



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

EFFECT OF EMPLOYEES' PERCEPTION OF PERFORMANCE
APPRAISAL ON JOB SATISFACTION: THE CASE OF DASHEN BANK

BY
KALKIDAN TAYE

JUNE, 2017
ADDIS ABABA, ETHIOPIA

EFFECT OF EMPLOYEES' PERCEPTION OF PERFORMANCE
APPRAISAL ON JOB SATISFACTION: THE CASE OF DASHEN BANK

BY

KALKIDAN TAYE

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION (GENERAL MBA)

JUNE, 2017

ADDIS ABABA, ETHIOPIA

ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE EFFECT OF EMPLOYEES' PERCEPTION OF PERFORMANCE
APPRAISAL ON JOB SATISFACTION: THE CASE OF DASHEN BANK

BY: KALKIDAN TAYE

APPROVED BY BOARD OF EXAMINERS

Graduate Studies

Signature

Advisor

Signature

External Examiner

Signature

Internal Examiner

Signature

Declaration

I, **Kalkidan Taye**, declare that this thesis is my original work; prepared under the guidance of DR.Temesgen Belayneh. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Signature _____

Name: Kalkidan Taye

June, 2017

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor: Dr. Temesgen Belayneh
June, 2017

List of Abbreviations/Acronyms;

PAS: Performance Appraisal System

PA: Performance appraisal

Acknowledgement

Primarily, I am grateful to my Creator for enabling me to embark upon this journey .I would like to take this opportunity to show my sincere gratitude and appreciation to all people that helped in this thesis work. First and foremost, I would like to thank my advisor Temesgen Belayneh (PhD) for all his advice towards better improvement of research project. With immeasurable love and gratitude, to my family, who has been by my side through every adventure, I have no words to express the depth of my appreciation, admiration, and love for you. My sincere appreciation also goes to all those who have been involved in this study; specifically the respondents in making this study come true mainly Dashen Bank staffs especially from branch offices in Addis Ababa in order to collect the appropriate data and I am deeply grateful to all. Lastly, I offer my regards and blessings to all of those who supported me in any respect during the completion of my research project.

THANK YOU ALL!!!

KALKIDAN TAYE

List of Tables

Table 3.1 Pilot Test.....	28
Table 3.2 Comparison bases of mean of score of five point Likert scale instrument	29
Table 3.3 Interpretation of strength of correlation coefficient	30
Table 4.1 Questionnaire Response Rate.....	34
Table 4.2 Personal Profile of the Respondents	35
Table 4.3 Fairness perception dimensions between genders.....	37
Table 4.4 Fairness Perception Dimensions among Educational Level Groups in Overall ANOVA ..	38
Table 4.5 Fairness Perception Dimensions among Work Experience Level in Overall ANOVA ..	39
Table 4.6 Fairness Perception Dimension among Experience Level in Multiple Comparisons	40
Table 4.7 Fairness Perception Dimensions among age Groups in Overall ANOVA	42
Table 4.8 Fairness Perception Dimensions among Age Groups in Multiple Comparisons	43
Table 4.9 Level of distributive fairness	46
Table 4.10 Level of procedural fairness	47
Table 4.11 level of Interactional Fairness	49
Table 4.12 Extent of Employees' Fairness Perceptions of Performance Appraisal Practice.....	51
Table 4.13 level of job satisfaction.....	53
Table 4.14 Correlations of all variables	55
Table 4.15 Model Summary of JSP	55
Table 4.16 ANOVA of Job Satisfaction Model.....	56
Table 4.17 Job Satisfaction (JSP) Model Parameter Estimates.....	56
Table 4.18 Summary of research hypothesis í	58

Abstract

This study investigates the employees' perception of fairness in the performance appraisal system and its effect on job satisfaction of an employee. The perception of fairness in performance appraisal system consists of three main factors: Distributive justice, procedural justice, interactional justice and are used as independent variables and job satisfaction of an employee as dependent variable. Using random sampling technique 162 participants (employees) of the target institution-Dashen Bank branches (Main, Bole, Kaliti, Tana and Pizza branches) were selected from the total population of 325. In conducting this study, the required data is obtained through structured questionnaires. To check the reliability and validity of the adopted instruments the Cronbach's coefficient alpha test and the content validity test was carried out. In the analysis descriptive statistics, independent sample T-test, one way- ANOVA, correlation analysis and multiple regression analysis was performed. The independent sample T-test shows that there is significant difference between genders in fairness perception in performance appraisal system, the one way-ANOVA test shows that there is significant difference among work experience groups and age level groups; however no significant difference found among educational level groups. The descriptive finding of the study shows that Dashen Bank employees had low level of fairness perception towards the existing performance appraisal practice, and low level of job satisfaction. The correlation analysis result also indicates that distributive, procedural and interactional fairness in the appraisal system had positive and significant relationship with job satisfaction. Whereas the finding of multiple regression analysis indicates that distributive, procedural and interactional fairness in the appraisal system had positive and significant influence on job satisfaction. An overall perception of respondents shows a below average rating towards distributive justice, procedural justice and interactional justice, which means most of the employees have unfair perception about the performance appraisal practice of Dashen Bank. The human resource management of the bank should prepare the organizational conditions in a way that fairness perception can be achieved among employees more than ever.

KEY WORDS: *Job Satisfaction, Perceived Fairness, Performance Appraisal System*

Table of Contents

List of Abbreviations/Acronyms;	iii
Acknowledgement	iv
List of Tables	v
Abstract	vi
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Statement of Problem	4
1.3 Research question.....	5
1.4 Objectives of the Study.....	5
1.4.1 General Objective	5
1.4.2 Specific Objectives	6
1.5 Research Hypothesis.....	6
1.6 Significance of the Study	6
1.7 Scope of the Study	7
1.8 Organization of the Study	7
CHAPTER TWO.....	8
REVIEW OF RELATED LITERATURE	8
2.1 Theoretical Review.....	8
2.1.1 Overview of Performance Appraisal	8
2.1.2 Performance Appraisal Fairness	11
2.1.3 Job Satisfaction.....	14
2.2 Empirical Review	15
2.3 Conceptual Review.....	18
2.3.1 Performance Appraisal Fairness	18

2.3.2 Job Satisfaction with Performance Appraisal System.....	21
2.4 Conceptual Framework.....	22
CHAPTER THREE.....	24
RESEARCH DESIGN AND METHODOLOGY	24
3.1 Research Design	24
3.2 Research Approach	24
3.3 Population and Sampling Techniques	25
3.3.1 Population.....	25
3.3.2 Sampling design.....	25
3.3.3 Sample Size	25
3.4 Types of Data and Tools/Instruments of Data Collection	26
3.4.1 Source of Data	26
3.4.2 Research Instruments	26
3.5 Validity and Reliability of Instruments.....	27
3.5.1 Validity.....	27
3.5.2 Reliability test of the Instrument.....	28
3.6 Procedures of Data Collection	28
3.7 Method of Data Analysis	29
3.8 Model Specifications/Assumptions.....	31
3.9 Ethical consideration	33
CHAPTER FOUR.....	34
RESULTS & DISCUSSION	34
4.1 Results/Findings of the Study	34
4.1.1 Questionnaire Response Rate	34
4.1.2 Demographic Characteristics of Respondents	35
4.2 Descriptive Statistics	36

4.2.1 Comparison of Fairness Perception Dimensions between Genders	36
4.2.2 Comparison on Fairness Perception Dimensions among Educational Level.....	38
4.2.3 Comparison on Fairness Perception Dimensions among Work Experience Level	39
4.2.4 Comparison on Fairness Perception Dimensions among Age Level	42
4.3. The Extent of Perceived Fairness Dimensions of Performance Appraisal Practices in Dashen Bank Selected Branches.	44
4.4 The Level of the Employees' Job Satisfaction Associated with their Fairness Perception	52
4.5 The Effect of Employees' Perception of Performance Appraisal on Job Satisfaction:	54
CHAPTER FIVE	59
SUMMARY, CONCLUSIONS & RECOMMENDATIONS	59
5.1 Introduction.....	59
5.2 Summary of the major Findings.....	59
5.3 Conclusion	60
5.4 Recommendation.....	61
5.5 Limitations of the Study.....	62
Reference.....	63
Appendix 1	viii
Appendix 2	xvi
Appendix 3	xvii
Appendix 4	xviii
Appendix 5	xix
Appendix 6	xx
Appendix 7	xx
Appendix 8	xxi

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Designing and implementing an effective performance management system has always been a serious issue among human resource (HR) managers. With an increase in competitive pressures, employers' interest in distinguishing employees' performance levels and improving poor performances by using performance appraisals in an efficient manner have become characteristic of effective organization management (Murphy and Margulies, 2004). Effective performance appraisal system is highly important for the survival of any organization while an ineffective system leads towards the organizational destruction and create dissatisfaction and confusion among employees. In an organization, performance appraisal system usually conduct for administrative or development purposes which means the system is responsible for taking decision for promotion, rewards, demotion, termination etc. or use for employees' training, counseling and personal development etc. Mejia, Balkin & Cardy, (2012).

In much organization, the most serious issue in performance appraisal system is the perception of an employee about fairness in performance evaluation and performance review as according to Alwadaei (2010) Kuvaas (2007) the best way to evaluate the effectiveness of appraisal system is to analyze the responses of the employees in the organization. Responses are mainly influenced by the perception and are always vary from person to person, whereas, perception is usually developed by the pleasant or bitter experience of an individual with the system in the organization. In organizational context, the main function of employees' affirmative perception is to change the behavior of an employee and put positive effect on employee attitude such as job satisfaction, job performance, organizational commitment, work place behavior etc. Moreover, the attitude or behavior of an individual is largely affected by his perception about the reality rather than reality itself (Poon, 2002).

The employees' perception of fairness is the ultimate check for the success of the system. According to the organizational justice theory efficacy of appraisal system also depends

upon the perception of fairness related to it. Organizational justice researchers divide the concept of fairness into three primary types. The first commonly accepted type of justice is referred to as "distributive" justice. In the distributive- oriented perspective, the fairness of the outcomes of a particular decision is the main consideration. "Procedural" justice, the second type, concerns about the fairness of the process that lead to the outcome. The majority of research conducted in the organizational justice field has put these two areas as the foundation in the last twenty years Byrne & Cropanzano, (2001).

Those studies indicate that people will accept a certain amount of unfairness in distribution if they perceive that the process by which the distribution decisions were made is fair. A third type of justice is often referred to as "interactional" justice. Many scholars defined interactive-oriented justice as the fairness of the interpersonal treatment that one receives at the hands of an authority figure during enactment of organizational processes and distribution of outcomes Jafari & Shafiepour & Yarmohammadian, (2011).The interactional justice concept has been included as an interpersonal aspect of procedural justice. In 2007, Robbins and Judge resumed their findings and reinforced distributive, procedural, and interactional justice as the three different components of organizational justice.

The performance appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political, or irrelevant. Issues such as fair pay, validity of performance appraisal and adequacy of working conditions are judged by employees. In a way, to insure common perceptions and these perceptions are able to influence organization productivity Robbin, (2003). To prevent this situation, managers must spend their time to understand employee's perception towards performance appraisal. Managers who fail to do so will face negative results such as absenteeism, turnover and lower job satisfaction. According to Steensma and Visser (2007), during performance appraisal sessions it is better to create a situation where position or power does not interfere with the willingness to discuss all the topics freely. Subordinates will feel that experts and supervisors with referent power have both the knowledge and the right to evaluate performance of subordinates and to discuss ways in which things can be done better. Performance appraisal system will not be effective unless it is perceived to be fair by all of those involved in the process; Levels of stated satisfaction with performance appraisal system are clearly related to the perceived fairness of the system. A link between

organizational justice and performance appraisal system satisfaction has been researched and confirmed many times in the literature Cook and Crossman, (2004).

In our country, Ethiopia, performance appraisal system has many or multidimensional problems; for instance there is no written policy about the performance appraisal system and the objective of performance appraisal and there is no standard set to which the performance appraisal result is to be compared with it. Furthermore, raters and the performance appraisal system itself are the major sources of problems in the appraisal process. In this respect, employees' contribution towards the problem is relatively low Zelalem (2007).

Performance appraisal is done simply to fulfill formalities, and hence no subsequent action is taken after the evaluation is over. Moreover, respondents argued that there is not timely feedback, lack of transparency; inconsistency, inaccuracy, and subjectivity of the rating were identified to be the major sources of problems Zelalem (2007). This is supported by Chemed (2012) suggested that employee reactions to performance appraisal systems are usually better indicators of the overall viability of a system than the more narrow psychometric indices such as leniency and halo.

The Ethiopian banking system has undergone significant transformation following financial sector reforms. It is adopting international best practices with a vision to strengthen the banking sector. As per the knowledge of the researcher there is no empirical research conducted about the effect of fairness perception in performance appraisal (PA) on job satisfaction supported by formal and published research in this area initiated the researcher to conduct research in order to evaluate the effectiveness of the appraisal system in Ethiopian context. Belete, Tariku, Assefa (2014), also recommended in their research study that it is important to investigate about the effect of fairness perception in performance appraisal on job satisfaction.

This study is conducted with the aim to identify the effects of fairness perception in performance appraisal on job satisfaction, which is specifically conducted in one of the private bank in Ethiopia i.e. Dashen Bank because one of the factors that affect employees' job satisfaction is their fairness perception towards the performance appraisal practice of the institution. Therefore, Dashen Bank can realize the current state of the employee job satisfaction and create strategies to improve job satisfaction.

Dashen Bank coined its name from the highest peak in the Country, mount Dashen, and aspires to be unparalleled in banking. Headquartered in Addis Ababa, the Bank is the biggest private Bank in Ethiopia. It operates through a network of 196 Branches, nine dedicated Forex Bureaus, 220 ATMs and 958 plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 464 banks covering 71 countries and 175 cities across the world. In 2015/16 F.Y., the number of staff employed on a full-time basis by Dashen Bank, including short and long term contract employees, is 5,630. (Official web site of the bank)

1.2 Statement of Problem

Performance appraisals usually are utilized mainly for two main purposes; development and evaluation Mejia, *et al* (2012). Developmental uses are administered for identification of needs, giving feedback, determination of assignment and transfers, and pointing out employee's strength and weaknesses. Evaluative uses entail the identification of performance, promotion/demotion decisions, recognizing each worker's performance, wage management and retention or termination determinations.

In order for appraisal systems to be effective they need to be accepted and supported by its employees (Murphy & Cleveland (1991). Prior studies reveal that employees' fairness perception in performance appraisal is a significant factor in employee acceptance and satisfaction of performance appraisal (Ahmed et al., 2011). In many organizations, the most serious issue in performance appraisal system is the perception of an employee about fairness in performance evaluation and performance review as according to Alwadaei (2010) Kuvaas (2007) the best way to evaluate the effectiveness of appraisal system is to analyze the responses of the employees in the organization.

The value of such an approach is reflected by recent findings that PA reactions impact on employee attitudes such as job satisfaction and organizational commitment. One employee's reaction to PA which could gain the focus of a number of studies is that of perceived fairness of the PA process. Therefore, intuitively, people will only be satisfied with a performance appraisal process if it fulfills the criteria of "fairness," which expressed by many researchers as organizational justice. In other words, the employees need a good and fair performance appraisal system to provide them with feedbacks regarding their job, leading to their job satisfaction, and generating an increased work

performance Suliman (2007).

However, as per the knowledge of the researcher there are no research based evidences about the performance appraisal practices of Dashen Bank. Besides, the observations of the researcher in the bank (as the researcher is the current employee of the bank), administrative staffs are heard complaining about the performance appraisal system of Dashen Bank, though a due attention was not taken to examine the perception of employees toward the appraisal process as well as appraiser, and their reactions (positive or negative) to the appraisal. The problems with appraisals can hinder employees' utility in the work place and sometimes impacts employees' attitude, reaction, behavior and performance in the work place negatively. To this effect, this study seeks to fill in these gaps and give feedback about the employees' fairness perception in performance appraisal practice being employed in Dashen Bank and its effect on employee job satisfaction.

1.3 Research question

To deal with the problem established above, the following basic research questions were attempted to answer in the course of the study.

1. What is the extent of perceived fairness on performance appraisal practice in the bank?
2. What is the level of satisfaction on performance appraisal practice of the bank?
3. What is the relationship between employee perception of procedural fairness and performance appraisal practice in the bank?
4. What is the relationship between employee perception of interpersonal fairness and performance appraisal practice in the bank?
5. What is the relationship between employee perception of distributive fairness and performance appraisal practice in the bank?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study is to investigate the effect of employees' perception of performance appraisal on job satisfaction: in Dashen Bank:

1.4.2 Specific Objectives

Based on the general objective of the study the following specific objectives are developed.

- To assess the extent of perceived fairness of performance appraisal practice.
- To assess the level of satisfactions towards the performance appraisal practices.
- To analyze the relationship between the employees' perceptions of procedural, interactional and distributive fairness and satisfaction towards the performance appraisal practices.
- To examine the fairness perception in performance appraisal among different demographic variables.

1.5 Research Hypothesis

The following are the research hypothesis to be tested based on data gathered to achieve the objective of the study: The overall and guiding objective of this research is to assess the effect of perceived performance appraisal fairness on job satisfaction.

H1: Perceived distributive Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.

H2: Perceived Procedural Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.

H3: Perceived Interactional Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.

H4: There is difference on fairness perception in performance appraisal among demographic variables.

1.6 Significance of the Study

The result of this study is significant in various aspects. Firstly, on the basis of the findings of the study, the report have drawn some conclusions and identify the current perception of performance evaluation and give signal to the Human Resource Management of the institution to take remedial action to maximize the effectiveness of

performance appraisal. Second, it is a piece of contribution to the current knowledge in the performance appraisal in the finance industry in Ethiopia and invites for further research to bring behavioral change in the areas of performance appraisal both in the mind of the raters, rates and those parties responsible in the design of the criteria of performance appraisal that are used to judge the performance of employees. Thirdly, it gives the researcher the opportunity to gain deep knowledge in the practice of performance appraisal.

1.7 Scope of the Study

In 2015/16, the number of staff employed on a full-time basis by Dashen Bank, including short and long term contract employees 5,630 on which this study was targeted or limited to only in five branches in Addis Ababa (*Main, bole, Kality, Tana and Pizza branches*) assess the effect of fairness perception in performance appraisal on job satisfaction of 162 sample administrative staff of permanent employees who had worked for at least two years in the branch. The information for this research is delimited to the employees' perception of procedural, interactional and distributive fairness towards the performance appraisal practices and job satisfaction of their institution.

1.8 Organization of the Study

The study includes five major chapters.

The first chapter is introductory part which consists of back ground of the study, statement of the problem, objectives of the study, Hypothesis of the study, significance of the study, scope of the study, operational definitions, limitation and organization of the study.

The second chapter contains literature review, in this section, theoretical, conceptual, and empirical finding of previous studies related to the topic are reviewed.

The third chapter includes the research design & Methodology, Source of data sampling design, method of data analysis tools employed are included under this section.

The fourth chapter deals with data analysis and discussion.

The fifth chapter deals with summary, conclusion, recommendation and suggestions for future research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This study was aimed to investigate the effects of fairness perception in performance appraisal system on job satisfaction. Further, the study identified the extent of fairness perceptions that employee would have on performance appraisal system and the reliability of this system. Hence, this review of literature will be divided into following parts, (1) Theoretical review (2) Empirical review, and (3) Conceptual review.

2.1 Theoretical Review

2.1.1 Overview of Performance Appraisal

Before defining performance appraisal one has to know what Performance management is, therefore according to Armstrong (2009), Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements.

Performance management is concerned with: aligning individual objectives to organizational objectives and encouraging individuals to uphold corporate core values; enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be); providing opportunities for individuals to identify their own goals and develop their skills and competencies Armstrong (2009).

Academic researcher used various names for performance appraisal system in their research like performance review, performance assessment, employee evaluation, performance evaluation, merit rating but the base line of all these terms is to judge the performance or try to improve the performance of an individual. Different experts have defined performance appraisal concept in different points of views; among the popular definition:

According to Aswathappa (2002) "It is the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development. More comprehensively, it is a formal, structured system of measuring and evaluating an

employee's job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organizations, and society all benefit. The above definition revealed that performance appraisal is designed for two main purposes; evaluation and development. Evaluative uses entail the identification of performance, promotion/demotion decisions, recognizing each worker's performance, wage management and retention or termination determinations. Developmental uses are administered for identification of needs, giving feedback, determination of assignment and transfers, and pointing out employee's strength and weaknesses. The above definition has its own limitation in that it does not show us the frequency of the feedback provided to the employees through the frequency of performance appraisal.

Furthermore a formal definition of performance appraisal is given by Mathis and Jackson, (2003) "Performance appraisal is the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees". From this definition one can see that performance appraisal is a formal and systematic process of evaluating employee's performance against predetermined criteria; provision of feedback and planning for future improvement on the basis of performance result. It is a crucial activity of the personnel function and management of the human resources and has roots in three well substantiated psychological principles:-people work, learn and achieve more when they are given adequate feedback as to how they are performing (the feedback being either negative or positive thus reinforcing expected behavior and performance), having clear attainable goals which should be measurable and quantifiable and involvement in the setting of tasks.

In 2006, Armstrong defined performance in output terms as the achievement of quantified objectives and how these objectives are achieved. High performance results from appropriate behavior, especially discretionary, and the effective use of the required knowledge, skills and competencies. Dessler (2008) states that it is any procedure that involves setting work standards, assessing employee's actual performance relative to standards set, providing feedback with the aim of motivating, eliminating performance deficits and reinforcing exceptional performance.

Performance appraisal is a continuous dialog process between subordinates and supervisors. Supervisor usually set expectations, monitors performance, and provide

feedback to subordinates. Thus, it will direct and develop employee performance by identifying training and development needs, correcting problems, determine raises and promotions Kaleem, Jabeen, & Twana (2013).

Generally, performance appraisal is a control system that is used to determine the behavior which employees must perform to achieve organizational objectives, and include of objectives setting, performance assessment and performance feedback. More specifically, performance appraisal is performance is not just a management tool which has psychological character, but also is a social process which includes of context, cognitive and affective Levy & Williams, (2004): Yongjun, Zhang, (2013). In most firms, performance appraisal results are used to help determine reward outcome, and to identify the better performing employees, bonuses, and promotions. On other hand, performance appraisal results are used to identify the poorer performers, or in the extreme cases, demotion dismissal or decreases in pay Khan (2013).

Performance appraisal can be of two types, subjective and objective, in subjective the appraisers have to record details about the performance of subordinates, while the objective emphasizes on employee performance evaluation in term of quantity Brown, M., Hyatt, D., & Benson, J., (2010). In subjective performance appraisal process there is more room for the appraiser to distort the ratings whereas, the objective type of appraisal has less chances of distortion in the ratings Arshad *et al*, 2013; Brown *et al.*, (2010). Kavanagh, Benson & Brown (2007) reported that the nature of the managing organizations can be observed in the system of employees performance management and appraisal practiced in organizations.

Clearly, an effective performance appraisal must measure employees contribution to their work and commitment in different sections and levels of the organizations are evaluated based on the organizational achievements. Khan, M., F., (2013) recommended five-process for conducting systematic performance appraisal: (1) Identify key performance criteria, (2) Develop appraisal measures, (3) Collect performance information from different sources, (4) Conduct an appraisal interview, (5) Evaluate the appraisal process.

Performance appraisal has progressed over the years from the traditional one sided, once a year, top down and largely discredited bureaucratic system owned by the personnel department to the more modern participative approach of performance management.

Meanwhile, one important function of performance appraisals is to encourage, guide, and improve employee performance. To be effective, the performance appraisal must be relevant and the measurement standards must be clear. Relevance refers to the degree to which the performance measurement includes necessary information; that is, information that indicates the level or merit of a person's job performance. To be relevant, the appraisal must include all the pertinent criteria for evaluating performance and exclude criteria that are irrelevant to job performance.

2.1.2 Performance Appraisal Fairness

There are a lot of employee perceptions on performance appraisal system that will affect the organizational performance. However, the employee's perception of fairness is the ultimate check for the success of the performance appraisal. In an article assessing the past, present, and future states of research on organizational justice (Greenberg, 1990) suggested that organizational justice research may potentially explain many organizational behavior outcome variables. Fullford, (2005) argued that the concept of organizational justice is a multi-dimensional construct that describes the role of fairness in an organizational context.

According to Armstrong (2009), perception is the intuitive understanding, recognition and interpretation of things and events. Behavior will be influenced by the perceptions of individuals about the situation they are in. Therefore, the perception of employee about their performance appraisal depends upon their understanding of themselves and Perceptions of the fairness in performance appraisals are related to the managerial and professional employees' opportunities to express their feelings, the existence of a formal appraisal system, the knowledge of supervisor about the performance of subordinate, the existence of action plans to improve performance weaknesses, and the frequency of evaluations.

Robbins & Judge (2007) Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. In reality, the objectives often vary and differ from one's perception due to every person has different behavior and thought. Therefore, it is common that there is more disagreement among people's view. Factors that influence someone's perceptions are from their nature characteristics, which include his or her attitudes, personality, motives, interest, past experiences and expectations. Employees want fair dealing in performance appraisal

system, which is a vital component of organization's HRM. Summary of different scholars Haji (2005) Elverfeldt (2005) Boice & Kleiner (1997) discussed the major components of an effective appraisal system, but recent study claimed that the most influential component which makes the system effective and affect employee commitment and satisfaction is the fairness and trust of employees in the workplace and its system (Frank, Finnegan, & Taylor (2004) Cook & Crossman(2004) Suliman(2007) Thamendren(2011) as cited by Umair *et.al*, (2016).

Elverfeldt (2005) illustrate "fairness" which is the main issue of the format and process of PAS and significantly affect the perception of employees about the system. Murphy & Cleveland (1991) argue that performance appraisal is unlikely to be effective unless those people who are using this process perceive it as fair. Bretz, Milkovich & Read (1992) illustrate that in performance appraisal, the most essential issue faced by an organization is the perceived fairness of its performance appraisal system.

The components of performance appraisal fairness, distributive, procedural, and interactional fairness Kaleem, *et al*, (2013) Paul, *et al*, (2010) Warokka *et al*(2012) as cited by Umair *et al.*, (2016). In the distributive, the fairness of the outcomes of a particular decision is the main consideration. Procedural fairness concerns with the fairness of the process that leads to the outcome. Interactional: the fairness of the interpersonal treatment that receives from authority figure during enactment of organizational processes and distribution of outcomes. Greenberg (1987) illustrate that perceptions of fairness in organizations are not only influenced by outcomes (distributive justice), they are also driven by the fairness of the process used to reach those outcomes (procedural justice).

Bernardin & Beatty, (1984) Latham & Wexley (1994) as cited by Ikramullah, M. *et al*. (2011) illustrate that fairness perceptions about various components of performance appraisal system have very serious implications not only for employees, but also for an organization. The factors which assist to predict the perceived fairness in the system are: regularity in performance feedback, supervisor knowledge about work performance standards, continuous opportunity to the employees to show their positive or negative feelings about performance appraisal review and mutual understanding and effective communication between supervisors and subordinates in setting new performance goals. Moreover, the main issue in the performance appraisal review and

performance appraisal system is the perception of its employee about its fairness Walsh (2003). Employee satisfaction and perception of fairness in the system is mainly affected by the bureaucratic nature of the performance appraisal system where all the decisions related with employees are in hand of upper level of management.

According to Suliman (2007), the concept of organizational justice has been driven from different angles by different writers. Most researchers agree that it is a dominating theme in organizational life. Generally, organizational justice is overall perceptions of fairness in all organizational processes and practices are assumed to influence the behavior and work outcomes. Murphy & Cleveland (1991) argue that performance appraisal is unlikely to be effective unless those people who are using this process perceive it as fair. Organizational justice can help explain why employees retaliate against inequitable outcomes or inappropriate processes and interactions Alsalem and Alhaiani (2007).

Procedural justice is based on views of individuals in terms of accuracy of proceedings or methods used during decision-making process of the management for the individual or other employees. Korsgaard, and Roberson (1995), defined procedural justice as the perceived fairness of the procedures used to make allocation decisions. It is independently related to attitudes towards the decisions and the organization. Procedural justice is the fairness of the procedures used to determine those outcomes Moorman (1991). Whereas distributive justice suggests that satisfaction is a function of outcome, procedural justice suggests that satisfaction is a function of process. Alexander & Ruderman (1987) cited by Warokka *et al.* (2012,) employees consider the procedure-based fairness is more important than the equal distribution justice is. In addition, they are willing to accept some injustice in the outcomes if they perceive the procedure itself to be fair.

Taylor and Belliveau (1995) argue that fair procedures tend to inspire feelings of loyalty to one's team or group, legitimize the authority of leaders, and help to ensure voluntary compliance with the rules. In general, procedural justice in organization decision making has been shown to have positive impact on variety of employees decision and some emotional and behavior reactions. These consequences of procedural justice include variables such as organizational commitment, trust, satisfaction, compliance with decision and performance.

Interactional justice relates to the fairness of interpersonal communication relating to performance appraisal process procedures Fernandes and Awamleh (2006). Interactional justice is viewed as expanded version of procedural justice and is related with human factor of organizational implementations. Accordingly, interactional justice highlights the justice perception related with the communication established between the employees and the managers distributing the resources. In accordance with this dimension of organizational justice, performance of the communication process between the source of justice and the receiver on the basis of kindness, respect and honesty is important Cohen-Charash and Spector (2001).

Depends on the source of the justice researchers have recently differentiated procedural from interactional justice by examining the source of the justice perception (supervisor or organization). Researchers have recently differentiated procedural from interactional justice by examining the source of the justice perception (supervisor or organization). Masterson, Lewis, Goldman, and Taylor (2000) as cited by Erdogan, argued that procedural justice is the fairness of the organization and interactional justice is the fairness of the supervisor. This definition equates the source (organization versus supervisor) and type (procedural versus interaction) of justice, which may be problematic for performance appraisals.

Regarding whether age, experience, and level of education of employees influence their perception of performance appraisal practices, Gurbuz & Dikmenli, (2007) posit that the less experienced and youthful employees are relatively more anxious during appraisal than the more experienced and older ones cited by. However, employees who undergo performance appraisal several times, regardless of their age, accumulate valuable information, knowledge and experience about its process and purpose through the feedback system. This eventually helps reduce their anxiety during subsequent appraisals.

2.1.3 Job Satisfaction

Job satisfaction has been widely studied over the last four decades of organizational research. Job satisfaction has been defined and measured both as a global construct and as a concept with multiple dimensions or facets Lund, (2003). Job satisfaction has remained a remarkable area of discussion in the field of management, psychology and especially in organizational behavior and human resource management, for a long period. Many economists have paid attention and inclination towards this subject in recent years

Kosteas, (2009).

Methodologically, we can define job satisfaction as an employee's affective reaction to a job, based on a comparison between actual outcomes and desired outcomes Mosadeghrad, (2003). According to Ramayah, et al. (2001), Job satisfaction explains how employees are buoyant to come to work and how they get enforced to perform their jobs. In general, overall job satisfaction has been defined as "a function of the perceived relationship between what one wants from one's job and what one perceives it as offering" Locke, (1969).

Job satisfaction is critical to retaining and attracting well-qualified personnel. Job satisfaction is an attitude that people have about their jobs and the organizations in which they perform these jobs. An interesting job, any job providing learning opportunities, bringing responsibilities are all reasons for satisfaction Sevimli and scan (2005). Job satisfaction is generally recognized as a multifaceted construct that includes employee feelings about a variety of both intrinsic and extrinsic job elements. It encompasses specific aspects of satisfaction related to pay, benefits, promotion, work conditions, supervision, organizational practices and relationships with co-workers Misener *et al.*, (1996).

2.2 Empirical Review

There are very limited empirical studies in relation to employees' perception of performance appraisal fairness and its effect on job satisfaction. Particularly such studies are almost non-existent in Ethiopian context. Therefore, in this section the most selected and related empirical findings of related literatures outside Ethiopia were presented. Belete *et al.*, (2014) carried out a study on the effects of employees' fairness perception on their satisfaction towards the performance appraisal practices. In this analysis data were collected from 230 sampled respondents. The descriptive findings of the study indicate that distributive justice, the mean is 2.4 and standard deviation is 1.022. Whereas the mean for procedural justice is 2.4 and standard deviation is .953. While, for interpersonal justice, the mean is 2.65 and standard deviation is 1.014, the mean for informational justice is 2.42 and standard deviation is .902. The overall fairness perception is 2.47 and standard deviation is 0.869. These results imply that the employees in university generally did not perceive the performance appraisal practices in the institution as fair. Similarly, their overall satisfaction on the performance appraisal practices of the University is low (below the average).

According to Maaniemi & Hakonen(2011) study the instrumental and relational perspectives of the justice literature, (Folger & Bies) have proposed seven rules that managers should follow in order to promote fair procedures: (1) consideration of employeesø point of view, (2) bias-suppression,(3) consistency, (4) timely feedback about decision outcomes, (5) supervisorsø truthfulness in communications with employees, (6) polite and courtesy treatment of employees, (7) sufficient justification for an outcome decision.

Warokka *et al* (2012) carried out a study on organizational justice in performance appraisal system and work performance. In this analysis data were collected from 151 sampled respondents. The descriptive finding of the study indicates that distributive justice, the mean is 3.67 and standard deviation is 0.79. Whereas the mean for procedural justice is 3.41 and standard deviation is 0.79. While, for interactional justice, the mean is 3.48 and standard deviation is 0.74. The overall fairness perception is 3.52 and standard deviation is 0.782.

Umair *et al* (2016) Conducts a study that investigated the perceived fairness in performance appraisal system and its effect on job satisfaction of an employee in the Garment Sector of Pakistan. Overall, the findings of multiple regression analysis shows a significant relationship between Job satisfaction and three constructs of perceived fairness in performance appraisal system the R square value shows that 74.9% variation in the job satisfaction is explained by the significant constructs of perceived fairness in performance appraisal system. In addition to this, Job satisfaction of an employee is highly correlated, $r= 0.833$ with the interactional fairness in the appraisal system. It means that employees of the garment firms perceived that their supervisor treat them with kindness and show concern about their rights as well as able to suppress personal biasness during performance evaluation process. Furthermore, employees of Garment firms are satisfied with their job and they accept that the appraisal system exists in their organization is fair enough in terms of procedures, outcome received on the basis of performance and treatment of top management with the employees. Researchers also asserted that acceptance of appraisal system in terms of fairness and accuracy of the system among employees is the main source of providing job satisfaction to the employee Gary E. R (2003); Elverfeldt (2005).

Chong Lau, Kuan Wong and Ian Eggleton (2016) based on a sample of 110 managers their results indicate that fairness of performance evaluation procedures has a significant total effect on subordinates' job satisfaction. However, they also indicate that the direct effect (0.008) is very small. The total effects are mainly indirect. Part of the indirect effect is through the expected fairness of the outcomes (e.g. compensation and rewards) received by the subordinates. These results are not surprising as fair procedures are expected to be associated with fair outcomes which, in turn, are associated with improved job satisfaction.

The study conducted by Mahdieh (2016) based on a sample of 133 employees of multinational companies in Malaysia; employees' performance appraisal experiences were identified. Regression analysis was then employed to examine the relationship between performance appraisal quality of employees and job satisfaction. Employees with high quality performance appraisal experiences were more likely to be satisfied with their job. Only two indicators of 'Fairness of performance appraisal Process' (P.value: 0.000 < 0.05) and 'Level of Communication' (P.value: 0.004 < 0.05) in enter mode can be considered as good predictors for job satisfaction.

The study conducted by Dr. Luxmi & Ashu Vashisht (2015) the questionnaire survey method was used in the study. A total of 100 responses have been obtained from employees working in two public sector banks, namely State Bank of India, Punjab National Bank and two private sector banks namely HDFC, ICICI in East zone of Delhi. For selecting the sample multistage random sampling was used. The results were consistent with the existing literature and concluded that there is a significant and positive relationship between procedural fairness, job satisfaction and organizational commitment. Also, procedural fairness has significant and positive effect on organizational commitment ($r=0.460$, $p=0.000$) and job satisfaction ($r=0.642$, $p=.000$) at significant level less than 0.05.

The study conducted by Adnan, Iftikhar, Shakeel, M. Fraz (2010) examined 250 employees through a survey at SGOs in Islamabad Pakistan. A total of 123 employees completed survey (59.2 percent response rate). The results indicates significant positive correlation between performance appraisal satisfaction and job satisfaction ($r=.848$, $n=123$, $p<0.0005$, two tailed). From this result it can be deduced that the perception of performance appraisal fairness is positively correlated to employee job satisfaction, as the

Pearson correlation is significantly large. These results are consistent with previous studies Bartlett & Kang (2004) Judge, *et al.* (2001) Locke (1970) Schmidt (2007).

2.3 Conceptual Review

In this section the research review the basic concepts of performance appraisal fairness and employee job satisfaction in order to develop the overall conceptual framework of the study and to make ease for designing the measurement of variables and then to create bases for comparisons of the basic findings of the study with previous related study. Thus, the conceptual background of previous studies were reviewed and summarized from the view point of employees' fairness perception of performance appraisal with job satisfaction.

2.3.1 Performance Appraisal Fairness

There are a lot of firms' perceptions on performance appraisal that will affect the organizational performance. The increasing-concern of most employees in many organizations nowadays is the fairness at work, which is known also as the organizational justice Byrne & Cropanzano (2001). This issue, especially, related to the performance appraisal fairness and what is behind the different performance point of each employee receives. The issue of fairness is critical to performance administration and most every phase of labor management. Organizational justice is the term used to describe the role of fairness as it directly relates to the workplace.

The study of fairness or organizational justice came out from Adam's equity theory in the social-psychology literature (Adams, 1965). According to the organizational justice theory, the efficacy of the performance appraisal depends on the perception of fairness. Employee perception of fairness of performance appraisal has been studied as a significant factor in employing acceptance and satisfaction of performance appraisal. Specifically, organizational justice is concerned with the ways in which employees determine if they have been treated fairly in their jobs and the ways in which those determinations influence other work-related variables (Moorman, 1991) as cited by (Kaleem *et al.*, 2013). The employees' perception of fairness is the ultimate check for the success of the performance appraisal.

Understanding the importance of fairness in performance appraisal is very crucial for organizations because of its relationship with job satisfaction, organizational commitment

and organizational citizenship behavior which ultimately enhance the effectiveness of the organization. According to Cook and Crossman (2004) performance appraisal system will not be effective unless it is perceived to be fair by all those participate in the process.

According to Awosanya & Ademola (2012) employees to have positive attitude towards performance appraisal, the following should be taken into consideration:-

- There should be a system of formal appraisal
- It should be conducted frequently
- Supervisors should have a more knowledge about the appraisal process
- Employees should have an opportunity to appeal their ratings
- The organizational environment should be cooperative rather than competitive
- The plan of the organization should also deal with weakness rather than only acknowledge strength.

Generally, organizational justice is overall perceptions of fairness in all organizational processes and practices are assumed to influence the behavior and work outcomes. It comprised of three different components which are distributive, procedural, and interactional justice Robbins and Judge (2007).

Distributive Justice: Distributive justice refers to the perceived fairness of the outcomes that an individual receives from organization. Outcomes may be distributed on the basis of equality, need or contribution and individuals determine the fairness of distribution through comparison with others Alsalem *et al* (2007). A study by Moorman (1991), Distributive justice compares gaining presented by the organization to the employees with their responsibilities within the organization, their level of expertise, effort and other contributions related with the work indicates that distributive justice describes the fairness of the outcomes and employee receives. Meanwhile, a study by Suliman (2007), distributive justice is concerned about employee satisfaction with their work outcomes which will lead to organizational effectiveness. Employee perceptions of distributive justice are based largely on comparison with others that are inevitable in the workplace. According to Fernandes and Awamleh (2006), distributive justice refers to the concerns expressed by employees with regard to the distribution of resources and outcomes.

Procedural Justice: Procedural justice is the fairness of the procedures used to determine those outcomes Moorman (1991). According to the Fernandes and Awamleh (2006), these procedures should be consistent, bias free and take into account the concerns of all parties and be normally acceptable. Here, employee concern about whether the decision processes fair and process used to determine the outcome was just. Meanwhile according to Suliman (2007), perceptions of procedural justice have consistently been shown to affect variety of outcomes variables. According to Heslin and Walle, one defining element of procedural justice is providing individual with voice in making decisions that affect them.

Further, they have proposed that fair procedures also include, where for instance, bias suppression rather than decisions based on perceptions, accuracy in terms of reflecting all variables and relevant information and correct ability in light of employee input. In addition, when looked in the context of performance appraisals, procedural justice pertains to the apparent fairness of the procedures by which an individual's performance is evaluated. Among the traditional principles of procedural justice are impartiality, voice or opportunity to be heard, and grounds for decisions Bayles (1990). Procedural issues such as neutrality of the process Tyler and Lind (1992),

Interactional Justice: Interactional justice relates to the fairness of interpersonal communication relating to organizational procedures Fernandes and Awamleh (2006). It is concerned with how the information was communicated and whether individuals affected by a decision were treated with respect in a courteous and civil manner in other words being treated with respect and dignity. Whereas, Suliman (2007), stated that fairness is the one of the most important factors of work environment that influences manager employee relationships, employee relationships and organizational employee relationship. The employee's perceptions of fairness in the organization procedures and processes is assumed to influence his or her relationship with the organization, co-workers and managers, which in term affect his or her behavior and work outcomes. Cottringer (1999) argued that creating and managing fairness is important for work organization because it has an impact on employee's attitudes and performance.

Interactional justice includes various actions displaying social sensitivity, such as when supervisors treat employees with respect and dignity. Mikula *et al.* (1990) reported that a considerable proportion of perceived injustices did not concern distributional or

procedural issues in the narrow sense, but instead referred to the manner in which people were treated interpersonally during interactions and encounters.

2.3.2 Job Satisfaction with Performance Appraisal System

Effective performance appraisal system is highly important for the survival of any organization and an ineffective system leads towards the organizational destruction and create dissatisfaction and confusion among employees whereas satisfaction with appraisal system brings overall job satisfaction and it is also positively relate with job satisfaction Blau, (1999) Ellickson (2002) Pettijohn Pettijohn, Taylor, & Keillor, (2001) Pettijohn, Pettijohn, & d'Amico, (2001) Kuvaas (2006).

Skarlicki and Folger (1997) argues that if employees feel that the system is biased, political, or irrelevant then the appraisal process can become a source of extreme dissatisfaction for them. So, when employees feel that they are not treated fairly then they react by changing their job attitudes Vigoda(2000). Levey and William (1998) there is a perceived knowledge in predicting appraisal reaction in terms of job satisfaction and organizational commitment. The conclusion on the studies was drawn as: The employees who believe they understand the appraisal systems used in the organization are most likely to favor important organizational variables in the future and also have the following characteristics:

- They are more accepting and largely favor the appraisal system and its feedback.
- They have more job satisfaction
- They are highly committed to the organization.
- They are most likely to rate the PA as fair

Despite the fact that the evaluations have benefits and they are very useful as a management tool in the workplace (Walsh, 2003), there are problems which distort its usefulness. The problems with appraisals hinder their utility in the workplace and sometimes impacts worker's attitude, reaction, behavior and performance in the workplace negatively. Job Satisfaction is basically the feelings of employee about his current job experience with previous job experience as well as current expectations or opportunity available for him in the organization Jeanmarie (2008) Alwadaei (2010).

If performance appraisals are perceived as unfair, therefore, the benefits of performance

appraisals can diminish rather than enhance employees' positive attitudes and performance Thomas & Bretz (1994) as cited by Warroka *et al.* (2012). Specifically, the perceptions of procedural unfairness can adversely affect employee's organizational commitment, job satisfaction, trust in management, performance as well as their work-related stress, organization citizenship behavior, theft, and inclination to litigate against their employer. If an appraisal within a company is carried out without any rules, transparency, and prospect of things linked to it, it might cause severe troubles, not only can it damage the climate at workplace and lead to decrease in productivity. It also can end up with ethical and legal problems.

In most cases, employee perceived that dissatisfaction and increasing turnover rate is the result of manipulation in their performance rating which is mainly due to the supervisor personal hidden agenda. Evaluator rating procedure should be fair and should consist of proper standards because procedural fairness in the appraisal system is one of the important elements in predicting the employee satisfaction level. Moreover, informational and distributive fairness are directly related to satisfaction of appraisal rating and appraisal system while distributive, informational and interpersonal fairness have strong positive relationship with overall employees' satisfaction and satisfaction with supervision of managers Sudin (2011) Choi, Tan, Wan, & Siti, (2013). If employees feel that personal biasness, favoritism and corruption is involved in the rating procedure than initially they change their attitude in the workplace and later on quit the job.

To sum up, in this chapter the theoretical, conceptual and the empirical finding of previous related study were reviewed in relation to employees' fairness perception in performance appraisal and its effect on job satisfaction. In fact, the majority of the conceptual and empirical literatures reviewed shows that employees' perception of performance appraisal had significant and positive relationship with job satisfaction.

2.4 Conceptual Framework

Based on the above conceptual literature reviewed the graphical relationship of the independent and dependent variables are represented as the conceptual framework of this study as follows: The dependent variable is job satisfaction and the independent variable is performance appraisal fairness. From the literature review, three indicators of performance appraisal fairness have been identified, which are distributive fairness,

procedural fairness, and interactional fairness.

Conceptual frame work of the study

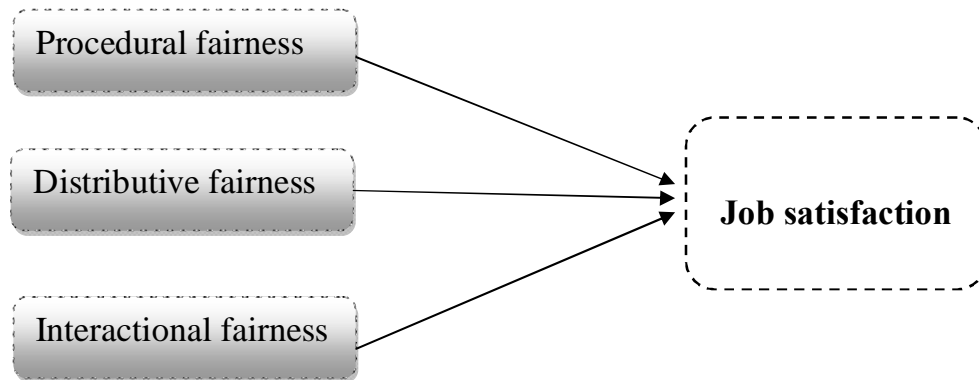


Figure 2-1 Conceptual frame work of study

Source; adopted from Chan (2008), Moorman (1991), Spector (1997) study respectively

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter presents the methodology that was used to collect and analyze the data required to describe the participants and answer the research questions. The discussion includes the research design, research approach, population/sample, sampling strategy, source and method of data collection, research instruments, validity and reliability test, data analysis, model assumptions, and research ethics according to the objectives and hypothesis of the study.

3.1 Research Design

Research can be classified as descriptive, explanatory and exploratory depending on the specific purpose that the research tries to address. Accordingly, the research has employed *Descriptive* and *explanatory research design* with which fairness was explained using the three components of organizational justice and the relationship between perception of performance appraisal fairness and employee job satisfaction was established. Moreover, the contribution of the components of organizational justices in performance appraisal towards job satisfaction was clearly examined.

3.2 Research Approach

According to Singh (2006), research design is essentially a statement of the objective of the inquiry and the strategies for collecting the evidence, analyzing the evidences and reporting the findings. With the view to address its objectives, the study employs quantitative method. According to Creswell (2003) the quantitative survey research design is vital to create quantifiable causes and effects relationship between the variables of the study.

In this quantitative research design the statistical methods that research has employed includes: *descriptive statistics*-to count the frequency of response and the mean and standard deviation of each variables, *independent-samples t-test*- to compare the mean scores of two different groups of people, *One-way ANOVA*- to compare the mean scores of three or more different groups, *Reliability analysis*-to test the internal consistency of the instrument, *correlation analysis*-to assess the relationship between variables of the study and *multiple regression analysis* óto assess the extent of influence of independent

variables on dependent variables. After the required data were collected, it is analyzed by using statistical package for the social sciences (SPSS) version 23.

3.3 Population and Sampling Techniques

3.3.1 Population

The target population comprised permanent administrative staff of Dashen Bank from five selected branches in Addis Ababa (Main, Bole, Kality, Tana and Piassa Branches), with a total population of 424. The above branches were selected from the four districts found in the city that have highest number of employees. However, the eligible population of the study included all administrative staffs who have worked in the institution for at least two consecutive years. Out of the 424 total permanent administrative employees of selected Dashen Bank branches 315 were considered as an illegible sample frame for the study (annual report of the bank 2015/2016).

3.3.2 Sampling design

In simple random sampling, each member of the population under study has an equal chance of being selected and the probability of a member of the population being selected is unaffected by the selection of other members of the population, In this research cluster sampling was used to divide the population into five subgroups one head office and four districts. Also a simple random sampling technique was used to select respondents from employees.

3.3.3 Sample Size

Israel (2003) as cited in Narangajavana (2007) summarized that there are four strategies to decide sample size including (1) census for small populations, (2) imitating a sample size of similar studies, (3) applying formulas to calculate a sample size, and (4) using published tables. The research used both published table and used formula, at 95% confidence third interval with 5% error margin, the sample size for the total population of 315 is 176 calculated as follows.

$$n = N / (1 + Ne^2) \quad \text{Yemane (1969)}$$

Where: n = no. of samples

N = total population (315)

e = error margin / margin of error with a confidence level of 95 percent (giving a margin error of 0.05),

$$n = 315 / (1 + 315 * 0.05^2)$$

$$n = 315 / (1 + 7.532)$$

$n = 176$ samplings respondents were selected and self-administered questionnaires for each respondent was distributed.

3.4 Types of Data and Tools/Instruments of Data Collection

3.4.1 Source of Data

There are two types of sources when collecting data; primary and secondary data sources Arbno and Bjerke, (1994) as cited in Stromgren, (2007). Throughout the study, the research used both primary and secondary data sources. Primary data, directly related to the purpose, was collected through an empirical study. The empirical study was made through conducting a questionnaire regarding organizational justice in performance appraisal practices and job satisfaction. Secondary data, indirectly relating to the purpose, were collected through manuals and annual reports.

3.4.2 Research Instruments

The approaches used to gather data is a very important aspect of research design and the ability to achieve the research aims and answer the research questions depends on the effectiveness of data collection. In this study therefore, a questionnaire was used to assess the perception of employees of selected Dashen Bank branch in Addis Ababa. Essentially, there were two main variables, which were organizational justice, and job satisfaction. The independent variables for this study consist of three components of organizational justice, which are distributive fairness, procedural fairness and interactional fairness. Meanwhile, the dependent variable is job satisfaction.

Organizational Justice Scale (OJS); The OJS developed by Moorman (1991) is an 18-item self-reported questionnaire. It measures three components of organizational justice:

(a) distributive fairness (5 items) assess participants' perceptions regarding the fairness of performance appraisal outcomes, (b) procedural fairness (7 items) assess participants' perceptions regarding the fairness of performance appraisal procedures in the organization, and (c) interactional fairness (6 items) assess participants' perceptions regarding the fairness of treatment they receive from their supervisor. Participants were asked to respond on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Job satisfaction; The second of the questionnaire measures the employees' job satisfaction. This section is adapted from Spector (1997); there are six items measures their attitudes toward job satisfaction. Participants were asked to respond on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) (See appendix-1).

3.5 Validity and Reliability of Instruments

3.5.1 Validity

The first part of the questionnaire measures organizational justice, which consists of distributive, procedural and interactional justice. The instrument contained 18 items that were originally built by Moorman (1991); there are five items in distributive justice, seven items in procedural justice and six items in interactional justice, and later used by Kalem et.al (2010); Warrorka (2012); Umair et al, (2016). The second part of the questionnaire measures job satisfaction. The instrument contained 6 items that were originally developed by Spector (1997), and later used by Warner (2005), Imani (2009).

The research tries to adapt the instruments used in previous research in Ethiopian context. Five subject matter experts in the area were provided to check for its validity. The experts were chosen based on their experience as both a rater and ratee in different organizations. Two experts had rated at least 20 subordinates, and the other three had rated more than 50 subordinates. Three raters had received between 15 and 20 performance appraisals, and the other two had received more than 20 appraisals each during their career. Generally in this approach, the panelists were invited to rate the items on a three-point scale (1= not necessary, 2= useful but not essential, and 3= essential), where the essential items were the one that best represent the goal. The formula for computing the CVR, as originally proposed by Lawshe(1975), is expressed as: $CVR = \frac{ne - N/2}{N/2}$

- Where n_e = numbers of panelists indicating "essential" and N = total number of panelists.

According to Lawshe (1975) minimum content validity ratio for five numbers of panelists CVR of 0.99 was acceptable. The survey measuring instrument for this research was 0.99 and is valid. The experts had no additional comments on item wording or missing content. On the other hand the research was aware of the problem of validity that may occur when interpreting the English version of the questionnaires and translating them in to Amharic. Potential mistakes were therefore minimized through double checking any terms and expression that might otherwise cause undesirable confusions and misunderstanding.

3.5.2 Reliability test of the Instrument

Extents to which a variable or set of variables is consistent in what it is intended to measure (Hair *et al.*, 2007). It differs from validity in that it relates not to what should be measured, but instead to how it is measured. Several measures have been used to establish the reliability of the instrument, for example, split-halves, test-retest, equivalent forms and internal consistency method. To confirm whether the adapted instrument is understood or not by the respondent a pilot reliability test were conducted. A total of 10 questionnaires were distributed to the respondents the participant for this pilot test was selected from each business process based on their easily accessibility to the research. Then the returned 10 pilot instrument were coded and a Cronbach's Coefficient Alpha test was employed by SPSS version 23, Thus, the SPSS output is summarized in table 1.

Table 3.1 Pilot Test

No	Variables	Number of respondent	Items of Questionnaire	Score for Chrompach alpha
1	Distributive	10	5	.784
2	Procedural Justice	10	7	.821
3	Interactional	10	6	.803
4	Job Satisfaction	10	6	.835

Source, researcher's survey data, 2017

3.6 Procedures of Data Collection

Data used to test the research model was gathered from a sample of respondent's trough by hand after the respondents done filling for self-administered and email for structured

questionnaire that is distributed through the e-mail to selected respondents of the week days (Mondays-Fridays). During distribution it is ensured that only employees of the bank in the selected five branch offices in Addis Ababa were participated in the study.

3.7 Method of Data Analysis

To analyze the obtained data, after checking the inter item consistency reliability (Cronbach's alpha), the items of each variable scale was taken from valid sources, descriptive analysis was used to summarize the demographic characteristics of the respondent and to know the level of employee perception of performance appraisal fairness and job satisfaction, independent sample T-test and one way ANOVA were conducted to compare groups, and the correlation analysis was done to analyze the relationship of each variable with all the other variables under study. Moreover, multiple regression analysis technique was used to investigate how independent variables collectively affect the dependent variables and further answered the research questions.

Descriptive Analysis is used to summarize the demographic characteristics of the respondent and to know the level of employee perception of performance appraisal fairness based on the response for each item and analyzed by comparing the mean and standard deviation score of each variable. According to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high as illustrated below.

Table 3.2 Comparison bases of mean of score of five point Likert scale instrument

Mean Score	Description
<3.39	Low
3.40 -3.79	Moderate
>3.80	High

Source: Zaidatol & Bagheri (2009)

Independent sample T-test: - it compares the means of two independent groups in order to determine there is a statistical group in order to determine there is statistical evidence that associated population means are significantly different. In this analysis there are independent variables; male and female. The independent T- test is done to compare and test if there is a difference on fairness perception dimensions in performance appraisal

between male and female.

One-way ANOVA is used to determine whether there is any significance among the means of three or more independent (unrelated) groups. In this analysis there are three independent variables; age level, educational level, and work experience level groups. The one-way ANOVA is done to compare and test if there is a difference on fairness perception dimensions among the groups.

Correlation Analysis is to show the strength of the association between the variables involved. Inter-correlations coefficients (r) were calculated by using the Pearson's Product Moment. According to Cohen (1998 as cited by Warokka and Gallato, 2012), the correlation coefficient (r) ranging from 0.10 to 0.29 may be regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may be considered as a moderate degree of correlation, and r ranging from 0.50 to 1.00 may be regarded as a high degree of correlation.

Field (2006) also state that the output of correlation matrix can be the correlation coefficient that lies between -1 and +1 within this framework, a correlation coefficient of +1 indicates a perfect positive relationship, and a correlation coefficient of -1 indicates a perfect negative relationship; whereas a coefficient of 0 indicates no linear relationship. While, for correlations purposes, the descriptors developed by Davis (1971, as cited by Alwadaei, 2010) the interpretation of strength of correlation coefficient is shown in table

Table 3.3 Interpretation of strength of correlation coefficient

Value of coefficient	Relation between variables
0.70-1.00	Very strong association
0.50-0.69	Substantial association
0.30-0.49	Moderate association
0.10- 0.29	Low association
0.01-0.09	Negligible association

Source: Alwadael (2010)

Multiple Regression Analysis: was also the fifth statistical analysis used in this study. Regression is the determination of a statistical relationship between two or more variables. In this analysis there are four variables, three variables defined as independent are the cause of the behavior of another one defined as dependent variable. Since the correlation result provides only the direction and significance of relationship

between variables, multiple regression analysis is done to examine the contribution of employees' organizational justice (distributive, procedural, and interactional) perception in performance appraisal to their job satisfaction and to assess the extent of relationship between independent and dependent variable of the study.

3.8 Model Specifications/Assumptions

The model that indicate the relationship between depended and independent variables is indicated below

$$Y=a+bx_1+e$$

Y=the dependent variable

a=intercept (constant)

b=coefficients

x_1 =explanatory (independent variables)

e= error term

Where y =job satisfaction, x_1 = procedural fairness, x_2 =distributive fairness, x_3 =interactional fairness

Hypotheses

H1; Perceived distributive Fairness about performance appraisal system has positive and significant effect on job satisfaction.

H2; Perceived Procedural Fairness about performance appraisal system has positive and significant effect on job satisfaction.

H3; Perceived Interactional Fairness about performance appraisal system has positive and significant effect on job satisfaction.

H4; There is difference on fairness perception dimensions among demographic variables

The multiple linear regression analysis has assumptions to come up with estimates and inferences about the parameters of the population being studied. Thus, the three assumptions taken for this study include: *normality*, *linearity*, *homoscedasticity* and *independence of residuals* checked using residual diagnostic plots. In the study that data analysis and interpretations were considered through; the perceived fairness by the employees of performance appraisal practices is conceptualized as independent variables which consist of procedural, distributive, interactional justice while job

satisfaction is conceptualized as dependent variable.

Normality: the residuals should be normally distributed about the predicted responses. This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve and once the sampling distribution of the mean is known, it is possible to make predictions for a new sample Keith (2006). Thus, as indicated in the histogram (appendix-3), the data found to be normally distributed.

Linearity: the residuals should have a straight line relationship with the predicted responses (Osborne & Waters, 2002); as a result, the plotted points of this study's data as shown in appendix-4, is a straight line i.e., linear.

Collinearity: collinearity (also called multicollinearity) refers to the assumption that the independent variables are uncorrelated (Darlington, 1968; Keith, 2006). Multicollinearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables (Keith, 2006). The more variables overlap (correlate) the less able researchers can separate the effects of variables. Small values for tolerance less than 0.1 and large VIF values greater than 10 show the presence of multicollinearity (Keith, 2006). The collinearity diagnostic table as shown in appendix- 4 is an example of low collinearity demonstrated by high tolerance and low VIF values from the SPSS software. In this study the tolerance value for each independent variable is greater than 0.10; therefore, the multicollinearity assumption is fulfilled. This is also supported by the VIF value, which is all the VIF value for each independent variable is well below the cut-off of 10 (Appendex-5).

Homoscedasticity: The assumptions of homoscedasticity refer to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). The scatter plot (appendix-6) shows normally scattered data in the study.

Homogeneity of variances: The homogeneity of variance option gives Levene's test for homogeneity of variances, which tests whether the variance in scores is the same for each of the groups. If the significance value (Sig.) for Levene's test is *greater* than .05, then the Levene's test for assumptions of homogeneity has *not been* violated. In this study all the Sig. values are greater than .05 homogeneity of variance assumption has not been violated. The Levene's test for homogeneity assumption table as shown in

(appendex-7) is an example of homogeneity assumption fulfillment.

3.9 Ethical consideration

According to Creswell (2003) as the researchers anticipate data collectors, they need to respect the participants and sites for the research. In the study they should maintain objectivity, courtesy and high professional standards through scientific process and no falsification, alteration or misrepresentation of data for political or other purposes. And it also kept or protected the confidentiality of the research subjects and research sponsors. In this regard, the data gathered in the process of the study was kept confidential and would not be used for any personal interest and the whole process of the study was controlled to be within acceptable professional ethics.

CHAPTER FOUR

RESULTS & DISCUSSION

The following discussion is organized around sub-topics reflecting the research objectives and questions. The purpose is to simplify the discussion and to contribute to a better understanding of the research findings. These research questions were approached by using the questionnaire based on the Likert Scale, which studied the attitudes of the respondents regarding human resource performance appraisal of the bank under the study, have been used for the discussion and analysis.

Closed ended survey Questionnaires were prepared, distributed to those permanent administrative employees who have been working for at least two years in the selected bank branch offices under the study, and collected during the months April and May, 2017. The questionnaires were based on the population of five Dahsen Bank branches in Addis Ababa (Main, Bole, Kaliti, Tana and Piassa branches), which are the permanent administrative employees. Out of the 315 total permanent administrative employees of bank 176 were considered as an illegible sample frame.

4.1 Results/Findings of the Study

4.1.1 Questionnaire Response Rate

As it is indicated in table 4 below out of 176 questionnaires prepared and distributed, 162 questionnaires were collected back, 14 of them were excluded, 162 properly filled to evaluate employees' fairness perceptions towards the performance appraisal, and job satisfaction. This response rate is excellent and conforms to Mugenda (1999), stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

Table 4.1 Questionnaire Response Rate

Number of Employee	Questionnaires distributed	Questionnaires received	%	Questionnaires excluded	Questionnaires were subject to analysis
315	176	162	92.6 %	14	162

Source: *researcher's survey data, 2017*

4.1.2 Demographic Characteristics of Respondents

In this part of the questionnaire the demographic information of the participant employees of Dashen Bank branches in Addis Ababa under study, is presented for analysis. The analysis tries to provide information related to sex, age, educational background, and years of service of respondent employees. Frequencies of occurrence of certain variables are determined, from which the percentage are calculated. Frequency tables of demographic variables are given below.

Table 4.2 Personal Profile of the Respondents

No.	Profile	Description	Percentage (%)	Responses
1	Age (in Years)	below 25 years old	22.20%	36
		26-35 years old	31.80%	52
		36-45 years old	25.70%	42
		46-55 years old	15.70%	25
		56 years and above	4.60%	7
2	Gender	Male	49.00%	79
		Female	51.00%	83
3	Educational Background	Secondary Education	41.10%	67
		TVT	17.20%	28
		College Diploma	19.90%	32
		First Degree	18.40%	30
		Second Degree	3.10%	5
4	Work experience	2-3 Years	26.80%	43
		4-5 Years	31.00%	50
		6-7 Years	33.30%	54
		2-3 Years	6.10%	10
		8-10 Years	2.70%	4
Total			100%	162

Source, researcher's survey data, 2017

The gender distribution has shown in Table 4.2 about 83 (51%) of the respondents were female and the remaining 79 (49%) of the respondents were male. Regarding to the age composition of the respondents as it is indicated in Table, the largest number of the respondents 52 (31.8 %) were in the age group of 26 to 35 years; the second largest group 42 (25.7) those aged between 36 to 45 years, of the total respondents 36 (22.2 %) indicated that they were in the age group of under 25 years, of the total respondents 25 (15.7 %) indicated that they were in the age group of 46 to 55 years, and a very small proportion of the respondents 7 (4.6 %) were 56 and above years.

Educational level of the respondents has exhibited in table, from the sample taken the majority 67 (41.1%) of the respondents are in the category of secondary education. Additionally, the second majority 32(19.9%) of respondents are in category of College diploma, 30 (18.4%) of the respondents are in the category of first degree, 28 (17.2%) are in the category of TVT, 5 (3.1%) are in the category of second degree holders among the respondents.

As shown in the above table, out of the respondents 54 (33.3%) and 50 (31%) have worked from 6 to 7 years and 4 to 5 years in the Selected Dashen Bank branches in Addis Ababa respectively. The second other majority 43 (26.8 %) from 2 to 3 years and the rest employees who are in the category of 8-10 years and above 10 years were 10 (6.1%) and 4 (2.7%) respectively. The demographic data presented above have also confirmed the possibility of drawing implication for a generalization from the sample characteristics to the target population.

4.2 Descriptive Statistics

4.2.1 Comparison of Fairness Perception Dimensions between Genders

Table 4.3 Fairness perception dimensions between genders

	Respondent Sex	N	Mean	DF	Levene's Test for Equality of Variances	Two Tailed Sig
Distributive Fairness	Female	83	2.9353	162	0.040	0.980
	Male	79	2.9375			
Procedural Fairness	Female	83	2.7669	162	0.038	0.613
	Male	79	2.7254			
Interactional Fairness	Female	83	2.9123	162	0.000	0.000
	Male	79	2.5898			

Source, researcher's survey data, 2017

The above table indicates the relationship between gender and fairness perception dimensions in performance appraisal. Based on the independent sample T-test result above in Table 4.3, the findings indicate the significance level for the three fairness perception dimensions Levene's test is less than .05. This means that the assumption of equal variances has been violated; therefore, the assumption of equal variances is not assumed assumption was used to report t-value. Gender differences have been hypothesized to exist in the perceived importance of fairness issues.

There was statistically significant difference the Sig. (2-tailed) value is .000 between genders on interactional fairness perception as determined by independent sample-test. However, there was no statistically significant difference on distributive fairness perception (Sig. (2-tailed) value is .980) and, procedural fairness perception (Sig. (2-tailed) value is .613). Females reported more agreement with interactional fairness (mean = 2.91) than males (mean = 2.59).

Women have been shown to be more concerned with interactional issues. These differences in perceptions may become more critical as the workplace becomes more diverse.

4.2.2 Comparison on Fairness Perception Dimensions among Educational Level

Table 4.4 Fairness Perception Dimensions among Educational Level Groups in Overall ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Distributive Fairness	Between Groups	3.511	2	.878	1.847	.120
	Within Groups	121.633	160	.475		
	Total	125.144	162			
Procedural Fairness	Between Groups	3.755	2	.939	2.207	.069
	Within Groups	108.892	160	.425		
	Total	112.646	162			
Interactional Fairness	Between Groups	1.227	2	.307	.922	.452
	Within Groups	85.192	160	.333		
	Total	86.419	162			

Source, researcher's survey data, 2017

Table 4.4 above indicates the relationship among the educational levels and fairness perception dimensions in performance appraisal system. The table gives both between-groups and within-groups sums of squares, degrees of freedom, mean square, F-value, and Sig. value. Based on the one way ANOVA test result the Sig. value of all dependent variables for the five educational level group are greater than 0.05, then there is no a significant difference among the mean scores on the dependent variables for the five groups. Therefore, it can be concluded that educational level difference plays no role in measuring the level of fairness perception dimensions in Dashen Bank selected branches.

Levels of education of employees influence their perception of performance appraisal practice (Gurbuz & Dikmenli, 2007). However, the result of this study showed that there is no significant difference among level of education of employees. This might be due to existence of employees who undergo performance appraisal several times. Employees who had received more appraisals during their career, regardless of their education, accumulate valuable information, knowledge and experience about its process and purpose through the feedback system. This eventually helps reduce the anxiety of experienced employees who have low level education and might avoid the significant difference in level of perception.

4.2.3 Comparison on Fairness Perception Dimensions among Work Experience Level

Table 4.5 Fairness Perception Dimensions among Work Experience Level in Overall ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Distributive Fairness	Between Groups	13.668	2	3.417	7.847	.000
	Within Groups	111.476	160	.435		
	Total	125.144	162			
Procedural Fairness	Between Groups	4.669	2	1.167	2.767	.028
	Within Groups	107.978	160	.422		
	Total	112.646	162			
Interactional Fairness	Between Groups	3.761	2	.940	2.912	.022
	Within Groups	82.658	160	.323		
	Total	86.419	162			

Source, researcher's survey data, 2017

Table 4.5 above indicates the relationship among work experience levels and fairness perception dimensions in performance appraisal system. The table gives both between-groups and within-groups sums of squares, degrees of freedom, mean square, F-value, and Sig. value. Based on the one way ANOVA test result the Sig. value of all dependent variables for the five work experience level groups are less than 0.05, therefore there is a significant difference among the mean scores on the dependent variables for the five groups. However, this does not tell which group is different from which other group. In order to identify where a significant difference among the mean scores on the dependent variables for the five groups occurs it is necessary to conduct post-hoc test.

Table 4.6 Fairness Perception Dimension among Experience Level in Multiple Comparisons

		N	Mean	DF	F	Sig
Distributive Fairness	2-3	43	3.3086			
	4-5	50	2.8469	4	7.847	.000
	6-7	54	2.7586			
	8-10	10	2.7500			
	above 10	4	2.8857			
	Total	162	2.9364			
Procedural Fairness	2-3	43	2.9469	4	2.767	.028
	4-5	50	2.7443			
	6-7	54	2.6190			
	8-10	10	2.5804			
	above 10	4	2.7347			
	Total	162	2.7466			
Interactional Fairness	2-3	43	2.8571			
	4-5	50	2.8333	4	2.912	.022
	6-7	54	2.5881			
	8-10	10	2.7500			
	above 10	4	2.8810			
	Total	162	2.7542			

Source, researcher's survey data, 2017

Multiple Comparisons

One should look at this table only if a significant difference in the overall ANOVA is found. Having received a statistically significant difference in the overall ANOVA, it is necessary to look at the results of the post-hoc tests that requested. The statistical significance of the differences among work experience level groups is provided in the table 4.9 labeled Multiple Comparisons, which gives the results of the post-hoc tests.

In this post-hoc all the Sig. values of fairness perception dimensions are less than 0.05, and the column labeled mean shows exactly where the differences among the groups occur. Therefore, it can be concluded that work experience plays an important role in measuring the level of fairness perception dimensions. Although SPSS does not generate effect size for this analysis, it is possible to determine the effect size for this result, the formula

$$\text{Eta squared} = \frac{\text{Sum of squares between-groups}}{\text{Total sum of squares}}$$

Cohen classifies .01 as a small effect, .06 as a medium effect and .14 as a large effect. For distributive fairness is to divide the Sum of squares for between groups (13.668) by the Total sum of squares (125.144). The resulting eta squared value is 0.109, which in Cohen's (1988) terms would be considered a large effect size.

For procedural fairness is to divide the Sum of squares for between groups (4.669) by the Total sum of squares (112.646). The resulting eta squared value is 0.041, which in Cohen's (1988) terms would be considered a small effect size. For Interactional fairness is to divide the Sum of squares for between groups (3.761) by the Total sum of squares (86.419). The resulting eta squared value is 0.043, which in Cohen's (1988) terms would be considered a small effect size.

In this study the obtained results are statistically significant result, but the actual difference in the mean scores of the groups was very small. With a large enough sample (in this case N=176), quite small differences can become statistically significant, even if the difference between the groups is of little practical importance. It is necessary to interpret results carefully, taking into account all the information available. Not to rely too heavily on statistical significance-many other factors also need to be considered. Moreover, the result of this study showed that there is significant difference among level of experience of employees. However their perception level is not proportional to their experience level, the existence of this discrepancy might be due to other factors like age level and educational level of employees.

4.2.4 Comparison on Fairness Perception Dimensions among Age Level

Table 4.7 Fairness Perception Dimensions among age Groups in Overall ANOVA

		Sum of Squares	df	F	Sig.
Distributive Fairness	Between Groups	24.950	2	15.937	.000
	Within Groups	100.194	160		
	Total	125.144	162		
Procedural Fairness	Between Groups	9.128	2	5.643	.000
	Within Groups	103.519	160		
	Total	112.646	162		
Interactional Fairness	Between Groups	18.268	2	17.156	.000
	Within Groups	68.151	160		
	Total	86.419	162		

Source, researcher's survey data, 2017

Table 4.7 above indicates the relationship among age levels groups and fairness perception dimensions in performance appraisal system. The table gives both between-groups and within-groups sums of squares, degrees of freedom, mean square, F-value, and Sig. value. Based on the one way ANOVA test result the Sig. value of all dependent variables for the five age level groups are less than 0.05, therefore there is a significant difference among the mean scores on the dependent variables for the five groups. However this does not tell which group is different from which other group. In order to identify where a significant difference among the mean scores on the dependent variables for the five groups occurs it is necessary to conduct post-hoc test.

Table 4.8 Fairness Perception Dimensions among Age Groups in Multiple Comparisons

		N	Mean	DF	F	Sig
Distributive Fairness	18-25	36	2.9103	4	15.937	.000
	26-35	52	3.3133			
	36-45	42	2.5463			
	46-55	25	2.7463			
	56 and above	7	3.2833			
	Total	162	2.9364			
Procedural Fairness	18-25	36	2.7414	4	5.643	.000
	26-35	52	2.9243			
	36-45	42	2.4648			
	46-55	25	2.7631			
	56 and above	7	3.0595			
	Total	162	2.7466			
Interactional Fairness	18-25	36	2.8190	4	17.156	.000
	26-35	52	2.9157			
	36-45	42	2.3234			
	46-55	25	2.9065			
	56 and above	7	3.2083			
	Total	162	2.7542			

Source, researcher's survey data, 2017

Multiple Comparisons

One should look at this table only if a significant difference in the overall ANOVA is found. Having received a statistically significant difference in the overall ANOVA, it is necessary to look at the results of the post-hoc tests that requested.

The statistical significance of the differences among age level groups is provided in the table 4.8 labeled **Multiple Comparisons**, which gives the results of the post-hoc tests. In this post-hoc all the Sig. values of fairness perception dimensions are less than 0.05, and the column labeled mean shows exactly where the differences among the groups occur. Therefore, it can be concluded that age level plays an important role in measuring the level of fairness perception dimensions. To determine the effect size for this result, the formula

$$\text{Eta squared} = \frac{\text{Sum of squares between-groups}}{\text{Total sum of squares}}$$

Cohen classifies .01 as a small effect, .06 as a medium effect and .14 as a large effect.

For distributive fairness is to divide the Sum of squares for between groups (24.950) by the Total sum of squares (125.144). The resulting eta squared value is 0.199, which in Cohen's (1988) terms would be considered a large effect size.

For procedural fairness is to divide the Sum of squares for between groups (9.128) by the Total sum of squares (112.646). The resulting eta squared value is 0.08, which in Cohen's (1988) terms would be considered a large effect size.

For Interactional fairness is to divide the Sum of squares for between groups (18.268) by the Total sum of squares (86.419). The resulting eta squared value is 0.211, which in Cohen's (1988) terms would be considered a large effect size.

In this study the obtained results are statistically significant result, but the actual difference in the mean scores of the groups was very small. With a large enough sample (in this case $N=176$), quite small differences can become statistically significant, even if the difference between the groups is of little practical importance. It is necessary to interpret results carefully, taking into account all the information available. Not to rely too heavily on statistical significance-many other factors also need to be considered. Moreover, the result of this study showed that there is significant difference among level of age of employees. However their perception level is not proportional to their age level, the existence of this discrepancy might be due to other factors like age level and educational level of employees.

4.3. The Extent of Perceived Fairness Dimensions of Performance Appraisal Practices in Dashen Bank Selected Branches.

In this part the descriptive analysis is performed to assess the fairness perceptions of the respondents with regard to the performance appraisal system. In doing so; the items for measurement of employee perception of performance appraisal fairness are summarized to achieve the first specific objective of this study. In this analysis the response for each specific statement are compared using the mean and standard deviation score.

The degree of agreement or disagreement of the respondent for each statement are also analyzed by summarizing the five point liker scale response in to three by

consolidating the strongly agree and agree response in to one positive response (i.e. Agree) and the strongly disagree and disagree response in to one negative response (i.e. disagree) and the neutral response is taken as it is. This explains the descriptive statistics on the data analysis and procedures are presented on the basis of the different variables included in the employees' fairness perceptions among dimensions of the independent variables of distributive, procedural and interactional.

The measures of central tendency and dispersion for understanding or to achieve the first specific objective of the study i.e. the extent of employees' perception of fairness on their performance appraisal practices which the results obtained from the sample respondents descriptively with mean and standard deviation have shown in each dimension of the independent variables tables below.

Survey scale: 1=strongly disagree, 2= disagree, 3=neutral, 4 = agree and 5=strongly agree.

Response Category: strongly disagree (1.50 or less), disagree (1.51-2.50), neutral (2.51-3.49), agree (3.50-4.49) and strongly agree (4.5 or greater).

According to Zedatol and Bagheri (2009) mean score 3.80 and above is consider high, 3.40-3.79 is moderate and 3.39 and below is low satisfaction. Therefore, the fairness perceptions of the performance appraisal practices in the study considered by the above thresholds.

In order to achieve the first objective of this study, four tables are arranged: Three tables each one deals with one dimension of the organizational justice: distributive, procedural, and interactional independently. The fourth table deals with the overall fairness perception in performance appraisal practices of Dashen Bank.

Table 4.9 Level of distributive fairness

Items used to measure distributive fairness in performance appraisal	Mean	Std. Deviation
Performance was fairly rated for the amount of effort.	2.72	.782
Performance was fairly rated for the work I have done well.	3.16	.921
Performance was fairly rated by considering my responsibilities.	3.08	1.046
Performance was fairly rated in view of the amount of experience	3.00	.884
Performance was fairly rated for the stresses and strains.	2.73	.784
Total	2.9364	.69378

Source, researcher's survey data, 2017

Table 4.9 displays the means and standard deviations of the responses studied employees' attitudes toward distributive fairness in performance appraisal practices in Dashen Bank. As shown in table 4.9, five items dealing with the overall distributive fairness perception in performance appraisal practices were included in the questionnaire. The respondents had low level of distributive fairness perception in all items which ranged with mean from a maximum 3.16, i.e. "Performance was fairly rated for the work I have done well" to minimum of 2.72 i.e. "Performance was fairly rated for the amount of effort". The overall response indicates that employee level of distributive fairness perceptions in performance appraisal practices has mean= 2.94 and SD= 0.634 to the five items of distributive fairness. Based on Zaidatol and Bagheri (2009) mean score specification, the mean score= 2.94 indicate that the distributive fairness perception in performance appraisal practices of the bank is low. The distributive construct has the lower standard deviation of 0.634, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

Moreover, the overall score of items on distributive fairness scale ranged between (mean score 2.72 to 3.16) which are classified into neither agree nor disagree response category of interpretive scale given above. This neutral response might implies that participating employees are faced with the challenge of determining what level of response from the study may indicate areas to make improvement in the form of workloads, work schedules, salary levels, bonuses, promotions or housing allowance.

According to Suliman (2007), distributive justice is concerned about employee satisfaction with their work outcomes which will lead to organizational effectiveness. Employee perceptions of distributive justice are based largely on comparison with others that are inevitable in the workplace. It is the individual within the organization who determines the fairness of the distribution through comparison with others. The employee is concerned about the equity aspect of justice, does the individual think they got what they deserve? In the form of workloads, work schedules, salary levels, bonuses, promotions or housing allowance. For example, co-workers may compare their salaries. If the comparison result is positive, they are likely to feel positive towards the system. However, if the result is negative, employee may sense that they are at an unfair disadvantage resulting to others. They may wish to challenge the system that has given rise to this state of affairs. Systems in which resources are distributed unfairly can become quite prone to disputes, mistrust, disrespect and other social problems.

Table 4.10 Level of procedural fairness

Items used to measure the procedural fairness in performance appraisal	Mean	Std. Deviation
PAS is designed to collect accurate information for making appraisal ratings.	2.94	1.004
PAS is designed to provide opportunities to appeal or challenge the appraisal rating.	3.08	.949
PAS is designed to have all sides affected by rating.	2.67	.798
PAS is designed to generate standards so that appraisal rating made consistency.	2.67	.807
PAS is designed to hear the concerns of all those affected by appraisal rating.	2.48	.844
PAS is designed to provide useful feedback regarding the appraisal rating.	2.93	.936
PAS is designed to allow for requests for clarification or information about appraisal	2.45	.847
Total	2.7466	0.65822

Source, researcher's survey data, 2017

Table 4.10 reports respondents attitudes toward various issues included in perceptions of procedural fairness in performance appraisal practices of Dashen bank. As shown in the table, seven items dealing with the overall procedural fairness perception in performance appraisal practices were included in the questionnaire. The respondents had low level of procedural fairness perception in all items which ranged with mean from a maximum 3.08, i.e. PAS is designed to provide opportunities to appeal or challenge the appraisal rating. to minimum of 2.45 i.e. PAS is designed to allow for requests for

clarification or information about appraisal

The overall response indicates that employee level of procedural fairness perceptions in performance appraisal practices has mean= 2.75 and SD= 0.658 to the seven items of procedural fairness. Based on Zaidatol and Bagheri (2009) mean score specification, the mean score= 2.75 indicate that the procedural fairness perception in performance appraisal practices of the Dashen bank is low. The procedural construct has low standard deviation of 0.658, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

According to the Fernandes and Awamleh (2006), these procedures should be consistent, bias free and take into account the concerns of all parties and be normally acceptable. Here, employee concern about whether the decision processes fair and process used to determine the outcome was just.

Respondents have recorded neither agree nor disagree with 5-items out of 7-items of procedural justice scales, while they recorded disagree response for 2- items of the scales. Since the results indicate no "agreement" with the perceptions of fairness, the participating employees are faced with the challenge of determining what level of response from the study may indicate areas of threat to either make improvement or avoid the weaknesses associated with the standards followed, methods and processes used for appraising performance of employees.

For example, in the scale "Seeking Appeal" scale respondent didn't show their agreement and reported response "Neither Agree nor Disagree" with the item "PAS is designed to provide opportunities to appeal or challenge the appraisal rating." (Mean=3.08) which shows that ratees are unable to communicate their disagreement to supervisors regarding their appraisal ratings or they have never been asked to give views about their ratings. This procedural justice problem might exist due to absence of a very important part of PAS i.e. Performance Appraisal Review meeting between the supervisor and the subordinates. In which ratings are discussed by appraiser with appraisee.

Respondent recorded neither "Neither Agree nor Disagree" response, while reporting their response for items of the scale "Performance Feedback" i.e. "PAS is designed to provide useful feedback regarding the appraisal rating." (Mean=2.93). So there is

possibility that in the years under review, performance of subordinates might not be checked by supervisor regularly. If, this is the case then subordinates do not know how they are performing, and it also creates problem for them to improve performance in case of any shortcomings or weaknesses. Therefore, it is necessary for supervisors to tell subordinates regularly about how they are working so that they can improve in case of any weakness.

Similarly in the scale "Clarification or Information" respondent recorded response "Disagree" for item "PAS is designed to allow for requests for clarification or information about appraisal" (mean=2.45). This shows that the diary keeping for recoding important performance events is not in practice, as respondent recorded disagree response for this item. But in the rules of PAS given in booklet "A Guide to Performance Evaluation" it is clearly mentioned that supervisor should keep "Katcha register" to record important events of subordinate's performance during the appraisal period. This diary keeping has been recommended by Greenberg (1986b) as cited by Ikramullah, M. et al, (2011).

Table 4.11 level of Interactional Fairness

Items used to measure interactional fairness in performance appraisal	Mean	Std. Deviation
Supervisor treated me with kindness and consideration.	2.72	.726
Supervisor showed concern for my rights as an employee.	3.00	.949
Supervisor took steps to deal with me in a truthful manner.	2.69	.770
Supervisor was able to suppress personal biases.	2.52	.802
Supervisor provided me with timely feedback about the ratings and its implications	2.87	.727
Supervisor considers my viewpoint.	2.73	.778
Total	2.7542	.57653

Source, researcher's survey data, 2017

As showed in table 4.11 above the means and standard deviations studied of employees' attitudes toward the behavior of their supervisors. As shown in table, six items dealing with the overall interactional fairness perception in performance appraisal practices were included in the questionnaire. The respondents had low level of interactional fairness perception in all items which ranged with mean from a maximum 3.00, i.e. "Supervisor showed concern for my rights as an employee" to minimum of

2.52 i.e. "Supervisor was able to suppress personal biases"

The overall response indicates that employee level of interactional fairness perceptions in performance appraisal practices has mean= 2.75 and SD= 0.58 to the six items of interactional fairness. Based on Zaidatol and Bagheri (2009) mean score specification, the mean score= 2.75 indicate that the interactional fairness perception in performance appraisal practices of Dashen bank is low. The interactional construct has the lowest standard deviation of 0.58, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

According to Cohen- Charash and Spector (2001) interactional justice highlights the justice perception related with the communication established between the employees and the managers distributing the resources. In accordance with this dimension of organizational justice, performance of the communication process between the source of justice and the receiver on the basis of kindness, respect and honesty is important. The important issue in terms of interactional justice is the perceptions related with the quality of inter-personal behaviors encountered during application of processes.

Respondents have recorded score of items on interactional fairness scale ranged between (mean score 2.52 to 3.00) which are classified into neither agree nor disagree response category of interpretive scale given above. Since the results indicate no "agreement" with the perceptions of fairness, the participating organizations are faced with the challenge of determining what level of response from the study may indicate areas of improvement with the fairness perceptions related with the quality of inter-personal behaviors encountered during application of processes. Quality of inter-personal behaviors includes various actions displaying social sensitivity, such as when supervisors treat employees with respect and dignity, when they are sensitive to their personal needs, when they deal with them in a truthful manner, and when they discuss the implications with them while making decisions about performance appraisal practices. Research has shown that an employee's perception of trust and the supervisor's ability to treat employees with courtesy and respect are strong determinants to perceptions of interpersonal fairness (Tyler & Bies, 1990).

Table 4.12 Extent of Employees' Fairness Perceptions of Performance Appraisal Practice

Variables	N	T	Df	Sig (2-tailed)	Mean	Std. Dev	95% Confidence Interval of the Difference		Stand Error Mean
Distributive Fairness	162	68.378	260	.000	2.9364	0.6937	2.8518	3.0210	29
Informational Fairness	162	67.413	260	.000	2.7466	0.6582	2.6664	2.8268	07
Interactional Fairness	162	77.177	260	.000	2.7542	0.5765	2.6839	2.8244	569
Fairness Perceptions of Performance Appraisal	162	80.741	260	.000	2.8124	0.5627	2.7438	2.8810	483

Source, researcher's survey data, 2017

In the above table 4.12 the measures of central tendency and dispersion for understanding or to answer the first specific objective of the study i.e. the extent of employees' perception of fairness on their performance appraisal practices which the results obtained from the sample respondents descriptively with one sample t-test. The sample respondents indicated that the extent of perception of fairness (distributive, procedural, interactional) with the average mean (M=2.936, SD=0.6937; M=2.747, SD=0.6582; M=2.754, SD=0.576) respectively that currently having low response category (no opinion) as perceived by the sample respondents on their performance appraisal practices.

In general, the bank's employees' perceptions of fairness found to be as the dissatisfaction on the performance appraisal practices with the total average mean (M=2.8124) having low response category (disagree) as perceived by the sample respondents on their performance appraisal practices, according to Zedatol and Bagheri (2009) mean score 3.80 and above is high, 3.40-3.79 is moderate and below 3.39 is low satisfaction.

Each of the fairness perception dimensions has low standard deviation, suggesting a comparatively lower spread in the data and clustering of the responses around the mean among the empirical findings on employees' fairness perception in performance appraisal, Belete *et al.*(2014) the overall fairness perception mean is low M=2.47 and SD=0.869.and Warokka *et al.* (2012) The overall fairness perception mean is moderate

M=3.52 and SD= 0.782. Thus, from the above two empirical findings one of the empirical finding support the finding of this study. Whereas, this study finding implies that there is low level of fairness perception in performance appraisal practices.

According to Maaniemi & Hakonen (2011) and Awosanya & Ademola (2012) studies have proposed rules that managers should follow in order to promote fairness in performance appraisal.

Thus; from this finding it can be generalized that, the respondents are dissatisfied concerning with the current practice of Dashen bank appraisal system: regularity in performance feedback, consideration of employees' point of view, bias-suppression, consistency, timely feedback about decision outcomes, supervisors' truthfulness in communications with employees, polite and courtesy treatment of employees, sufficient justification for an outcome decision, supervisor knowledge about work performance standards, the existence of appeal process, continuous opportunity to the employees to show their positive or negative feelings about performance appraisal review and mutual understanding , and effective communication between supervisors and subordinates in setting new performance goals are remarked areas of dissatisfaction are the good indicators and the root causes for employees' negative perception regarding to the performance appraisal practice of their organization. In turn, it might have its own impact on the employees' job satisfaction.

4.4 The Level of the Employee's Job Satisfaction Associated with their Fairness Perception

Table 4.13 level of job satisfaction

Items used to measure the level of job satisfaction	Mean	Std. Deviation
In general, I am satisfied with this Job.	2.69	.804
I am satisfied with the working condition.	3.13	.962
I am satisfied with the personal relationship between my supervisor and his/her employees.	2.70	.839
I am satisfied with the opportunities for promotion and professional growth.	2.73	.813
I am satisfied with the way my pay compares with that for similar jobs in other organizations.	2.87	.764
I am satisfied with the way my supervisor handles employees.	2.51	.975
Total	2.7701	.62800

Source, researcher's survey data, 2017

In order to understand the current job satisfaction of working individuals of Dahsen Bank, six items concerning with the overall job satisfaction of employees were included in the questionnaire. The respondents had low level of job satisfaction in all items which ranged with mean from a maximum 3.13, i.e. "I am satisfied with the working condition" to minimum of 2.51 i.e. "I am satisfied with the way my supervisor handles employees"

As it is shown in table 4.13 above, the overall response indicates that employee level of job satisfaction has mean= 2.77 and SD= .628 to the six items of job satisfaction. Based on Zaidatol (2008) mean score specification, the mean score= 2.77 indicate that the job satisfaction of employees of Dashen Bank is low. The job satisfaction construct has low standard deviation, suggesting a comparatively lower spread in the data and clustering of the responses around the mean.

Among the conceptual review finding on employee's level of Job Satisfaction (Jeanmarie, 2008; Alwadaei, 2010) and (Thomas & Bretz, 1994) as cited by Warroka et al. (2012). If performance appraisals are perceived as unfair, therefore, the benefits of performance appraisals can diminish rather than enhance employee's positive attitudes and performance. Specifically, the perceptions of unfairness can adversely affect employee's organizational commitment, job satisfaction, trust in management,

performance as well as their work-related stress, organization citizenship behavior, theft, and inclination to litigate against their employer.

4.5 The Effect of Employees' Perception of Performance Appraisal on Job Satisfaction:

In this part the correlation analysis is performed to identify if relation exist between components of perceived fairness in performance appraisal and job satisfaction. This correlation analysis is used as preliminary test. If the assumptions of the multiple linear regression analysis models fulfilled, subsequent analysis would be performed.

Correlation refers to synonym for association or the relationship between variables and it measures the degree to which two sets of data are related. Higher correlation value indicates stronger relationship between both sets of data. When the correlation is 1 or -1, a perfectly linear positive or negative relationship exists; when the correlation is 0, there is no relationship between the two sets of data (Vignaswaran, 2005).

Inter-correlations coefficients (r) were calculated by using the Pearson's Product Moment. According to Cohen (1998), the correlation coefficient (r) ranging from 0.10 to 0.29 may be regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may be considered as a moderate degree of correlation, and r ranging from 0.50 to 1.00 may be regarded as a high degree of correlation.

As shown in the conceptual framework of this study, to test the relationship between employees' perception of performance appraisal fairness and job satisfaction, the following correlation analysis is performed.

To test the research hypothesis 3, 4, and 5, and achieve the specific objectives 3, 4, and 5 the result of the correlation is analyzed to show the strength of the association between the variables involved and to indicate the direction and the significance level of the relationship between these variables.

H3: Perceived distributive Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.

H4: Perceived Procedural Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.

H5: Perceived Interactional Fairness about performance appraisal system has positive and significant effect on job satisfaction of an employee.

Table 4.14 Correlations of all variables

Variables	CDJ	CPJ	CIJ	CJS
CDJ	1			
CPJ	.782**	1		
CIJ	.577**	.563**	1	
CJS	.645**	.662**	.656**	1

Note;- **Correlation is significant at the 0.01 level (2-tailed). *Correlation is significant at the 0.05 level (2-tailed).
CDJ= Perceived distributive Fairness, **CPJ**= Perceived Procedural Fairness, **CIJ**= Perceived Interactional Fairness, **CJS**=job satisfaction

Source: researcher's own compilation of Survey data 2017

Table 4.14 presents the inter-correlations among the variables being explored. The correlation analysis has been done to analyze the relationship of each variable with all the other variables under study at 5% significance level. From the analysis, it is noted that the distributive($r = .645$, P. value = .000), procedural($r = .662$, P. value = .000), and interactional($r = .656$, P. value = .000) fairness about performance appraisal practice is positively and strongly correlated with employees job satisfaction. Based on the above preliminary test results, the assumptions of the multiple linear regression analysis model have been met. Thus, the subsequent analysis results are depicted below. Basically, regression analysis was carried out in order to test the effect of independent variables on dependent variable. Thus, this (multiple regression) analysis is performed to address the research hypothesis 3, 4, and 5 that is, to find out whether the employees perception of performance appraisal fairness has a significant impact on employees job satisfaction or not.

Table 4.15 Model Summary of JSP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig.
1	.754 ^a	.569	.564	.41464	.569	113.140	3	257	.000

Predictors: (Constant), CIJ, CPJ, CDJ

Source: researcher's own compilation of Survey data 2017

Table 4.16 ANOVA of Job Satisfaction Model

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	58.355	2	19.452	113.140	.000 ^a
	Residual	44.185	160	.172		
	Total	102.540	162			

Predictors: (Constant), CIJ, CPJ, And CDJ Dependent Variable: CJ

Source: researcher's own compilation of Survey data 2017

The table 4.16 shows that p-value of ANOVA is 0.000 which indicates that model of JSP is highly significant as the p- value is much less than 0.05.

Table 4.17 Job Satisfaction (JSP) Model Parameter Estimates

Model	B	Std. Error	Standardized Coefficients	t	Sig.	
			Beta			
			Unstandardized			
1	(Constant)	.345	.135		2.546	.011
	CDJ	.176	.062	.195	2.862	.005
	CPJ	.284	.064	.298	4.425	.000
	CIJ	.409	.056	.376	7.311	.000

Dependent Variable: CJS

Source: researcher's own compilation of Survey data 2017

To assess the effect of perceptions of performance appraisal fairness on employees' job satisfaction, multiple regression analysis has been carried out. The result of the regression model shown in table 18 indicates the value of the regression coefficient R = .754, R- square = .569 and adjusted R- square = .564 and significance level of P = .000 indicates that the model is significant at p < .001, 2-tailed. Thus, the aggregated effect of employees' perception of performance appraisal fairness on employees' job satisfaction is explained by the value of the R square, which indicates that 56.9% of employee job satisfaction in Dashen Bank is accounted specifically by their perception of performance appraisal fairness.

To compare the different variables it is important that to look at the standardized coefficients of the model in table 4.20. The beta value for the predictor variable

employees' perception of performance appraisal fairness (distributive fairness) is .195 at t-value of 2.862 and the p-value of .005, (procedural fairness) is .298 at t-value of 4.425 and p-value of .000, and (interactional justice) is .376 at t-value of 7.311 and the p-value of .000 indicate the model is significant at $p < .001$. In this study the largest beta coefficient is .376, which is for distributive fairness. This means that this variable makes the strongest unique contribution to explaining the employee job satisfaction, when the variance explained by all other variables in the model is controlled for. The Beta value for procedural fairness is slightly lower (.298), indicating that it made next strong contribution. The Beta value for distributive fairness was the lowest (.195), indicating that it made the lowest contribution.

To construct a regression equation it is important that to look at the unstandardized coefficient values listed as B in table 4.17. The regression equation for components of performance appraisal fairness and job satisfaction with R square of 56.4% is:

$$\text{Job satisfaction} = .345 + 0.176 (\text{distributive fairness}) + 0.284 (\text{procedural fairness}) + 0.409 (\text{interactional justice}).$$

Therefore the B value of the constant is .345 whereas, the unstandardized coefficient of distributive fairness (B= .176) implies the level of employee job satisfaction is increase by 17.6 % if their perception of interactional fairness in performance appraisal increases by one, the unstandardized coefficient of procedural fairness (B=.284) implies the level of job satisfaction increase by 28.4 % if their perception of procedural fairness in performance appraisal increase by one, and the unstandardized coefficient of interactional fairness (B= .409) implies the level of employee job satisfaction is increase by 40.9 % if their perception of interactional fairness in performance increases by one.

Regarding to the above analysis the empirical findings of previous study include, the study by Umair *et al* (2016) conduct a study that investigated the perceived fairness in performance appraisal system and its effect on job satisfaction of an employee. Overall, the findings of multiple regression analysis shows a significant relationship between Job satisfaction and three constructs of perceived fairness in performance appraisal system the R square value shows that 74.9% variation in the job satisfaction is explained by the significant constructs of perceived fairness in performance appraisal system. The study

conducted by Mahdieh (2016). Based on a sample of 133 employees of multinational companies in Malaysia, employees' performance appraisal experience was identified. "Fairness of PA Process" (P.value:0.000< 0.05) can be considered as good predictors for job satisfaction.

Thus, the finding of this study (R- square = .569) is supported by the finding of the above two previous studies of Umair et al, (2016) and Adnan et al (2010).

Table 4.18 Summary of research hypothesis

No	Research Hypothesis	Significance		Results
		Beta	Sig-value	
H1	Perceived distributive Fairness about performance appraisal system has positive and significant effect on job satisfaction.	.195	.005	Yes
H2	Perceived Procedural Fairness about performance appraisal system has positive and significant effect on job satisfaction.	.298	.000	Yes
H3	Perceived Interactional Fairness about performance appraisal system has positive and significant effect on job satisfaction.	.376	.000	Yes
H3.1	There is difference on fairness perception dimensions between genders.		< 0.05	Yes
H3.2	There is difference on fairness perception dimensions in PA among educational level groups.		>0.05	No
H3.3	There is difference on fairness perception dimensions in PA among work experience groups.		< 0.05	Yes
H3.4	There is difference on fairness perception dimensions in PA among age level groups.		< 0.05	Yes

Source: researcher's own compilation of Survey data 2017

CHAPTER FIVE

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

5.1 Introduction

This study investigates the employees' perception of fairness in the performance appraisal system and its effect on job satisfaction of an employee. The perceived fairness in appraisal system is discussed with the help of organizational justice theory which was principally derived from Adam's equity theory and used by many researchers in organizational research. The perception of fairness in performance appraisal system consists of three main factors: Distributive justice, procedural justice, interactional justice and are used as independent variables and job satisfaction of an employee as dependent variable. The survey method by using random sampling technique was used to collect the data from employees of Dashen Bank. To determine the sample size from the total population of the study, the research used published table.

Basically, a total of 176 questionnaires were distributed to the sampled employee, among these 162 were returned, of which, 14 responses were uncompleted. Thus, 162 returned questionnaires are analyzed using statistical package for social science (SPSS version 23). In the analysis descriptive statistics, independent sample T-test, one way- ANOVA test, correlation analysis and multiple regressions analysis was performed.

5.2 Summary of the major Findings

The descriptive finding of the study shows that employees had low level of fairness perception in performance appraisal practice Dashen Bank. The current level of employees' job satisfaction is low. The independent sample T-test shows that there is significant difference between genders in interactional fairness perception (Sig. (2-tailed) value is .000). However, there is no statistically significant difference on distributive fairness perception (Sig. (2-tailed) value is .980) and, procedural fairness perception (Sig. (2-tailed) value is .613). The one way-ANOVA test shows that there is significant difference among work experience groups and age level groups, however no significant difference found among educational level groups. The correlation analysis was successful to detect relationship between performance appraisal fairness and job satisfaction; distributive fairness ($r = 0.645$, $p = 0.000$), procedural fairness ($r = 0.662$, $p < 0.000$), and interactional fairness ($r = 0.656$, $P. \text{value} = .000$).

On the other hand, the result of the regression model indicates the value of the regression coefficient $R = .754$, $R^2 = .569$ and adjusted $R^2 = .564$ and significance level of $P = .000$ indicates that the model is significant at $p < .001$, 2-tailed. Thus, the aggregated effect of employees' perception of performance appraisal fairness on employees' job satisfaction is explained by the value of the R^2 , which indicates that 56.9% of employee job satisfaction in Dashen bank is accounted specifically by their perception of performance appraisal fairness. In this study the largest beta coefficient is .376, which is for distributive fairness. This means that this variable makes the strongest unique contribution to explaining the employee job satisfaction, when the variance explained by all other variables in the model is controlled for. The Beta value for procedural fairness was slightly lower (.298), indicating that it made next strong contribution. The Beta value for distributive fairness was the lowest (.195), indicating that it made the lowest contribution.

5.3 Conclusion

The primary objective of this study was to assess the influence of perception of performance appraisal fairness on employee job satisfaction; because performance appraisal has been an issue of major concern with its long lasting impacts on the employees' job satisfaction which in turn, leads to the organizational performance. The study has been successful in accomplishing its six research objectives and it makes contributions to the literature. Thus, based on the finding of the study the following conclusions are drawn:-

This research explored the significance of employees' fairness perception about the performance appraisal and it also analyzed how job satisfaction can be increased by fairness of organizational justice perceptions among the employees of an organization. An overall perception of respondents shows a below average rating towards distributive justice, procedural justice and interactional justice, which means most of the employees have unfair perception about the performance appraisal practice of Dashen Bank. To put it in a more specific way employees of Dashen Bank perceive that the appraisal system exists in the bank is not fair enough in terms of procedures, outcome received on the basis of performance and treat of top management with the employees.

This in turn, has made their job satisfaction to be low. Overall the findings of the study

indicated that perceived fairness in appraisal system has effect the job satisfaction of an employee in Dashen Bank. The research findings indicated that there will be more increased job satisfaction in Dashen Bank, if the employees feel and perceive it fair and accurate. Research also asserted that acceptance of appraisal system in terms of fairness and accuracy of the system among employees is the main source of providing job satisfaction to the employee Gary (2003); Elverfeldt (2005). Moreover, job satisfaction of an employee brings effectiveness and efficiency in the work and ultimately contributes or has a great impact to Dashen Bank performance. Therefore, this study is believed to be a wakeup call to Dashen Bank.

5.4 Recommendation

According to the study findings obtained on the basis of their importance and priority, the following suggestions are recommended to enhance fairness perception in performance appraisal system and job satisfaction of the employees: The three factors of justice determined that appraisee perceive the system fair i.e. procedurally, distributive, interactional fair. The bank under study has below average level in all dimensions of organizational justice. The human resource management of the institution should prepare the organizational conditions in a way that fairness perception can be achieved among employees more than ever. This requires institutionalizing distributive, procedural and interactional justice in Dashen Bank.

For implementing distributive justice:

Supervisors should try to use a good performance appraisal system which is derived from an appropriate job description, for this purpose, one should first analyze the job in a scientific manner, and then output in the institution should be distributed to the employees with their responsibilities within the organization, their level of expertise, effort and other contributions related with the work.

For implementing procedural justice:

- There should be clarity and transparency in institutional guidelines and procedures.
- Open communication should be encouraged so that the employees who are affected by the performance appraisal procedure should be able to freely express their views and feelings.

- Performance appraisal procedures should be so designed so that employees affected by them must have the ability to appeal if they disagree with the results.
- Regular feedback should be encouraged so as to ensure employees with a voice of their own in Dashen Bank.
- Implementation of performance appraisal procedures must be consistent and unbiased.
- Dashen Bank must have a formal written standard of performance appraisal procedures that are consistently complied with; thereby emanating a perception of the bank is fair and does not play favor or politics while making decisions.

For implementing interactional justice

Since our culture is collectivist, paying attention to interactional justice has the utmost importance. Training of supervisors with regard to the sensitivity with which the employees should be treated, fairness when conducting evaluations in unbiased and ethical way is a key in improving interactional fairness amongst employees in Dashen Bank.

5.5 Limitations of the Study

As with any research, this study has several limitations that should be acknowledged. There were external (Uncontrollable) variables that deter the smooth implementation of the study. For instance, the first limitation of this study is that the data collected which was self-reported, thus, common method bias may be present. Second, the measurement of organizational fairness, in measuring the three dimensions of organizational justice, the current study used survey items that asked employees to respond to items that asked whether something is generally fair. When focusing on fairness of distributive, procedural, and interactional justice, the research assumed that employees consider fairness to themselves. The time period for carrying out the research was short as a result of which many facts have been left unexplored. Lack of cooperation and commitment of the respondents in filling the questionnaires, absence of related empirical studies conducted in the context of Ethiopia is the other limitation.

Reference

- Abiy Z., Alemayehu W., Daniel T., Melese G., and Yilma S. (2009), *Introduction to Research Methods*. Preparatory module for Addis Ababa University graduate programs. pp 24-39.
- Adams, J. S. (1965). *Inequity in social exchange*. In L. Berkowitz (Ed.), *Advances in experimental social psychology*. (Vol. 2, pp. 267-299) New York,: Academic Press.
- Adams, Khan, Raeside & White, (2007). *Research Methods for Graduate Business and Social Science Students*.
- Adnan, Iftikhar, Shakeel, M. Fraz (2010). *Performance Appraisals Impact on Attitudinal Outcomes and Organizational Performance*.
- Ahmed, I., Ramzan, M., Mohammad, S. K. & Islam, T. (2011). 'Relationship between perceived Fairness in performance Appraisal and OCB: Mediating Role of Organizational Commitment,' *International Journal of Academic Research*, 3 (5), 15-20.
- Alwadaei, S. A. (2010). Employees' perception of, and satisfaction with, performance appraisal: A Case Study of Electricity & Water Authority (EWA) in Kingdom of Bahrain. Malaysia: open University Malaysia.
- Armstrong, Michael. (2006). *A Handbook of Human Resource Management Practice* (10th ed.)
- Armstrong, M. (2009). *A handbook of personnel management practice*. 11th Ed. London: Kogan Page Ltd.
- Arshad, M., MASOOD, M., & Amin, G., (2013). Effects of Performance Appraisal Politics on Job Satisfaction, Turnover Intention and Loyalty to Supervisor, *International Review of Management and Business Research*, 2(3), 653-673.
- Aswathappa, A.(2002). *Human Resource and personnel management: Text and Cases*,3rd edition, Tata McGraw-Hill Publishing Company Limited, New Delhi.PP.199-231
- Awosanya, O. & Ademola, O. (2012). Attitude of employees to work performance in an organization. (Alsalem & Alhaiyani 2007). Relationship between Organizational

Justice and Job Satisfaction in Ministry of Sports and Youth in Iran.

- Ayaz, K. (2006). Performance appraisal's relation with productivity and job satisfaction. *Managerial Sciences. Journal of managerial sciences*, 1 (2), 100-113.
- Bayles, M.D. (1990). *Procedural Justice: Allocating to Individuals*. Norwell, MA: Kluwer Academic Publishers.
- Belete Getnet, Tariku Jebena, Assefa Tsegaye (2014): Perception on Their Satisfaction Towards The Performance Appraisal Practices(A Case Study of University of Gondar)
- Blau, G. (1999). Testing the Longitudinal Impact of Work Variables and Performance Appraisal Satisfaction on Subsequent Overall Job Satisfaction. *Human Relations*, 52 (8), 1099-1113.
- Boice, D. F., & Kleiner, B. H. (1997). Designing effective performance appraisal systems. *Emerald*, 46 (6), 197-201. Thamendren, A. M. (2011). Organizational justice in performance appraisal system: its effect on performance appraisal satisfaction and work performance. College of business, Universiti Utara Malaysia.
- Bretz R.D., Milkovich G. T. & Read W. (1992). The Current State of Performance Appraisal Research and Practice: Concerns, Directions, and Implications. *Journal of Management*, 18(2), 321-352.
- Brown, M., Hyatt, D., & Benson, J. (2010). Consequences of performance appraisal experience. *Personnel Review*, 39(3), 375-396.
- Byrne, Z. S. & Cropanzano, R. (2001). 'The History of Organizational Justice: The Founders Speak,' In Cropanzano (Ed.) *Justice in the Workplace: From Theory to Practice*, 3-26, Mahwah, NJ: Lawrence Erlbaum Associates, Inc.
- Chan, D (2008) Methodological issues in international HR management research. *The international journal of Human Resource Management* 24,167-194
- Chemed, D. (2012) "A Comparative Study of Employees Performance Appraisal Practices and Problems in Ethiopian Higher Education Institutions: the Case of Addis Ababa University and St. Mary University College Addis Ababa University."

Addis Ababa University

- Choi, S. L., Tan, O. K., Wan, K. W., & Siti, Z. A. (2013). A Review on Performance Appraisal System: An Ineffective and Destructive Practice? *Middle-East Journal of Scientific Research*, 14 (7), 887-891.
- Chong M. Lau, Kuan M. Wong and Ian R.C. Eggleton (2016). Fairness of performance evaluation procedures and job satisfaction: the role of outcome-based and non-outcome-based effects.
- Cohen-Charash, Y. & Spector, P. E. (2001). "The Role of Justice in Organizations: A Meta-Analysis," *Organizational Behavior and Human Decision Processes*, 86 (2), 278- 321. Colquitt, J. A., Conlon, D. E., Wesson, M. J.,
- Colquitt, J. A., Conlon, D. E., Wesson, M. W., Porter, C. O., & Ng, K. Y. (2001). Justice at the millennium: a meta- analytic review of 25 years of organizational justice research. *Journal of applied psychology*, 86 (3), 425-445.
- Colquitt, J. A., Greenberg, J., & Zapata-Phelan, C. P. (2005). What is organizational justice?: A historical overview. In J. Greenberg & J. A. Colquitt (Eds.), *The handbook of organizational justice* (pp. 3-56). Mahwah, NJ: Erlbaum.30.
- Colquitt, J. A., Scott, B. A., Judge, T. A., & Shaw, J. C. (2006). Justice and personality: Using integrative theories to derive moderators of justice effects. *Organizational Behavior and Human Decision Process*, 100, 110-127.
- Cook, J., & Crossman, A. (2004). Satisfaction with performance appraisal system. *Journal of managerial psychology*, 19 (5), 526-541.
- Creswell, J. W. (2003). *Research design: Qualitative, Quantitative and mixed method approach*.(2nded.). Thousand Oaks, CA: Sage Publications.
- Dargham, N. (2009). Effective management of the performance appraisal process in Lebanon: An exploratory study. *Maître de Conférences à la FGM*.
- Darlington, R. (1968). Multiple regression in psychological research and practice. *Psychological Bulletin*, 69(3), 161-182.

- Dessler, G. (2008). *Human Resource Management* (11th ed). New Delhi: Prentice-Hall of India Private Ltd.
- Dr. Luxmi & Ashu Vashisht (2015) .The effect of Procedural Fairness on Job Satisfaction and Organizational Commitment in Public and Private sector Banks.
- Dashen Bank 20 Annual Report 2015-2016,available at <https://www.Dashenbanksc.com/financialreport/2015-2016/index.html>
- Elverfeldt, A. V. (2005). Performance appraisal - how to improve its effectiveness. Dissertatio . University of Twente, Enschede.
- Erdogan. B (2002). Antecedents and consequences of justice perceptions in performance appraisals School of Business, Portland State University, USA.
- Fernandes, C. & Awamleh, R. (2006). öImpact of Organizational Justice in an Expatriate Work Environment,öManagement Resources News, 29 (11), 701-712. .
- Field, A. (2005).Discovering Statistics using SPSS.(2nded). SAGE publication, Great Britain, London.
- Fletcher, C. (1993). Appraisal: Routes to Improved Performance. London: Institute of Personnel Management.
- Frank, F., Finnegan, R., & Taylor, C. (2004). The Race for Talent: Retaining and Engaging Workers in the 21st Century. Human resource planning, 27 (3), 12-26.
- Fulford (2005), That's Not Fair!: The Test of a Model of Organizational Justice, Job Satisfaction, and Organizational Commitment among Hotel Employees, Journal of Human Resources in Hospitality and Tourism, 4(1).
- Greenberg, J. (2001). Studying organizational justice cross-culturally: Fundamental challenge. International Journal of Conflict Management, 12 (4), 365-75.
- Gurbuz, S., & Dikmenli, O. (2007). Performance appraisal in public organizations: An empirical study. Magazine of Management Practice, 13(1), 108ö138.
- Haji, M. J. (2005). The understanding, the application and the effectiveness of performance appraisal. University of Nottingham.

Hannay, M. (2010). Performance appraisal, who knows the best. *Journal of Human Resources Education*, 4 (4), 88-101.

Heslin, P. A. (1998). "Negotiating Effectively: The Role of Fairness," *Journal of St. James Ethics Society*.

Hong, E. N., Hao, L. Z., Kumar, R., Ramendran, C., & Kadiresan, V. (2012). An Effectiveness of Human Resource Management Practices on Employee Retention in Institute of Higher learning:-A Regression Analysis. *International Journal of Business Research and Management*, 3 (2), 60-79.

<https://www.Dashenbanksc.com/companyprofile/index.html> ,the official website of Dashen Bank ,[browsed on May 20 ,2017)

Ikramullah, M. et al, (2011). Fairness Perceptions of Performance Appraisal System: An Empirical Study of Civil Servants in District Dera Ismail Khan, Pakistan *International Journal of Business and Social Science* Vol.2No.21: 92

International Conference on Business and Economic Research, 2, pp. 1239-1255.

University Tenaga Nasional.

Jafari, M., Bourouni, A., Amiri, R.H, (2009). A New Framework for Selection of the Best Performance Appraisal Method, *European Journal of Social Sciences* ó Volume 7, Number 3

Jafari, P., & Shafiepour Motlagh, F., & Yarmohammadian, M. H. (2011). Designing an adjusted model of organizational justice for educational system in Esfahan City (Iran). *Procedia Social and Behavioral Sciences*, 15, 1696-1704.

Kaleem, M. M., Jabeen, B., & Twana, M. J., (2013). Organizational Justice in Performance Appraisal System: Impact on Employees Satisfaction and Work Performance, *International Journal of Management Organizational Studies*, 2(2), 28-3

Kavanagh, P., J. Benson, M. Brown, (2007). Understanding performance appraisal fairness. *Asia Pacific Journal of Human Resource*, 45(2): 89-99.

- Kazi Omar Siddiqi (2010). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International Trade & Academic Research Conference (ITARC) - London 2010.*
- Keith, T. (2006). *Multiple regression and beyond*. PEARSON Allyn & Bacon.
- khan , M., F., (2013) Role of Performance Appraisal System on Employees Motivation, *IOSR Journal of Business and Management (IOSR-JBM) , 8(4), 66-83.* Korsgaard, M.A. and Robertson, L. (1995) Procedural Justice in Performance Evaluation: The Role of Instrumental and Non-Instrumental Voice in Performance Appraisal Discussions. *Journal of Management, 21, 657-669.*
- Kosteas, Vasilios.D. (2009). Job Satisfaction and Promotions. Social science research network (1-2)
- Kothari, C.R. (2004). *Research Methodology: Method and Technique (2nded.)*. New age international limited publishers, New Delhi, India.
- Kuvaas, B. (2007). Different relationships between perceptions of developmental performance appraisal and work performance. *Personnel review, 36 (3), 378-397.*
- Levy, P. E., & Williams, J. R., (2004) The Social Context of Performance Appraisal: A Review and Framework for the Future. *Journal of Management, 30, 881-905.*
- Lund, D.B. (2003), Organizational culture and job satisfaction. *Journal of Business & Industrial Marketing Vol. 18, p. 219-236*
- Maaniemi & Hakonen, (2011) .The Meaning of Procedural Justice in the Performance Appraisal Process.
- Mathis, R.L., & Jackson, J.H (2003). *Human Resource Management (10th ed)*, U.S.A: South Western a division of Thomson learning.
- Mejia, L. R., Balkin, D. B., & Cardy, R. L. (2012). *Managing Human Resource Management*. Prentice Hall.
- Mikula, G., Petrik, B., and Tanzer, N. (1990). What People Regard as Unjust: types and structures of everyday experiences of injustice. *European journal of Social*

Psychology, 20, (2), 49-133.

Misener, T.R., Haddock, K.S., Gleaton, J.U., and Ajamieh, A.R. (1996). Toward an international measure of job satisfaction. *Nursing Research*, 45, 87-91.

Mosadeghrad, A.M. (2003). The role of participative management (suggestion system) in hospital effectiveness and efficiency. *Research in Medical Sciences*, 8, (3), 85-9.

Mullins, L. (1996). *Management and organization*, 4th edition. London: Pitman.

Murphy, T.H. and Margulies, J. (2004). Performance appraisal, *Paper presented at the mid-winter meeting, ABA Labor and Employment Law Section, Equal employment Opportunity Committee.*

Olle Stromgren (2007) Analyzing service quality; a study among Peruvian resort hotel. "Master thesis" Lulea University of Technology. Department of Business Administration and Social Science.

Osborne, J., & Waters, E. (2002). Four assumptions of multiple regression that researchers should always test. *Practical Assessment, Research & Evaluation*, 8(2). Retrieved from: <http://PAREonline.net/getvn.asp?v=8&n=2>

Pettijohn, C., Pettijohn, L., & d'Amico, M. (2001b). Characteristics of Performance Appraisals and their Impact on Sales Force Satisfaction. *Human Resource Development Quarterly*, 12 (2), 127-146.

Pettijohn, C., Pettijohn, L., Taylor, A., & Keillor, B. (2001a). Are Performance Appraisals a Bureaucratic Exercise or can they be used to Enhance Sales-Force Satisfaction and commitment. *Psychology and Marketing*, 18 (4), 337-364.

Poon, J. M. (2002). effects of performance appraisal politics on job satisfaction and turnover intention. The Third Asia Academy of Management conference. Bangkok.

Ramayah, T., Jantan, M., & Tadisina, S.K. (2001). Job satisfaction: empirical evidence for alternatives to JDI. 32nd Annual Meeting of Decision Sciences Institute Conference, Track OB2, San Francisco: USA

- Robbins, S. & Judge, T. (2007). 'Organizational Behavior' 12th ed," Upper Saddle River, NJ: Prentice Hall.
- Robins, S. P. (2003). *Management of organizational behavior*. Parsian, A., Eçrabi., M., Tehran. Publication of the Ministry of Foreign Affairs and Institute of Business Studies and Research.
- Sevimli, F. & scan, Ö.F. (2005). Bireysel ve Ortam,na Ait Etkenler Aç,s,ndan Doyumu. *EGE Akademik Bakış*, 5(1), 55-64.
- Singh Y.K. (2006). *New Age Fundamental of Research Methodology and Statistics*. New International Publishers.
- Skarlicki, D. P. and Folger, R (1997). Retaliation in the Workplace: The Roles of Distributive, Procedural and Interactional Justice. *Journal of Applied Psychology*, 82, 434-443.
- Spector, P.E.(1997). *Job satisfaction: Application, assessment, cause, and consequences*. Thousand Oaks, CA: Sage Publications.
- Sudin, S. (2011). Fairness of and satisfaction with performance appraisal process. *Proceeding of the 2nd*.
- Suliman, A. M. (2007). Links between justice, satisfaction and performance in the workplace: a survey in the UAE
- Sweeney, P. D. and McFarlin, D.B. (1995). Process and Outcome: Gender Differences in the Assessment of Justice. *Journal Of Organizational Behavior*, 18,83698
- Taylor, M. S., Tracy, K. B., Renard, M. K., Harrison, J. K., & Carroll, S. J. (1995). Due process in performance appraisal: A quasi-experiment in procedural justice. *Administrative Science Quarterly*, 40(3), 495-523.
- Thomas, S. L., & Bretz, R. D. (1994). Research and practice in performance appraisal: evaluating employee performance in America's largest companies. *SAM Advanced Management Journal*, 59 (6), 28-34.

- Tyler, T.R., and Lind, E.A. (1992). A relational model of authority in groups. *Advances in Experimental Social Psychology*, 25, 115 - 191.
- Umair, Javaid, Amir, Luqman (2016). Effect of Perceived Appraisal Fairness on Job Satisfaction, *Journal of Applied Environmental and Biological Sciences*
- Vigoda, E. (2000). Organisational Politics, Job Attitudes, and Work Outcomes: Exploration and Implications for the Public Sector. *Journal of Vocational Behavior*, 57 (3).
- Walsh, M. B. (2003). Perceived fairness and satisfaction with employee performance appraisal. Louisiana State University.
- Wang, X., Liao, J., Xia, D., & Chang, T. (2010). The impact of organizational justice on work performance: Mediating effects of organizational commitment and leader-member exchange. *International Journal of Manpower*, 31(6), 660-677.
- Warokka, A., Gallato, C. and Moorthy, T.(2012). Organizational Justice in Performance Appraisal System and Work Performance: Evidence from an Emerging Market *Journal of Human Resources Management Research: IBIMA Publishing, Malaysia.*
- Yeamdao Narangajavana (2007). The relationship of the hotel rating system and service quality a case study of the 'Thailand hotels standard' Graduate College of the Oklahoma State University.
- Yongjun, Zhang, (2013) A Study on the Interactive Relationship between Performance Appraisal and Trust and Management Tactics, *2nd International Conference on Science and Social Research (ICSSR 2013)*, 568-571.
- Zaidatol, A. L., & Bagheri, A. (2009). *Entrepreneurship as a center choice: An analysis of entrepreneurial self - efficiency and intention of university student.* *European Journal of social science*, 9(2): 338-346.
- Zelalem, B. (2007) "*Employees' Perception of the Problems and Practices of Employee Performance Evaluation: a case study of Awash International Bank*" Addis Ababa University. Appendix 1

APPENDIX

Appendix 1

Questionnaire Filled by Respondents

Dear Respondents,

The purpose of this questionnaire is to collect information for conducting a study on the topic: *“The Effect of Perception of Performance Appraisal on Employee Job Satisfaction in the Case of Dashen Bank.”* The information shall be used as a primary data in the research study which I am conducting as a partial requirement of study at Saint marry university for completing Masters of business administration (MBA).

In this regard I kindly request you to provide me reliable information that is to the best of your knowledge so that the findings from the study will meet the intended purpose.

I strongly assure you of confidential treatment of your responses and would like to extend my deep appreciation in advance for your willingness and cooperation to devote your valuable time in filling the survey.

Sincerely;

Kalkidan taye

Thank you for your time again!!!

Directions:

- No need to write your name and put your opinion by making a (ç) mark
- In case you have ambiguities on any of the questions, please do not hesitate to contact me via my cell phone 60912213460

Part I Personal profile

1. Sex:

Male

Female

2. Age:

25 & Below

26-35

36-45

46-55

56 & above

Educational Background:

Secondary Education

TVET

Diploma

First Degree

Second Degree

3. Job experience:

2-3 years

4-5 years

6-7 years

8-10 years

Above10 years

Part II Questions related to the practices of performance appraisal and job satisfaction.

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Item about performance appraisal practices	1	2	3	4	5
	Perceptions of distributive justice					
1	Performance was fairly rated for the amount of					
2	Performance was fairly rated for the work I have done					
3	Performance was fairly					
4	Performance was fairly rated in view of the amount					
5	Performance was fairly rated for the stresses and					
	Perceptions of procedural justice /fairness					
6	PAS is designed to collect accurate					
7	PAS is designed to provide opportunities to appeal or					
8	PAS is designed to have all sides affected by rating.					
9	PAS is designed to generate standards so that appraisal					
10	PAS is designed to hear the concerns of all those					
11	PAS is designed to provide useful feedback					
12	PAS is designed to allow for requests for clarification or information about					

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No	Item about performance appraisal practices	1	2	3	4	5
	Perceptions of interactional justice/ fairness					
13	Supervisor treated me with kindness and consideration.					
14	Supervisor showed concern for my rights as an employee.					
15	Supervisor took steps to deal with me in a truthful manner.					
16	Supervisor was able to suppress personal biases.					
17	Supervisor provided me with timely feedback about the ratings and its implications.					
18	Supervisor considers my viewpoint.					
	Items about the level of job satisfaction					
19	In general, I am satisfied with this Job.					
20	I am satisfied with the working condition.					
21	I am satisfied with the personal relationship between my supervisor and his/her employees.					
22	I am satisfied with the opportunities for promotion and professional growth.					
23	I am satisfied with the way my pay compares with that for similar jobs in other organizations.					
24	I am satisfied with the way my supervisor handles employees.					

Thank you so much!!!

ሴንቲሜሪ ዩኒቨርሲቲ

ቢዝነስና ኢኮኖሚክስ ትምህርት ክፍል

ኤም.ቤ.ኤ ትምህርት ክፍል

ውድ ሠራተኞች

የዚህ መጠይቅ ዓላማ በጥናቱ ርዕስ እንደተገለጸው የሰራተኛው አመለካከት በመስራያ ቤቱ የሰራተኞች የሰራ ምዘናና የደረጃ እድገት ፍትሃዊነት በሠራተኛው የሰራ እርካታ ላይ ያለው ተፅዕኖ ሲሆን ጥናቱ የሚያተኩረው በዳሽን ባንክ ላይ ነው። ስለሆነም ይህ ከእናንተ የሚገኘው መረጃ የመጀመሪያው ደረጃ ምንጭ ለማጠናው የማስተር ንግግራም ሊያገለግለኝ የማያስችል ሲሆን ነው።

እናንተም መረጃውን በትክክል በማንብብ የምታውቁትን መልስ በመስጠት እንድትተባበሩን ስል በትህትና እጠይቃለሁ። ለዚህም ለሠጣችሁኝ መረጃ ለሌላ ፍጆታ እንደማይውል ቃል እገባለሁ።

ትኩረት አቅጣጫ

- ስም መፃፍ አያስፈልግም። ሀሳብዎትን ሲሰጡ በዚህ ምልክት ያስቀምጡ (✓)
- በአጋጣሚ ያልገቡት ነገር ከአለ በዚህ ደውለው ይጠይቁኝ (0912-21-34-60)

ክፍል አንድ:- ሠራተኛውን /መልስ ሰጪውን አካል/ የሚመለከት

1. የእርስዎ ያታ: ወንድ ሴት
2. የእርስዎ እድሜ: 18 - 25 26-35
36 - 45 46 በላይ
3. የእርስዎ የትምህርት ደረጃ: ሁለተኛ ደረጃ ዲፕሎማ
የመጀመሪያ ዲግሪ ሁለተኛ ዲግሪ

4. የእርስዎ የሰራ ልምድ:

- 2- 3 ዓመት 8-10 ዓመት
 4- 5 ዓመት ከ10 ዓመት በላይ
 6- 7 ዓመት

ክፍል ሁለት፡- ይህ ክፍል የሰራተኛውን የስራ ብቃት ምዘናና የሰራተኛውን የስራ እርካታ የምንመለከትበት ክፍል ነው፡፡

በዚህ ክፍል ውስጥ የሰራተኛውን የስራ ብቃት ምዘና የስራ ዕርካታ በዳሽን ባንክ የምናይበት ክፍል ሲሆን የተለያዩ አመልካች አረፍተ ነገሮች በዝርዝር የተቀመጡ ሲሆን እርስዎም የተሰማሙበትን ምልክት ያድርጉ፡፡

ተ ቁ		በጣም አልሰማም	አልሰማም	እርግጠኛ አይደለሁም	እሰማለሁ	በጣም እሰማለሁ
1	የሰራተኛው የምዘናው ውጤት በአግባቡ ሠራተኛው በአበረከተው መጠን ይቀመጣል					
2	በሠራሁት ልክ የስራ ውጤቱ ተመዝኖ ይቀመጥልኛል					
3	የስራ ውጤቱ ያለኝን ሀላፊነትን ተገንዝቦ ይቀመጥልኛል					
4	የስራ ምዘና ውጤቱ የስራ ልምዴን ታይቶ ይቀመጥልኛል					
5	የስራ ምዘና ውጤቱ ከስራው መደራረብና መጨናነቅ ጋር ተያይዞ ይቀመጥልኛል					
6	የስራ ብቃት መመዘኛው ስለ ስራ ብቃት ትክክለኛ መረጃ እንዲሰበሰብ ያደርጋል፡፡					
7	የስራ ብቃት ምዘናው የተቀረፀው የብቃት መዘናውን የውጤት ያለመቀበልና ይግባኝ የመጠየቅ ዕድልን ያጎናፅፋል፡					
8	የስራ ብቃት መመዘኛው የተቀረፀው ተመሳኞች በሁለተኛው ተፅዕኖ እንዳያጎዱ ያደርጋል፡፡					

9	የስራ ብቃት መመዘኛው ደረጃውን የጠበቀና ወጥነት ያለው ነው።					
10	የስራ ብቃት መመዘኛው በምዘናው ተፅዕኖ የደረሰባቸውን እንዲሰሙ ያደርጋል።					
11	የስራ ብቃት መመዘኛው የተቀረፀው ጠቃሚ ግብረመልስ እንዲያሰጥ ሆኖ ነው።					
12	የስራ ብቃት መመዘኛው የተቀረፀው ማብራሪያና መረጃ ለመጠየቅ እንዲመች ተደርጎ ነው።					
13	የስራ አለቃዬ በፍፁም ትህትና ያስተናግደኛል።					
14	የስራ አለቃዬ አንደሠራተኛነቴ ለመብቴ ይቆጥራል።					
15	የስራ አለቃዬ በእውነት ላይ ተመስርቶ እንድንነጋገር ያደርጋል።					
16	የስራ አለቃዬ አድሎን ያስወግዳል።					
17	የስራ አለቃዬ ስለ ስራ ብቃቴ በስህቱ ግብረ መልስ ይሰጠኛል።					
18	የስራ አለቃዬ አስተያየቴንና አመለካከቴን ይገነዘባል።					
19	አሁን አየሰራሁት ባለሁት ስራ በአጠቃላይ ረክቻለሁ።					
20	ባለው የስራ ሁኔታና መሰረጋብር ረክቻለሁ።					
21	በአለቃዬና በሠራተኞች የግል ግንኙነት ረክቻለሁ።					

22	በሚሰጠው የደረጃ እድገትና የተለያዩ ሁለንተናዊ ለውጥ ረክቻለሁ					
23	በሚከፈለኝ ክፍያ ከሌሎች መሰሪያ ቤት ክፍያ አንፃር ተደስቻለሁ					
24	አለቃዬ በሚያደርገው ሁለንተናዊ የሠራተኞች አያያዝ ረክቻለሁ					

አመሰግናለሁ!!

Appendix 2

Table for Determining
Sample Size from a Given
Population

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Appendix 3

Histogram

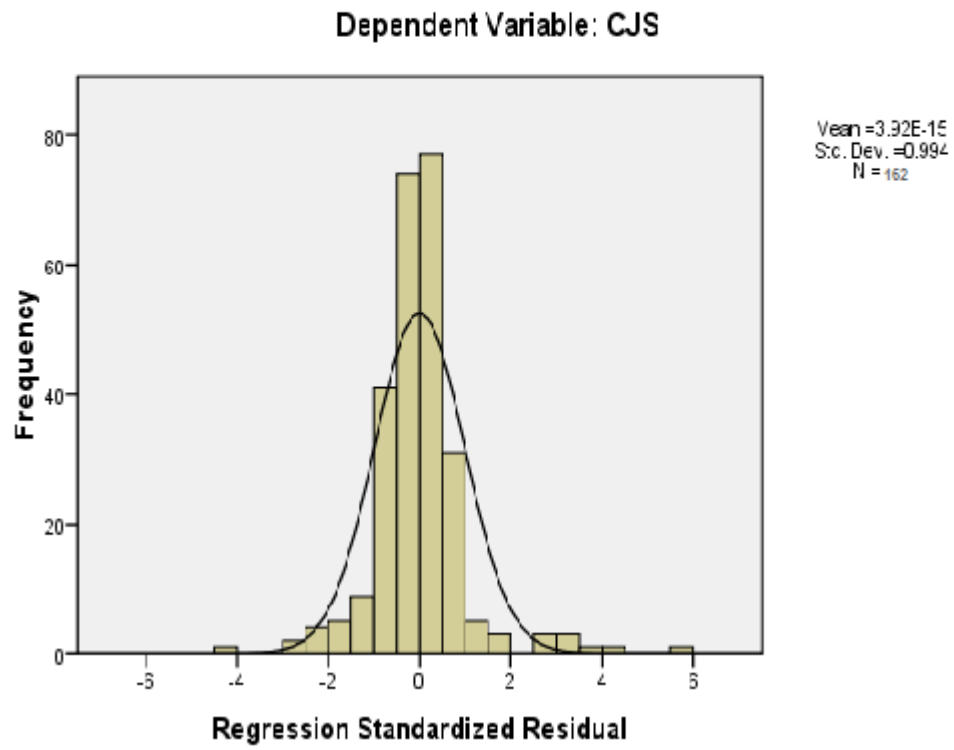


Figure 4: 2: The Regression model Assumptions of Normality in the study

Appendix 4

Normal P-P Plot of Regression Standardized Residual

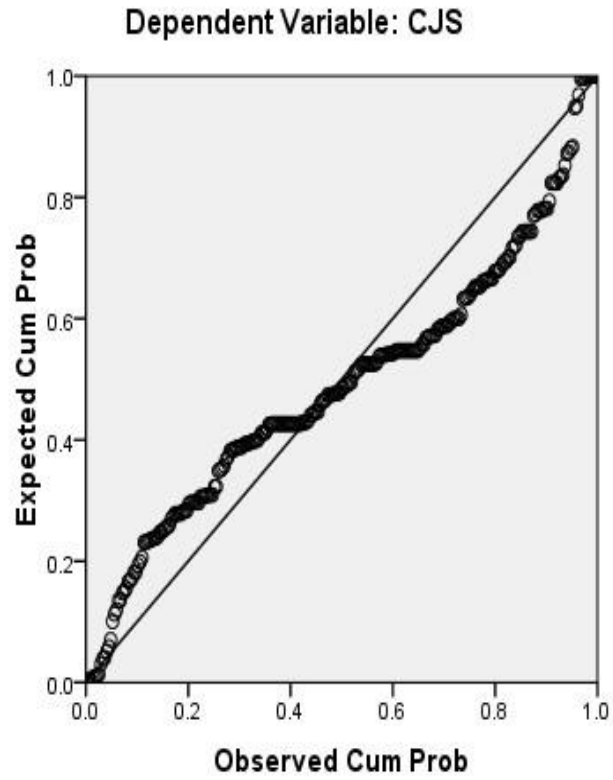


Figure 4:3: The Regression model Assumptions of Linearity in the study

Appendix 5

Scatterplot

Dependent Variable: CJS

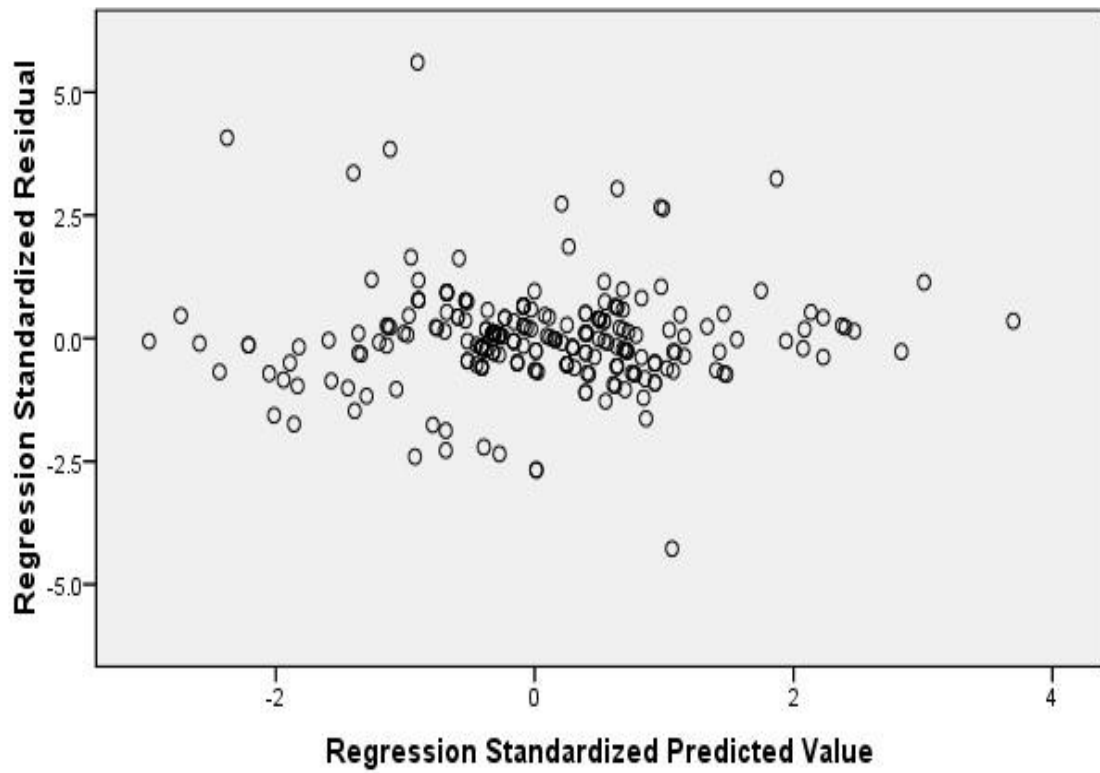


Figure 4: 4: The Regression model Assumptions of Homoscedasticity in the study

Appendix 6

	B	Std.	Standardized Coefficients Beta			Toleranc	VIF
(Constant)	.345	.135		2.546	.011		
	.176	.062	.195	2.862	.005	.362	2
	.284	.064	.298	4.425	.000	.370	2
	.409	.056	.376	7.311	.000	.634	1

a. Dependent Variable: CJS

Appendix 7

Test of Homogeneity of Variances for age

	Levene Statistic	df1	df2	Sig.
CDJ	3.725	4	256	.071
CPJ	1.714	4	256	.147
CIJ	.557	4	256	.694

Test of Homogeneity of Variances for educational level

	Levene Statistic	df1	df2	Sig.
CDJ	1.867	4	256	.117
CPJ	.499	4	256	.737
CIJ	.553	4	256	.697

Test of Homogeneity of Variances for work experience

	Levene Statistic	df1	df2	Sig.
CDJ	.539	4	256	.707
CPJ	1.129	4	256	.343
CIJ	3.929	4	256	.068

Appendix 8

Correlation

Descriptive Statistics

	Mean	Std. Deviation	N
CDJ	4.33	.402	162
CPJ	4.26	.421	162
CIJ	4.27	.471	162
CJS	4.37	.429	162

		CDJ	CPJ	CIJ	CJS
CDJ	Pearson Correlation	1	.782**	.577**	.645**
	Sig. (2-tailed)		.000	.006	.006
	N	162	162	162	162
CPJ	Pearson Correlation	.782**	1	.563**	.662**
	Sig. (2-tailed)	.000		.003	.000
	N	162	162	162	162
CIJ	Pearson Correlation	.577**	.563**	1	.656**
	Sig. (2-tailed)	.006	.003		.003
	N	162	162	162	162
CJS	Pearson Correlation	.645**	.662**	.656**	1
	Sig. (2-tailed)	.006	.000	.003	
	N	162	162	162	162

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

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