Airport, and  $9+9+3= 21$  employees at Mekelle branch office which summed up  $175+21= 196$  employees. This study was used all 196 employees, since the numbers of employees are not large and, it was a census sampling technique (HRM department of Ethiopian Civil Aviation Authority, 2020).

### 3.5. Sources of Data

The data which helped to find the important information for the case under study was collected from 196 employees of Ethiopian Civil Aviation Authority Department of Air Navigation under which three functional directorates are operating and the employees selected for this study was employees of the mentioned department which was 171 employees working at Bole International Airport and 25 employees working at Mekelle branch office as of the target. All 196 target population from both Mekelle & Addis Ababa international Airport was covered through different social media like internet, messenger, & Telegram.

#### 3.5.1. Primary source

Data was collected from employees of Ethiopian Civil Aviation Authority Air Navigation Department under which three Directorates namely ATS Directorate, Communication & Surveillance Directorate, and Briefing Directorate are functional.

Quantitative data was used for this particular research since it allows a more empirical observation of a phenomenon. It can refer to research about person's lives, lived experiences, behaviors, emotions, and feelings as well as about functioning organization, societal movements, phenomena of culture, and interactions between nations (Wallman, 2011).

### 3.6 Data Collection Instrument

The data used in this study was a primary data which had been collected from sample members through closed questionnaires with 1-5 Likert Scale (1= Strongly Disagree, 2= Disagree, 3= Moderately Agree, 4= Agree and 5= Strongly Agree). The structured questionnaire was circulated by the researcher through Social media communication of the selected employees of the Ethiopian Civil Aviation Authority Air Navigation Department. The questionnaire was in the English language since all the employee under study was a minimum of first degree graduate, there was no suspected gap of understanding to create problem that may occur to fill the questionnaire & it was carried out perfectly.

For this study, the researcher was used questionnaire as data collection instrument. The questionnaire had two parts: part one was for to include personal data without mentioning name of the respondent filling the questionnaire, and part two the specified questions that designed to find the right important information for the case under study.

### 3.7 Data analysis methods

After collecting the distributed questionnaire, data was properly organized and codified. Following this, the coded data was fed to SPSS Version 20 software program. The data was analyzed using descriptive statistics (such as mean, median, and standard deviation) and inferential statistics (correlation and regression). Correlation analysis statistical tools were employed to examine the relationship between employee performance appraisal and employee perception. Pearson moment correlation, with 1 - tail was used to determine the direction and strength of the relationship between the variables. It is mostly used method for investigating relationship among variables Khan et al., (2014).

### 3.8 Validity and reliability

As stated by Hair et al., (2007) reliability implies the extents to which some variables or set of variables is consistent in what it is intended to measure”. Reliability analysis used to measuring questionnaire’s consistency. Validity and reliability of the measures need to be assessed before using the instrument of data collection (Hair et al., 2003). Validity concerns whether an instrument can accurately measure, while reliability pertains to the consistency in measurement.

This study was used consistent questionnaire. To test the validity is conducted receiving feedback from potential respondents. Reliability test is conducted by distributing 10 questionnaire to respondents and tested by using cronbach’s alpha.

**Table 3.1. Reliability Statistics**

<b>Reliability Statistics</b>		
	<b>Cronbach's Alpha</b>	<b>N of Items</b>
Performance Appraisal Practice	.892	10
Organizational Performance	.958	6
Job Satisfaction	.701	6

Table 3.1 showed that reliability statistics. To test the reliability statistics Cronbach’s Alpha was employed. Cronbach’s alpha ranges between 0 and 1. If Performance appraisal practice is reliable



at .892 with 10 items, organizational performance is reliable at .958 with 6 items and job satisfaction is reliable at .701.

### 3.9 Research Ethics

In this study, issues relating to the ethical conduct of research such as informed consent, privacy anonymity & confidentiality were upheld. The six important ethical issues according to Arifin (2018): Anonymity and confidentiality, Informed consent and voluntary participation, the secrets of data, Language and traditional gap, Handling and Managing stress and Ethical behavior and access to participants, during Interview was conducted. Therefor target employees were given full information on the purpose and objectives of the study in order for them to make informed decisions as to whether to partake or not. Furthermore, all information concerning the identity and personality of respondents was treated with very confidentiality. In addition, all information gathered was used only for the sole purpose of this study.

## CHAPTER FOUR

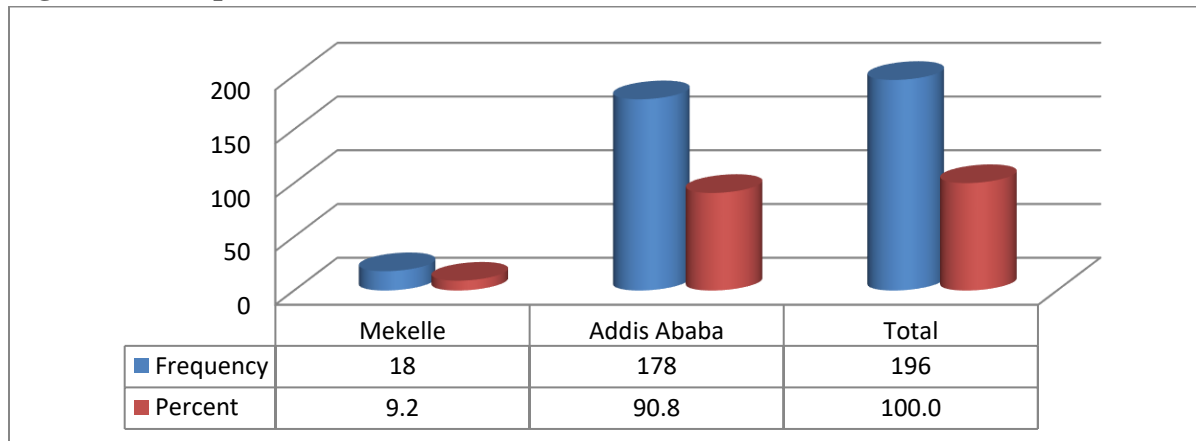
### 4.1 Discussion, Data analysis and Interpretation

The main purpose of this study was to examine the effect of performance appraisal on organizational performance and job satisfaction in Ethiopian Civil Aviation Authority the case of Air Navigation Department. The study targeted all 196 respondents from Bole international Airport and Mekelle Air Navigation branch office and all employees reacted to the questionnaire. Respondents from different age group, educational background, and years of service participated in the data collected. The Result from the field survey summarized as follows.

#### 4.1. Socio- Demographic Characteristics of respondents

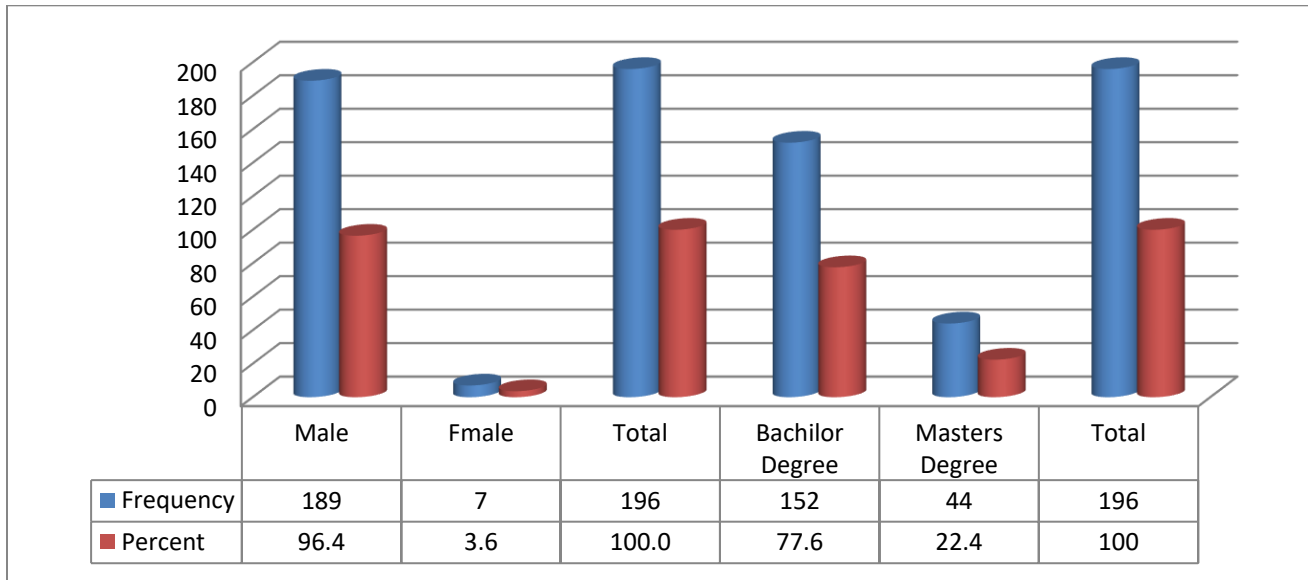
Under this section the researcher tried to include the following variables work area, sex, age, educational level, work experience, rate of PA carried out in the organization. The result from the field survey given as follows.

**Figure 4.1. Respondents work area**



Source: Field survey, 2020

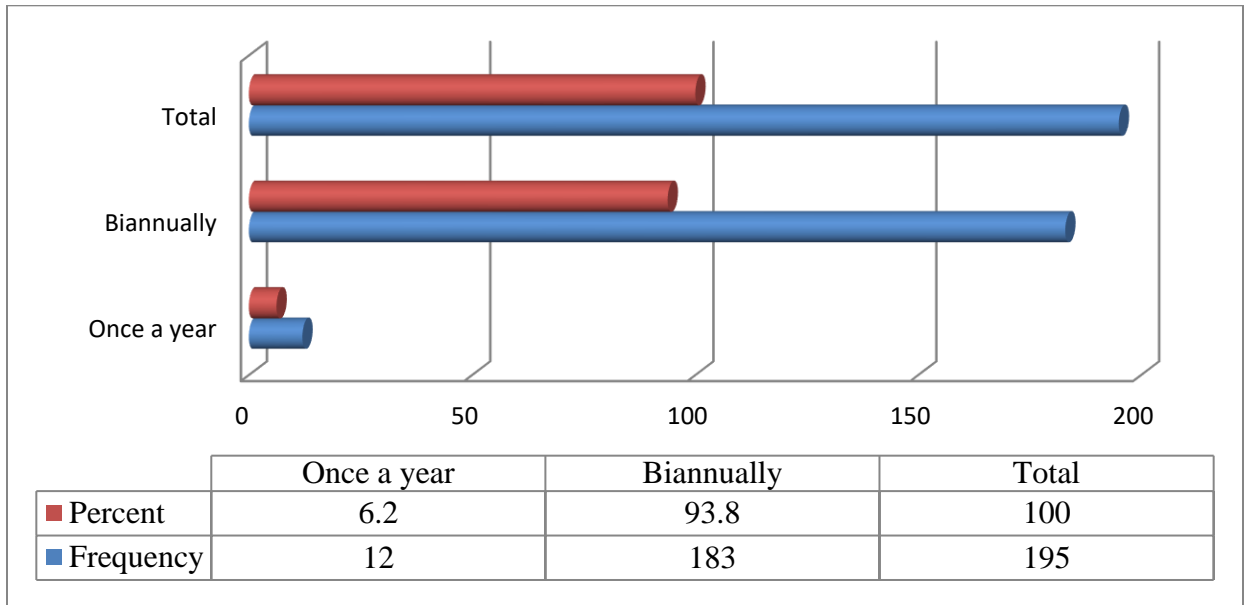
Figure 4. 2. Sex and Educational level of respondents



Source: Field survey, 2020

Figure 4.2 illustrated that sex and educational background of respondents. In this regards 189(96.4%) of the respondents were in the male sex category while 7(3.6%) of the respondents were female sex Category. Moreover, 152(77.6%) of the respondents were bachelor degree holders whereas 44(22.4%) of the respondents were Master’s degree holders .From the above information it is possible to conclude that the majority of respondents were male sex category and Bachelor degree holders in their educational background.

**Figure 4.3 Rate of PA carried out in the organization**



Source: Field survey, 2020

Figure 4.3 showed that how often PA carried out in the organization. In this regards, 183(93.8%) of the respondents said PA is carried out in the organization biannually whereas 12(6.2%) of the respondents said PA is carried out in the organization once in a year. From the above information it is possible to say that PA is carried out biannually in the organization

#### **4.2 Type of performance appraisal practiced**

To answer the first research question ‘what types of Performance Appraisal practices used in Ethiopian Civil Aviation Authority Department of Air Navigation?’ and to fulfill the first research objective ‘Assessing Performance Appraisal practices in Ethiopian Civil Aviation Authority Department of Air Navigation’ as of the 196 respondent’s answer the analyzed descriptive statistics table depicted below. From the table all 196 targets are responded to the particular question and most of them selected two options out of the seven types of Performance.

**Table 4.1 Type(s) of PA practiced during PA practices**

		Frequency	Percent
Type(s) of PA practiced during PA practices	Multi-Source Feedback or 360 Degree Feedback	11	5.6
	Forward-looking approach	9	4.6
	Narrative Techniques	7	3.6

	Incident report method	15	7.7
	Forward-looking approach & Incident report method	154	78.6
	Total	196	100.0

Source: Field survey, 2020

Table 4.1 showed that types of performance appraisal. In this regards, 154(78.6%) of the respondents reported that Forward-looking approach and incident report method is the types of PA whereas 15(7.7%) of the respondents said incident report method is types of PA practiced. Moreover, 11(5.6%) of the respondents said Multi-Source Feedback or 360 Degree Feedback is the types of PA practiced in the organization. From this we can conclude that Forward-looking approach & incident report method was a type of performance appraisal practiced.

### 4.3. Supposed purposes, values, & assumptions, of PA practice

This section deals with supposed purposes, values assumptions of PA practice. To describe statements were designed and the result presented as follows.

**Table 4.2. Supposed purposes, values, & assumptions, of PA practice**

Descriptive Statistics								
	N	Range	Minimum	Maximum	Mean	Std. Error	Std. Deviation	Variance
To generate primary information for giving feedback	196	4	1	5	2.78	.086	1.199	1.437
It valuable input for future development planning.	196	4	1	5	2.64	.081	1.139	1.297
PA is important for appropriate financial and administrative measures	196	4	1	5	2.56	.095	1.336	1.786

PA is used to institute salary increment in light of PA results.	196	4	1	5	2.29	.094	1.321	1.746
PA is according to on organizational missions, values, and objectives	196	4	1	5	2.47	.077	1.078	1.163
Appraises are openly informed that the objective of Performance Appraisal	196	4	1	5	2.00	.064	.894	.800
Valid N (listwise)	196							

Source: Field survey, 2020

Table 4.2 showed that Supposed purposes, values, & assumptions, of PA practice. The highest mean was 2.78 which explained that to generate primary information for giving feedback. The second highest mean was 2.64 which expresses that it valuable input for future development planning. The third highest mean was 2.56 explains that PA is important for appropriate financial and administrative measures. From the above information it is possible to conclude that the purpose of PA practice is generating primary information for giving feedback.

**Table 4.3. Test of Supposed purposes, values, & assumptions, of PA practice**

	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
To generate primary information for giving feedback	196	-.064	.174	-1.156	.346
It valuable input for future development planning.	196	.147	.174	-.869	.346
PA is important for appropriate financial and administrative measures	196	.896	.174	-.571	.346
PA is used to institute salary increment in light of PA results.	196	.488	.174	-1.065	.346
PA is according to on organizational missions, values, and objectives	196	.439	.174	-.651	.346

Appraises are openly informed that the objective of Performance Appraisal	196	.825	.174	.920	.346
Valid N (listwise)	196				

Source: Field survey, 2020

Table 4.3 showed that Test of Supposed purposes, values, & assumptions of PA practice. Most of Skewness result is positive and near to 1. This implies that the statement designed has the positive effect. Moreover, kurtosis result is negative and has negative effect.

### 4.3 Employee perceptions for performance appraisal practiced

As the second research question ‘How does the employs perceive the process of performance appraisal at Ethiopian Civil Aviation Authority Department of Air Navigation?’ and research objectives ‘Analyzing how the employs perceive the process of performance appraisal at Ethiopian Civil Aviation Authority Department of Air Navigation’, questions that can help assessing the employees perception toward the performance appraisal was analyzed by SPSS and the output was depicted in below tables.

**Table 4.4. Employee perceptions for performance appraisal practiced**

Statements	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Varian ce
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Employees are given reliable, accurate, timely, and objective information about the purpose of Performance Appraisal data	196	4	1	5	483	2.46	.084	1.174	1.378
Performance Appraisal is conducted in ways characterized by bias.	196	3	2	5	806	4.11	.071	.991	.982
Employees lack confidence in the process of PA	196	3	2	5	841	4.29	.059	.830	.689
The objectivity of PA undermined because it isn't a systematic and regular	196	3	2	5	807	4.12	.056	.779	.607
Valid N (listwise)	196								

Source: Field survey, 2020

Table 4.4 showed that employee perceptions for performance appraisal practiced. The calculated mean was 4.29 explained that Employees lack confidence in the process of PA whereas the second

highest mean was 4.12 which explains that the objectivity of PA undermined because it isn't a systematic and regular. The third highest mean was 4. 11 explain that Performance Appraisal is conducted in ways characterized by bias. From the above information it is possible to conclude that Employees lack confidence in the process of PA.

**Table 4.5. Test of Employee Perception for Performance Appraisal Practiced**

Statements	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Employees are given reliable, accurate, timely, and objective information about the purpose of Performance Appraisal data	196	.336	.174	-1.044	.346
Performance Appraisal is conducted in ways characterized by bias.	196	-1.122	.174	.298	.346
Employees lack confidence in the process of PA	196	-.644	.174	-1.087	.346
The objectivity of PA undermined because it isn't a systematic and regular	196	-.339	.174	-.895	.346
Valid N (listwise)	196				

Source: Field survey, 2020

Table 4.5 showed that test of employee perception for performance appraisal practiced. Employees under target responded that the performance appraisal conducted characterized by bias, employee lack confidence in the process, objective undermined for it is not systematic and irregular, and employees do not believe that they are given reliable, accurate, timely, and objective information about the purpose of Performance Appraisal data. The Skewness and kurtosis indicates closer to -1 for its negative effect

#### **4.4. Performance appraisal and organizational performance**

The third research question and research objectives for doing this research was ' what is the role of Performance Appraisal on organizational Performance, and 'assessing the role of performance appraisal practices'. To do this this research did two analyses; supposed purposes of performance appraisal and organizational performance: the descriptive statistical analysis shown in the tables presented below.

One of the advantages of undertaking Performance Appraisal is said to be utility to generate primary information for giving feedback and this is valuable input for future development planning. Performance Appraisal enables managers to grasp the weaknesses, strengths, potentials,



and training needs of employees. Besides, supervisors can follow up the progress of employees and inform them accordingly. Hence, Performance Appraisal enables supervisors to know how to counsel employees for better performance. This is because employees might not discover their own weakness unless supervisors are able to make necessary advice based on informed rating (Armstrong, 2006).

**Table 4.6. Organizational Performance**

Statements	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Organizational performance is good in Quality of work	196	4	1	5	576	2.94	.070	.985	.971
Organizational performance is good in Productivity	196	4	1	5	548	2.80	.077	1.071	1.148
Organizational performance is good in Efficiency	196	4	1	5	564	2.88	.070	.985	.970
Organizational performance is good in Effectiveness	196	4	1	5	527	2.69	.077	1.077	1.159
Organizational performance is good in Contribution to the economy	196	4	1	5	616	3.14	.089	1.253	1.569
Organizational performance is good in Profitability	196	4	1	5	652	3.33	.086	1.201	1.442
Valid N (listwise)	196								

Source: Field survey, 2020

Table 4.6. Depicted that organizational performance in this regards, the highest mean value was 3.33 which is noted that organizational performance is good in Profitability. The second highest mean value was 3.14. The next highest mean value was 2.94 which are pointed out that organizational performance is good in quality of work. Therefore, from the above information it is possible to conclude that organizational performance is good in profitability.

**Table 4.7. Test of organizational performance**

Statements	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Organizational performance is good in Quality of work	196	.579	.174	-.510	.346
Organizational performance is good in Productivity	196	.391	.174	-.256	.346
Organizational performance is good in Efficiency	196	.151	.174	.377	.346
Organizational performance is good in Effectiveness	196	.573	.174	-.277	.346
Organizational performance is good in Contribution to the economy	196	.075	.174	-1.105	.346
Organizational performance is good in Profitability	196	-.132	.174	-.732	.346
Valid N (listwise)	196				

Source: Field survey, 2020

Table 4. 17 showed that test of organizational performance. From the analysis of descriptive statistics supposed purposes of the performance appraisal practice calculated mean 2.46 falling in poor category closer to average. On the Skewness and Kurtosis, it also shows average of negative 1: having negative effect of on organizational performance. By the same token with slight differences the organizational performance calculated with the average output 2.96 closer to 3: interpreted that the organizational performances tend to be average regardless of in Quality of work, Productivity, Efficiency, Effectiveness, Contribution to the economy, and Profitability.

#### **4.5 Mechanisms of Job Satisfaction**

The last research question and objectives of this research was to find out the relationships between performance appraisal and job satisfaction by coiling research question and objectives: ‘Is there a relationship between Performance Appraisal and job satisfaction,’ and ‘describing the relationship between Performance Appraisal and job satisfaction’, respectively. As of Agyare, (2016), Job satisfaction is considered as a critical factor of organizational performance from the perspective that job satisfaction enhances employee loyalty.

**Table 4.8. Mechanisms of Job satisfaction**

Statements	N	Rang e	Mini mum	Maxi mum	Sum	Mean	Std. Devia tion	Varia nce	
	Statis tic	Statis tic	Statis tic	Statis tic	Statis tic	Statis tic	Std. Error	Statis tic	Statis tic
Employer does and offers corresponding recognition and encouragement	196	4	1	5	521	2.66	.114	1.601	2.565
Employer attempts to increase job satisfaction by attractive reward system	196	4	1	5	497	2.54	.106	1.483	2.199
The employer empowers workers thereby undermining distrust and anxiety.	196	4	1	5	434	2.21	.071	.995	.990
The employer involves workers in company planning and operation.	196	4	1	5	516	2.63	.102	1.428	2.039
The employer fosters team work, unity, and cooperation.	196	4	1	5	572	2.92	.101	1.412	1.993
You offered high job security to retain your job over years	196	4	1	5	513	2.62	.106	1.482	2.196
Valid N (listwise)	196								

Source: Field survey, 2020

Table 4.8 revealed that mechanisms of job satisfaction. In this regards, the highest mean was 2.92 which was explained that the employer fosters team work, unity, and cooperation. The second highest mean was 2.66 which are expressed as employer does and offers corresponding recognition and encouragement. The third highest mean was 2.63 which are noted as the employer involves workers in company planning and operation. From the above information it is possible to say employees foster team work, unity, and cooperation.

**Table 4.9. Test of Mechanisms of job satisfaction**

Statements	N	Skewness		Kurtosis	
		Statistic	Statistic	Std. Error	Statistic
Employer does offer corresponding recognition and encouragement	196	.542	.174	-1.376	.346
Employer attempts to increase job satisfaction by attractive reward system	196	.712	.174	-.991	.346
The employer empowers workers thereby undermining distrust and anxiety.	196	.442	.174	-.561	.346
The employer involves workers in company planning and operation.	196	.327	.174	-1.265	.346
The employer fosters team work, unity, and cooperation.	196	.411	.174	-1.333	.346
You offered high job security to retain your job over years	196	.614	.174	-1.092	.346
Valid N (listwise)	196				

Source: Field survey, 2020

Table 4.9. Showed that test mechanisms of job satisfaction. The Kurtosis average was -1.286: indicating that it has the negative effect. Finally the relationship of performance appraisal and job satisfaction calculated and showed that 2.73 which under the category of poor slightly closer to neutral but within poor range. Both the Kurtosis and Skewness determine that it has the negative effect.

#### **4.6. Job Satisfaction**

Job satisfaction is a pre-requisite for employee performance in any organization. It is important for both the employee and the employer. For the employee, job satisfaction gives them a sense of security and fulfillment. In return, it leads to employee commitment, decreased absenteeism and reduced employee turnover. For the employer, employee job satisfaction ensures committed staff and stable workforce which reduce cost of recruitment and training. According to Stogdill (1965),

successful organizations consider worker morale and job satisfaction an output just as important as productivity.

Locke (1996) defines job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences. Schneider and Snyder (1975) on the other hand defined job satisfaction as a personal evaluation of conditions present in the job, or outcomes that arise as a result of having a job. Job satisfaction thus, has to do with an individual’s perception and evaluation of his job, and this perception is influenced by the person’s unique circumstances like needs, values and expectations. People will therefore evaluate their jobs on the basis of factors, which they regard as being important to them.

**Table 4.10 Job satisfaction**

Statements	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
You have positive feeling or attitude towards your work	196	4	1	5	705	3.60	.111	1.548	2.396
You have positive feeling or attitude towards your work condition	196	4	1	5	473	2.41	.108	1.518	2.305
You feel that you have long term job security	196	4	1	5	504	2.57	.091	1.269	1.610
Your absenteeism is low	196	3	2	5	794	4.05	.069	.959	.920
The level of employees’ turnover low	196	4	1	5	489	2.49	.098	1.368	1.872
The level of workers anxiety and boredom is low	196	4	1	5	459	2.34	.097	1.351	1.826
Valid N (listwise)	196								

Source: Field survey, 2020

Table 4.10 showed that job satisfaction. In this regards, the highest mean value was 4.05 which is noted that respondents are absenteeism is low. The second highest mean value was 3.60 which are provided as respondents have positive feeling or attitude towards the work. Thus, from the above information it is possible to say that respondents’ absenteeism is low. It implies that the workers are satisfied and never absent form their job.

**Table 4.11. Test of job satisfaction**

Statements	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
You have positive feeling or attitude towards your work	196	-.468	.174	-1.397	.346
You have positive feeling or attitude towards your work condition	196	.669	.174	-1.015	.346
You feel that you have long term job security	196	.591	.174	-.744	.346
Your absenteeism is low	196	-.279	.174	-1.506	.346
The level of employees' turnover low	196	.120	.174	-1.544	.346
The level of workers anxiety and boredom is low	196	.428	.174	-1.366	.346
Averages	196	0.176		-1.262:	

Source: Field survey, 2020

Table 4.11 showed Test of job satisfaction. The Kurtosis average was -1.262: indicating that it has the negative effect. The average Skewness was 0.176. Both the Kurtosis has negative effect whereas Skewness determines that it has the negative effect.

#### 4.6. Performance appraisal and job satisfaction

Performance Appraisal indirectly builds job satisfaction in a sense that the outcomes of training based on Performance Appraisal can make workers more conversant with their duties and hence more satisfied. On the other hand, employees' job satisfaction or performance can be affected by the level of rating (Butali & Njoroge, 2018).

**Table 4.12. Performance Appraisal and job satisfaction**

Statements	N	Range	Mini mum	Maxi mum	Sum	Mean		Std. Devi ation	Varia nce
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
PA provides clear training needs and leadership development.	196	4	1	5	536	2.73	.072	1.008	1.016
PA generates new insight & better familiarization on the self & the other	196	4	1	5	507	2.59	.089	1.252	1.567
Outcome of PA leads to objective distribution of rewards	196	4	1	5	541	2.76	.075	1.052	1.106

The process of PA done in a fairness way.	196	4	1	5	529	2.70	.093	1.303	1.699
The result of PA used for promotion.	196	4	1	5	654	3.34	.089	1.244	1.548
PA was done for Performance based pay increment.	196	4	1	5	462	2.36	.093	1.307	1.708
Valid N (listwise)	196								

Source: Field survey, 2020

Table 4.12 depicted performance appraisal and job satisfaction. The highest mean value was 3.34 which are given as the result of PA used for promotion. The second highest mean was 2.73. Which was explained that outcome of PA leads to objective distribution of rewards. From the above information it is possible to conclude that PA result is used for promotion.

**Table 4.13. Test of performance appraisal and Job satisfaction**

Statements	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
PA provides clear training needs and leadership development.	196	-.205	.174	-.834	.346
PA generates new insight & better familiarization on the self & the other	196	.142	.174	-1.184	.346
Outcome of PA leads to objective distribution of rewards	196	-.254	.174	-.553	.346
The process of PA done in a fairness way.	196	.420	.174	-1.090	.346
The result of PA used for promotion.	196	.048	.174	-1.253	.346
PA was done for Performance based pay increment.	196	.442	.174	-1.160	.346
Valid N (listwise)	196				

Source: Field survey, 2020

Table 4.13 showed that test of performance appraisal and Job satisfaction From the descriptive statistics done the mean of 2.75 obtained and it is to mean that relationships between performance appraisal and job satisfaction is poor closer to average. The kurtoses indicate closer to negative 1 for its negative effect.

#### 4.7. Correlation Analysis

The study sought to establish the relationship between independent variables and dependent variables. Pearson Correlation analysis was used to achieve this end at 95% confidence level ( $\alpha = 0.05$ ). Correlation analysis is one of the most widely used in research, it is often used to determine a relationship between two different variables, if so how significant or how strong is the association between variables. And also a very useful means to summarize these relationships between the variables with a single number that falls between -1 and +1. A correlation analysis with Pearson's correlation coefficient (r) was conducted on all variables in this study to explore the relationships between them. The correlation coefficient r is statistics used to measure the degree or strength of this type of relationship. To interpret the strengths of relationships between variables in the classification of the correlation efficient (r) is as follows:  $\leq 0.35$  is considered to represent low or weak correlation; 0.36 – 0.67 is modest or moderate correlation; 0.68 - 0.89 is strong or high correlation and a correlation with r coefficient  $\geq 0.90$  is very high correlation. Again if the correlation result lies between -1 and 0, the two variables are negatively related. However, the result is interpreted and discussed using this criterion in each dependent and independent variables. The result presented as follows.

**Table 4.14. Correlation Analysis**

<b>Correlations</b>				
		Practice of Performance Appraisal	Organizational performance	Job satisfaction
Practice of Performance Appraisal	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	196		
Organizational performance	Pearson Correlation	.514**	1	
	Sig. (2-tailed)	.000		
	N	196	196	
Job satisfaction	Pearson Correlation	.589**	.704**	1
	Sig. (2-tailed)	.000	.000	
	N	196	196	196



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

Source: Field survey, 2020

According to table 4.14 organizational performances is positively correlated with a dependent variable performance appraisal practice and the relationship between variables is modest or moderate with a value of .514. Organizational performance is significant with a value of 0.00 which is less than 0.05. Hence, organizational performance is found to have positive and statistically significant relationship with performance appraisal practices. Likewise, job satisfaction is positively correlated with the performance appraisal and the relationship between variables is modest or moderate with a value .589. Job satisfaction is significant with a value of 0.000 which is less than 0.05. Hence, Job satisfaction is found to have positive and statistically significant relationship with performance appraisal practices.

#### 4.8. Regression Analysis

The study sought to establish how dependent variables and would influence independent variables using multiple linear regression analysis. The regression model was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Whereby Y is Performance Appraisal Practices,  $\beta_0$  is regression constant,  $\beta_1 - \beta_2$  regression coefficients,  $X_1$  is organizational performance,  $X_2$  is Job satisfaction and  $\epsilon$  model's error term.

**Table 1.15. Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589 <sup>a</sup>	.347	.343	.69599

a. Predictors: (Constant), Practice of Performance Appraisal

Source: Field survey, 2020

Table 4.7 illustrated that model summary of regression statistics. The  $R^2$  is .347 which is 34.7%. Thus, the dependent variable is explained by independent variable at 34.7%. The remaining need further study.

#### Table 4.16. ANOVA Analysis

ANOVA <sup>a</sup>
--------------------

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.878	1	49.878	102.967	.000 <sup>b</sup>
	Residual	93.975	194	.484		
	Total	143.852	195			
a. Dependent Variable: Job satisfaction						
b. Predictors: (Constant), Practice of Performance Appraisal						

Source: Field survey,2020

Table 4.8 showed that ANOVA Analysis, in this regards the F-significant value was 102.967 at degree of freedom (1,194) which was greater than 0.05. The p-value was .000 which was less than 0.05. This implies that the model is significant.

**Table 4.17. Regression Analysis**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.397	.158		8.819	.000
	Performance Appraisal practice	.587	.058	.589	10.147	.000
a. Dependent Variable: Job satisfaction						

Source: Field survey, 2020

From the findings in Table 4.17 the multiple linear regression equation becomes:

$$Y = 1.397 + 0.587X_2$$

From the model, when other independent variable (performance appraisal practice) becomes .745. Holding other independent variables (performance appraisal practice) is constant; a unit increase in performance appraisal would lead to 1.397 increases in the performance appraisal practices. A unit increase of performance appraisal practice would lead to .587 increases on job satisfaction.

**Table 4.18. Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.514 <sup>a</sup>	.264	.260	.93447
a. Predictors: (Constant), Performance Appraisal practice				

Source: Field survey, 2020

Table 4.7 illustrated that model summary of regression statistics. The R<sup>2</sup> is .264 which is 26.4%. Thus, the dependent variable is explained by independent variable at 26.4%. The remaining need further study.

**Table 4.19. Regression Analysis**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.249	.213		5.874	.000
	Performance Appraisal Practice	.647	.078	.514	8.339	.000

a. Dependent Variable: Organizational performance

Source: Field survey, 2020

From the findings in Table 4.19 the multiple linear regression equation becomes:

$$Y = 1.249 + 0.647X_1$$

From the model, when other independent variable (performance appraisal practice) becomes 1.249. Holding other independent variables (performance appraisal practice) is constant, a unit increase in performance appraisal practices would lead to 1.249 increases on organizational performance. A unit increase of performance appraisal practices would lead to 0.647 increases on organizational performance.

## Chapter Five: Conclusion and Recommendation

### 5.1. Conclusion

The main purpose of this study was to examine the effect of performance appraisal on organizational performance and job satisfaction in Ethiopian Civil Aviation Authority the case of

Air Navigation Department. The study targeted all 196 respondents from Bole international Airport and Mekelle Air Navigation branch office and all employees participated to the questionnaire. Respondents were from different age group, educational back ground, and years of service are participated in the data collected.

The output of descriptive statistic show that the majority of the respondent were neither satisfied nor dis-satisfied of the performance appraisal practice, believe that performance appraisal conducted in a biased way, have poor perception to the performance appraisal, the organization's mechanism for job satisfaction was poor, the performance appraisal practiced had poor relationship with job satisfaction, and the organization performance was nearly average. Consequently, there is a negative relationship between the performance appraisal practice and organizational performance, and job satisfaction in Ethiopian Civil Aviation Authority in the case of Air Navigation Department. The study attempted to answer the following research questions

- What types of Performance Appraisal practices used in Ethiopian Civil Aviation Authority Department of Air Navigation?
- How does the employs perceive the process of performance appraisal at Ethiopian Civil Aviation Authority Department of Air Navigation?
- What is the role of Performance Appraisal on organizational Performance at Ethiopian Civil Aviation Authority Department of Air Navigation?
- Is there a relationship between Performance Appraisal and job satisfaction at Ethiopian Civil Aviation Authority Department of Air Navigation?

The finding of the study provided as follows. Types of PA practiced in the organization are Forward-looking approach and incident report method. The purpose of PA practice is generating primary information for giving feedback. Employees lack confidence in the process of PA. Organizational performance is good in profitability. The relationships between performance appraisal and job satisfaction by coiling research question and objectives: ‘Is there a relationship between Performance Appraisal and job satisfaction,’ and ‘describing the relationship between Performance Appraisal and job satisfaction’, respectively. As of Agyare, (2016), Job satisfaction is considered as a critical factor of organizational performance from the perspective that job satisfaction enhances employee loyalty. Employees foster team work, unity, and cooperation. Job satisfaction is a pre-requisite for employee performance in any organization. It is important for both the employee and the employer. For the employee, job satisfaction gives them a sense of security and fulfillment. In return, it leads to employee commitment, decreased absenteeism and reduced employee turnover. For the employer, employee job satisfaction ensures committed staff and stable workforce which reduce cost of recruitment and training. The successes of organizations consider worker morale and job satisfaction an output just as important as productivity.

Job satisfaction is as a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences. Moreover, job satisfaction as a personal evaluation of conditions present in the job, or outcomes that arise as a result of having a job. Job satisfaction thus, has to do with an individual’s perception and evaluation of his job, and this perception is influenced by the person’s unique circumstances like needs, values and expectations. People will therefore evaluate their jobs on the basis of factors, which they regard as being important to them.

The finding of the study pointed out that absenteeism is low. It implies that the workers are satisfied and never absent form their job. Performance Appraisal indirectly builds job satisfaction in a sense that the outcomes of training based on Performance Appraisal can make workers more conversant with their duties and hence more satisfied. On the other hand, employees’ job satisfaction or performance can be affected by the level of rating. Hence, PA result is used for promotion.

## **5.2 Recommendation**

Based on the output from the conducted research, the following recommendations had been drawn.

- ❖ The organization to use a multi-source feedback or 360 degree feedback performance appraisal system, to brief employee the objective of the performance appraisal practice, discuss with the employee to clear the bias happened, participate employee on planning, and perform performance appraisal practice according to the organizations mission, vision, and objectives, and also according to criteria set before. Hence, the organization should work on employee performance appraisal system to promote organizational performance and to bring job satisfaction.
- ❖ Job satisfaction is the main means of good organizational performance. Hence the organization should prepare fertile ground for its employees as mechanisms of job satisfaction in return it reduces employee absenteeism and turnover.
- ❖ The organization should practice performance appraisal in such a way that the stakeholder has a part to contribute on the progresses and weaknesses of the organization for the fulfillment of common objective.
- ❖ The organization should practice peer and vertical appraisal for interwoven success of the common objective.
- ❖ The organization after completing the practices of performance appraisal to act according to the output of the appraisal: Rewards for good performer so that it will be continued and others will be motivated. Training and consultation for low performer so that improvement will come accordingly. Discussion on the matter for better communication and improvement.
- ❖ The organization should made a continuous performance appraisal practice for it will reduce bias both from appraise and rater.
- ❖ Lastly the organization should benefit from practicing: performance appraisal has in addition to appraise what has been accomplished, has to plan for future development, keep to continue existing strengths, indicate skill deficiencies, and training need assessment for both supervisor and appraisee for the practices of performance appraisal to be effective.

### **5.3 Further study**

The issue under study should be investigated further study as follows:

- Job satisfaction and its impact on organizational performance
- Determinants of job satisfaction in the organization
- Determinants of organizational performance
- Investigation of job satisfaction and organizational performance a relationship
- Practice and challenge of employee performance appraisal
- Determinants of employee performance appraisal practice
- Performance appraisal practice and its impacts on employee job satisfaction
- Factors that affect performance appraisal practice

Appendix

Questionnaire

## **Addis Ababa University**

### **School of Commerce**

Dear respondents, this questionnaire is prepared to collect data for a research undertaking at AAU, School of Commerce. The title of the research is ‘The Effects of Performance Appraisal Practice on Organizational Performance and Job Satisfaction in Ethiopian Civil Aviation Authority: The case of Air Navigation Department’.

The main objective of the study is assessing the types of Performance Appraisal and its impact on 1) the perception of employees, 2) job satisfaction, and 3) organizational performance. The result of the study will have academic contribution to the idea and practice of organizational performance and Performance Appraisal. The success of the study depends on your willingness to provide reliable responses to each question. You are thus kindly requested to provide informed responses to each question.

Your anonymity shall be respected during and after the research process according to principles of ethnical research.

For any clarification, please use the following contact mobile phone numbers and corresponding email addresses:

Cell Phone: 0932103144

Email: drjbkla@gmail.com

Please be informed that ‘PA’ stands for Performance Appraisal

If you have additional data or data source, please use the back side of papers for description.

Thank you!



## General Respondent Information

- I. Gender: A) Male \_\_\_\_\_ B) Female \_\_\_\_\_
- II. Age: A) 20-30 \_\_\_\_\_ B) 31-40 \_\_\_\_\_ C) 41-50 \_\_\_\_\_ D) above 50 \_\_\_\_\_
- III. Employer organization \_\_\_\_\_
- IV. Level of education:  
A) Diploma \_\_\_\_\_ C) Master's degree \_\_\_\_\_  
B) Bachelor's degree \_\_\_\_\_ D). PhD and above \_\_\_\_\_
- V. Work position: A) expert \_\_\_\_\_ B) Management \_\_\_\_\_  
C) Other \_\_\_\_\_
- VI. Work experience: \_\_\_\_\_ Years
- VII. How often is PA carried out in your organization?  
1. Once in a year \_\_\_\_\_ 3. Quarterly \_\_\_\_\_  
2. Biannually \_\_\_\_\_ 4. Monthly \_\_\_\_\_

Please indicate by X for type(s) of PA practiced during PA practices.

- a) Multi-Source Feedback or 360 Degree Feedback  
b) Forward-looking approach  
c) Narrative Techniques  
g) Or any other, please specify if any
- d) Incident report method  
e) Forced Choice Method  
f) Graphical Rating Scales

### Direction I

Different variables are presented to assess the effects of PA practice on organizational Performance and job satisfaction. The numbers assigned for your rating from 1 to 5 stands for:

1. Very poor
2. Poor
3. Neutral
4. Strong
5. Very strong

**Supposed purposes, values, & assumptions, of PA practice**

Description	1	2	3	4	5
To generate primary information for giving feedback					
It valuable input for future development planning.					
PA is important for appropriate financial and administrative measures					
PA is used to institute salary increment in light of PA results.					
PA is according to on organizational missions, values, and objectives					
Appraisees are openly informed that the objective of Performance Appraisal					

**Practice of Performance Appraisal**

Description	1	2	3	4	5
Data for the PA is solicited from concerned and involved stakeholders.					
It is a means of meeting criteria set previously.					
A worker is appraised by his peers, subordinates, managers, & customers					
The direction of appraisal is vertical					
Appraisees have a clear picture of PA and be able to discuss priorities.					
Appraises take a chance to get rid of their confusions by receiving feedbacks.					
PA practiced using essays/free written methods and critical incidents methods.					
PA results presented as ‘outstanding’, ‘satisfactory, and ‘needs improvement’.					
PA conducted on form containing employee characteristics & qualities					
The rater indicates personality traits, outcomes, and job behaviors of the ratee					

**Perception of employees about Performance Appraisal**

Employees are given reliable, accurate, timely, and objective information about the purpose of Performance Appraisal data					
Performance Appraisal is conducted in ways characterized by bias.					
Employees lack confidence in the process of PA					
The objectivity of PA undermined because it isn’t a systematic and regular					

**Organizational performance**

Description	1	2	3	4	5
Organizational performance is good in Quality of work					
Organizational performance is good in Productivity					

Organizational performance is good in Efficiency					
Organizational performance is good in Effectiveness					
Organizational performance is good in Contribution to the economy					
Organizational performance is good in Profitability					

**Job satisfaction**

You have positive feeling or attitude towards your work					
You have positive feeling or attitude towards your work condition					
You feel that you have long term job security					
Your absenteeism is low					
The level of employees' turnover low					
The level of workers anxiety and boredom is low					

**Mechanisms to increase job satisfaction**

Description	1	2	3	4	5
Employer does and offers corresponding recognition and encouragement					
Employer attempts to increase job satisfaction by attractive reward system					
The employer empowers workers thereby undermining distrust and anxiety.					
The employer involves workers in company planning and operation.					
The employer fosters team work, unity, and cooperation.					
You offered high job security to retain your job over years					

**Performance Appraisal & job satisfaction**

PA provides clear training needs and leadership development.					
PA generates new insight & better familiarization on the self & the other					
Outcome of PA leads to objective distribution of rewards					
The process of PA done in a fairness way.					
The result of PA used for promotion.					
PA was done for Performance based pay increment.					

***Thank you!***

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