



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE SATISFACTION:  
THE CASE OF ETHIOPIAN ELECTRIC UTILITY**

**BY  
HABTAMU BEKELE**

**JULY, 2021  
ADDIS ABABA, ETHIOPIA**



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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
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**APPROVED BY BOARD OF EXAMINERS**

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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Solomon Markos (PhD). 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.

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Signature

**July, 2021**

## ENDORSEMENT

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

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Advisor

**St. Mary's University, Addis Ababa**

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Signature

**July, 2021**

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## ACRONYMS & ABBREVIATIONS

ANOVA: Analysis of Variance

EELPA: Ethiopia electric power authority

EEP: Ethiopian Electric Power

EEPCO: Ethiopian Electric Power Corporation

EEU: Ethiopian Electric Utility

HR: Human Resource

HRM: Human Resource Management

NGO: Non-governmental organization

SPSS: Statistical Package for Social Science

VIF: Variance Inflation Factor

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## ABSTRACT

*The review of employee performance and the management of its collective contributions to organizational effectiveness have been perceived as a combination of informal and formal techniques which together have the potential to contribute to the motivation & satisfaction of individual employee and their work groups. Therefore; the aim of this study was to examine the effect of performance appraisal on employee job satisfaction in Ethiopian Electric Utility west Addis Ababa district service centers. An explanatory research design, and a quantitative research approaches were used to investigate the relationship between the dependent (employee job satisfaction) and independent variables (performance appraisal feedback, fairness in the performance appraisal process, clarity of performance appraisal process, level of communication between supervisor and employee and trust in supervisors). Both primary and secondary data were collected. For primary data (questionnaire) and secondary data (related literatures and different documents) were used. Statistical Package for the Social Sciences (SPSS) version 23 was used to analyze the data and the study had a 95.1% response rate. The finding of this study shows that fairness of performance appraisal process makes the strongest unique contribution to explaining employee job satisfaction followed by trust in supervisors and level of communication between supervisors' & employees. Though clarity performance appraisal process and performance appraisal feedback have positive effect on employee job satisfaction in west Addis Ababa district service centers of EEU, it is statistically insignificant. In conclusion, the combination of fairness of performance appraisal process, level of communication between supervisors' & employees', and trust in supervisors have a favorable impact on employee job satisfaction. Therefore; the HR department of EEU in general and the HR department of west Addis Ababa district in particular, should increase the level of communication between supervisor and employees. The department should practice fair appraisal process to increase the job satisfaction of its employees. The HR department should also cultivate the culture of trust among employees in the company; this will helps to reinforce the relationship between employees' perception and job satisfaction and allows the performance appraisal to support organizational goals*

**Key Words:** Performance Appraisal, Job Satisfaction, and Employee

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Human resource management is critical to the success of the organizations because human capital has certain qualities that make it valuable. In terms of business strategy, an organization can succeed if it has a sustainable competitive advantage which means better than competitors at something and can hold that advantage over a sustained period of time (Mondy et al., 2001). Job satisfaction is a factor that would induce the employee to work in the long term position. Regardless of job satisfaction the organization or firm would confront with the cost of recruitment caused by turnover (Mudor & Tooksoon, 2011).

Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams (Armstrong, 2012). Performance management is the system through which organizations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards (Briscoe & Claus, 2008). Performance management is a process involving performance planning, performance managing, performance appraisal, performance rewarding and performance development (Deb, 2009). Performance appraisal can be defined as the formal assessment and rating of individuals by their managers (Armstrong, 2012).

Performance appraisal is one of the most important HR management tools and its efficient implementation is one of the greatest HR professionals' challenges, particularly in terms of validity and reliability (Gupta and Kumar, 2013; Ivaldi et al., 2015). Performance appraisal identifies the individual's contribution to the organizational goals and establishes individual performance standards (Ikramullah et al., 2012) and employees' performance appraisal is valuable for the organization, the manager as well as for the employee evaluated (Lukášová, 2010).

Snape et al. (1998) also explained performance appraisal as a formal assessment of what employees have performed. Its ultimate purpose is to allow employees to continue to improve their job performance (Selvarajan et al., 2018) and teaching innovation (Benadusi and Giancola,

2016). Performance appraisal also has specific aims, such as accountability, professional development (Delvaux et al., 2013), and organizational growth (Rubel and Kee, 2015). In simple word, performance appraisal means the systematic evaluation of the performance of an employee by his/her supervisors and it is a tool for discovering, analyzing, and classifying the differences among workers in relation to job standards. It refers to the formal system of appraisal in which the individual is compared with others and ranked or rated (Gupta, et al., 1988).

When we see the history & background of the company, the Ethiopian Electric Utility is a public enterprise established, first, under regulation no 303/2013 and in 382/2016(later amendment). With the main responsibility of distributing electric power across the country; it has been playing a significant role to deliver accessible, reliable and equitable electric power. Currently, the company structured in 11 Regions, 28 Districts, and 560 customer service centers ([www.eeu.gov.et](http://www.eeu.gov.et)).

## **1.2. Background of Ethiopian Electric Utility**

According to the Ethiopian Electric Utility Establishment Council of Ministers Regulation No. 303/2016, the purposes for which the Ethiopian Electric Utility is established are to:

1. Undertake feasibility studies, design and survey off-grid electricity generation, and construction of transmission lines and substation up to 66 kilo volt level: to contract out such activities to consultants, as required,
2. Undertake construction and up grading works of off-grid electricity generation transmission lines and substation up to 66 kilo volt level; to contract out such works to contractors as required,
3. Administer, operate and maintain off-grid electricity generation, transmission lines, substation and distribution up to 66 kilo volt level,
4. Sell and purchase bulk electric power on transmission lines up to 66 kilo volt level;
5. To lease transmission lines up to 66 kilo volt level,
6. Carry out national electricity expansion works,
7. Submit electricity tariff proposal with respect to power it sales and implement same upon approval,



8. In line with directives and policy guidelines issued by the Ministry of Finance and Economic Cooperation to sell and pledge bonds and to negotiate and sign loan agreements with local and international financial sources, and
9. Undertake any other related activities necessary for the attainment of its purposes.”

### **1.3. Statement of the Problem**

The Ethiopian government has initiated a transformation program to enhance operational efficiency & effectiveness of energy sector to attain power sector performance excellence by establishing Ethiopian Electric Utility (EEU) as a “new world class electric power utility company” with an aim to double the customer base (from current 2.455 Million to 6.955 Million by year 2020). The number of full-time staff in this new environment is expected to rise to more than 13,000 in EEU. To achieve its vision of providing the World Class services, EEU has undertaken an exercise to redefine the way business is done by creating a framework of new organizational structure & business processes (EEU, 2020).

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

Performance appraisal system evaluates various HR activities directed toward fulfilling organizational objectives. When professionally done it provide a commendable evaluation of the employee performance that demonstrates the contribution of the individual to the total organizational goals. Setting performance appraisal standard is the great challenge in the present business environment of ever-increasing global mobility and high demanding workers (Armstrong, 2014).

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

executed, they have strong motivational impact on the staff indicating that effective appraisal systems have the power to motivate staff to perform better. Currently, employees of the organization are informally raising some of the problems like: bias of the raters, lack of continuous communication, lack of trust in the supervisor, lack of clear performance expectations, and inability to provide on time feedback (Lloyd, 2014).

Several studies have been conducted in different developed and developing countries to examine the effect of performance appraisal of employee job satisfaction. For instance; Naji, et al.(2015), Cowandy (2014), Ismail, et al. (2016), Agyare, et al. (2016), Brown, et al. (2010), Bowra, and Nasir (2014), and Karimi, et al.(2011). These studies showed that performance appraisal feedback, fairness in performance appraisal process, clarify about performance appraisal process, level of communication between supervisors & employees, and trust in supervisors are commonly identified performance appraisal dimensions which affect employee job satisfaction.

In Ethiopian context, few studies have been conducted performance appraisal concepts in different public, private and NGO organization for instance; Balaraman, et al. (2018), Getnet, et al. (2014), Samuel & Berhanu (2019), and Guliti (2018) and their findings showed that performance appraisal has effect on overall job satisfaction of employees. But, in the best of authors' knowledge, no research has been conducted on these HR concepts in Ethiopian Electric Utility in general, and in Addis Ababa region of west Addis Ababa district in particular.

Previous research indicates that satisfaction with appraisal feedback is positively related to job satisfaction. Studies also indicated that some organizations experience dissatisfaction with their performance appraisal procedures. This dissatisfaction may signal that performance appraisal is not fully successful as a mechanism for developing and motivating employees to achieve high levels of performance. The fundamental objective of performance appraisal is to facilitate management in carrying out administrative decisions relating to promotions, demotions, layoffs and pay increases.

Ethiopian Electric Utility has undergone a restructuring program that has seen midlevel and top level managers being trimmed as part of the strategy of cutting cost and consolidating posts to boost performance. This creates interest on the job satisfaction as well as performance appraisal of the company. A review of previous research on performance appraisal indicates that it has

focused mostly on its impact on motivation and most studies have also been conducted in the developed world which creates a research gap that the study would wish to fill in. In seeking to fill this gap, the researcher tried to answer the following research questions:

#### **1.4. Research Questions**

To achieve the purpose of the study, the researcher formulated the following research question by relying on the background and problem statement of the study.

1. How does performance appraisal feedback affect employee satisfaction in EEU west Addis Ababa district service centers?
2. To what extent does fairness in the performance appraisal process affect employee satisfaction in EEU west Addis Ababa district service centers?
3. How does clarity about performance appraisal process affect employee satisfaction in EEU West Addis Ababa district service centers?
4. How does the level of communication between supervisor and employee affect employee satisfaction in EEU west Addis Ababa district service centers?
5. To what extent does trust in supervisors affect employee satisfaction in EEU west Addis Ababa district service centers?

#### **1.5. Research Objectives**

##### **1.5.1 General objective**

The general objective of this study was to examine the effect of performance appraisal on employee satisfaction in Ethiopian Electric Utility west Addis Ababa district service centers.

##### **1.5.2. Specific Objectives**

- ✓ To examine the effect of performance appraisal feedback on employee satisfaction in EEU west Addis Ababa district service centers.
- ✓ To determine the effect of fairness in the performance appraisal process on training and development on employee satisfaction in EEU west Addis Ababa district service centers.
- ✓ To identify the effect of clarity about performance appraisal process on employee satisfaction in EEU west Addis Ababa district service centers.

- ✓ To analyze the effect of level of communication between supervisor on employee satisfaction in EEU west Addis Ababa district service centers.
- ✓ To examine the effect of trust in supervisors on employee satisfaction in EEU west Addis Ababa district service centers.

### **1.6. Significance of the Study**

Performance appraisal is credited with encouraging employee loyalty, fostering teamwork, impacting other Human Resource functions positively and also positively involved in employee motivation. Owing to the role these factors play in attaining organizational goals, many organizations invest in performance appraisals (Agyare et al., 2016). The aim of this study is to examine the effects of performance appraisal on employees' job satisfaction.

- ✓ The study helps EEU to pin point the important challenges that exist currently and take remedial actions for suitable positive results.
- ✓ The findings and recommendations of the study will be vital for the human resource department of the company who design and administer employees performance appraisal to achieve organizational objectives and tackle the problem regarding employees' performance appraisal and to increase job satisfaction level of employee.
- ✓ The study also contributes to other researchers as a reference or guidelines who want to conduct on the similar or related topics, in order to conclude and recommend on the problems by using this study as a facilitator.

### **1.7. Scope of the Study**

This study has three main delimitations; namely; geographical, conceptual and methodological delimitations.

Due to cost and difficulty to maintain large number of population throughout the four districts of Addis Ababa as study participant, geographically, this study was delimited to west Addis Ababa district service centers. In addition, the study targeted only employees of west Addis Ababa service centers as study population, and did not include employees of other districts' service centers in Addis Ababa, which is its methodological delimitation. Therefore, the findings might not be the reflection of employees of the whole service centers in Addis Ababa, as a region.

Finally, though there are other factors; such as, accuracy of rating, appraisal form and its content, trained appraiser, and employee participation in performance appraisal system, which may affect employee satisfaction; conceptually, because of limited resources and for a focused result, the researcher decided to examine the effect of only performance appraisal feedback, fairness in the performance appraisal process, clarity about performance appraisal process, level of communication between supervisor and employee, and trust in supervisors on employee satisfaction.

### **1.9. Definition of Basic Terms**

***Performance:*** is an effort along with the ability to put efforts supported with the organizational policies in order to achieve certain objectives (Paul & Laurel, 2010).

***Performance Appraisal:*** is the specific and formal evaluation of an employee conducted to determine the degree to which the employee is performing his or her job effectively (Paul & Laurel, 2010).

***Job Satisfaction:*** is pleasurable or positive emotional state resulting from the appraisal of one's job or job experience or it is a result of employee's perception of how well their job provides those things that are viewed as important (Locke and Lathan, 1976).

***Performance Appraisal Process:*** is establishment of performance standards in accordance with the organization's strategic goals, communicate expectations, measure actual performance, compare actual performance with standards, discuss the appraisal with the employees and initiate corrective action (DeCenzo, 2010).

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

The study is organized in to five chapters. Chapter one provides a brief background to the study, discusses statement of the problem, basic research questions, objective of the study, significance and scope of the study and definition of terms. Chapter two presents related review of literatures followed by chapter three which presents the research methodology in which the research methods, data collection procedures, the sources of data and the methods of data analysis. The fourth chapter focuses on presentation, analysis, interpretation and discussion of the research findings. Finally, chapter 5 provides summary, conclusions and recommendations of the study.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURES

This chapter contains concepts of performance management, performance appraisal, performance appraisal processes, and principles of effective performance appraisal, performance appraisal methods, job satisfaction, and theories of job satisfaction. In addition, based on previous literatures, the conceptual framework of the study together with the hypothesis is formulated.

#### 2.1. Theoretical Literatures

##### 2.1.1. Performance Appraisal

Performance appraisal has been defined by many scholars in different ways. For instance, Armstrong (2014) defined Performance appraisal as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting.

Gupta, et al. (1988) also defined Performance appraisal as the systematic evaluation of the performance of an employee by his or her supervisors. It is a tool for discovering, analyzing, and classifying the differences among workers in relation to job standards. It refers to the formal system of appraisal in which the individual is compared with others and ranked or rated. Generally appraisal is made by the supervisor or manager once or twice a year. According to their report, Performance appraisal regarded as a most significant tool for any concern. The main objective of performance appraisal is to improve the efficiency of a concern by attempting to mobilize the best possible efforts from individuals employed in it.

Henderson (2006) also argued that Performance appraisal is the formal process normally conducted by means of completing an instrument that identifies and documents a job holder's contributions and workplace behaviors. A primary reason for appraising performance is to encourage employees to put forth their best effort so that the organization can reach its mission and goal. Through the appraisal process organizations identifies and recognizes effort and contributions.

According to Dessler (2013), Performance appraisal means evaluating an employee's current or past performance relative to the performance standards. Appraisal involves setting work

standards, assessing the employee's actual performance relative to these standards and providing that person to eliminate deficiencies or to continue to perform above par. Similarly, Flippo (1984) also elaborated Performance appraisal as a systematic, periodic and so far as human possible, the impartial rating of an employee's excellence in matters pertaining to his potentialities for a better job. From the above definitions, it is understandable that performance appraisal is a systematic and orderly process to evaluate the performance of personnel in terms of the requirements of the job.

Performance appraisals are frequently used in organizations as a basis for administrative decisions such as employee promotion, transfer, and allocation of financial rewards; employee development, including identification of training needs and performance feedback; and personnel research (Barrett, 1967)

The review of employee performance, and the management of its collective contributions to organizational effectiveness, have been perceived as a combination of informal and formal techniques which together have the potential to contribute to the motivation of individual employees and their work groups, to evaluate the efficacy of all human resource management (HRM) functions, and to provide organizations with a strategic advantage in their ongoing pursuit of competitive goals and imperatives (Nankervis & Compton, 2006).

### **2.1.2. Performance Appraisal Process**

The basic purpose of performance appraisal is to make sure that employees are performing their jobs effectively. In order to realize the purpose of performance appraisal, organizations should carefully plan appraisal systems and follow a sequence of steps as illustrated by DeCenzo (2010); these are;

- i. Establish performance standards with employees
- ii. Communicate expectations or communicate standards to employees
- iii. Measure actual performance
- iv. Compare actual performance with standards
- v. Discuss the appraisal with the employee
- vi. Initiate corrective action

#### ***i. Establish Performance Standards***

Werther & Davis (1996) stated that the appraisal process starts with the establishment of performance standards in accordance with the organization's strategic objectives. These performance standards should be clear and objective enough to be understood and measured. Too often, standards are expressed in confusing phrases that tell us little, such as 'a full day's work' or "'a good job'. What is a full day's work or a good job? A supervisor's expectations of employee work performance must be clear enough in his/her mind so that she/he will be able to, at some later date, communicate these expectations to his/her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards. Employee job performance standards are established based on the job descriptions. Employees are expected to effectively perform the duties stated in the job descriptions form the broad criteria against which employee's performance are measured.

### ***ii. Communicate Expectations/ Communicate Standards to Employees***

Once performance standards are established, it is necessary to communicate these expectations and employees should not have to guess what is expected of them. Too many jobs have ambiguous performance standards, and the problem is compounded when these standards are set in isolation and without employee input. For the appraisal system to attain its purposes, the employees must understand the criteria against which their performance is measured. As Werther and Davis (1996) also stated, to hold employees accountable, a written record of the standards should exist and employees should be advised of those standards before the evaluation occurs. Providing the opportunity for employees to clearly understand the performance standards will enhance their motivation and commitment towards their jobs.

### ***iii. Measure Actual Performance***

To determine what actual performance is, we need information about it. We should be concerned with how we measure and what we measure. Four common sources of information frequently used by managers/supervisors to address how to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each has its own strengths and weaknesses. However, a combination of them increases both the number of input sources and the probability of receiving reliable information. What we measure is probably more critical to the evaluation process than how we measure. The criteria we measure must represent performance as it was mutually set in the first two steps of the appraisal process (Werther and Davis, 1996).



#### ***iv. Compare Actual Performance with Standards***

After evaluating and measuring employees' job performance, it is necessary to compare it with the set standard to know whether there is deviation or not. When one compares performance with the standard either performance match standards or performance does not match standards. The performance appraisal form should include a list and explanation of the performance standards. It should also include an explanation of the different levels of performance and their degree of acceptability against the performance standard. This provides a valuable feedback tool as the manager moves on the next step, discussing the appraisal (Werther and Davis, 1996).

#### ***v. Discuss the Appraisal with Employee***

One of the most challenging tasks facing appraisers is to present an accurate assessment to the employee. Appraising performance may touch on one of the most emotionally charged activities evaluation of another individual's contribution and ability. The impression that employees receive about their assessment has a strong impact on their self-esteem and, importantly, on their subsequent performance. Of course, conveying good news is considerably easier for both the appraiser and the employee than conveying bad news. In this context, the appraisal discussion can have negative as well as positive motivational consequences (Werther and Davis, 1996).

For the appraisal system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it is fair, and must be work oriented enough to care about the results. In general, it is important that employees should be fully aware that the ultimate purpose of performance appraisal system is to improve employee's performance, so as to enhance both organizational goal achievement and the employee's satisfaction (Glueck, 1978).

#### ***vi. Initiate Corrective Action***

The final step of performance appraisal process is taking corrective action. Chatterjee (1995) also explained that the management has several alternatives after appraising performance and identifying causes of deviation from job related standards. The alternative are 1, take no action 2, correct the deviation, or 3, review the standards. If problems identified are insignificant, it may be wise for the management to do nothing. On the other hand, if there are significant problems,

the management must identify & analyze the reasons why standards were not meet. This would help to determine what corrective action should be taken. Finally, it is also important to revise the performance standards (Chatterjee, 1995).

### **2.1.3. Methods of Performance Appraisal**

Though many scholars argued on the classifications of performance appraisal methods, [for instance; Decenzo & Robbins, (2010); (Cascio, 1991): and Fisher et al. (2003)], Turgut & Mert (2014) precisely put the preferred classification of performance appraisal methods/techniques as follows;

#### ***a. Comparison (Sorting)***

In this method; the rater ranks his/her subordinates on their working performance. Working performance of employees is compared and then sorted from the best to the worst. By putting a subordinate in a rank order, the relative position of each subordinate is tested in terms of his/her numerical rank. Paired comparison of subordinates, that involves comparing the working performance of each subordinate with every other subordinate, is also a version of this method (Turgut & Mert, 2014).

#### ***b. Forced Distribution***

This is an appraisal method that requires assignment of the subordinates to a limited number of categories. In this method; employees (subordinates) are inevitably evaluated according to the normal distribution. For example; 10 % of employees are at the very top of scale, 20 % of employees are at the top of scale, 40 % of employees are at the middle of scale, 20 % of employees are at the bottom of scale, 10 % of employees are at the very bottom of scale (Turgut & Mert, 2014).

#### ***c. Graphic Rating Scales***

Managers evaluate the employee according to defined factors, as the attributes printed on an evaluation form. Form has performance levels regarding attributes. There are numbers or scales (very good, good or weak) across the attributes on the form. Manager chooses one of them. Being an oldest and most widely used method, the graphic rating scales are forms on which the evaluator simply checks off the subordinate's working performance (Turgut & Mert, 2014).

#### ***d. Checklist***

In this method; a checklist that presented work related descriptive statements, is used for every work position. Manager chooses “Yes” or “No” option that represents the effective or ineffective behavior on job that rater familiar with these work related descriptive statements (Turgut & Mert, 2014).

#### ***e. Forced Choice***

Manager is given some pre-defined expressions (a series of statements) to evaluate the performance of worker for each item. Managers indicate which items are most descriptive of the employee. Manager does not know the score equivalent of the expressions (Turgut & Mert, 2014).

#### ***f. Composition (Essay)***

Manager simply writes a narrative describing the performance of employee. This is a composition about the worker to define the worker and designates successful, unsuccessful, weaker or powerful sides of worker. This method is a non-quantitative method and rather than focusing day-to-day performance of employee it focuses on generally observed work behaviors of an employee to present a holistic view (Turgut & Mert, 2014).

#### ***g. Critical Incidents***

Manager writes down the extreme performances both negative and positive. These performances are named as critical incidents/events. These critical events should affect directly the success or failure of worker. This method requires the written records to be kept as highly effective and highly ineffective work behaviors. The manager maintains the logs of each employee to record the critical incidents to use them to evaluate the employee’s performance at the end of the rating period (Turgut & Mert, 2014).

#### ***h. 360-Degree Feedback***

Data from all sides, from multiple levels within the organization and from external sources, is collected in this method. Employees are assessed by his superior, inferior, work friends, clients and by themselves. By the way, this method provides an enhanced self-awareness for an employee about his/her work performance (Turgut & Mert, 2014).

### ***i. Management by Objectives***

This is a method necessitating the attainment of the pre-defined objectives. According to this method, managers and employees determine collectively the objectives for employees to meet during a specific period. Attainment of an objective is more important than “how it was attained”. Employees are then evaluated with a view to how they have achieved their determined goals (Turgut & Mert, 2014).

### ***j. Assessment Centers***

Evaluation process is performed objectively by specialists or Human Resources (HR) professionals in the center. In this center the job of worker is simulated and worker is observed. Additionally, some tests, social and unofficial events and exercises are used to support assessment. This method is preferred by some organization due to difficulty faced with appraisal process and tends to use an assessment center as an adjunct to their appraisal system (Turgut & Mert, 2014).

### ***k. Team Based Performance Appraisal***

As today’s work life values the team work, rather than the individual performance, it is better to evaluate an individual performance as a team member. Then, employees are assessed not as individuals but as a team (Turgut & Mert, 2014).

Turgut & Mert (2014) also stated that though there are many performance appraisal techniques/methods that have different features and evaluation procedures as presented above, only one method performance appraisal cannot be used in a definite situation, sector organization. Therefore; they concluded that even if some organizations that act in the same sector, have equal number of employees, similar structures, resembling visions and missions, these organizations may use different appraisal methods depending on their choice rather than the features they have. Choosing the most effective appraisal method, at this point arises as a problem that (HR) practitioners’ face (Turgut & Mert, 2014).

## **2.1.4. Principles of Effective Performance Appraisal**

The perfect performance appraisal system doesn't exist because all performance appraisal methods have their own limitations and negative impacts (Turgut & Mert, 2014). Ramasamy,

(1998) and Brown et al. (2010) stated that understanding of what an appraisal is supposed to do is critical regardless of which method is used. They strongly suggest that, the most important thing is, not which form or which performance appraisal method are used, but, whether the managers and or employees understand its purposes and obtaining the actual result from the evaluation.

As a result, to minimize the limitations and negative impacts of performance appraisal methods used, the following performance appraisal principles are mentioned by Brown et al. (2010) and (Flippo, 1984).

#### ***A. Performance Expectations***

The managers should clearly explain performance expectation to employees in advance of the appraisal period. This enables the employees lead their efforts and emphasis towards the expected performance level.

#### ***B. Employee access to the Result***

An effective appraisal system should provide feedback to employees on how well or bad they have performed and a continuing basis.

#### ***C. Qualified Appraisals***

The evaluators should be well trained, should be given instructions and skills about the rating system to provide ideas on evaluating, conducting appraisals interviews and documented approaches.

#### ***D. Standardization***

Employees in the same job category, under the same supervisor and coordinator should be appraised by the same evaluation instruments, techniques, procedures and work objective.

#### ***E. Due Process***

A formal procedure should be developed for appraisal process and it is vital to reduce employees' complaint and grievances performance should be job related.

### **2.1.5. Performance Appraisal and Employee Job Satisfaction**

According to Kim et al. (2005), Job satisfaction generally reflects how an employee feels about his or her job. It includes how an employee feels about the conditions within which he works and thus influences his attitudes towards his work. It is also concerned with rewards as employees' feelings towards their organization may be influenced by rewards. Job satisfaction also defines as the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's job values. Job dissatisfaction, on the other hand, is the undesirable emotional state an employee encounters if he realizes that his job prevents him from attaining his values (Schwepker, 2001).

Tirmizi et al. (2008), also elaborate job satisfaction as the degree to which individuals feel positively about their jobs. It is an attitude or emotional response to one's tasks as well as to the physical and social conditions of the workplace; for example, from the perspective of Herzberg's two-factor theory the contents of the job (i.e. achievement, responsibility, recognition etc.) are the motivators, which lead to positive employment relationships and high level of job-satisfaction.

Wegge et al. (2007) argues that job satisfaction helps organizations in identifying work behaviors including organizational citizenship and absenteeism. In addition, Saari & Judge (2004) suggested that organizations can identify or track employee turnover with job satisfaction, and also indicative of job performance (Chen et al., 2006). As a result, an organization's efforts in increasing its employees' job satisfaction can mitigate undesirable work attitudes like absenteeism (Cohen & Golan, 2007).

According to Darehzereshki (2013), employees with high quality performance appraisal experiences were more likely to be satisfied with their job and human resource (HR) practitioners has to decide whether the allocation of additional resources to ensure that all employees have a uniformly high quality performance appraisal experience is a worthwhile investment.

### **2.1.6. Theories of Employee Job satisfaction**

The following theories have a significant role on employees' job satisfaction.

### ***a) Herzberg's Two-Factor Theory***

This theory explains that there are two factors that could satisfy or dissatisfy workers in carrying out their responsibilities, namely; job-satisfiers or motivator factors and job dissatisfaction or hygiene factors. Job-satisfiers are aspects of the job that stimulate employees' job satisfaction and include recognition, achievement, responsibility, advancement and the work itself. On the other hand, job dissatisfaction or hygiene factors are regarded as contextual factors which are not necessary motivating but their absence at the workplace bring forth dissatisfaction (Herzberg, 1976). Although Herzberg's theory is the most functional model to study job satisfaction (Kim, 2016), this theory received a lot of critics for its motivator and hygiene contents which disregard individual differences and perceives that individual employees would respond in the same way to changes in motivator and hygiene factors (Karimi, 2007).

### ***b) Equity Theory***

This theory describes relational satisfaction in terms of perceptions of fair or unfair distributions of resources within interpersonal relationships. John Stacey Adams, who developed the theory, stated that employees seek fairness in terms of their contribution to an organization and what they get in return from the organization, particularly in relation to what they think other employees' contributions are and what the organization gives in return to those employees. The contributions made by an employee are referred to as inputs and what the organization gives in return are referred to as outcomes. Thus equity theory deals with a ratio of inputs to outcomes. If an employee is over under rewarded, he will seek to restore a balance by increasing or decreasing his contributions respectively. Equity theory typically focuses on ensuring fairness in the distribution of an organizations resources and it is measured by comparing the ratio of inputs and outcomes of relational partners (Adams, 1963).

Robbins (2005) also supported the Adams's theory that the state of equity is said to exist if they realize that their ratio is equivalent to that of their colleagues in the organization. Similarly, there is inequity if the ratio is not corresponding. Equity brings forth satisfaction among employees while inequity leads to dissatisfaction.

### ***c) Job Design Theory***

According to Moynihan & Pandey's (2007) finding, the job aspects of an employee will show the level of his/her responsibility in the organization, and job transparency causes greater job satisfaction as job clarity generates such employees who are more satisfied with the work, committed to the work and concerned with the work. This theory states the four features of a job (skill variety, task identity, task significant and autonomy) as factors that affect individual's perception of how important the work is, and eventually affects their satisfaction level.

### ***d) Expectancy Theory***

Expectancy theory involves the preferred rewards an employee expects to get if he undertakes or performs particular actions. It concerned how motivated an employee is to carry out a task because he perceives that carrying out that task will lead to an outcome. It is also concerned with whether the employee prefers the outcome or not. The likelihood that a particular action will bring about preferred reward is at the heart of expectancy theory (Vroom, 1964). Thus, as per this theory, it can be concluded that, employees have a tendency to weigh the probability of attaining a desired reward by performing different tasks and they will eventually opt to perform the task which they perceive as more successful. Therefore; employees are motivated/ satisfied to put up positive job related attitudes and subsequently increase their efforts so as to produce better results because of the expected reward.

Vroom (1964) and Robbins (2005) further discuss the three components of the theory, namely; Valance, Expectancy and Instrumentality. Expectancy is about the belief an employee holds with regards to his efforts being sufficient to help him attain his desired performance goals and it is usually determined by the employee's past experiences. Valence, on the other hand, is how an employee values the reward he stands to get if he meets performance expectations. If an employee places a high value on the reward, then he is likely to perform the action to earn the reward. Instrumentality represents the belief an employee holds about receiving rewards in the form of promotion or salary increment if he meets performance expectations.

Newstrom (2007) explained this in a simple way that satisfaction is as a result of three factors of which how much reward is wanted (Valance), the estimate of probability that effort will lead to



successful performance (expectancy) and the estimate that performance will result in getting reward (instrumentality).

## **2.2. Empirical Literatures**

According to a study done by Naji, et al. (2015) on Performance Appraisal System and Employee Satisfaction; the role of trust towards supervisors, the link between the “trust toward supervisors” and “job satisfaction” is positive and significant and the greater the trust toward supervisors among employees, the greater their work satisfaction.

Cowandy (2014) also reported in his study which was done on, the impact of fair performance appraisal to employee motivation and satisfaction towards performance appraisal- A Case of PT. XYZ, that fairness in performance appraisal system has a significant impact on employees’ motivation and satisfaction.

Ismail, et al. (2016), also reported on their study that was done on the Relationship between performance appraisal communication, procedural justice and job satisfaction that feedback of performance appraisal is positively and significantly correlated with job satisfaction.

A study conducted in Ghana on the Impacts of Performance Appraisal on Employees’ Job Satisfaction and Organizational Commitment: A Case of Microfinance Institutions revealed that the relationship between fairness and job satisfaction, clarity of roles and job satisfaction, and feedback of performance appraisal and job satisfaction are positive and significant (Agyare, et al., 2016).

Brown, et al. (2010) also reported in their study, which was done on Consequences of the performance appraisal experience, the highest levels of trust in their supervisor, felt they had good communications, expressed clarity about their performance expectations, and perceived the performance appraisal process to be fair have positive and significant effect on job satisfaction.

According to the study done in Pakistan on Impact of Fairness of Performance Appraisal on Motivation and Job Satisfaction in Banking Sector, fairness of performance appraisal has highly significant relationship with job satisfaction; correlation and regression (Bowra, and Nasir, 2014). Karimi, et al. (2011) also confirmed in their study that there exists a positive and

significant relationship between fairness of performance appraisal system and employee satisfaction.

### 2.3. Conceptual Framework

The following conceptual frame work was developed based on the above related literatures and concepts.

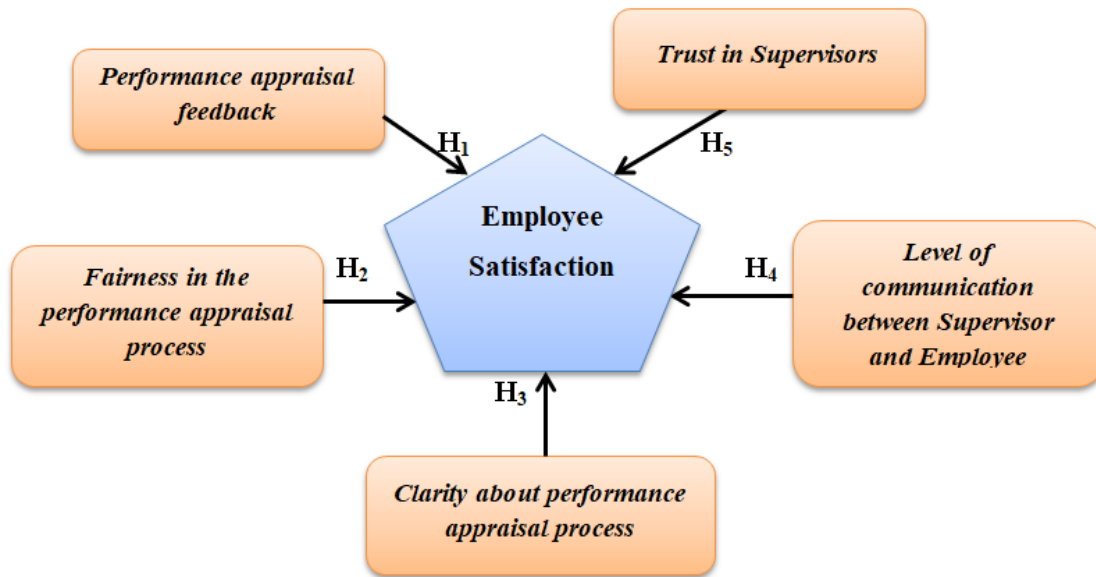


Figure 1. Conceptual Framework [Adopted from (Naji, et al., 2015), (Cowandy, 2014), (Ismail, et al., 2016), (Agyare, et al., 2016), (Brown, et al., 2010), (Bowra, and Nasir, 2014), and (Karimi, et al., 2011)]

#### 2.3.1. Research Hypothesis

**H<sub>1</sub>:** Performance appraisal feedback has a positive and significant effect on Employee satisfaction.

**H<sub>2</sub>:** Fairness in the performance appraisal process has positive and significant effect on Employee satisfaction.

**H<sub>3</sub>:** Clarity of Performance appraisal process has positive and significant effect on Employee satisfaction.

**H<sub>4</sub>:** Level of communication between supervisor and employee has positive and significant effect on Employee satisfaction.

**H<sub>5</sub>:** Trust in supervisors has positive and significant effect on Employee satisfaction.

## CHAPTER THREE

### RESEARCH DESIGN & METHODOLOGY

This chapter covers description of study area, research design, research approach, type of data that will be gathered, study population, sample size and sampling techniques, data collection procedures, data analysis, ethical consideration, and validity and reliability of the study.

#### 3.1. Description of Study Area & Study Period

Ethiopian Electric Utility is a public enterprise established, first, under regulation no 303/2013 and in 382/2016(Later Amendment), established with the main responsibility of distributing electric power across the country. Ethiopian Electric Utility has been playing a significant role to deliver accessible, reliable and equitable electric power and currently, it's structured in 11 regions, 28 districts, and 560 customer service centers (EEU, 2020). Among these, Addis Ababa is one of the largest regions in the country in terms of the number of population served in; and this region is further divided in to four districts; namely, West, East, North and South districts. And the West Addis Ababa district has six service centers (EEU, 2020). This study was conducted from February 26/2021 to March 15/2021.

#### 3.2. Research Approach

This study used both quantitative and qualitative research approaches to test the effect of performance appraisal on employee satisfaction. Quantitative research approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. In general, quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and relationships (Bhattacharjee, 2012).

The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. It usually starts a general statement proposing a general relationship between variables. Quantitative researchers favor methods such as surveys and experiments, and will attempt to test hypotheses or statements with a view to infer from the particular to the general (Bhattacharjee, 2012).

### **3.3. Research Design**

To achieve the objective of the study, the researcher used an explanatory research design to investigate those performance appraisal dimensions affecting employee satisfaction, and the relationship between each independent and dependent variables.

According to Kothari (2004), a social research can be divided in three types, depending on its purposes. (1) Exploratory research; much of social research is conducted to explore a topic, that is, to start to familiarize a researcher with that topic. This approach typically occurs when a researcher examines a new interest or when the subject of study itself is relatively new. (2) Descriptive research; in this research the researcher observes and then describes what was observed. Because scientific observation is careful and deliberate, however, scientific descriptions are typically more accurate and precise than are casual ones. (3) Explanatory research; is used to investigate relationships between certain causes and effects. Hypotheses are formed to reject or support the relationship. Descriptive studies answer questions of what, where, when, and how; explanatory studies address questions of why.

### **3.4. Data Types and Source**

Both primary and secondary was collected from various sources using data gathering instruments to make the study complete and achieve its predetermined objectives. All sample respondents were the primary source of data while available documents such as books, past literature reviews and relevant articles were used as secondary data sources.

### **3.5. Data Collection Instrument**

The researcher used a self-administered questionnaire that allows for the measurement of the effect of performance appraisal on employee job satisfaction. According to Williman (2006), questionnaires are particularly suitable for quantitative data and also they are convenient, the personal influence of the researcher is also eliminated and respondents were have time to check fact and think about their answers, which tends to lead to more accurate information and also it is cheap and quick to administer.

The questionnaire is carefully developed from previous related studies (Naji, et al., 2015; Cowandy, 2014; Ismail, et al., 2016; Agyare, et al., 2016; Brown, et al., 2010; Bowra, and Nasir,

2014; and Karimi, et al., 2011), in a way that used to measure the effect of the proposed independent variables on the dependent variable. This self-administered questionnaire is developed with a five point Likert scale. The type of questions, form, wording and sequences are also considered carefully.

The questionnaire has two sections. The first section covered the demographic profile of the participants like age, gender, service experience, educational level, and work position in the company. The second section was structured on a Likert scale of 1-5 to show their degree of agreement or disagreement to the sentences about the constructs under study.

### **3.6. Population**

#### **3.6.1 Source Population**

The source population for this study was all employees of Electric Utility Service Centers in Addis Ababa.

#### **3.6.2. Target Population**

The target population of this study was all permanent employees of the EEU west Addis Ababa district service centers. According to the human resource department of the district, there are a total of 290 permanent employees; (and of which 6 are managers) who have been working in the 6 service centers of the district. The lists of all employees were used as a sample frame to select representative sample of employees.

#### **3.5.3. Exclusion Criteria**

This study was not including managers as a target population. This is because the performance of managers is measured by the regional director and with different performance measurement system of the other employees.

#### **3.6. Sample Size Determination**

Since the number of permanent employees in the company are finite (284) and there is a sample frame, using the formula for finite population (Kothari, 2004), **163** permanent employees was taken as a representative sample.

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 N - 1 + z^2 \cdot p \cdot q}$$

- ✓  $n$  = required sample size
- ✓  $z$  = the value of standard variate at a given confidence level (95% CI) 1.96
- ✓  $N$  = the population size
- ✓  $p$  = the population proportion (0 .50)
- ✓  $q = 1-p$
- ✓  $e$  = acceptance error (0.05)

The following table shows Service Center based distribution of the representative samples of employees.

*Table 1. Sample population distribution with in each Service Center*

<i>S.N</i>	<i>Service Centers</i>	<i>Total population (N)</i>	<i>Sample Size (n)</i>
1	Service Center # 1	74	42
2	Service Center # 2	61	35
3	Service Center # 3	36	21
4	Service Center # 4	37	21
5	Service Center # 5	38	22
6	Service Center # 6	38	22
<b><i>Total</i></b>		<b><i>284</i></b>	<b><i>163</i></b>

### **3.7. Sampling Technique**

There are two known sampling techniques; probability sampling and non-probability sampling. The non-probability sampling is a method in which sampling units are taken purposely by the researcher whereas under probability sampling each sample units in the target population has an equal chance to be included in the sample (Kothari, 2004). The researcher used a probability

sampling of proportional stratified sampling technique to select a representative sample population of the company's employees by considering each service centers as a "strata". In proportional stratified sampling, the sampling frame is divided into homogeneous and non-overlapping subgroups (called "strata"), and a simple random sample is drawn within each subgroup in proportion to their size in the population (Bhattacharjee, 2012).

### **3.8. Data Collection Procedure**

Data collection was conducted by using a self-administered questionnaire. The questionnaires were evenly distributed throughout randomly selected permanent employees during the study period.

### **3.9. Ethical Consideration**

An official letter from was written from St. Mary's University School of Graduate Studies to Ethiopian Electric Utility west Addis Ababa District Service center to get permission. In addition the entire study participant was informed about the purpose of the study and finally their oral consent was obtained before giving the questioner. The information provided by each respondent will be kept confidential and will only be used for research purpose.

### **3.10. Data Analysis**

The data of the study was analyzed using Statistical Packages to Social Science version 23. The descriptive statistics for quantitative data (both univariate; frequency, and multivariate analysis, correlation) were analyzed and then linear regression analysis was done to examine the interdependence between dependent and independent variables.

### **3.11. Validity and Reliability**

Kothari (2004) describes reliability as a measure of how stable, dependable, trustworthy and consistent a test is in measuring the same thing each time. And hence to examine the reliability of this study, reliabilities of the scales were checked after coding and entering of the data into SPSS. Cronbach's alpha coefficients were computed for each scale to determine the internal consistency reliability of the instruments used in the study. According to Malhotra & Birks (2007), the value of 0.60 is considered as in the lower limit of acceptability for Cronbach's alpha. A per the finding, all variables in this study have Cronbach's alpha value above 0.60 and

the overall alpha value is **0.835** which shows the highly acceptability of the measurement scales used.

*Table 2. Summary of Reliability Analysis*

**Reliability Statistics**

	Cronbach's Alpha	N of Items
Performance appraisal feedback	.753	5
Fairness in the performance appraisal process	.676	5
Clarity of performance appraisal process	.825	4
Communication among supervisors & employees	.813	6
Trust in supervisors	.762	5
Employee job satisfaction	.603	5
Over all	.835	30

**Source:** *Survey Result (March, 2021)*

Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it (Kothari, 2004). The validity of this research, as it was stated in the conceptual framework part, all the variables are adopted from previous research works and to increase the degree of clarity & understandability, the English version questionnaire was translated into Amharic. In addition, to assure the validity of the study, the advisor and experts in the organizations were consulted.



## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION

#### 4.1. Introduction

This chapter presents the finding and discussion of the study. Statistical Package for Social Science (SPSS) software version 23.0 was used for data analysis. A reliability test was done by observing the Cronbach's Alpha value with the cut-off point of 0.60. A correlation and regression analysis was conducted to examine the influence of independent variables on employee job satisfaction of Ethiopian electric utility west Addis Ababa district service centers. Out of 163 questionnaires distributed to the six service centers of west Addis Ababa district, only 155 were complete, valid and appropriate for analysis, which represent 95.1% valid response rate.

#### 4.2. Demographic Characteristics

The demographic characteristics include gender, age, work position, educational level and service experience in the organization.

*Table 3. Age distribution of Respondents*

<i>Items</i>		<i>Frequency</i>	<i>Percent</i>
Age (Year)	18-25	60	38.7
	26-35	52	33.5
	36-45	25	16.1
	>45	18	11.6
	Total	155	100.0

**Source:** *Survey Result (March, 2021)*

As the above table 3 shows 60 (38.7%) of the respondents were in the age group of 18-25 years old, 52 (33.5%) of respondents were in the age group of 26-35 years old, 25 (16.1%) of the respondents were in the age group of 36-45 years old and the remaining 18 (11.6%) of the respondents were above 45 years old.

*Table 4. Gender distribution of Respondents*

<i>Items</i>		<i>Frequency</i>	<i>Percent</i>
Gender	Male	83	53.5
	Female	72	46.5
	Total	155	100.0

**Source:** *Survey Result (March, 2021)*

The gender distribution shows that out of 155 respondents, 53.5% of them were males and the remaining 46.5% of the respondents were females.

*Table 5. Service Experience of Respondents in the EEU*

<i>Items</i>		<i>Frequency</i>	<i>Percent</i>
Service Experience in year	< 1	5	3.2
	1-5	73	47.1
	6-10	24	15.5
	11-15	19	12.3
	16-20	16	10.3
	>20	18	11.6
	Total	155	100.0

**Source:** *Survey Result (March, 2021)*

According to the finding, 47.1% of the respondents have service experience between one and five years, 15.5% of the respondents have 6-10 years of service experience, 12.3% of the respondents have 11-15 years of service experience, 11.6 % of the respondents have more than 20 years of service experience, 10.3% of the respondents have service experience of 16-20 years and only 3.2% of respondents have less than one year service experience in the company.

*Table 6. Respondents' work position in the EEU*

<i>Items</i>		<i>Frequency</i>	<i>Percent</i>
Work Position	Officer	81	52.3
	Team Leader	27	17.4
	Supervisor/main cashier	18	11.6
	Forman	8	5.2
	Technician	14	9.0
	Casher	7	4.5
	Total	155	100.0

**Source:** *Survey Result (March, 2021)*

When we see the work position of the respondents, out of 155 respondents, 52.3% of the respondents were officer, 17.4% of the respondents were team leaders, 11.6% of the respondents were supervisor/main cashier, 9% of the respondents were technician, 5.2% of the respondents were Forman, and 4.5% of respondents were cashier.

*Table 7. Educational Level of Respondents*

<i>Items</i>		<i>Frequency</i>	<i>Percent</i>
Educational Level	Certificate	17	11.0
	Diploma	71	45.8
	Bachelor Degree	67	43.2
	Total	155	100.0

**Source:** *Survey Result (March, 2021)*

With respect to educational level, 71 (45.8%) of respondents were diploma holders, 43.2% of respondents first degree holder, and the remaining 11.0% of respondents were graduated with certificate level.

### **4.3. Descriptive Statistics of Variables**

Descriptive statistic of means and standard deviations were obtained from the independent and dependent variables. The descriptive analysis is used to look at the data collected and describe

that information. Mean value provides the idea about the central tendency of the values of a variable. On the other hand, Standard deviation gives the idea about the dispersion of the values of a variable from its mean value. Mean scores is interpreted as follows; mean scores 4.51-5.00 is excellent or very good, 3.51-4.50 is good, 2.51-3.50 is average or moderate, 1.51-2.50 is fair, and 1.00-1.50 is poor.

### A. Performance Appraisal Feedback

Table 8. Description statistics of Performance Appraisal Feedback

#### Descriptive Statistics

S.N.		N	Mean	Std. Deviation
1	I receive regular and timely performance feedback beside the annual performance review.	155	3.18	1.072
2	The information provided by my supervisor during my performance feedback is accurate.	155	2.68	1.273
3	The performance feedback I received helps me to improving my job performance and to attain my goals.	155	2.91	1.425
4	The feedback I get helps me to gain insight about my weakness and strength.	155	3.11	1.307
5	I have been provided with feedbacks to help improve my performance.	155	3.16	1.277
	Valid N (listwise)	155		

Source: Survey Result (March, 2021)

As the above table 8 shows, the mean score ranges from 2.69-3.18 which is in a moderate condition. This implies that respondents have an average level of agreement towards the performance appraisal feedback has an effect on employee satisfaction.

## B. Fairness of Performance Appraisal Process

Table 9. Description statistics of Fairness of Performance Appraisal Process

### Descriptive Statistics

S.N.		N	Mean	Std. Deviation
1	My last performance result correctly represents how well I have performed in my job.	155	3.38	1.101
2	I evaluated based on the previously setted objective standards without subjectivity and bias.	155	3.22	.955
3	My performance appraisal result provided me a fair reflection of my performance.	155	3.48	1.119
4	The performance appraisal process of my company is free from discrimination and favoritism	155	3.34	1.096
5	There is a feeling of equity and fairness among employees regarding performance appraisal process.	155	3.25	.991
	Valid N (listwise)	155		

**Source:** Survey Result (March, 2021)

The following table 9 also shows, the mean score values are still in a moderate range. As result respondents have average level of agreement towards fairness of performance appraisal process has an effect on employee satisfaction.

### C. Clarity of Performance Appraisal Process

Table 10. Description statistics of Clarity of Performance Appraisal Process

#### Descriptive Statistics

S.N.		N	Mean	Std. Deviation
1	There is clear a predetermined standard & criteria based on which employee performance is measured.	155	3.06	1.229
2	I have clear understanding about the performance measurement process.	155	3.10	.992
3	My performance has been evaluated regularly.	155	3.10	.884
4	I have full understanding of the performance appraisal process.	155	3.16	.810
	Valid N (listwise)	155		

Source: Survey Result (March, 2021)

Table 10 also depicted that, the mean score values are between 3.06-3.16 which is in a moderate range. As result respondents have average level of agreement towards clarity of performance appraisal process has an effect on employee satisfaction.

### D. Communication Among Employees & Supervisors

Table 11. Description statistics of Level of Communication among Employees & Supervisors

#### Descriptive Statistics

S.N.		N	Mean	Std. Deviation
1	I have received guidance to improve my performance.	155	4.05	.966
2	I have asked by my supervisor for an input during the appraisal process.	155	4.05	.952
3	I openly discuss about my performance evaluation result with my supervisor.	155	4.04	.889

4	While my performance is evaluated, I have the opportunity to express my feelings to my supervisor.	155	3.88	.960
5	It is easy to discuss performance measurement issues with supervisors.	155	3.45	.920
6	The performance appraisal process communicates performance expectations to the employee before measuring their actual performance.	155	3.45	.898
	Valid N (listwise)	155		

**Source:** *Survey Result (March, 2021)*

The table 11 also shows, the mean score values are between the range of 3.45-4.05 which is in a good range. As result respondents have good level of agreement towards level of communication among employees & supervisors has an effect on employee satisfaction.

### **E. Trust in Supervisors**

*Table 12. Description statistics of Trust in Supervisors*

#### **Descriptive Statistics**

S.N.		N	Mean	Std. Deviation
1	I feel my supervisor is competent to evaluate my performance.	155	3.99	.915
2	My supervisor is familiar with the details and responsibilities that my performance entails.	155	3.97	.915
3	I have confidence and trust in my immediate supervisor regarding his/her general fairness.	155	4.02	.908
4	I trust my supervisor to accurately report my performance to his/her manager.	155	3.83	.954
5	All the information obtained from performance appraisal is confidential.	155	3.53	1.028
	Valid N (listwise)	155		

**Source:** *Survey Result (March, 2021)*

Table 12 also shows, the mean score values are between the range of 3.53-4.02 which is in a good range. As result respondents have good level of agreement towards trust in supervisors has an effect on employee satisfaction.

**F. Overall Performance Appraisal Process & Employee Satisfaction**

*Table 13. Summary of the overall Performance Appraisal process Indicators & Employee Job Satisfaction*

**Descriptive Statistics**

S.N.		N	Mean	Std. Deviation
1	Performance appraisal Feedback	155	3.01	.905
2	Fairness of Performance appraisal process	155	3.33	.696
3	Clarity of Performance appraisal process	155	3.10	.803
4	Communication among employees & supervisors	155	3.82	.669
5	Trust in supervisors	155	3.87	.676
6	Employee Satisfaction	155	3.50	.584
	Valid N (listwise)	155		

**Source:** *Survey Result (March, 2021)*

As table 13 shows, all variables; performance appraisal feedback, fairness of performance appraisal process, clarity of performance appraisal process, level of communication among supervisors' & employees', trust in supervisors and employee job satisfaction have mean score of a good range and this implies that employees were satisfied with the performance appraisal process of the company.



#### 4.4. Correlation Analysis

Table 14. Correlation between the Independent variables and the Dependent variable

		Feedback	Fairness	Clarity	Communication	Trust	Employee Satisfaction
Feedback	Pearson Correlation						
	Sig. (2-tailed)						
	N	155					
Fairness of	Pearson Correlation	.155					
	Sig. (2-tailed)	.054					
	N	155	155				
Clarity	Pearson Correlation	.104	.362*				
	Sig. (2-tailed)	.197	.000				
	N	155	155	155			
Communication	Pearson Correlation	.002	.322*	.202*			
	Sig. (2-tailed)	.980	.000	.012			
	N	155	155	155	155		
Trust	Pearson Correlation	.319**	.032	.090	.039		
	Sig. (2-tailed)	.000	.697	.266	.631		
	N	155	155	155	155	155	
Employee Satisfaction	Pearson Correlation	<b>.124</b>	<b>.545**</b>	<b>.511**</b>	<b>.689**</b>	<b>.084</b>	
	Sig. (2-tailed)	.123	.000	.000	.000	.297	
	N	155	155	155	155	155	155

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

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

According to Kothari (2004), Correlation is a measure of association between two variables and a positive values of 'r' indicates positive correlation between the two variables (i.e., changes in both variables take place in the stated direction), whereas negative values of 'r' indicate negative correlation (i.e., changes in the two variables taking place in the opposite directions). A zero value of 'r' indicates that there is no association between the two variables. Accordingly, when 'r' is (+) 1, it indicates perfect positive correlation and when 'r' is (-) 1, it indicates perfect negative correlation. Therefore; in order to determine the association between independent (performance appraisal feedback, fairness of performance appraisal process, clarity of performance appraisal process, level of communication among supervisors' & employees', and trust in supervisors) and the dependent variable (employee job satisfaction), the researcher computed Pearson correlation. As table 10 shows, the independent variables fairness of performance appraisal process ( $r=0.545$ , sig. =0.000), clarity of performance appraisal process

( $r=0.511$ ,  $\text{sig.} =0.000$ ), and level of communication among supervisors & employees ( $r=0.689$ ,  $\text{sig.} =0.000$ ) are positively and significantly correlated with dependent variable. Although performance appraisal feedback ( $r=0.124$ ,  $\text{sig.} =0.123$ ) and trust in supervisor ( $r=0.084$ ,  $\text{sig.} =0.297$ ) are positively associated with employee satisfaction, it's not statistically significant.

#### 4.5. Regression Analysis

##### 4.5.1. Assumption Tests for Multiple Regressions

To confirm that the obtained data truly represented the sample and that the researcher has obtained the best results meeting the assumptions of regression analysis is necessary (Hair, et al., 1998). The assumptions for multiple regression include; the relationship between each of the predictor variables and the dependent variable is linear (Linearity) and that the error, or residual, is normally distributed (Normality) and uncorrelated with the predictors (Multi-collinearity).

##### a. Multi- Collinearity

Table 15. Multicollinearity problem test of VIF and Tolerance

Model		Collinearity Statistics	
		Tolerance	VIF
1	Performance appraisal Feedback	.873	1.146
	Fairness of Performance appraisal process	.787	1.271
	Clarity of Performance appraisal process	.854	1.171
	Communication among employees & supervisors	.883	1.132
	Trust in supervisors	.892	1.121

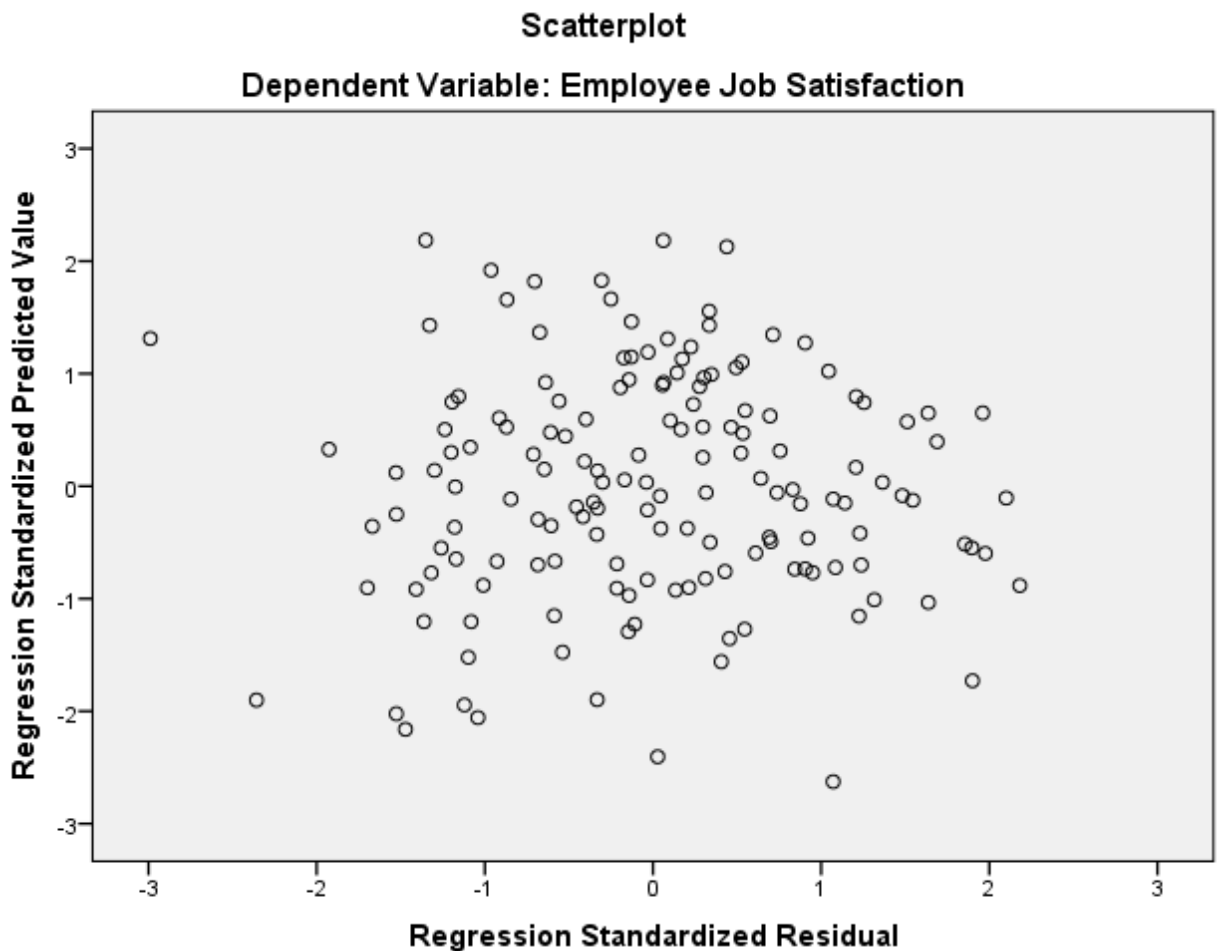
a. Dependent Variable: Employee Satisfaction

**Source:** Survey Result (March, 2021)

When there is a high degree of correlation between independent variables, the problem of what is commonly described is the problem of multicollinearity (Kothari, 2004). If tolerance value

closed to 1 and VIF value is around 1 and not more than 10, it can be concluded that there is not multi-collinearity between independent variable in the regression model (Pallant, 2011). As the above table 15 indicates both the values of tolerance and VIF calculated for each independent variable on both regression analyses fulfills the criteria discussed above, which indicate the non-existence of multi-collinearity.

**b. Linearity**



*Figure 2. Linearity scatter plot of regression standardized residual*

**Source:** Survey Result (March, 2021)

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. Linearity can easily be examined through residual plots

(Saunders, et. al., 2009). The linearity assumption can easily be checked using scatterplots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s) (Hoekstra et al., 2014). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from the below figure.

**c. Normality**

*Table 16. Skewness and Kurtosis*

<b>Descriptive Statistics</b>					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Performance appraisal Feedback	155	-.225	.195	-.853	.387
Fairness of Performance appraisal process	155	-.393	.195	-.061	.387
Clarity of Performance appraisal process	155	.004	.195	-.982	.387
Communication among employees & supervisors	155	-.865	.195	.863	.387
Trust in supervisors	155	-1.037	.195	1.686	.387
Employee Satisfaction	155	-.433	.195	-.230	.387
Valid N (listwise)	155				

**Source:** *Survey Result (March, 2021)*

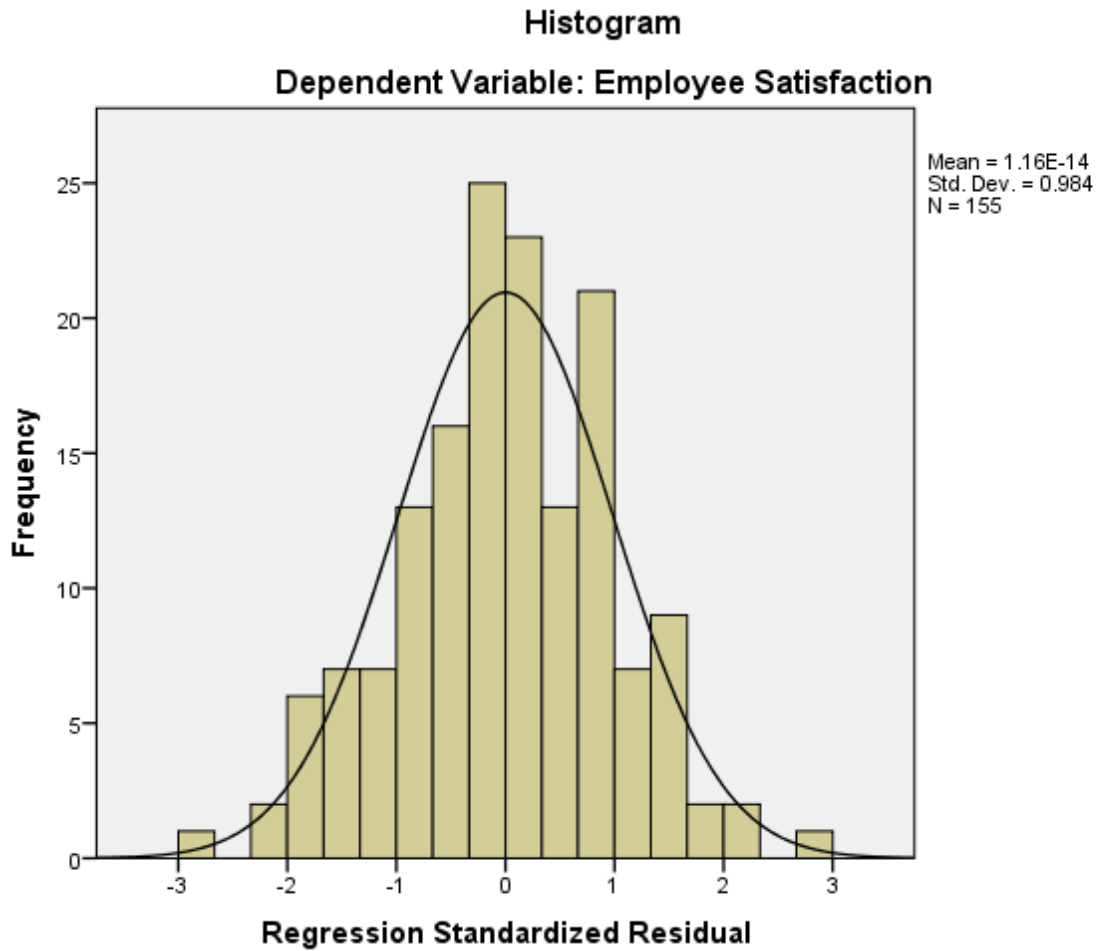
Tests are based on the assumption of normality i.e., the source of data is considered to be normally distributed. Kurtosis is also used to measure the peakedness of the curve of the frequency distribution (Kothari, 2004). The index of skewness takes the value zero for a symmetrical distribution. A positive skewness value indicates right skew while a negative value indicates left skew. The kurtosis index measures the extent to which the peak of a unimodal frequency distribution departs from the shape of normal distribution. A value of zero corresponds

to a normal distribution; positive values indicate a distribution that is more pointed than a normal distribution and a negative value a flatter distribution. As shown in table 16 above, all items show close to normal distribution considering the criteria proposed by George and Mallery (2010) of Skewness and kurtosis values between -2 and 2. In general, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal (Hair, et al., 1998). Therefore, the data used in this study was normally distributed.



*Figure 3. Normality plot of regression standardized residual*

**Source:** *Survey Result (March, 2021)*



*Figure 4. Histogram plot for regression standardized residual*

**Source:** *Survey Result (March, 2021)*

According to the diagnosis information presented in all the above tests, there is no data problem that violates the assumptions of multiple regressions.

#### **4.5.2. Regression Result**

According to Marczyk, et al. (2005), linear regression is a method of estimating or predicting a value on some dependent variables given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike with correlations, however, the primary purpose of regression is prediction.

Multiple regressions are a correlation between the observed values of Y, the values of y predicted by multiple regression models. Therefore, large values of the multiple regressions represent a large correlation between the predicted and observed values of the outcome. Adjusted  $R^2$  is used to measure the percentage of variance in the dependent variable explained by the independent variables. From the multiple regression equation, the standard regression coefficient (beta weight) is determined to compare the effect of each independent variable that had on the variability of the overall employee job satisfaction. The model summary table shows the strength of relationship between the independent and the dependent variables.

*Table 17. Model Summary*

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822 <sup>a</sup>	.675	.664	.339

a. Predictors: (Constant), Trust in supervisors, Fairness of Performance appraisal process, Communication among employees & supervisors , Performance appraisal Feedback, Clarity of Performance appraisal process

b. Dependent Variable: Employee Satisfaction

**Source:** *Survey Result (March, 2021)*

Based on table 17 model summary result, when the overall employee job satisfaction was regressed on overall the four independent variables, the independent variables contribute to statistically significant relationship ( $p < 0.01$ ) between the dependent variable.

The coefficient of determination  $R^2$  is a measure of how good a prediction of the criterion variable we can make by knowing the predictor variables. Accordingly, 67.5% of the variation accounted for the dependent variable is due to the combined effect of the mentioned independent variables. But, sometimes  $R^2$  tends to somewhat over-estimate the success of the model when applied to real world. Therefore, to see the success of our model in the real world, adjusted  $R^2$  is more preferable than  $R^2$ . Therefore; the variation explained by the regression of all the predictor variables on employee job satisfaction is 66.4%.

The objective of the regression in this study is to find such an equation that could be used to find the impact of predictors on dependent variable. The specified regression equation takes the following form:

$$\beta_0 + \beta_1x$$

The specified regression equation for this study takes the following form;

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5$$

In the above equation, predictor variables  $x_i$  may represent independent variables (Bhattacharjee, 2012).

Equation;

$$Y = \alpha + \beta_1 (PAF) + \beta_2 (FPA) + \beta_3 (CPA) + \beta_4 (CSE) + \beta_5 (TS)$$

$$Y = \alpha + 0.049 + 0.251 + 0.304 + 0.546 + 0.012$$

Where:

Y = Employee Job Satisfaction (EJS)

PAF= Performance appraisal feedback

FPA = Fairness of performance appraisal process

CPA = Clarity of performance appraisal process

CSE = Communication among supervisors' and employees'

TS= Trust in Supervisors



Table 18. ANOVA

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.514	5	7.103	61.983	.000 <sup>b</sup>
	Residual	17.074	149	.115		
	Total	52.588	154			

a. Dependent Variable: Employee Satisfaction

b. Predictors: (Constant), Trust in supervisors, Fairness of Performance appraisal process, Communication among employees & supervisors , Performance appraisal Feedback, Clarity of Performance appraisal process

**Source:** Survey Result (March, 2021)

ANOVA tests whether the model is significantly better at predicting the outcome than using the mean as a best guess; specifically, the F ratio (systematic variation to unsystematic variation) represents the ratio of the improvements in prediction that results from fitting the model, relative to the inaccuracy that still exists in the model. The F ratio greater than one explains systematic variation is greater than unsystematic, in addition, the ratio also indicated whether the result of the regression model could have occurred by chance. In this study, the value of F ratio is 61.983 and is significant at 0.000. Therefore, it is possible to say the regression model adopted in this study could have not occurred by chance and a significant relationship was present. In other words, the regression model shows that there is significantly better prediction of consumer purchase decision than if we used the mean value of employee job satisfaction.

Table 19. Regression Analysis of Independent and Dependent Variables

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.157	.238		.661	.510
	Performance appraisal Feedback	.032	.032	.049	.978	.330
	Fairness of Performance appraisal process	.211	.044	.251	4.768	.000
	Clarity of Performance appraisal process	.221	.037	.304	6.016	.000
	Communication among employees & supervisors	.477	.043	.546	10.994	.000
	Trust in supervisors	.011	.043	.012	.247	.806

a. Dependent Variable: Employee Satisfaction

**Source:** Survey Result (March, 2021)

As table 19 depicted that, the  $\beta$  values tell us about the individual predictor effects on employee job satisfaction. If the value is positive, we can tell that there is positive relationship between predictor and the outcome, whereas a negative coefficient represents negative relationship. The standardize beta value for level of communication among supervisors & employees ( $\beta=0.546$ ,  $p=0.000$ ) is the highest followed by clarity of performance appraisal process ( $\beta=0.304$ ,  $p=0.000$ ), fairness of performance appraisal process ( $\beta=0.251$ ,  $p=0.000$ ), performance appraisal feedback ( $\beta=0.049$ ,  $p=0.330$ ), and trust in supervisor ( $\beta=0.012$ ,  $p=0.806$ ).

As per the finding, level of communication among supervisors & employees makes the strongest unique contribution to explaining employee job satisfaction. The p value of all independent

variables except performance appraisal feedback and trust in supervisor is less than 0.01. Since, coefficient of the predictor variables were statistically at <5% level of significance, alternative hypotheses related with level of communication between supervisors' & employees', fairness of performance appraisal process, and clarity of performance appraisal process are confirmed. And though, performance appraisal feedback, and trust in supervisor have positive effect on employee job satisfaction, it is not significant (p value 0.330 & 0.806, respectively). Therefore; alternative hypotheses related with performance appraisal feedback, and trust in supervisor are rejected.

#### **4.7. Discussion of the Findings**

The survey clearly shows that level of communication among supervisors' & employees, fairness of performance appraisal process and clarity performance appraisal process have positive and significant effect on the employee job satisfaction of west Addis Ababa district service centers of EEU. Even though, performance appraisal feedback and trust in supervisors have positive effect on employee job satisfaction, their effect is statistically not significant.

Among the five independent variables, level of communication among supervisors' & employees has the highest effect on employee job satisfaction. This result is supported by Brown, et al. (2010) and Ismail, et al. (2016) who reported that good communications between supervisors' & employees is positively and significantly correlated with job satisfaction.

Fairness of performance appraisal process has positive and significant effect on employee job satisfaction. This result is consistent with the finding of Cowandy (2014), Agyare, et al. (2016), Brown, et al. (2010), (Bowra, and Nasir, 2014) and Karimi, et al. (2011).

Clarity of performance appraisal process has a positive and significant effect on job satisfaction of employees in west Addis Ababa district service centers of EEU. This result is consistent with the report of Agyare, et al. (2016) who conducted their study on the Impacts of Performance Appraisal on Employees' Job Satisfaction and Organizational Commitment: A Case of Microfinance Institutions in Ghana, and reported that clarity of roles/appraisal has positive and significant effect on job satisfaction. The finding also supported by Brown, et al. (2010) who reported that employee clarity about their performance expectations has a positive and significant effect on job satisfaction.

The survey result shows that performance appraisal feedback has positive but not significant effect on employee job satisfaction. This finding is in contrary to the reports of Ismail, et al. (2016) and Brown, et al. (2010) who reported that feedback of performance appraisal has positive and statistically significant effect on job satisfaction. This finding is also against to the finding of Agyare, et al. (2016) who studied on the impacts of performance appraisal on employees' job satisfaction and organizational commitment: a case of microfinance institutions in Ghana, that feedback of performance appraisal has positive and significant effect of employees' job satisfaction.

Trust in supervisors has also a positive but statistically insignificant effect on job satisfaction of employees in west Addis Ababa district service centers of EEU. The finding is in contrary to the findings of Naji, et al. (2015) and Brown, et al. (2010). They clearly argued that the highest level of trust in their supervisor has positive and significant effect on employee job satisfaction. This finding is also opposed by Naji, et al. (2015) who reported that the greater the trust toward supervisors among employees, the greater their work satisfaction will be.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary, conclusion and recommendations of the study based on the analysis of the research data, interpretation and discussion of the results. The chapter provides recommendations and actions which can be taken by human resource departments of west Addis Ababa district service centers as well as further studies that can be conducted on this topic.

#### 5.1 Summary

The purpose of this research was to examine the effect of performance appraisal on employee job satisfaction in Ethiopian Electric Utility west Addis Ababa district service centers.

Research questions were developed from research specific objective with the purpose of leading and constructing this study. For the purpose of answering those research questions a questionnaire was employed. A probability sampling of proportional stratified sampling technique was used to select a representative sample population of the company's employees by considering each service centers as a "strata". Reliability test was done and Cronbach alpha values were checked to assure the internal consistency of the research instrument. As a result, the overall Cronbach alpha value was 0.910 which indicates that there is high internal consistency of the measurement scales.

Majority (53.5%) of the study participants in this study was male and most of the respondents (38.7%) were in the age group of 18-25 years. Majority of them are diploma holder (45.8%), while only 11.0% of respondents were graduated with certificate level. Most participants have service experience between one and five years while only 3.2% of respondents have less than one year service experience in the company. Majority (52.3%) of respondents were officer while only 4.5% of respondents were cashier.

The correlation analysis shows that, all independent variables; fairness of performance appraisal process, clarity of performance appraisal process, and level of communication among supervisors' & employees' have positive and significant association with the employee job satisfaction. Though performance appraisal feedback and trust in supervisors have positive association with job satisfaction, it is not statistically significant.

From regression analysis of independent variables with the employee job satisfaction, independent variables such as; fairness of performance appraisal process, level of communication among supervisors' & employees', and clarity of performance appraisal process contributed to statistically significant (  $p\text{-value} < 0.05$ ) effect on dependent variable. Even though, trust in supervisors and performance appraisal feedbacks have positive effect on employee job satisfaction, their effect is not statistically significant. Therefore; all alternative hypotheses related with fairness of performance appraisal process, level of communication between supervisors' & employees', and clarity of performance appraisal process are confirmed; whereas alternative hypotheses related with trust in supervisors and performance appraisal feedbacks are rejected.

Finally, 66.4% of the variation accounted for the dependent variable was due to the combined effect of the overall independent variables and  $\beta$  weight score indicated that the effect of level of communication between supervisors' & employees' is greater than that of other independent variables.

## **5.2. Conclusions**

The main objective of the study was to examine the effect of performance appraisal on employee job satisfaction in Ethiopian Electric Utility west Addis Ababa district service centers.

To achieve the aforementioned objective of the study, the researchers used a quantitative research approach & an explanatory research design. To select a representative sample population of the study participants, a probability sampling technique of proportional stratified sampling was used by considering each service centers as a "strata" and self-administered questionnaire were carefully developed from previous related studies and evenly distributed throughout randomly selected permanent employees during the study period.

The finding shows that the mean value of performance appraisal and employee satisfaction is above average and it can be concluded that the performance appraisal process of west Addis Ababa district service centers is in a good enough to satisfy its employees. The correlation analysis shows that communication among employees & supervisors, clarity of performance appraisal process, and fairness of performance appraisal process have positive and significant association with employee satisfaction. The regression analysis also reveals that communication

among employees & supervisors, clarity of performance appraisal process, and fairness of performance appraisal process have positive and significant effect on EEU's employee satisfaction. From the finding it is clear that the employees' expectation exceeds well in communication among employees & supervisors, clarity of performance appraisal process, and fairness of performance appraisal process. Though it is not significant, there was a problem in EEU of west Addis Ababa district service centers to meet employees' expectation in terms of performance appraisal feedback and trust in supervisors.

### **5.3. Recommendations**

Based on the findings and conclusions made, the researcher forwards the following recommendations;

- The human resource department of EEU in general and the human resource department of west Addis Ababa district in particular, should increase the level of communication between supervisor and employees. Performance appraisal system should involve an open communication where both managers and employees have clear understanding of nature, purpose and problems of the appraisal, and it helps to identify what improvement need to be done by communicating with employees. This will be done by providing a discussion session, workshops, and other communication methods with employees.
- Fairness in performance appraisal process has paramount importance in employees' job satisfaction. The performance appraisal criteria should be specific to reduce subjective judgment that comes from generalization.
- The objective of performance appraisal should be made clear to all employees before conducting the appraisal process and employees should accept it. In addition, employees should participate in the design of the performance appraisal formats and the weight assigned to the criteria should be revised based on the participant suggestion. As a result these play a great role in increasing the clarity of the appraisal process and hence the employee satisfaction.
- This study aimed to examine the effect of performance appraisal feedback, fairness in the performance appraisal process, clarity about performance appraisal process, level of

communication between supervisor and employee, and trust in supervisors on employee job satisfaction. There could be several other factors such as: accuracy of rating, appraisal form and its content, trained appraiser, and employee participation in performance appraisal system which can moderate the effects of the performance appraisal on employee job satisfaction. Therefore; future research can be carried out on these variables to examine their effects on employee job satisfaction EEU west Addis Ababa district service centers.

- This study also considered only employee of west Addis Ababa district service centers as target population. As a result, the finding might not represent the job satisfaction of EEU employees of the whole Addis Ababa. Therefore; additional studies of the same topic shall be conducted in different districts of Addis Ababa.
- Lastly, researcher recommends further study on trust in supervisors and performance appraisal feedback to examine their effect on employee jobs satisfaction in EEU west Addis Ababa district service centers.



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**APPENDIX**  
**QUESTIONNAIRES**

*Dear respondent,*

My name is Habtamu Bekele; I am doing my thesis for the fulfillment of a Master's degree in Business Administration (MBA). The aim of my thesis is to examine the effect of performance appraisal on employee satisfaction in Ethiopian Electric Utility West Addis Ababa District Service Centers. The information you provided will only be used for the research purpose and it is strictly confidential. Please do not write your contact details on the questionnaire. Thanks for your cooperation.

**Part I: General Information**

**Please put an “X” mark of your choice on the space provided.**

- a) Gender    Male
- b) Female
- 1. Age in Year
  - a) 18-25
  - b) 26-35
  - c) 36-45
  - d) >45
- 2. Service experience in year
  - a) < 1
  - b) 1-5
  - c) 6-10
  - d) 11-15
  - e) 16-20
  - f) >20
- 3. Educational Level
  - a) Certificate

- b) Diploma
  - c) Bachelor Degree
4. Work position
- a) Officer
  - b) Team Leader
  - c) Supervisor/main cashier
  - d) Forman

**Part II: Questions Related to Performance Appraisal and Employee Satisfaction**

Instructions: Please indicate your degree of agreement or disagreement against each question by encircling the appropriate number (where, 1: *Strongly disagree*, 2: *Disagree*, 3: *Neutral*, 4: *Agree*, and 5: *Strongly agree*).

S.N.	<i>Factors</i>	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
<b><i>Performance Appraisal Feedback</i></b>						
1	I receive regular and timely performance feedback beside the annual performance review.	1	2	3	4	5
2	The information provided by my supervisor during my performance feedback is accurate.	1	2	3	4	5
3	The performance feedback I received helps me to improving my job performance and to attain my goals.	1	2	3	4	5
4	The feedback I get helps me to gain insight about my weakness and strength.	1	2	3	4	5
5	I have been provided with feedbacks to help improve my performance.	1	2	3	4	5
<b><i>Fairness in the Performance Appraisal Process</i></b>						
1	My last performance result correctly represents how well I have performed in my job.	1	2	3	4	5



2	I evaluated based on the previously setted objective standards without subjectivity and bias.	1	2	3	4	5
3	My performance appraisal result provided me a fair reflection of my performance.	1	2	3	4	5
4	The performance appraisal process of my company is free from discrimination and favoritism	1	2	3	4	5
5	There is a feeling of equity and fairness among employees regarding performance appraisal process.	1	2	3	4	5
<b><i>Clarity about Performance Appraisal Process</i></b>						
1	There is clear a predetermined standard & criteria based on which employee performance is measured.	1	2	3	4	5
2	I have clear understanding about the performance measurement process.	1	2	3	4	5
3	My performance has been evaluated regularly.	1	2	3	4	5
4	I have full understanding of the performance appraisal process.	1	2	3	4	5
<b><i>Level of communication between Supervisor and Employee</i></b>						
1	I have received guidance to improve my performance.	1	2	3	4	5
2	I have asked by my supervisor for an input during the appraisal process.	1	2	3	4	5
3	I openly discuss about my performance evaluation result with my supervisor.	1	2	3	4	5
4	While my performance is evaluated, I have the opportunity to express my feelings to my supervisor.	1	2	3	4	5
5	It is easy to discuss performance measurement issues with supervisors.	1	2	3	4	5
6	The performance appraisal process communicates performance expectations to the employee before measuring their actual performance.	1	2	3	4	5
<b><i>Trust in Supervisors</i></b>						
1	I feel my supervisor is competent to evaluate my performance.	1	2	3	4	5

2	My supervisor is familiar with the details and responsibilities that my performance entails.	1	2	3	4	5
3	I have confidence and trust in my immediate supervisor regarding his/her general fairness.	1	2	3	4	5
4	I trust my supervisor to accurately report my performance to his/her manager.	1	2	3	4	5
5	All the information obtained from performance appraisal is confidential.	1	2	3	4	5
<b><i>Employee Job Satisfaction</i></b>						
1	I am happy with the feedback aspect of performance appraisal system.	1	2	3	4	5
2	I am happy with the way the performance appraisal process is used to evaluate and rate my performance.	1	2	3	4	5
3	My organization has a great deal of personal meaning for me.	1	2	3	4	5
4	I feel a strong sense of belongingness to my organization.	1	2	3	4	5
5	I am happy with the appeal process of the performance appraisal system.	1	2	3	4	5

Thank you for your cooperation!