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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF BAIS**

**The Effect of Employee's Perception towards the Performance
Appraisal on their Job Satisfaction: the Case of Ethiopian Electric
Utility**

**A Thesis Submitted to the School of Graduate Studies of Addis
Ababa University School of Commerce in Partial Fulfillment of the
Requirements for Masters of Human Resources Management**

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Addis Ababa, Ethiopia

Declaration/ Confirmation

I declare that this work entitled “Employee’s Perception towards the Performance Appraisal on their Job Satisfaction: A Case Study of Ethiopian Electric Utility”, is outcome of my own effort. And all sources of materials I have used for the study have been properly acknowledged.

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Abstract

The purpose of this research was to investigate the effect of employee's perception towards the Performance Appraisal on their job satisfaction in the Ethiopian Electric Utility. To achieve this target a quantitative research approach was adopted. Descriptive and explanatory research designs were employed to perform the analysis. To get the relevant data survey questionnaire was developed and distributed to 160 employees of EEU located at the head office. The data collected from the questionnaire were analyzed using statistical measures such as correlation and multiple regression analysis. The major findings of the study show that there are drawbacks in the performance appraisal practice of EEU. The appraisal results were not used to reward employees for their accomplishment; employees have also low job satisfaction level. There exist positive and significant relationship between job satisfaction and the communication, goal setting, feedback, evaluation process, performance based reward and recognition, and employee's performance improvement variable. The finding also revealed that there exist higher relationships between the performance based reward and recognition dimension and job satisfaction. Finally the study recommends EEU to improve its performance appraisal practice and to enhance employee's job satisfaction by rewarding their achievement. EEU should implement the performance appraisal properly by which employee's job satisfaction will be increased. Based on the performance result highly performing employees should be rewarded and recognized. It is also recommended that the communications, feedback, goal setting, evaluation process, and employee's performance improvement aspects of the performance appraisal has to be improved. This research can be used by HR managers to improve their performance appraisal; through it they can increase the satisfaction level of their employees.

Keywords: *Performance Appraisal, Performance Management System, Job Satisfaction, Employee's, Perception*

Abbreviations

Com: Communication

EEU: Ethiopian Electric Utility.

EvPro: Evaluation Process

Feed: Feed Back

Goal: Goal Setting

HR: Human Resource.

JS: Job satisfaction.

JobSatisf: Job Satisfaction

PA: Performance Appraisal.

PMS: Performance Management System.

PBRR:Performance Based Reward and Recognition

EmpPerImpr:Employee Performance Improvement

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CHAPTER ONE

INTRODUCTION

This chapter introduces the research. Basic concepts about performance appraisal and job satisfaction were discussed briefly.

1.1. Background of the study

The concept of HRM underpins the human side of the management and enterprises and employees' relations with their organizations and its purpose is to ensure that the workforce of companies are effectively and efficiently utilized in a way that the employer obtains the greatest possible benefits from their abilities and similarly the employees obtain both material and psychological rewards from the service rendered (Osibanjo et al., 2012).

Human resource is the most valuable asset having the greatest potential in determining the status of an organization in today's competitive business world. Successful managers recognize that human resources deserve attention because they are crucial in top management strategic decisions that guide the organization's future operations (Belete et al., 2014).

According to Gupta (Gupta, 2012) Performance Management System (PMS) is defined as 'strategic and integrated approach of conveying continued success to institutions by developing the people in a way that improves group and personal performance'. Performance management system is considered to be one of the strongest tools for training, promotion, career planning and competency mapping etc.

Managing performance is about developing organizational capability-the capacity of an organization to perform effectively in order to achieve desired results. Managing performance involves taking systematic action to improve organizational, team and individual performance. It enables performance expectations to be defined and creates the basis for developing organizational and individual capability. For individuals, performance management processes are associated with both financial and non-financial rewards (Armstrong, 2010).

The purpose of performance management is to help and encourage everyone to raise their performance, develop their abilities, increase job satisfaction and achieve their full potential to the benefit of the individual and the organization as a whole (Armstrong, 2006).

Performance management is concerned with communication, this is done by creating a climate in which a continuing dialogue between managers and the members of their teams takes place to define expectations and share information on the organization's mission, values and objectives. This establishes mutual understanding of what is to be achieved and a framework for managing and developing people to ensure that it will be achieved (Armstrong, 2006).

Performance management is an important part of the reward system through the provision of feedback and recognition and identification of opportunities for growth. It may be related with performance of contribution related pay (Armstrong, 2006).

Performance appraisal has been defined as the process of identifying, evaluating and developing the work performance of employees in the organization so that the organizational goals and objectives are more effectively achieved, while benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (Dargham, 2005)

Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. (Armstrong, 2006)

Performance appraisal can motivate staffs by clarifying objectives and setting clear future objectives with provision for training and development needs to establish the performance objective. Since performance appraisal systems will allow communicating strategies, goals and vision, employees should experience higher levels of commitment to organizational goals and, therefore, become more affectively committed to their organization (Belete et al., 2014).

Now a day's performance appraisals usually comprise: (1) explicit feedback on various aspects of job performance; (2) identification of employee's strengths and weaknesses in comparison to the requirements for current position; (3) the agreement on concrete objectives to be attained by the employee during the next evaluation period; and (4) preparation of personal development plans, a statement of each employee's career goals, decisions on merit pays, etc. (Belete et al., 2014).

Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job; an effective reaction to one's job, and an attitude towards one's job (Gupta, 2012).

Job satisfaction describes the collection of factors that creates a feeling of satisfaction. It can be simply stated as a combination of how an individual feel, thinks and perceive about his/her job and it is affected by many internal and external factors. When an organization really comes up to the expectations what an employee really needs from his job, it means that organization is working towards the employee satisfaction and understand its importance. Job satisfaction refers to the people's feelings about the benefits they have received on the job (Ayesha et al., 2014).

Basically, this study intends to evaluate the effect of employee's perception towards the performance appraisal on their job satisfaction in the Ethiopian Electric Utility (EEU).

1.2. Statement of the Problem

According to Armstrong (Armstrong, 2006) the purpose of performance management is to help and encourage everyone to raise their performance, develop their abilities, increase job satisfaction and achieve their full potential to the benefit of the individual and the organization as a whole. Mondy states that (Mondy, 2010) organizations must take a more strategic approach to the performance appraisal. Instead of using the familiar "check the box, write a comment ritual, organizations need to integrate the company's mission statement, vision, and values into their performance management system.

It is certain that managing employee's performance is contributing for the achievement of organizational goals. As performance of an organization as a whole depends on the

performance of individual employees, it is critical to ensure the proper implementation of performance appraisal.

Worker's job satisfaction was influenced by factors associated with the work itself or by outcomes directly derived from it such as the nature of the job, achievement in the work, promotion opportunities, and chances for personal growth and recognition (Vrinda et al., 2015).

As discussed above performance appraisal can be considered as one of the factors that can affect job satisfaction. Thus it has to be given proper attention for its implementation, unless it may result dissatisfaction; which will make employees not to exert their effort and ultimately it may affect the Company's productivity.

A research, which is conducted by Osibanjo et al. (Osibanjo et al, 2012) on the title "Human Resource Management and Employees Job Satisfaction", was focused on the effect of training and development on employees job satisfaction; the influence of working conditions on employees job satisfaction; impact of staffing level on employees job satisfaction. Their study concluded that equitable reward system, working condition, training and development, fair treatment and fair human resource practice are determinants of employee's job satisfaction.

From this study it is possible to understand that the study's center of attention were only equitable reward system, working condition, training and development, fair treatment. It does not say anything about the effect of performance appraisal on job satisfaction. Thus this research intends to fill this gap by considering performance appraisal as one aspect of HR practice.

Another study is conducted by Belete et al. (Belete et al, 2014) with the title "The Effect of Employee's Fairness Perception on their Satisfaction towards the Performance Appraisal"; was focused on employee's perceptions of distributive, procedural, informational and interpersonal fairness parameters. The study concludes that, employee's perception about the performance appraisal affects their satisfaction.

The study is limited only on employee's fairness perception towards the performance

appraisal. Thus this research intends to fill this gap by considering other aspects of the performance appraisal. The communication, goal setting, feedback, performance based rewards & recognitions, employee's performance improvement, and the performance evaluation process of the performance appraisal dimensions were considered in this study.

Concerning the performance appraisal of EEU there is no research based evidence about the way how it is implemented and how it can affect job satisfaction. The Company does not use systematic appraisal. A randomly develop appraisal checklist, which is frequently changing, is used to appraise employee's performance. And also it does not have priorly defined and agreed goals to rate the performance of the employees. Thus, this study is intended to fill this gap and give feedback about the effect of performance appraisal on job satisfaction in the case of EEU. This research specifies the gaps in the implementation of performance appraisal in EEU and shows the relationship between performance appraisal and job satisfaction.

1.3. Research Question

Based on the above discussion, the basic research question is; what is the effect of employee's perception towards the performance appraisal on their job satisfaction?

The specific research questions to be answered by this study were listed below:

- How performance appraisal does looks like in EEU?
- What is the relationship between performance appraisal and job satisfaction in EEU?
- What is the effect of employee's perception towards the performance appraisal on their job satisfaction?

1.4. Hypothesis of the Study

Hypothesis states what we are looking for and it is a proposition which can be put to a test to determine its validity. The hypotheses are tested on a predetermined level of significance; in practice either 5% level or 1% level is adopted for the purpose. Alternative hypothesis is usually the one which one wishes to prove and null hypothesis is the one which one wishes to disprove (Kothari, 2004).

The hypotheses for this research were developed based on the conceptual framework of the study. The hypotheses determine the relationship between employee's perception towards the performance appraisal and their job satisfaction. The performance appraisal is represented by the communication, goal setting, feedback, evaluation process, performance based reward and recognition, and employee's performance improvement variables. The hypotheses of the study where the researcher intends to prove or disprove are listed below:

H₀₁: there is no significant and positive relationship between communication and job satisfaction.

H₀₂: there is no significant and positive relationship between goal setting and job satisfaction.

H₀₃: there is no significant and positive relationship between feedback and job satisfaction.

H₀₄: there is no significant and positive relationship between performance evaluation process and job satisfaction.

H₀₅: there is no significant and positive relationship between performance based reward and recognition and job satisfaction.

H₀₆: there is no significant and positive relationship between employee's performance improvement and job satisfaction.

1.5. Research Objectives

General Objectives

The general objective of this research is to investigate the effect of employee's perception towards the performance appraisal on their job satisfaction in the Ethiopian Electric Utility.

Specific Objectives:

1. To investigate how the performance appraisal looks like in EEU.
2. To explore the relationship between performance appraisal and job satisfaction.
3. To determine the effect of employee's perception towards the performance appraisal on their job satisfaction.

-
4. To provide recommendations for good performance appraisal practice.

1.6. Significance of the Study

The result from the study contributes to the company to give attention for the proper implementation of performance appraisal through which it can create job satisfaction among employees. This will lead the company to meet its strategic goals effectively. The study recommends possible solutions to fill the gaps. The study provides basic facts in relation with the processes and practices of the performance appraisal, which can be used by other researchers to conduct further studies in EEU on the subject matter.

1.7. Delimitation/ Scope of the Study

The study intends to investigate the effect of employee's perception towards the performance appraisal on their job satisfaction. This study is conducted in EEU, thus staffs of EEU were the target groups to the study. Since the instrument is developed using the English language, only employees whose educational qualification is diploma and above were considered for this study. And also for the purpose of getting relevant information from the respondents, employees who have stayed at least one year in the company were selected since they have information about the performance appraisal practice during its one year lifecycle.

The study covers only the goal setting, communication, feedback, evaluation process, performance based reward & recognition and employee's performance improvement aspects.

EEU is a geographically dispersed company. It has 15 regional offices all over the country. Addressing all this locations is not feasible economically and it is time consuming. Thus the scope is condensed to be conducted at the head office, which is located within Addis Ababa around piazza. Even if the study is conducted at the head office the result is applicable all over the company since the company uses the same performance appraisal practice to all its branches and also the culture is similar all over the company. The selection of head office is for the following two reasons. Firstly the location of head office is convenient for the researcher. The other reason is head office is selected purposely since most of the relevant documents (policies, procedures, manuals...) for this

study were obtained at the head office thus it makes document review so simple.

The study is concluded within the allotted time period i.e. from November 2016 up to June 2017. Methodologically the study uses the appropriate research design, sampling techniques, data collection tools and the like as the nature of the study requires.

1.8. Limitation of the Study

One of the limitations of this study is that it could not be generalized to other companies since the study is a case study and only EEU's practice is considered. The other limitation is that there are many factors that can influence employee's job satisfaction other than performance appraisal, such as working condition, thus this might have impact on the result. This limitation mitigated by developing a questionnaire that specifically addresses the performance appraisal aspect only.

1.9. Definition of terms

Employee is an individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties (Business Dictionary, 2017).

Job Satisfaction: has been defined as a pleasurable emotional state resulting from the appraisal of one's job; an effective reaction to one's job, and an attitude towards one's job (Gupta, 2012).

Performance Appraisal: is the systematic assessment of an employee in terms of the performance aptitude and other qualities which are necessary for successfully carrying out the job (Belete et al, 2014).

Performance Management System (PMS): is defined as 'strategic and integrated approach of conveying continued success to institutions by developing the people in a way that improves group and personal performance' (Gupta, 2012).

Perception: is the intuitive understanding, recognition and interpretation of things and events (Belete et al, 2014).

1.10. Organization of the study

The research report was organized into five chapters.

Chapter one: it includes the introductory parts of the study. It consists background of the study, statement of the problem, research questions and objectives of the study, significance of the study, scope of the study, limitations of the study, definition of terms and organization of the study report.

Chapter two: it presents review of related literature which discusses theoretical aspects of the topic from different authors. These provide the basic concepts upon which the research is based on.

Chapter three: it covers the research methodology. It indicates how the research was done. Thus, it incorporates approach and design of the research, sampling techniques, sources and tools of data collection, procedures of data collection and methods of data analysis and presentation. It also incorporates the ethical consideration aspects.

Chapter four: it presents the data analysis and discussion. .

Chapter five: includes conclusions, and recommendations aimed for improving the implementation of performance appraisal in EEU.

CHAPTER TWO

LITRATURE REVIEW

This chapter focuses on the review and summary of related writings and collected works of different authors on the topic under study. The major processes, purposes, founding theories, and best practices of performance management, performance appraisal, and job satisfaction were raised to provide a brief understanding.

2.1. Definitions of Performance Management

Performance Management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization (Smith & London, 2009).

Performance Management is a goal oriented process directed toward ensuring that organizational processes are in place to maximize the productivity of employees, teams, and ultimately the organization. It is a major player in accomplishing organizational strategy in that it involves measuring and improving the value of the workforce. Whereas performance appraisal is a onetime event each year, performance management is a dynamic, ongoing, continuous process. Each part of the system, such as training, appraisal, and rewards, is integrated and linked for the purpose of continuous organizational effectiveness (Mondy, 2010).

The purpose of performance management is to get better results from the organization, teams and individuals by understanding and managing performance with in an agreed framework of planned goals, standards and managing performance with in an agreed framework of planned goals, standards and competency requirements. It is a process for establishing shared understanding about what is to be achieve and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and longer term. Performance management enhance the engagement of people by providing the foundation up on which many non financial motivation approaches can be built (Armstrong, 2010)

Performance management, if carried out properly, can reward people by recognition through feedback, the provision of opportunities to achieve, the scope to develop skills, and guidance on career paths. All these are non financial rewards which can encourage job and organizational engagement (Armstrong, 2010).

According to MCMahon (MCMahon, 2013) Performance management system effectiveness motivates employees. Performance management system serves to support the motivational impact. The value of performance management system is for rewarding past performance, setting individual objectives, improving current performance, determining bonuses, identifying training and development needs and motivating staffs. \

Organizations must take a more strategic approach to the performance appraisal. Instead of using the familiar “check the box, write a comment rituals”, organizations need to integrate the company’s mission, vision, and values into their performance management system (Mondy, 2010).

Performance is both behavior and results. Behaviors emanate from the performer and transform performance from abstraction to action (Armstrong, 2010).

According to MCMahon (MCMahon, 2013) the following are objectives of the performance management system:

- To assess the employee in the identification of training needs and other remedial initiatives and in the assessment and advancement of their potential and career development prospects via the provision of appropriate supports including education, coaching, mentoring, counseling, performance improvement plan etc.
- To secure feedback on how effectively the job holder has been managed or supervised.
- To assist with decisions relating to pay increases or new salary levels.
- To maintain equity in the evaluation and treatment of staff, via usage of a standard performance review and a related appeals system.

As discussed above performance management is a process by which the organization can realize its goals by improving employee's performance. The alignment of organizational, team and individual objectives allows employees to be directed towards the overall organizational goal achievement.

Performance appraisal can be defined as the process of evaluating how well employees do their jobs compared with a set of standards and communicating that information to those employees. It also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal. Performance appraisals are often used in the work place to inform employees on their work progress. Promotions, bonuses and training needs are often based on the information provided by a performance appraisal (Belete et al., 2014).

Performance appraisal will be effective if the appraisal process is clearly explained to, and agreed by the people involved. The human resource system can become more effective by having a valid and accurate appraisal system used for rating performances of employees (Belete et al., 2014).

Training and development programs occur on the job. But such development is slowed and less effective if the employee is not systematically appraised and feedback information concerning his/her quality of performance (Flipo, 1984).

(Flipo, 1984) stated that all employees are appraised on their job performance in some manner or another. In general, it can be said that the choice lies among the following three alternatives:

1. A casual, unsystematic, and often haphazard appraisal.
2. The traditional and highly systematic measurement of a/ employee characteristic b/ employee contribution or c/ both.
3. Mutual goal setting through MBO program.

Though the casual approach is perhaps the most commonly used, various studies have revealed an increase in the number of firms choosing some formal type of appraisal. A systematic and periodic appraisal process is deemed superior to a casual, intuitive, and at

times, haphazard evaluation, which will always take place in the absence of such preplanning (Flipo, 1984).

The first and basic value of systematic performance appraisal is that it provides information of great assistance in making and enforcing decisions about such subjects as promotion, pay increases, layoffs, and transfers. Thus it avoids a spot judgment when a decision must be made. A second value of systematic appraisal of employee performance is that it serves to stimulate and guide employee development. Most people like to know how they are doing. A good appraisal program provides this information in a form that can usually be communicated to the employee (Flipo, 1984).

Organizations must take a more strategic approach to the performance appraisal. Instead of using the familiar “check the box, write-a comment ritual, organizations need to integrate the company’s mission statement, vision, and values into their performance management system. Performance appraisal is a formal system of review and evaluation of individual or team task performance (Mondy, 2010).

2.2. Foundational Theories of Performance Management

Performance management has developed over the past two decades as a strategic, integrated process which incorporates goal-setting, performance appraisal and development into a unified and coherent framework with the specific aim of aligning individual performance goals with the organization’s wider objectives (Lucas et al, 2006). There are different relevant theories that can be utilized in the improvement of performance management here we can see some of them.

Goal-Setting Theory: it makes a solid case for the use of difficult and specific goals to create the strong situations necessary for substantial achievement. It pointed out that performer’s participation heightens the importance of the goal, thereby strengthening goal commitment (Reginald & Ugaddan, 2013). Goal-setting theory suggests that not only does the assignment of specific goals result in enhanced performance but that, assuming goal acceptance, increasing the challenge or difficulty of goals leads to increased motivation and increases in performance (Lucas et al, 2006).

From this it can be understood that employee's participation in the goal setting process makes them to be committed for its achievement and makes them motivated.

Expectancy Theory: hypothesizes that individuals change their behavior according to their anticipated satisfaction in achieving certain goals (Lucas et al, 2006).

Control Theory: most performance management does not emphasize feedback. Performers taking charge of their own feedback loops helps them obtain timely feedback they need to make the negative discrepancy adjustments (Reginald & Ugaddan, 2013).

Social Cognitive Theory: people who see themselves as highly capable of performers tend to embrace difficult goals with above average. Specifically, strong self-efficacy translates to higher level of goal challenge, effort expended in pursuit of established goals (Reginald & Ugaddan, 2013).

Management By Objective (MBO): MBO approaches tend to emphasize a participative but joint determination of objectives, followed by a participative but joint evaluation of success in periodic appraisal interviews. (Instead of setting in judgment, the supervisor should devote attention to establishment of goals, so that subordinates can exercise self control in pursuit of those goals-MBO. For each objective suggested by the subordinate and accepted by the superior, a basic strategy for assessment should be planned. The superior should do what he/she can to help in providing information that will enable the subordinate to evaluate and measure ongoing accomplishment (Flipo, 1984).

360-degree feedback also referred to as multi-rater or multi-source feedback is the process whereby individuals receive feedback from a variety of stakeholders about the way they carry out their jobs. Performance feedback is typically collected from colleagues, direct reports, line managers, internal and external customers, as well as the individual. The rationale behind such multiple evaluations is that an individual obtains a breadth of information which would not normally be available, and that other people, beyond the immediate line manager, who observes or experiences an individual's behavior, is in a strong position, and in some aspects uniquely qualified, to evaluate it. It is argued that the result is greater validity in the assessment of individual performance (Lucas et al, 2006).

All these theories were proposed for the improvement of the performance management system. Thus, it has to be given attention and use proper strategies to get the most out of it.

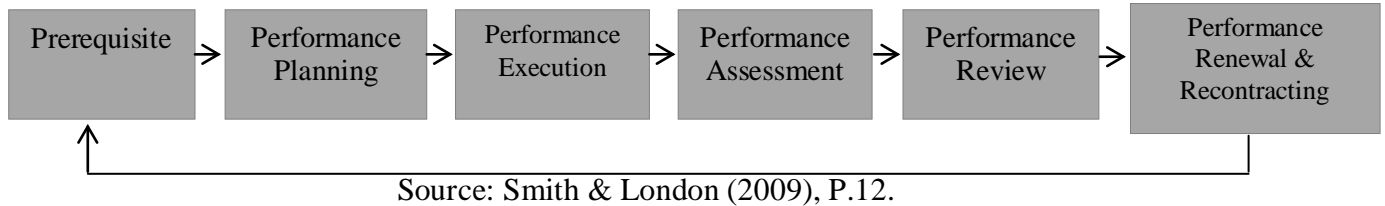
2.3. Important Purposes of Performance Management System

Performance management system can serve six important purposes (Smith & London, 2009):

- 1. Strategic:** it links the organization's goals with individual goals, there by reinforcing behaviors consistent with the attainment of organizational goals.
- 2. Administrative:** it is a source of valid and useful information for making decisions about employees, including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs and merit increases.
- 3. Communication:** it allows employees to be informed about how well they are doing to receive information on specific areas that may need improvement and to learn about the organization's and the supervisor's expectations and what aspects of work the supervisor believes are most important.
- 4. Developmental:** it includes feedback, which allows managers to coach employees and help them improve performance on an ongoing basis.
- 5. Organizational Maintenance:** it yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level and evaluating the effectiveness of human resource interventions.
- 6. Documentation:** it yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions.

2.4. Performance Management Process

Performance management is a continuous process. Smith & London (Smith & London, 2009) identified the following six stages of the performance management process.



Stage 1: Prerequisite:

There are two important prerequisites that are needed before a PMS is implemented: 1) knowledge of the organization's mission and strategic goals and 2) knowledge of the job in question.

Once the goal for the entire organization has been established, similar goals cascaded downwards with departments setting objectives to support the organization's overall mission and objectives. The cascading continues downward until each employee has a set of goals compatible with those of his/her unit and the organization.

The second important prerequisite before a PMS is implemented is to understand the job in question; this is done through job analysis. Job analysis is a process of determining the key components of a particular job. Without a job analysis, it is difficult to understand what constitutes the required duties for a particular job. If we do not know what an employee is supposed to do on the job, we will not know what needs to be evaluated and how to do so.

Stage 2: Performance Planning:

The performance planning stage has the goal for employees to have a thorough knowledge of the PMS. At the beginning each performance cycle, the supervisor and the employee meet to discuss and agree on what needs to be done. This performance planning discussion includes a consideration of 1. Results, 2. Behaviors and 3. Developmental plan.

Result: refers to what needs to be done or the outcomes an employee must produce, it

includes key accountabilities, specific objectives, and performance standards.

Behavior: includes discussing competencies, which are measurable clusters of knowledge, skill and attitudes that are critical in determining how results will be achieved.

Developmental plan: includes identifying areas that need improvement and setting goals to be achieved in each area. Developmental plans usually include both results and behaviors. Such plans highlight an employee's strengths and the areas in need of development and they provide an action plan to improve in areas of weaknesses and further development areas of strength.

Stage 3: Performance Execution:

Once the review cycle begins the employee strives to produce the results and display the behaviors agreed on earlier as well as to work on development needs.

Here the supervisor has primary responsibility over the following issues:

- Observation and documentation: observe and document performance on a daily basis.
- Updates: as organization's goals may change it is important to update and revise initial objectives, standards, and key accountabilities and competency areas.
- Feedback: feedback should be provide on a regular basis and certainly before the review cycle is over.
- Resources: provide employees with resources and opportunities to participate in developmental activities.
- Reinforcement: supervisors must let employees know that their outstanding performance is noticed by reinforcing effective behaviors and progress toward goals.

Stage 4: Performance Assessment:

In the assessment phase, both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed and whether the desired results have been achieved. It is important both the employee and the manager take ownership of the assessment process. The fact that both parties are involved in the assessment provides good information to be used in the review phase. When both the

employee and the employee and the supervisor are active participants in the evaluation process there is a greater likelihood that the information will be used productively in the future. The inclusion of self-appraisal is also beneficial regarding important additional factors. Self-appraisals can reduce an employee's defensiveness during an appraisal meeting and increase the employee's satisfaction with the PMS as well as enhance perceptions of accuracy and fairness and therefore acceptance of the system.

Stage 5: Performance Review:

This stage involves the meeting between the employee and the manager to review their assessments. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his/her performance. Providing feedback in an effective manner is extremely important because it leads to performance improvement but also to employee satisfaction with the system.

Stage 6: Performance Renewal and Recontracting:

The final stage in the performance process is renewal and recontracting. Essentially, this is identical to the performance planning component. The main difference is that the renewal and recontracting stage uses the insights and information gained from the other phases.

2.5. Performance Appraisal Approaches

There are a number of different types of systems for measuring the excellence of employee performance. Among them are: Ranking, Person to person comparison, Grading, Graphic scales, Checklist, Forced choice description, behaviorally anchored rating scale, Essay (Flipo, 1984).

- 1. Ranking:** the oldest and simplest system of formal systematic rating is compare one person with all others for the purpose of placing them in a simple rank order of worth. No attempt is made to systematically fractionize what is being appraised into component elements. One of the objections to the ranking process is that we are asking the rater to compare several people simultaneously and turn out an accurate rank order.
- 2. Person to person comparison:** certain factors were selected for purposes of analysis. A scale was designed for each carefully defined factor. The person who

demonstrated the upper end of the scale and particular other key people were assigned to the lowest and intervening degrees. Thus a scale of persons was created for each selected factor. The devising of scales would evidently be extremely complicated. If each rater must use, for different degree definitions, particular people one has known, the ratings would not be comparable from one department to another.

- 3. Grading:** in the grading system, certain categories of worth are established in advance and carefully defined. For example categories of persons as outstanding, satisfactory, and unsatisfactory. Employee performance is then compared with these grade definitions. The grading system is sometimes modified into a forced distribution system, in which certain percentages are established for each grade. For example 10% of the total personnel must go into the top grade, 20% to the second, 40% to the middle, 20% to the fourth, and 10% to the bottom grade. It has the advantage of forcing a separation of personnel in the group, so the rater cannot relax and judge the all as average, superior or below average. This system also introduces a zero sum game for all rates. Even though a person rated in the bottom 10% should significantly improve performance, he/she would not rise in rating if all others had improved similarly. Imagine the frustration of such an employee, as well as the dismay of the superior while communicating recognition of the improved performance with the same low rating.
- 4. Graphic Scales:** it is an approach similar to that of the person to person system except that the degrees on the factor scales are represented by definitions rather than by key people. The rater can choose one of five degrees for each factor.
- 5. Checklist:** to reduce the burden upon the appraiser, a checklist system can be utilized. The rater does not evaluate employee performance; it is merely reported. The evaluation of the worth of reported behavior is accomplished by the staff personnel department.

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6. **Forced Choice Description:** one of the fundamental objectives of the forced choice approach is to reduce or eliminate the possibility of rater bias by forcing a choice between descriptive statements of seemingly equal worth.
 7. **Behaviorally anchored rating scales:** where critical incidents that make the difference between success and failure were spotlighted. The supervisor's prime task is to observe and record these critical incidents when performed by an employee.
 8. **Essay description:** is simple essay description of employee performance. If the appearance of subjectivity presented by this approach is not backed up by systematically accumulation of performance information (critical incidents), it may present some difficulties if challenged by some governmental compliance agencies.

2.6. Training of the Rater

Training of raters must incorporate complete explanations of the philosophy and nature of the rating system. Factors and factor scales, if any, must be thoroughly defined, analyzed, and discussed in conference sessions. Though training should be positive in nature, it has been found advisable to stress certain negative aspects of the rating process and to warn the raters about the more common errors of traditional rating in order that they may be on guard against them. Among these errors are: the halo error, the central tendency, constant errors (too harsh and too easy), Miscellaneous errors (similar to me, contrast, position, biases of sex, race, religion & nationality) (Flipo, 1984).

Halo error: it takes place when the rater allows one aspect of a person's character or performance to influence the entire evaluation.

Central tendency: when the rater marks all or almost all personnel as average.

Constant or systematic error: there are "easy" raters and "tough" raters. Ratings are distributed in a normal curve, but an "easy" supervisor is utilized only the upper half of the scale and the "harsh" rater utilizes the lower half of the scale.

Because of complexity of evaluating another human's performance, there are a number of miscellaneous errors to guard against. The "similar to me" mistake is a tendency for the rater to judge more favorably those who appear to be similar to her/him. Contrast errors occur in the sequencing of ratings, if superior performers are rated first, average performers are likely to be rated down, if poor performers come first, the average performers will be rated more highly. There is also a tendency to rate the occupant of a higher position more favorably than one in a lower position. And despite the steady bombardment in the area of civil rights, one must constantly reemphasize the absolute necessity of guarding against prejudice and bias.(Flipo, 1984).

It is easily understood from the above discussion that there is a possibility of errors during performance evaluation. Organizations were required to emphasis on those errors unless if it is committed employees may be dissatisfied. To avoid or minimize those errors organizations have to provide relevant trainings.

2.7. Key Features of Performance Management

A key feature of performance management is its integration of the organization via a system of work targets for individual employees, with objective setting and formal appraisal (MCMahon, 2013).

According to Armstrong (Armstrong , 2010) the following are the key features of performance management:

- At every stage the aim is to obtain agreement between managers and individuals on how well the latter are doing and what can be done jointly to develop strengths and deal with any weaknesses.
- Discussions between managers and individuals take the form of dialogue. Managers should not attempt to dominate the process and it should not be perceived as an alternative method of control.
- Performance management is largely about managing expectation- both managers and individuals understand and agree what they expect of one another, developing a more positive psychological contract.

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- Positive feedback is used to motivate people by recognizing their achievements and potential.
 - The process is forward looking-it does not dwell on the past, and the dialogue is about what can be done in the future to develop performance and give individuals the opportunity to grow (this is an important means of motivation)
 - Performance management is a continuous process, it is not an annual event, managers and individuals are there to manage performance throughout the year.

2.8. Definitions of Job Satisfaction

Job satisfaction is all about how one feels about (or towards) one's job. An employee who expresses satisfaction is said to have a positive attitude towards the job, unlike a dissatisfied employee who has a negative attitude towards the job. A person having negative attitude shows a personality disposition which is inclined to experience nervousness, tension, worry, upset and distress, where as those with positive attitude will feel happy with themselves, others, and with their work (Udai Pareek et al, 2000).

Job satisfaction is a general attitude to one's job. Job satisfaction of employees plays a crucial factor in determining job performance. Highly performing individual will be able to assist the organization to achieve its strategic aims (Virinda & AnnJacob, 2015).

Job satisfaction is affected by environmental, individual and psychological factors. Factors that relate to the environment are: communication, employee recognition and so on. Communication is one of the most important factors in job satisfaction. Employees derive satisfaction from working with companies that are effective in human resource management best practice – employee recognition programs and to some extent, financial reward programs. Employee recognition should not be confined to praise, gifts and points but should extend to changing the organization culture in order to meet goals, initiatives and connecting employees to the organization's core values and beliefs. This is strategic and strategic employee recognition is seen as the most important program to improve employee retention, motivation and positively influence the financial situation (Dugguh & Dennis, 2014).

2.9. Theories of Job Satisfaction

Herzberg, two-factor theory: classifies all the work related factors into two categories. First category contains factors that are known as hygiene factors. These factors prevent dissatisfaction but do not motivate. Some of these factors are wages and benefits, working conditions, organizational rules and policies, cordial relations with peers and superiors, job security and so on. These factors are designed to avoid damage to efficiency or morale and are not expected to stimulate positive growth. Motivational factors on the other hand have a positive influence on morale, satisfaction, efficiency and higher productivity, these are the type of jobs one enjoys, recognition for employee input and performance, a feeling of accomplishment, increased responsibility and authority and growth and advancement with the organization (Udai Pareek et al, 2000).

Motivational factors are those aspects of the job that make people want to perform and provide people with satisfaction. Factors that relate to job satisfaction are therefore called satisfiers or motivators (Dugguh & Dennis, 2014). The following factors stood out as strong determinants of job satisfaction:

Achievement: This requires helping and placing employees in position that use their talents and not to set up for failure. It is achieved by setting clear, achievable goals and standards for each position, and making sure employees know what those goals and strategies are. Individuals should also receive regular, timely feedback on how they are doing and feel they are adequately challenged in their jobs.

Recognition: Refers to the honor, favorable note or attention given to an employee for a 'job well done' or an outstanding behavior. Individuals at all levels in the organization want to be recognized for their achievement on the job. The individual's success does not have to be monumental before they deserve recognition. Employees should be acknowledged for doing something well immediately after their good work. Publicly appreciating them for finding solutions to a problem, writing a note of praise, establishing a formal recognition program like 'employee of the month or year', making periodic

reports directly available to the employees themselves rather than to management, are some of the ways of recognizing employees.

Work itself: This involves helping employees believe that the task they are doing is important and meaningful. Setting goals and reminding and emphasizing that their efforts lead to and contribute to positive outcomes and goal accomplishment is crucial. Success stories and cases should be shared on how an employee's actions made a real difference in the organization. Also show employees how their work is essential to the overall processes that make the practice succeed. Unnecessary tasks can be eliminated or streamlined to bring about greater efficiency in the organization.

Responsibility: Responsibility is taken action for ones actions. Granting additional authority to employees in their activity, giving them enough job freedom and power so that they feel they 'own' the results are ways of giving them responsibility. As employees grow, they can be provided opportunities for added responsibility by adding challenging and meaningful work.

Opportunity for advancement or promotion: This involves electing employees from the present job or position to a higher one or level in the organization. If possible permit and support them to acquire higher certificates so that they could become experts themselves and make them more valuable to the practice and more fulfilled individuals.

Maslow's need hierarchy theory: divides human needs into five levels. The most basic level of needs comprises the primary or physiological ones. So long as they are unsatisfied, they monopolies a person's consciousness and have virtually exclusive power to motivate behavior. However, when they are satisfied, they cease to be motivators. The satisfaction of primary needs does not produce contentment; instead, it unleashes a new series of discontents. The secondary needs now begin to acquire the power to motivate. People do not stop wanting; after physiological needs are fulfilled; they begin to want, in succession, safety, love, esteem and self-realization. Maslow also suggested that people

can travel down as well as up the hierarchy (Udai Pareek et al, 2000).

Goal-setting theory of motivation: assumes that behavior is a result of conscious goals and intentions. Therefore, by setting goals for people in the organization, a manager should be able to influence their behavior. Given this premise, the challenge is to develop a thorough understanding of the processes by which people set goals and then work to reach them. In the original version of goal setting theory, two specific goal characteristics-goal difficulty and goal specificity were expected to shape performance (Udai Pareek et al, 2000).

Affective Event Theory: the theory explains the linkages between employees' internal influences - cognitions, emotions, mental states etc and their reactions to incidents that occur in their work environment that affect their performance, organizational commitment, and job satisfaction. The theory further proposes that affective work behaviors are explained by employee mood and emotions, while cognitive-based behaviors are the best predictors of job satisfaction. In addition, the affective events theory emphasized that positive-inducing and negative-inducing emotional incidents at work are distinguishable and have a significant psychological impact upon workers' job satisfaction. This resulted in lasting internal and external affective reactions exhibited through job performance, job satisfaction and organizational commitment. Performance feedback has an important influence on employee affect. Regular reviews should be done on regular basis in both medium and large organizations. The type of feedback on performance provided by managers can affect employee performance and job satisfaction (Dugguh & Dennis, 2014).

Equity theory: the major concern in equity theory is about payment and therefore the cause of concern of equity or inequity in most cases in organizations. In any position in the organization, an employee wants to feel that their contributions and work performance are being rewarded with their pay. If an employee feels underpaid, he would be dissatisfied and therefore becomes hostile towards the organization and co-workers which may ultimately result to lack of motivation and low performance. When they perceive that their

inputs are fairly rewarded by outputs, then they are satisfied, happier and more motivated in their work (Dugguh & Dennis, 2014).

2.10. Empirical Evidences

Some empirical evidences have shown that different human resource management practices have effect on employee's job satisfaction. Some of them were discussed below:

Osibanjo et al (Osibanjo et al, 2012) conducted a study on "Human Resource Management and Employee Job Satisfaction", they found that satisfaction on current job can be achieved through learning more skills to perform very well and having good opportunities to get more training.

Belete et al (Belete et al., 2014) conducted a study on "the effect of employee's fairness perception on their satisfaction towards performance appraisal practice", they found that employee's perception on the fairness of performance appraisal practice affects their job satisfaction.

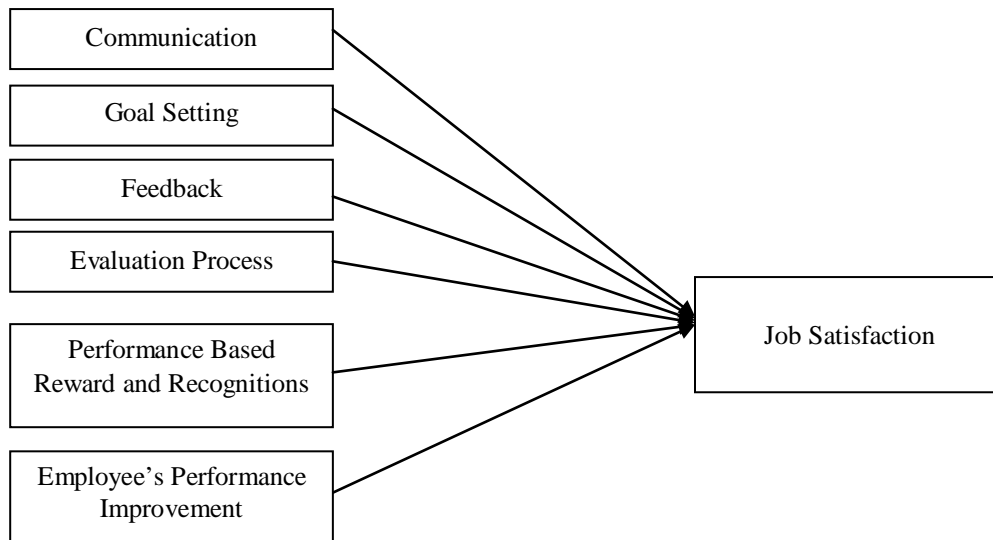
Another study conducted by Gupta (Gupta, 2012) on the impact of effectiveness of performance management system on employee satisfaction and commitment reveals that there is a significant impact of effectiveness of performance management system on employee satisfaction and commitment.

2.11. Conceptual Framework of the Study

Models consist of elements and relationships. Explicit models are the words, schematics, or equations that represent the variables and their relationships. By the end of a study, models enable users to organize their information and reach reasonable conclusions about the importance of elements and their relationships to one another (Osibanjo et al, 2012).

The framework or essence of performance management is provided by the arrangements for agreeing performance requirements or expectations, preparing performance plans, managing performance throughout the year and reviewing performance (Armstrong, 2006).

The conceptual framework of this study is related to the concepts described in this section. The framework explains the relationships between performance appraisal and job satisfactions. The model is limited to factors involving performance appraisal and job satisfaction variables. In this model performance appraisal is categorized as independent variable whereas job satisfaction is dependent variable. The figure bellow shows the conceptual model of this study.



Source: developed by the researcher based on the ideas in the literature.

In this study it is intended to measure the effect of performance appraisal (as one of the job facet) on job satisfaction. There are different variables of the performance appraisal that can be considered as independent variables such as the feedbacks, errors, performance related rewards and recognitions, the evaluation process etc.

Worker's job satisfaction was influenced by factors associated with the work itself or by outcomes directly derived from it such as the nature of the job, achievement in the work, promotion opportunities, and chances for personal growth and recognition (Vrinda et al, 2015). If an individual does not receive enough input on the job, the individual more likely to become dissatisfied, aggravated, and unhappy with their work which may lead to low level of job satisfaction. Superior-Subordinate communication is an important

influence on job satisfaction in an organization (Dugguh et al, 2014)

Here we can understand that employee's job satisfaction can be affected by factors associated with their job. Thus it can be said that the different variables associated with the performance appraisal can affect job satisfaction. For example, if appraisers commit errors or are biased during performance evaluation employees may become dissatisfied. And the other performance variables, if not properly implemented, may also affect employee's job satisfaction.

Job satisfaction is closely linked to that individual's behavior in the work place. Job satisfaction is directly linked to productivity as well as to personal well-being. Dissatisfaction from the work will result in negative behavior of employees. Consequences of dissatisfaction are lack of loyalty, increased absenteeism, increased number of accidents etc. Job satisfaction causes a series of influences such as employee productivity, loyalty, etc. (Saari & Judge, 2004).

Job satisfaction is an unobservable variable. Therefore, there is no definite way of measuring job satisfaction. But variety of ways can be identified. A questionnaire can be used to measure job satisfaction. In the questionnaire method, it is measured the satisfaction with the different dimensions or facets of the job and sum of all satisfactions scores will be taken as the overall job satisfaction (Kumari, 2008).

For the purpose of this study a questionnaire is used to assess employee's satisfaction level towards the performance appraisal practice of the company. Employee's job satisfaction is measured by considering employee's intention towards commitment to the work, turnover, loyalty, etc. (Virinda & AnnJacob, 2015).

CHAPTER THREE

RESEARCH METHODOLOGY

The aim of this research is to investigate the effect of employee's perception towards the performance appraisal on their job satisfaction. To attain this objective the following research methodology will be adopted.

3.1. Description of the Study Area

The study is conducted in EEU. Ethiopian Electric Utility (EEU) is a government owned enterprise, which is responsible for the distribution and sale of electric power to the people of Ethiopia. Currently the Enterprise has around two million customers. All such activities were delivered to the customers through a man power of around 10,000 employees. The Enterprise has a head office in Addis Ababa, with fifteen regional branch offices. To carry out its responsibilities the Enterprise organizes different work units and makes them responsible to their respective activities. Human Resource department is one of the work units which is responsible for managing employee related issues such as recruitment, training and development, performance management etc.

3.2. Research Approach

The research Methodology is the general approach the researcher takes in carrying out the research project; this approach dictates the particular tools the researcher selects (Leedy & Ormrod, 2010). Quantitative research approach typically involves many cases and many variables that are measured in a predetermined and specific way. The data are numeric and can be summarized numerically (O'Sullivan et al., 2010).

For this study quantitative research approach is used since it allows to explore the possible correlations among variables and also to make sense of the finding by using numbers and it makes possible to summarize and interpret the numbers by using statistical tools.

3.3. Research Approach and Design

Research design is the plan and structure of investigation so conceived as to obtain answer to research questions. The design provides answers about the techniques to be used to gather data, kinds of sampling (Cooper & Schindler, 2003). Among the different

classifications of quantitative research descriptive and explanatory research design were used for this study. The choice of descriptive and explanatory design for this study was appropriate since this study aimed to investigate the effect of performance appraisal on job satisfaction by examining the relationships among the variables.

3.4. Population and Sample

A population is the total collection of elements about which we wish to make some inferences (Cooper & Schindler, 2003). Population is the total set of units in which the investigator is interested, that is, the larger set from which the sample is drawn (O'Sullivan et al., 2010). The target population must be specified clearly. An investigator may find it useful to start by defining the population as the ideal one required to meet the study objectives. This could be the target or theoretical population. The definition would then be modified to take account of particular limitations; the modified definition is the study population. The study population is a set of units that the investigator can access (O'Sullivan et al., 2010).

The study population for this research were employees of EEU, which are at the head office. Among these employees whose educational qualification is diploma and above were considered in the study. And also only employees who had stayed at least one year in the company were participated. According to the defined population there are around 265 employees in EEU. (Source: EEU's HR database)

A sample is the subset of units selected from a larger set of the same units. They are the units studied and provide data for use in estimating the characteristics of the larger set (O'Sullivan et al, 2010). Sampling is that by selecting some of the elements in a population, we may draw conclusions about the population (Cooper & Schindler, 2003). Probability sampling is also known as 'random sampling' or 'chance sampling'. Under this sampling design, every item of the universe has an equal chance of inclusion in the sample. Random sampling from a finite population refers to that method of sample selection which gives each possible sample combination an equal probability of being picked up and each item in the entire population to have an equal chance of being included in the sample (Kothari, 2004).

In this study the population is homogeneous thus among the different types of probability sampling methods simple random sampling was employed.

Taking the whole population will be time consuming and not economical. Thus it is required to take samples from the population. In order to determine the sample size a simplified formula was used. According to (Ajaya & Masuku, 2014) the following formula can be used to determine the sample size:

$$n = \frac{N}{(1 + N(e)^2)}$$

Where:

n is the sample size

N is the population size

e is the level of precision

By using this formula the sample size for this research is calculated as follows:

$$\begin{aligned} \frac{n=}{(1 + 265(0.05)^2)} & 265 \\ = \underline{159} \end{aligned}$$

3.5. Data Sources and Types

Information sources are generally categorized into three levels: primary sources, secondary sources and tertiary sources. Primary sources are original works of research or raw data without interpretation or pronouncements that represent an official opinion or position. Secondary sources are interpretations of primary data. All reference materials fall into this category (Cooper & Schindler, 2003).

For this study both primary and secondary data sources were used. The primary sources of data is a questionnaire which if filled by staffs of EEU. The secondary sources of data were be the companies working manuals, forms, reports and PMS policy and procedure. Literatures, journals and related studies concerning the topic also considered as secondary sources of information for the research.

3.6. Validity and Reliability

Sound measurement must meet the tests of validity and reliability.

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good (Kothari, 2004). In this study the validity requirement was met by developing a questionnaire which incorporates the relevant items that are identified in the literatures.

The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results. Reliability can be improved by standardizing the conditions under which the measurement takes place and by carefully designed directions for measurement with no variation from group to group, by using trained and motivated persons to conduct the research and also by broadening the sample of items used (Kothari, 2004). The study also satisfy the reliability concern since it uses the appropriate directions and techniques (research design, sampling ...) which are mentioned in the methodology section of this paper.

The Cronbach Alpha has been used to measure the internal reliability of the measurement instrument. The overall internal consistency 40 items is tested and the result is Alpha value of 0.96. Thus it is concluded that the questionnaire is reliable and the items are consistent. The alpha value of the seven dimensions is shown in the table below.

Table-3.1: Cronbach's Alpha Test

S.N.	Questions Category	Cronbach's Alpha	No of Items
1	Communication	0.951	5
2	Goal Setting	0.846	4
3	Feedback	0.933	3
4	Evaluation Process	0.924	6
5	Raters Error	0.775	4
6	Reward and Recognition	0.779	4
7	Training and Development	0.865	3
8	Job Satisfaction	0.873	11
	All Question	0.963	40

Source: analysis of survey data (May, 2017)

3.7. Data collection procedures

The data which are relevant for the study were gathered from primary and secondary sources. To get the data questionnaires and document review methods were employed. The questionnaire checklist has been developed properly. And 160 questionnaires were distributed to the staffs of EEU.

3.8. Data analysis

Once the data is collected by the way of questionnaires it is analyzed to come to the conclusion of the effect of employee's perception towards the PMS on their job satisfaction. Descriptive statistics was used to describe employee's perception towards the company's performance management system practice and the level of employee's job satisfaction. Correlation analysis is used to explore the relationship between the performance management system and employee's job satisfaction. And also a regression analysis was conducted to determine the effect of PMS variables on employee's job

satisfaction. SPSS is used to perform the data analysis and the analyzed data is presented using tables.

3.9. Ethical Consideration

The respondent's confidentiality and anonymity is guaranteed. This is to ensure that completed questionnaires and data files were used only by the researcher for academic purpose. The purpose of the study is explained to respondents to make them free. All sources of materials used for the study were properly acknowledged.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

This research intends to investigate the effect of employee's perception towards the performance appraisal on their job satisfaction. In order to come up with the results a survey has been conducted on employees of EEU.

This chapter presents the results of the study based on the analysis of the data collected from the respondents and discussion of results on the basis of the literatures. The section includes both the descriptive, correlation and regression analysis that has evaluated the relationship between the variables. As indicated in the methodology section the study conducted basically using questionnaire filled by respondents. A total of 160 questionnaires were distributed and 150 were returned (which has a response rate of 94%), due to the incompleteness of data 15 questionnaires were discarded. Therefore, 135 questionnaires were considered for the data analysis. The data received from the respondents were analyzed with the help of statistical software program SPSS.

4.1. Composition of Respondents

Demographic information about respondents is shown below:

Table-4.1: Demographic information

Item	Category	Frequency	Percent
1. Sex of Respondents	Female	37	27.4
	Male	89	70.6
	Missing	9	6.7
	Total	135	100.0
2. Age of Respondents	18-30	18	13.3
	31-40	58	43.0
	41-50	50	37.0
	>50	9	6.7
	Total	135	100.0

Item	Category	Frequency	Percent
	Total	135	100.0
3. Work Experience in EEU	1-5	1	.7
	6-10	30	22.2
	>10	104	77.0
	Total	135	100.0
4. Education Level	Diploma	10	7.4
	Degree	109	80.7
	Masters	16	11.9
	Total	135	100.0

Source: analysis of survey data (May, 2017)

As it is depicted in the above table 65.9% of the respondents were male and whereas females account for 37.8% of the respondents. The age distribution of the respondents shows that 13.3 of them were between the age of 18 to 30, 43.0% of them were between the age of 31 to 40, 37.0% of them were between the age of 41 to 50, and 6.7% were above 50 years of age. When we see the work experience of respondents 23% of them were worked for EEU for 6 to 10 years and 77% were worked for more than 10 years. Since the study considers respondents whose education qualification level is diploma and above the minimum education level of respondents is diploma. This indicates that respondents are well educated and they can have more understanding about the practice of the Company's performance management system, this allows to get more valid information for the research. Among the 135 respondents 7.4% were diploma holders, 80.7 were degree holders and the rest 11.9% were with the masters educational level.

4.2. The Performance Appraisal Dimensions

Mean and standard deviations of the items with in the category is shown as follows:

Table-4.2: Mean and standard deviations of the items

Items Category	Mean	Standard Deviation
Communication	2.37	.963
Goal Setting	2.63	.795
Feedback	2.63	.919
Evaluation Process	2.61	.446
Performance Based Reward and Recognition	2.43	.975
Employee's Performance Improvement	2.60	1.032
Job Satisfaction	2.96	.609

Source: analysis of survey data (May, 2017)

The above table shows the average score for employee's perception towards the performance management system and their job satisfaction level given by 135 respondents on a likert scale of 1 up to 5. It shows that the average score for communication category is 2.37 with a standard deviation of ± 0.63 , goal Setting category is 2.63 with a standard deviation of ± 0.79 , Feedback category is 2.80 with a standard deviation of ± 0.91 , Evaluation Process category is 2.65 with a standard deviation of ± 0.76 , Raters Error category is 2.65 with a standard deviation of ± 0.65 , Reward and Recognition category is 2.68 with a standard deviation of ± 0.97 , Training and development is 3.02 with a standard deviation of ± 1.03 and finally their job satisfaction level has a mean of 2.96 with a standard deviation of 0.61. the standard deviation shows that how the values far from the mean. In the above table it is shown that the standard deviations of all the variables are small, which indicates the values in the data set are more closure to the mean.

4.2.1. Communication in the Performance Appraisal

Data concerning employee's perception about the communication dimension of the performance appraisal was collected using 5 items. The description of responses is discussed as follows.

Table-4.3: Employee's perception towards the communication dimension

Statement	Mean	Std. Deviation	Minimum	Maximum
The Company's mission, vision and strategies are well communicated to all employees	2.60	1.229	1	5
Employees are provided all the required information to carry out their jobs in this Company	2.43	1.185	1	5
Employees are well informed about the purpose of performance management system	2.24	.940	1	4
The Company makes employees to be aware of what behavior and results are expected from them	2.50	1.171	1	5
Information and knowledge are shared openly with in this Company	2.00	.909	1	4

Source: analysis of survey data (May, 2017)

The above table shows the result of employee's perception about the communication practice of the Company. The response of the respondents for the five statements has a low mean value ranging from 2.00 up to 2.60 with a standard deviation ranging from .94 up to 1.229. This indicates majority of the respondents express their disagreement. The result has indicated that there are limitations on the communication aspect of the performance appraisal. The company did not communicate its mission, vision, strategies and the purpose of performance appraisal to its employees properly. And also information and knowledge is not shared openly within the company.

4.2.2. Goal Setting in the Performance Appraisal

Data concerning employee's perception about the goal setting dimension of the performance appraisal was collected using 4 items. The description of responses is discussed as follows.

Table-4.4: Employee's perception towards the goal setting dimension

Statement	Mean	Std. Deviation	Minimum	Maximum
The Company makes employees to be participated in the annual goal setting process	2.27	.841	1	5
The Company makes employees to be aware of how their accomplishment contribute to the organization's goal attainment	2.45	.798	1	4
There is a performance planning discussion between the employee and the supervisor to agree on the expected results, behaviors and the developmental plans	2.16	.725	1	5
The amount of work employees are asked to do is reasonable	2.29	.892	1	5

Source: analysis of survey data (May, 2017)

The study desires to assess the Company's practice of the goal setting process. The above table shows the result of employee's perception about the goal setting practice. The response of the respondents for the four statements has a low mean value ranging from 2.16 up to 2.45 with a standard deviation ranging from .725 up to .892. This shows majority of the respondents express their disagreement with the statements. The result has indicated that there are limitations on the goal setting aspect of the performance appraisal. The company did not make employees to be participated in the goal setting process; employees were not aware of how their accomplishment contributes to the organization's goal attainment and also there is no performance planning discussion session between supervisors and employees to agree on the expected results, behaviors and developmental plans. Generally the result indicates that the goal setting process is not practiced appropriately in EEU.

4.2.3. Feedback in the Performance Appraisal

Data concerning employee's perception about the feedback dimension of the performance appraisal was collected using 3 items. The description of responses is discussed as follows.

Table-4.5: Employee's perception towards the feedback dimension

Statement	Mean	Std. Deviation	Minimum	Maximum
My supervisor provides me constructive feedback on the areas of my strength, weakness, and areas that needs improvements on a regular basis	2.47	.929	1	4
The feedback that I had received from my supervisor are relevant to improve my performance	2.86	1.067	1	5
Supervisors are trained well in providing feedbacks to employees	2.31	.843	1	4

Source: analysis of survey data (May, 2017)

The above table shows EEU's practice in respect to the feedback dimension. The response of the respondents for the three statements has a low mean value ranging from 2.31 up to 2.86 with a standard deviation ranging from .843 up to 1.067. This shows majority of the respondents express their disagreement with the statements. The result has indicated supervisors were not providing constructive feedbacks regularly. It can be said that there are drawbacks in the feedback dimension of the performance appraisal in EEU.

4.2.4. Evaluation Process in the Performance Appraisal

Data concerning employee's perception about the evaluation process dimension of the performance appraisal was collected using 10 items. The description of responses is discussed as follows.

Table-4.6: Employee's perception towards the Evaluation Process dimension

Statements	Mean	Std. Deviation	Minimum	Maximum
The criteria used to evaluate employee's performance are clearly defined prior to the evaluation process	1.99	.872	1	4
There is an appraisal meeting between the Supervisor and the employee to discuss about the execution and the result	2.05	.892	1	5
Employees performance evaluations are fair and appropriate	2.36	.797	1	4
The supervisor uses objective evidences that can show strength or weaknesses of an employee	2.47	.904	1	4
The performance evaluation clearly identifies effective and ineffective performers in this Company	2.25	1.095	1	5
There is an appeal process for employees to present their appeals if they do not agree with the final result of their performance	2.51	.991	1	4
Supervisors carries out performance evaluation without bias and prejudice	2.62	1.024	1	5
There is a tendency that supervisors provide the same result to all employees	3.86	.923	1	5
There is a tendency that supervisors judge more favorably to employees who appears to be similar with them	3.84	.932	2	5
Training is provided to supervisors to be aware of rating errors and to minimize them	2.27	1.025	1	5

Source: analysis of survey data (May, 2017)

The above table shows the assessment of EEU's performance evaluation process. The response of the respondents for the ten statements has a mean value ranging from 1.99 up to 3.6 with a standard deviation ranging from .872 up to 1.095. A high mean value of 3.86 and standard deviation of 0.923 indicates that most of the respondents were agreed with the statement "There is a tendency that supervisors provide the same result to all employees". There is also similar result with a high mean value of 3.84 and standard

deviation of 0.932 indicates that most of the respondents were agreed with the statement “There is a tendency that supervisors judge more favorably to employees who appears to be similar with them”. For the other statements the result shows a low mean value which shows majority of the respondents express their disagreement with the statements.

From the result it can be understood that the criteria used to evaluate employee’s performance were not clearly defined prior to the evaluation process; supervisors did not use objective evidences while evaluating employees performance; it lacks fairness; errors were also committed during the evaluation process. The result has indicated that there are limitations on the performance evaluation practice in EEU and there are errors in evaluating employee’s performance.

4.2.5. Performance Based Reward and Recognition in the Performance Appraisal

Data concerning employee’s perception about the performance based reward and recognition dimension of the performance appraisal was collected using 4 items. The description of responses is discussed as follows.

Table-4.7: Employee’s perception towards the Performance Based Reward and Recognition dimension

Statement	Mean	Std. Deviation	Minimum	Maximum
The performance management system of the company is linked with rewards	2.47	1.183	1	4
The company clearly sets the performance levels that makes employees to be rewarded	2.45	.983	1	4
Employees are promoted based on their performance result	2.29	1.304	1	5
The company provide rewards and recognition to best performer	2.53	1.326	1	5

Source: analysis of survey data (May, 2017)

In the above table it is tried to show how the company links the performance appraisal with the reward and recognition system. The response of the respondents for the four

statements has a low mean value ranging from 2.29 up to 2.47 with a standard deviation ranging from .983 up to 1.326. From this table we can understand that majority of the respondents were disagree with the linkage of the performance management system with the reward and recognition system; employees were not promoted based on their performance; and rewards were not provided to best performers. This has indicated that there are limitations on the provision of performance based rewards and recognitions in EEU.

4.2.6. Employee's Performance Improvement in the Performance Appraisal

Data concerning employee's perception about employee's performance improvement dimension of the performance appraisal was collected using 3 items. The description of responses is discussed as follows.

Table-4.8: Employee's perception towards the Employee's Performance Improvement dimension

Statement	Mean	Std. Deviation	Minimum	Maximum
The company identifies the performance improvement plans that will make poor performers to improve their weakness	1.94	.853	1	4
Employees were provided trainings to do their job well	2.31	.868	1	4
The trainings provided to improve performance are relevant and directly linked with employee's weakness	2.11	1.063	1	5

Source: analysis of survey data (May, 2017)

In the above shows employee's performance improvement practice of the company. The response of the respondents for the three statements has shown with a low mean value ranging from 1.94 up to 2.31 with a standard deviation ranging from .853 up to 1.063. From this table we can understand that majority of the respondents were disagree with the statements i.e. the company does not identify performance improvement plans to improve the weaknesses of poor performers; and the trainings provided to employees were not

linked with their weakness. This indicates EEU is not concerned with improving employee's performance through training and development programs.

4.3. Level of Job Satisfaction

Data concerning job satisfaction was collected using 11 items. The description of responses is discussed as follows.

Table-4.9: Level of Satisfaction

Statement	Mean	Std. Deviation	Minimum	Maximum
Employee job satisfaction is a top priority of senior management	2.68	1.231	1	5
I have adequate opportunity for professional growth in this organization	2.81	1.219	1	5
I am satisfied with my participation in the goal setting process	3.07	1.097	1	5
I am satisfied with the feedback I had received from my supervisor	2.81	1.011	1	4
I am satisfied with the performance evaluation process	2.43	.958	1	4
I have been rewarded for my good performance	2.21	.814	1	4
I have been recognized for my accomplishment	2.71	.980	1	4
I am ready to put extra effort to accomplish my work	4.00	.763	2	5
I have a high degree of loyalty to this company	3.97	.810	2	5
The organization retains its best and experienced employees	2.50	1.071	1	4
In general I am satisfied with my job	3.24	1.175	1	5

Source: analysis of survey data (May, 2017)

In the above shows the level of employee's job satisfaction in EEU. The response of the respondents for the eleven statements has shown with a mean value ranging from 2.21 up to 4.00 with a standard deviation ranging from .763 up to 1.231. From this table we can understand that majority of the respondents were disagree with the statements i.e. they

were not recognized for their accomplishment; they were not rewarded for their best performance; best performers were not retained; etc. This indicates the level of job satisfaction is low in EEU.

4.4. Relationship between the Performance Appraisal Dimensions and Job Satisfaction

Correlation analysis is used for determining the amount of correlation between two or more variables. Kothari (2004) Correlation coefficient of 0 means there is no effect, and a value of 1 means that there is a perfect effect. Andy (2009) Where:

- $r = .10$ (small effect): In this case the effect explains 1% of the total variance.
- $r = .30$ (medium effect): The effect accounts for 9% of the total variance.
- $r = .50$ (large effect): The effect accounts for 25% of the variance.

To determine whether there is significant relationship between performance management system variables and job satisfaction a correlation analysis is conducted and the result is shown as follows.

Table-4.10: Relationship between the performance appraisal dimensions and job satisfaction

		Com	Goal	Feed	EvPro	PBRR	EmpPerImpr	JobSatisf
Com	Pearson Correlation	1	.613**	.317**	.406**	.540**	.465**	.601**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
Goal	Pearson Correlation	.613**	1	.473**	.498**	.441**	.548**	.411**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
Feed	Pearson Correlation	.317**	.473**	1	.610**	.455**	.547**	.568**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
EvPro	Pearson Correlation	.406**	.498**	.610**	1	.607**	.574**	.576**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
PBRR	Pearson Correlation	.540**	.441**	.455**	.607**	1	.620**	.756**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
EmpPerImpr	Pearson Correlation	.465**	.548**	.547**	.574**	.620**	1	.445**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
JobSatisf	Pearson Correlation	.601**	.411**	.568**	.576**	.756**	.445**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	

Source: analysis of survey data (May, 2017)

The above table shows correlations among the variables. From the result it can be understood that there is significant relationship among all the variables. There is medium relationship between job satisfaction and the goal setting, training and development variables. Where $r=0.411$ for job satisfaction and goal setting relationship and $r=0.445$ for job satisfaction and employee's performance improvement variable with $P<0.01$ for the respective variables. There is a higher relationship between job satisfaction and communication, feedback, evaluation process, rater's error, and reward and recognition variables. The highest relationship is between job satisfaction and reward and recognition variables; which has an r value of 0.756. Whereas there is a significant and negative relationship between job satisfaction and rater's error variable. It can be concluded that all of the correlation coefficients have positive values which indicates an increase in the performance appraisal variables corresponds to an increase in the job satisfaction variables.

The hypotheses of this research were tested on a predetermined significance level of 1%. The coefficient table shows that the significance level is below 0.01 for all of the variables. So the result indicates that there is significant positive relationship between all the PMS dimensions and employee's job satisfaction; thus the null hypothesis is rejected and the alternative is accepted. i.e.

H_{a1}: there is significant and positive relationship between communication and job satisfaction.

H_{a2}: there is significant and positive relationship between goal setting and job satisfaction.

H_{a3}: there is significant and positive relationship between feedback and job satisfaction.

H_{a4}: there is significant and positive relationship between performance evaluation process and job satisfaction.

H_{a5}: there is significant and positive relationship between performance based reward and recognition and job satisfaction.

H_{a7}: there is significant and positive relationship between employee's performance improvement and job satisfaction.

4.5. Effect of Performance Appraisal on Job Satisfaction

Multiple regression analysis is adopted when the researcher has one dependent variable which is presumed to be a function of two or more independent variables. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all the concerned independent variables. Kothari (2004)

To come up with the result of the research a multiple regression analysis is conducted to determine the effect of independent variables of the study (i.e. communication, goal setting, feedback, evaluation process, performance based reward and recognition and employee's performance improvement) on the dependent variable i.e. job satisfaction.

4.5.1. Multicollinearity Test

In multiple regression analysis, the regression coefficients (viz., b_1 b_2) become less reliable as the degree of correlation between the independent variables (viz., X_1 , X_2) increases. If there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the problem of multicollinearity. In such a situation we should use only one set of the independent variable to make our estimate. In fact, adding a second variable, say X_2 , that is correlated with the first variable, say X_1 , distorts the values of the regression coefficients. With more than one independent variable, we may make a difference between the collective effect of the two independent variables and the individual effect of each of them taken separately (Kothari, 2004). Before conducting multiple regression analysis the result of multiple correlation were examined to determine the possibility of multicollinearity. The result of multiple correlation between the independent variables ranges from 0.317 up to 0.684 (Table-4.11 of this paper) this shows some of the independent variables have high correlation. Thus to avoid the problem of multicollinearity, multiple regression was conducted separately for each of the independent variables.

Table-4.11: effect of communication on job satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.617 ^a	.381	.376	.48176

a. Predictors: (Constant), Com

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.982	1	18.982	81.786	.000 ^a
	Residual	30.869	133	.232		
	Total	49.851	134			

a. Predictors: (Constant), Com

b. Dependent Variable: JobSatisf

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.037	.110		18.439	.000
	Com	.391	.043	.617	9.044	.000

a. Dependent Variable: JobSatisf

Regression was conducted to examine whether communication dimension has effect on job satisfaction. The model summary table shows R^2 of the mode which is 0.381. It can be said that 38.1% of the variation in job satisfaction is explained by performance management communication dimension. The ANOVA table shows the significance of the variation. The significance value is 0.000 which is below 0.05 level thus it can be concluded that the overall model is statistically significant. This implies the communication dimension has a significant effect on job satisfaction. Higher level of communication corresponds with higher level of job satisfaction.

Table-4.12: effect of goal setting process on job satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.465 ^a	.216	.210	.54196

a. Predictors: (Constant), Goal

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.786	1	10.786	36.721	.000 ^a
	Residual	39.065	133	.294		
	Total	49.851	134			

a. Predictors: (Constant), Goal

b. Dependent Variable: JobSatisf

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.025	.162		12.541	.000
	Goal	.356	.059	.465	6.060	.000

a. Dependent Variable: JobSatisf

Regression was conducted to examine whether goal setting dimension has effect on job satisfaction. The model summary table shows R^2 of the mode which is 0.216 . It can be said that 21.6% of the variation in job satisfaction is explained by performance appraisal goal setting dimension. The ANOVA table shows the significance of the variation. The significance value is 0.000 which is below 0.05 level thus it can be concluded that the overall model is statistically significant. This implies the goal setting dimension has a significant effect on job satisfaction. Higher level of goal setting dimension corresponds with higher level of job satisfaction.

Table-4.13: effect of feedback on job satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.579 ^a	.335	.330	.49926

a. Predictors: (Constant), Feed

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.699	1	16.699	66.996	.000 ^a
	Residual	33.152	133	.249		
	Total	49.851	134			

a. Predictors: (Constant), Feed

b. Dependent Variable: JobSatisf

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.951	.131		14.913	.000
	Feed	.384	.047	.579	8.185	.000

a. Dependent Variable: JobSatisf

Regression was conducted to examine whether feedback dimension has effect on job satisfaction. The model summary table shows R^2 of the mode which is 0.335 . It can be said that 33.5% of the variation in job satisfaction is explained by performance appraisal feedback dimension. The ANOVA table shows the significance of the variation. The significance value is 0.000 which is below 0.05 level thus it can be concluded that the overall model is statistically significant. This implies the feedback dimension has a significant effect on job satisfaction. Higher level of the feedback dimension corresponds with higher level of job satisfaction.

Table-4.14: effect of performance evaluation process on job satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576 ^a	.332	.327	.49600

a. Predictors: (Constant), PEPROC

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.243	1	16.243	66.024	.000 ^a
	Residual	32.720	133	.246		
	Total	48.964	134			

a. Predictors: (Constant), PEPROC

b. Dependent Variable: JobSatisf

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.909	.255		3.571	.000
	PEPROC	.781	.096	.576	8.126	.000

a. Dependent Variable: JobSatisf

Regression was conducted to examine whether performance evaluation process dimension has effect on job satisfaction. The model summary table shows R^2 of the mode which is 0.332. It can be said that 33.2% of the variation in job satisfaction is explained by performance appraisal evaluation process dimension. The ANOVA table shows the significance of the variation. The significance value is 0.000 which is below 0.05 level thus it can be concluded that the overall model is statistically significant. This implies the evaluation process dimension has a significant effect on job satisfaction. Higher level of the evaluation process dimension corresponds with higher level of job satisfaction.

Table-4.15: effect of performance based reward and recognition on job satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765 ^a	.585	.582	.39442

a. Predictors: (Constant), RewRec

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.161	1	29.161	187.449	.000 ^a
	Residual	20.690	133	.156		
	Total	49.851	134			

a. Predictors: (Constant), RewRec

b. Dependent Variable: JobSatisf

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.799	.092		19.656	.000
	RewRec	.478	.035	.765	13.691	.000

a. Dependent Variable: JobSatisf

Regression was conducted to examine whether performance based reward and recognition dimension has effect on job satisfaction. The model summary table shows R^2 of the mode which is 0.585 It can be said that 58.5% of the variation in job satisfaction is explained by reward and recognition dimension. The ANOVA table shows the significance of the variation. The significance value is 0.000 which is below 0.05 level thus it can be concluded that the overall model is statistically significant. This implies performance based reward and recognition dimension has a significant effect on job satisfaction. Higher level of the reward and recognition dimension corresponds with higher level of job satisfaction.

Table-4.16: effect of employee's performance improvement on job satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.434 ^a	.189	.183	.55144

a. Predictors: (Constant), TraDev

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.408	1	9.408	30.939	.000 ^a
	Residual	40.443	133	.304		
	Total	49.851	134			

a. Predictors: (Constant), TraDev

b. Dependent Variable: JobSatisf

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.294	.129		17.767	.000
	TraDev	.257	.046	.434	5.562	.000

a. Dependent Variable: JobSatisf

Regression was conducted to examine whether employees performance improvement dimension has effect on job satisfaction. The model summary table shows R^2 of the mode which is 0.189 It can be said that 18.9% of the variation in job satisfaction is explained by employee's performance improvement dimension. The ANOVA table shows the significance of the variation. The significance value is 0.000 which is below 0.05 level thus it can be concluded that the overall model is statistically significant. This implies employee's performance improvement dimension has a significant effect on job satisfaction. Higher level of the training and development dimension corresponds with higher level of job satisfaction.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

The purpose of this study was to investigate the effect of employee's perception towards the performance appraisal on their job satisfaction. On the basis of the analysis the conclusions and recommendations were provided as follows.

5.1. Conclusions

- From the analysis it was obtained that there is significant and positive relationship between the communication dimension and job satisfaction. This implies when communication is improved employee's job satisfaction also increased. Thus for effective implementation of the performance appraisal it requires a thorough communication about the system, the process, the expectations and the like. The survey data shows EEU has limitation in the communication dimension of the performance appraisal.

- The result shows that there is a positive and significant relationship between goal setting dimension and job satisfaction. This indicates when employees are participated in the goal setting process and if they are aware of how their achievement contributes to the overall organizational success they will be more committed to their goal and they become satisfied. However, participating employees in the goal setting process is not practiced in EEU properly. Thus the company lacks the opportunity of getting employee's commitment by participating them in the goal setting process.

- Providing performance feedback to employees makes them to be aware of where are they and to adjust their performance. Concerning the feedback dimension of the performance appraisal, the result shows there are limitations where employees did not receive regular constructive feedbacks from their supervisors. This also has affected their satisfaction since there is a positive and significant relationship between performance feedback and employee's job satisfaction.

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- There is a positive and significant relationship between performance evaluation process and employee's job satisfaction. Thus if the evaluation process is undertaken properly employees will be satisfied. However, in EEU the performance evaluation process has drawbacks so it affects employee's satisfaction.
 - The result shows there is a higher positive and significant relationship between performance based reward and recognition dimension and job satisfaction. This implies that performance based reward and recognition has a higher effect on employee's job satisfaction.
 - Finally, it can be concluded that there is a significant relationship between employee's perception towards the performance appraisal and their job satisfaction.

5.2. Recommendations

Job satisfaction is a general attitude towards one's job; a satisfied worker is a productive worker. Job satisfaction of employees plays a crucial factor in determining job performance. Highly performing individual will be able to assist organization to achieve its strategic aims. Virinda & AnnJacob (2015). The purpose of performance management is to help and encourage everyone to raise their performance, develop their abilities, increase job satisfaction and achieve their full potential to the benefit of the individual and the organization as a whole Armstrong (2006). As performance management helps to increase job satisfaction, companies should be watchful for its implementation. Here are recommendations to improve the performance management system of EEU based on the findings:

- Performance management is concerned with communication. This is done by creating a climate in which a continuing dialogue between managers and the

members of their teams takes place to define expectations and share information on the organization's mission, values and objectives. This establishes mutual understanding of what is to be achieved and a framework for managing and developing people to ensure that it will be achieved. (Armstrong, 2006) The study result shows that there is drawback on the communication aspect; thus EEU has to be watchful for the improvement of communications within the company and make employees to be informed on all the required matters. It has to use different workshops and awareness creation programs to make employee to be aware of about the Company's mission, vision, values and have a discussion sessions to have a clear understanding about the purpose of the performance appraisal among the employees.

- Effective system must make clear how an individual's work fits in with the goals and objectives of the entire organization. It is more important that employees understand that his/ her job is to contribute to the organization's success, and be clear about how that success is defined (Bascal & Associates, 1998). Performance appraisal satisfaction is enhanced by employee participation and perceived clarity of goals (MCMahon, 2013). In this regards the company has to improve its goal setting process. It has to make employees to be participated in the goal setting process and has to make them to be aware of how their goal achievement will contribute to the company's success which can make them to be devoted to achieve their target.
- Ongoing feedback by managers is strongly related to performance management effectiveness. Organizations should build ongoing feedback into their systems (Armstrong, 2006). EEU has to consider the significance of providing feedback to employees about their performance and facilitate the ways by which employees can receive feedbacks to make them to be aware of where are they and to adjust their performance to the expectations. The company has to develop a system by which all the managers and supervisors were required to provide constructive feedback on a regular basis so as to encourage employees.

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- When an employee contributes to the success the system must be able to identify that contribution to reward and celebrate (Bascal & Associates, 1998). For increasing the performance and motivation it is necessary to offer performance related compensation (Farheen & Faiza, 2014). In this regards EEU should use the performance appraisal to satisfy employees. Based on the performance appraisal result highly performing employees should be rewarded and recognized. The company should device the system in a way that can identify best performs. This will motivate them to exert more effort and also others will be motivated to achieve their targets.
 - Performance management system requires trainings for managers and supervisors. Both the manager and employees need extensive training to make it work (Bascal & Associates, 1998). Thus EEU has to provide extensive trainings to its employees to improve their performance through which the company's overall performance will be improved. There should be performance improvement plan for those who are under performing to improve their performance.

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ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE DEPARTMENT OF BAIS

Questionnaire to be filled by employees of Ethiopian Electric Utility

Dear Respondents,

I am a student at Addis Ababa University School of Commerce studying Masters of Human Resource Management Degree. As part of the requirement of this degree I have to conduct a research titled with “The Effect of Employee’s Perception towards the Performance Appraisal on their Job Satisfaction”. Therefore, I kindly request you to take part in this research by filling out this questionnaire as accurately as possible. I am interested only to investigate the relationship between performance appraisal and job satisfaction. Thus anonymity, privacy and confidentiality of your responses are preserved. You are not required to provide your name or any other information that can be used to identify you.

Thank you in advance.

Part I: Biographical Data

Please make the relevant option by putting a tick (✓) mark in the space provided

1. What is your gender? Female Male
2. What is your age? 18-30 31-40 41-50 Above
3. How long have you been worked in this company? Less than 1 year 1-5 6-
 more than 10 years
4. What is your educational level? Below diploma, diploma Degree Master PHD

Part II: PA Related Questions

The following are questions concerning employee’s perception towards the Performance Appraisal. Please indicate the extent to which you agree or disagree with the statement by putting tick (✓) mark with the corresponding score value.

S.N.	Statement	Score Values				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Communication						
1	The Company's mission, vision and strategies are well communicated to all employees					
2	Employees are provided all the required information to carry out their jobs in this Company					
3	Employees are well informed about the purpose of performance management system					
4	The Company makes employees to be aware of what behavior and results are expected from them					
5	Information and knowledge are shared openly with in this Company					
Goal Setting						
6	The Company makes employees to be participated in the annual goal setting process					
7	The Company makes employees to be aware of how their accomplishment contribute to the organization's goal attainment					
8	There is a performance planning discussion between the employee and the supervisor to agree on the expected results, behaviors and the developmental plans					
9	The amount of work employees are asked to do is reasonable					
Feedback						
10	Employees receive constructive feedback on the areas of their strength, weakness, and areas that needs improvements on a regular basis					
11	The feedback that supervisors provided to employees are relevant to improve their performance					
12	Appraisers are trained well in providing feedbacks to employees					
Evaluation process						
13	The criteria used to evaluate employee's performance are clearly defined prior to the evaluation process					
14	There is an appraisal meeting between the appraiser and the appraise to discuss about the accomplishment and the result					
15	Employees performance evaluations are fair and appropriate					

S.N.	Statement	Score Values				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
16	The supervisor uses objective evidences that can show strength or weaknesses of an employee					
17	The performance evaluation clearly identifies effective and ineffective performers in this Company					
18	There is an appeal process for employees to present their appeals if they do not agree with the final result of their performance					
19	Supervisors carries out performance evaluation without bias and prejudice					
20	There is a tendency that supervisors provide the same result to all employees					
21	There is a tendency that supervisors judge more favorably to employees who appears to be similar with them					
22	Training is provided to raters to be aware of rating errors and to minimize them					
Performance Based Reward & Recognition						
23	The performance management system of the company is linked with rewards					
24	The company clearly sets the performance levels that makes employees to be rewarded					
25	Employees are promoted based on their performance result					
26	The company provide rewards and recognition to best performers					
Employee's Performance Improvement						
27	The company identifies the performance improvement plans that will make poor performers to improve their weakness					
28	Employees were provided trainings to do their job well					
29	The trainings provided to improve performance are relevant and directly linked with employee's weakness					

Part III: Job Satisfaction Related Questions

The following are questions concerning job satisfaction. Please indicate the extent to which you agree or disagree with the statement by putting tick (√) mark with the corresponding score value.

S.N.	Statement	Score Values				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Job Satisfaction						
1	Employee job satisfaction is a top priority of senior management					
2	I have adequate opportunity for professional growth in this organization					
3	I am satisfied with the performance evaluation process					
4	I have been rewarded for my good performance					
5	I am satisfied with my participation in the goal setting process					
6	I am satisfied with the feedback I had received from my supervisor					
7	I am ready to put extra effort to accomplish my work					
8	I have a high degree of loyalty to this company					
9	I have been recognized for my accomplishment					
10	The organization retains its best and experienced employees					
11	In general I am satisfied with my job					