THE EFFECTS OF PERFORMANCE APPRAISAL ON EMPLOYEE MOTIVATION: THE CASE OF ZTE

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Statement of Declaration

I, **Blen Tesfu** declare that this work entitled "The Effects of Performance Appraisal on Employee Motivation: In the Case of ZTE", is my original work. Moreover, this study has not been presented for any other program in this university or any other, and that all sources of material used have been acknowledged accordingly.

Blen Tesfu

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Date_________________

Statement of Certification

This is to certify that this study paper titled " The Effects of Performance Appraisal on Employee Motivation: In the Case of ZTE" undertaken by Blen Tesfu for the partial fulfillment of Master of Arts Degree in Human Resource Management from Addis Ababa University school of commerce is an original work and fit for partial fulfillment for Masters of Arts Degree in Human Resource Management.

Advisor: DR. Worku Mekonnen (PHD)

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Date________________

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Abbreviations and Acronyms

ANOVA	Analysis of Variance
BSC	Balanced Scorecard
EM	Employee Motivation
HR	Human Resource
HRM	Human Resource Management
IBID	Indicates a reference to the same source as the previous one
PA	Performance Appraisal
PAT	Performance Appraisal techniques
PAO	Performance Appraisal Objective
PAS	Performance appraisal system
SPSS	Statistical Package for Social Science
ZTE	Zhongxing Telecommunication Equipment

Abstract

The general objective of the study was to determine the effect of performance appraisal on employee motivation at ZTE (HK) Limited Ethiopian Branch (ZTE). This study was guided by four research objectives namely: assessing the effect of performance appraisal techniques and standards on employee motivation, effects of performance appraisal objectives on employee motivation and establishing the extent as well as the level to which performance appraisal can affect employees' motivation at ZTE. The study used both descriptive and explanatory research designs. From 245 populations a sample of 167 staff was selected by using stratified random sampling and distributed also selected to each department by simple random sampling. Structured questionnaires were used to collect data and 141 responses were included in the analysis. The reliability of the instrument was checked using Cronbach Alpha and it was found 0.809 which is mostly considered as the highest reliability. The data were analyzed using the SPSS Version 25. The result of correlation analysis evidenced that performance appraisal standards, methods or techniques, and objectives are positively correlated. Moreover, the regression model analysis shows that performance appraisals objectives have importance to employee motivation. Hence, based on the finding the study conclude that employees need to be aware of the actual implementation of performance appraisal practices both components (performance appraisal standard measure and methods or techniques) have to be improved for better or to enhance employee motivation. The study recommends that understanding PAS is the major issue because performance objectives are one factor that influences the most on employee motivation on the findings. Furthermore, the company should enhance their employee motivation by financial and non-financial rewards scheme, should develop learning and career development, create work-life balance, a good working environment, and should develop a fair and proper PA practice. In addition, it is recommended that future researchers should assess the factors affecting PA by using other variables.

Keywords: ***Performance Appraisal, Employee's Motivation***

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Human resource is the key asset of an organization which determines the profitability of an organization (Mathis and Jackson, 2008). In our world organization operates by the help of the resource they have. Some of the resources can be financial, raw material, technological, and human. Among these, human resource is the most valuable and determinant asset of the organization (Meaza et al., 2017). The human resource can be considered as the backbone of any organization in coordinating and controlling the whole activities of the organization directly or indirectly to ensure achievements of organizational goal (Desseler, 2013). In this regard, performance appraisal is the most commonly used HR practice and if it‟s not properly handled it will affect the motivation level of employees (Dimba and K'Obonyo, 2009).

The evolution of performance appraisal practice started as old as human being started social life but well designed and planned performance appraisal system has emerged during Industrial revolution in Europe. It is therefore believed that the continued success of each organization depends on its performance appraisals. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting based on predetermined goals (Armstrong, 2006). Performance appraisal is the systematic process of weighting and measuring of employee performance against standards set or predetermined goals and these standards are obtained by the help of job analysis. Performance appraisal means evaluating an employee current and or past performance relative to his or her performance standards (Desseler, 2013).

According to Snell and Bohlander (2007), performance appraisal is a process, typically performed/delivered by a supervisor to a subordinate, designed to help employees understand their roles, objectives, expectations and performance success. According to the definition the basic thing for employees understanding the role, objective, which helps the employees to achieve the performance, is performance appraisal. The overall definition of performance appraisal shows that its process that rates employees based or stated standards and that evaluate their role in achieving the organization goal.

In addition, building an organization with well-motivated and satisfied employees is very crucial for the achievement of the goals of the organization (Faith et al, 2016). Therefore, employees must be motivated and satisfied in what they do to increase the efficiency and effectiveness of the productivity so that the organization can get its competitive advantage in the market. Moreover, an organization must seek to look at how employees are motivated to enhance their efficiency and effectiveness and the factors that affect them (Newstrom, 2011).

According to Butkus & Green (1999), motivation is derived from the word "motivate", means to move, push or influence to proceed for fulfilling a want. Motivation is a set of courses concerned with a kind of strength that boosts performance and directs towards accomplishing some definite targets (Kalimullah et al, 2010). According to Newstrom (2011), motivation is the result of a set of internal and external forces that cause an employee to choose suitable course of action and hold on certain behaviors. These behaviors will in turn be focused at achieving organizational goals. Motivation also requires learning and understanding employee drives and needs, since its origin is from within an individual.

A lot of studies have been done on, performance appraisal and employee"s motivation relationship like Kamiti (2014), stated in his research on the effect of performance appraisal effect on employees motivation of civil servants revealed that performance appraisal is an important factor which touches on the employees" motivation. In the same taken, Faith et al, (2016) identified the performance appraisal as one of the factors that affect employee motivation. The purpose of the Performance Appraisal is to enable managers to create a motivating climate to help an employee develop and achieve high standards of performance (Keith, 2011).

As such, ZTE Corporation of Ethiopia branch has established a performance appraisal system in order to achieve its organizational goals where the company has conducted the employees" performance appraisal practice twice a year in which an employee is entitled to full disclosure of its performance rating result and discusses them with their supervisor in order to ensure mutual understanding of the requirements of the job, strong and weak points of the employee and employees development needs.

According to the company human resource development policy the company employee performance appraisal system mainly aims to review employee‟s performance objectively over a set period of time, to provide guidance for future performance improvements of the employee and to take appropriate and timely disciplinary measures against an employee with poor performance. It has also aim of offering mangers/supervisors and their employees the opportunity to communicate with each and to set employee performance targets and personal development plans for subsequent appraisal period. More so the company employee performance appraisal system has further aim of assisting the human resource personnel in making objective decisions on promotion and salary increments for employees.

However, as per the preliminary assessment made by the company human resource department, it showed that the performance appraisal system the company needs improvement in order to boost employee engagement and motivation. Clearly, therefore, assessing the effectiveness of the current performance appraisal system of the Bank and investigate how the existing performance appraisal system affects its employee motivation is very crucial in order to give insight how to improve the performance appraisal system of the company in a way that it favorably impacts its employee motivation. Hence, this research was mainly aimed to study the effect of performance of appraisal on employee motivation at ZTE.

ZTE Corporation is a Chinese technology company that specializes in telecommunication. The company founded in 1985 to become a driver of the digital economy (https://www.zte.com.cn). The company has been committed to providing integrated end-to-end innovations to deliver excellence and value to consumers, carriers, businesses, and government and enterprise network customers from over 160 countries around the world to enable increased connectivity and productivity (https://www.zte.com.cn). It becomes one of the leading technology companies in the networking industry in the world. ZTE extends its offices in different parts of the world. Of which one of them is in Ethiopia named ZTE (HK) Limited, Ethiopian Branch which has been founded in 2001 in Addis Ababa. The company has currently 245 local employees who work under different capacities and sections. The success and growth of the company are not only depending on the technology, but also on the best performance of the staff members who are committed to working achieving the objective of the company. Thus the study focuses on the assessing the effect of performance appraisal on employee motivation with specific reference to among the staff of ZTE Addis Ababa branch office.

1.1. Statement of the Problem

In today‟s business world, performance appraisal of employees or human resources with positive feedback is the key role for an organization‟s success in the industry in which the company is involved. The reason is that, because of the acquisition of skilled, motivated, satisfied, and committed employees who impact the efficiency and effectiveness of the organization‟s performance (Nurse, 2005). According to Robert and Jackson (2017), the objective of performance appraisal is to evaluate of performance for making various administrative decisions concerning remuneration/compensation of employees such as pay adjustment, benefit, contingency reward, promotion, transfer and the like. The other use focuses on the development of individuals which mainly concerned about providing employees with appropriate training program as well as providing employees with promotion opportunities and career advancement.

Research on the factors contributing to Performance appraisal satisfaction underlines the key role of performance appraisal criteria. Specifically, Pooyan and Eberhardt (1989), show that appraisal alternatively based on skills or results achieved by the employees in their jobs are an important predictor of performance appraisal satisfaction for both supervisory and non-supervisory employees. Performance appraisal satisfaction, in turn, is a key determinant of the acceptance and use of an appraisal system, contributing to its effectiveness. In other words in the above discussion, if employees are motivated and satisfied by Performance appraisal result then he/she will achieve company‟s goal by a great deal of effectiveness and efficiency.

On the contrary, Armstrong (2009) wrote that: „it is generally accepted that there are several issues that are taken in wrong way in relation to the use of the performance appraisal systems.‟ According to him, there are drawbacks that affect the performance appraisal system. In other words, therefore, these drawbacks can affect the motivation of employees directly or indirectly. More so, Walters (1995), outlined some main performance appraisal challenges in the performance appraisal processes. The major challenges are employees are not provided with performance feedback on time and less communication between the employees and administration and the degree of openness and trust between managers and subordinates. In general these problems are facing the ZTE Addis Ababa branch office to the performance appraisal systems to be effective.

Nevertheless, there has been some related research title studies in similar telecom industries such as Sayed et al., (2018), who studied under title: “Performance Appraisal and Its Effects on Employees Motivation”. In this study the researchers focuses on an appraisal element such as regular training, financial rewards, decision, appraisal system, working environment and in his findings not only performance appraisal has an effect on employee motivation but also training, financial rewards, decision, satisfaction with appraisal, working environment. From this research one can understand that the focus area of the variables of the study is regular training, financial rewards, decision, appraisal system, working environment. So it doesn‟t focus on the effects of performance appraisal on employee motivation on such variables as the techniques, standard, and objective. Yared (2016) also conduct study entitled: “The Effects of the Implementation of Balanced Scorecard on Employee Performance Appraisal Practices”. The variable he uses is a balanced scorecard and performance appraisal. And in his study, he concludes that the study confirms that BSC implementation has a positive effect on the practices of performance appraisal.

From these studies, the focus area of the variables is only on the balanced scorecard and employee performance appraisal. Thus, none has studied in our company that with a title the effects of performance appraisal on employee motivation by using regression methodology using the standard, techniques, and objectives elements. So from the above-mentioned study matter, the researcher fills the gap on the effects of performance appraisal on employee motivation by using the regression methodology and standard, techniques, and objectives elements.

Currently in ZTE performance appraisal is done twice within a year and all staff is apprised that is from professionals to non-clerical. But, according to researcher preliminary assessment the company appraisal system is not clearly defined which standard and method it uses as well as its objectivity. Further employees have also put their concerns regarding the fairness and accuracy of the company‟s performance appraisal. More so, employees put their view that they lost their confidence on performance appraisal procedure and measures and seriously complain that the performance appraisal that has been conducted by their supervisors is just to fulfill semi-annual report requirement of Human Resource Directorate and primarily for documentation purpose. Thus, according to researcher preliminary assessment the performance appraisal system the company needs further improvement in order to boost employee motivation.

More so, based on annual assessment report on ZTE Addis Ababa branch office‟s employee performance appraisal of June 2020, the employee‟s motivation towards performance appraisal systems and its practice is found at low stage, the primary result is that the performance appraisal system process less performance feedback on time. It was observed from this report that without on time feedback on employee‟s performance it is difficult to create employee‟s motivation. Another reason of employee‟s low satisfaction with current performance appraisal practice is less communication between the employees and administration. Besides, it is difficult to identify employee training needs based on the result of the performance appraisal (the organization secondary data)

In general, it indicated that the company has no serious intention on the outcome of the performance appraisal such as employee motivation that is deemed as important factor to improve performance. It is rather considered as a periodic ritual practice. Therefore, in order to address the above-mentioned gaps, this research tried to empirically examine the effect of performance appraisal process such as performance appraisal objectives, performance appraisal standard and performance appraisal techniques or methods on employee motivation in the case of the staff of ZTE Addis Ababa branch office. Thus the main research question being addressed by the study is what is the effect of performance on employee motivation with the case of ZTE branch in Addis Ababa?

1.3 Research Objectives

1.3.1. General objective

The general objective of this research was to assess the effect of performance appraisal on employees‟ motivation with the case of ZTE branch in Addis Ababa

1.3.2. Specific objective

- To examine the effects of performance appraisal techniques on motivation of employee at ZTE branch in Ethiopia.

- To examine the effects of performance appraisal standards on employee motivation at ZTE branch in Ethiopia.
- To examine the effects of Performance appraisal objectives on employee motivation at ZTE

1.5 Significance of the study

The principal findings and recommendations of this study would have an importance to the company and its management. First of all, the finding of the study help the company manager to have better knowledge and understanding regarding the gaps in current the employees‟ performance appraisal practices. Secondly, the outcomes of this study present the management with an ample set of information for a better understanding on which type of performance appraisal has highest effect on employee‟s motivation. Therefore, this study helps the company management to enrich its organizational performance appraisal practice and adjust its focus on most important performance appraisal type that can bring employee motivation. This in turn lead to improvements in workplaces to help employees becomes more motivated to their jobs.

Moreover, the findings of this study serve as a base for the other researchers and arouse their interest to conduct more researches in the investigation of the effects of the Performance appraisal on employee motivation.

1.6 Scope of the study

The scope of study was limited on in terms of subject (concept) and area (geography). , methodology and time

- Conceptually, from different factors or variables affecting employee motivation, performance appraisal was chosen as the main focus of the study. The practices or dimension of performance appraisal that were investigated in this study were; performance appraisal techniques, performance appraisal standards and performance appraisal objectives.
- Geographically the study was limited only on the ZTH Ethiopia branch which is located in Addis Ababa.
- Methodologically, the study was used explanatory or causal research design and depends only on quantitative approach.

- Time Scope: the study was conducted based on cross-sectional approach and thus, data was collected at single time rather than frequent observation where the required study data was collected from 2020 to 2021 GC.

1.7 Limitation of the study

Even though the study was designed to enable the researcher collect accurate and reliable data that can be used to make some inferences, it was however not free from limitations. First, the study is limited in the ZTE company practice and thus it should not be generalized to other companies. More so, the study involved only three factors of performance appraisal, which may not be sufficient and there may have some other important variables that can have high influence in the findings of the research. Moreover the study was conducted based on cross-sectional approach and thus, data was collected at single time rather than frequent observation over the same sample. Accordingly, the method cannot examine changes over time which needs more strong empirical investigation.

1.8Definition of operational terms

i. **Job Performance -** Ability of an employee to reach the measurable goals and standards, effectively and efficiently (Tindara, 2020).

ii. **Performance Appraisal**: "The methods or process of identifying and appraising the job performance of the worker in the company/organization" (Lansbury, 1998).

iii. **Performance appraisal methods** are the techniques through which employee performance is appraised (Armin, 2017).

iv. **Performance appraisal Purposes**: reasons underlying any performance evaluation practice (Tindara, 2020).

v. **Motivation** – "the concept that is related with potency and influence of behavior and the factors that influence people to act or behave or perform in certain ways" (Armstrong and Stephen Taylor, 2013).

1.8. Organization of study

The research will consist of five chapters. The first chapter will contain the background of the study, the background of the organization, statements of the Problem, Objectives of the study, limitation significance of the study. The second chapter will provide a review of related literature. The third chapter will present research design and methodology such as research study area total population, sample size, sample techniques, types of data and source of data collection, data presentation method, and data analysis and interpretation. The fourth chapter will contain data presentation, analysis, and interpretation. Finally, the last chapter five will consist of a summary of major findings, a conclusion, and recommendations.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

Introduction

In this chapter the researcher review relevant literature on theoretical, empirical and conceptual framework issues which are found to be essential to the research inquiry. Thus the first section discussed conceptual and theoretical literatures related to related to performance appraisal and employee motivations which were considered in order to lay solid foundation for the research. Then a brief summary of some of the related previous work on the link between performance appraisal and employee motivations were discussed. In the final analysis, the chapter reviewed the literature related to the key study variables as presented in the conceptual framework.

2.1. The Concept of Performance Appraisal

Performance appraisal is one amongst the strategic approaches of human resource management which combines all the key activities such as reviewing and evaluating employee‟s performance with organization business policies, and providing them with appropriate feedback; which include reward and results in enhancing performances and competencies of the employees (Wanjala and Kimutai, 2015). However, performance appraisal not only affected aspects. As stated by Sumangala and D‟Souza (2012), performance appraisal reviewing and evaluation involves understanding the employees' worth, merits, and capabilities that benefit the organizations, which in turn forms the basis for the rating given to the employees. This evaluation which is based on certain abilities is crucial because the quality and quantity of outcomes of this very task assigned to different people may vary, as humans vary from each other in their potential and aptitude (Sumangala and D'Souza, 2012). The assessment of the future performance of an employee can increase their morale and motivate them to perform better. Thus it is important to assess the future potential of the employee and not only their past performances during performance appraisal (Bajpai and Soni, 2011).

Performance appraisal is a process of evaluating an employee‟s performance of the job assigned. Performance appraisal is the step that tells the management how effective their process of recruitment, selection, and training is basically it involves the estimation of value excellence and quality of the person of the organization (Tindara, et al, 2020).

Performance appraisal is the steps in the course of which supervisor make certain that workers actions, productivities and output contribute to the organization‟s objectives. These steps involve identifying what workers actions, productivities and output are desired and giving feedbacks to assist workforce to meet expectations (Raymond et al., 2011).

According to Armstrong (2009), performance appraisal defined as it is formal, structured system of measuring, evaluating job related behaviors and outcomes to discover reasons of performance and how to perform effectively in future so that employee, organization and society at a large will benefited. And also Desseler (2005), define performance appraisals

"comparing the employee‟s present and past performance to his/her performance standards". So from the above definition it can be inferred that performance appraisal is the activity to determine the extent to which an employee performs work effectively.

2.1.1 Purpose and objectives of performance appraisal

2.1.1.1 Purposes of performance appraisal

Performance appraisal is the technique that uses the management in deciding about increments, incentives, and in deciding who will get promotions transfers or demotions (Robert & John Hendon, 2017). Organization may perform performance appraisal task for the purpose of various reasons. The output of performance appraisal may use to select employees that perform best or it may also use to identify employee who need training and development. The performance appraisal may also yield important information that can help to evaluate the effectiveness of certain training and development program (Ramond, 2015).

According to Robert & John (2017), organization may engage in the performance-evaluation steps for the purpose of undertaking a range of organization administration task such as decisionmaking about pay, promotions, training needs, career development etc. They further add that firm may also take performance-evaluation to enhance developmental processes of employees. This is related to Ramond, (2015) suggestion of the administrative performance appraisal purpose that include the identification of individual performance, providing performance feedback, determining transfers and assignments and. the identification of individual training.

From the organization's point of view, it is mandatory to have accountability and justice within the organization so that all the employees get a fair compensation out of their performance then likewise to create the status of the organization. The research shows that an organization fails when "nonalignment of responsibility and accountability occurs." These failures occur when the employees are given tasks, but there is no check on the tasks and responsibilities and in what way they are executing their jobs. Occasionally it occurs when the employees are functioning in the form of a group and teams so they permit on the effort to each other, but finally, no one apprehended responsible for any task so the instruction of accountability fails (Townley, 1997).

The performance appraisal system has always been an integral part of HRM and this research will highlight the main issues within the systems and the rating of employees. Rating the performance appraisal and giving the reaction is not a stress-free duty of the HR unit, as the measures of appraising is a multifaceted job. There are sure plans underlying to make the oldstyle methods correct than it had been in the past and consequently the probability of accurate and effective appraisal will be augmented (Townley, 1997). These policies can be measured as an applied drill to the HR bureaucrats. New learning techniques and methods should be true and fair for all sets of employees, transparent, and should be computerized so there are no chances of intermingled results which will remove the chances of favoritism. The central strategy and objective of the performance appraisal are that it ought to be shown for the motivation of the employees without undesirable features related to it, as it will bargain the morale of the employees. There must be some reward or bonus pronounced thus that this will be motivation for other employees and they will try to outshine their performance too. Proper communication and feedback session should be introduced so that the employees come to know their loopholes (Skinner, et al, 2005).

2.1.1.2 Objectives of performance appraisal

It is very important to clarify the objectives that performance appraisal system is attempting to achieve. Striving to achieve multiple objectives could become a disadvantage if it leads to dissipation of effort, energy and lack of focus (Rees and Porter, 2001). Fisher (1995) warned that performance appraisal more likely to fail if employees see performance appraisal as a stick which management has brought in, in order to generate a basis for disciplinary action. Some managers make mistakes including the maintenance of discipline as one of the goals of a multipurpose scheme. In addition, if employees acknowledge that their pay and chance of being promoted depend on the outcome of the appraisal process, they may try to play down any weaknesses and eager to shine their bright side (Rees and Porter, 2001). Consequently, it does get hard to reveal an individual‟s training and developmental needs.

According to Invacevich (2007), performance appraisal objectives are

- It can serve as a basis for a job change or promotion by identifying the strength and weaknesses of an employee it serves as a guide for formulating suitable training and development programming to improve quality.
- It serves as an important incentive to all the employees who are by the existence of an appraisal system assured of the management is to continue in them and of their continuous possibility to develop.
- It often provides the rational foundation for payment of peace of work wage, bonus, etc, (Invacevich, 2007).

Moreover, according to Rees and Porter (2001), the objectives can be categorized three groups:- administrative, informative and motivational. Administrative objectives are an aim of providing an orderly way of determining promotions, transfers and salary increases. Informative objectives are an aim of providing information to management on the performance of subordinates and to the individual on his or her strength and weaknesses. Motivational objectives are an aim of creating a learning experience that motivates staff to develop themselves and improve their performance

2.1.2. Types of performance appraisal

Tindara, et al (2020), divide performance appraisal into two types these are developmental and evaluative.

2.1.2.1 Developmental performance appraisal purposes

It is used to make decisions and plans for performance improvement to improve future performance, appraiser must give employees feedback on how well they are doing their jobs. Areas of strength and improvement must a clear and an improvement plan must be developed. So that the employees know what it takes to get higher evaluations rating on the next performance review.

2.1.2.2. Evaluative performance appraisal purposes

It is used for administrative decisions including pay increase, promotion, transfer, demotion, and terminations, managers are held legally accountable for the administrative decision because they need equal opportunity employment. Uniform guide linens employees selection and procedure, mangers not free to promote or discharge anyone they please administrative decisions will not be discriminatory.

So when both developmental and evaluative performance appraisal is conducted together, which commonly used the same standards, developmental are often less effective focus on the past, whereas the two uses clear and can help the manager to be a judge and coach.

2.1.3 Steps in performance appraisal

Robbins (2005) put the steps of performance appraisal as follows.

i. **Establishing performance standard**: appraisal process begins with the establishment of performance standard in accordance with the organization‟s goals. These should evolve out of the company‟s strategic direction and more specifically, the job analysis and job description. These performance standards should also be clear and objective enough to be understood and measured (Robbins, 2005).

ii. **Mutually set measurable goals**: once performance standards are established, it is necessary to communicate this expectation. Employees should not have to guess what is expected of them. Too many jobs have vague performance standards and the problem is compounded when these standards set in isolation and without employee input (Robbins, 2005).

iii. **Measure actual performance**: the third step in the appraisal process is performance measurement. To determine what actual performance is, we need information about it, we should be concerned with how we measure and what we measure (Robbins, 2005). iv. **Compare actual performance with the employee**: the fourth step in the appraisal process is the comparison of actual performance with standards. This step notes deviation between standard performance actual performances (Robbins, 2005).

v. **Discuss the appraisal with the employee**: appraising performance may touch on one of most emotionally charged activities, evaluations of 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 (Robbins, 2005).

vi. **Providing feedback and if necessary, initiate corrective action**: - this is the last step in a performance appraisal that enables the subordinates or individuals appraises to know their performance results and the identification of corrective action when necessary. Corrective action can be of two type, one is immediate and deals predominantly with symptom, and the other is basic delves in to causes. Immediate corrective actions is often described as “putting out of fire” whereas basic corrective actions touches the source of deviation and seek as adjust the difference permanently (Robbins, 2005).

2.1.4. Performance Appraisal Criteria, Methods and Standards

2.1.4.1 Performance Appraisal Criteria

According to Robert & John (2017), there are two major criteria use to measure the proficiency of an employee these are

1. objective criteria
2. Subjective criteria

1. Objective criteria: - includes an amount of quality production, work sample test, length of service, amount of training necessary, absenteeism, etc. (Robert & John,2017).

2. Subjective criteria:- includes rating employee‟s proficiency by their superiors, peers, and subordinates, the extent of upward communication of ideas, degree of knowledge about corporate goals, and contribution to socio-cultural values (Ramond, 2015).

2.1.4.2 Performance Appraisal Methods

According to Robert & John (2017), performance appraisal methods are:-

- **Critical incidents method**: a process in which manager has to set up a list of essential happening highlighting the behavior of an employee and keeps a on paper evidence of the positive and negative performance of employees which help a manager to identify and decide the best or the poorest behavior of an employee.
- **Management by objectives (MBO) method**: A performance appraisal method where managers and employees together identify, plan, organize, and communicate objectives for the employees and periodically evaluate performance and compensate employees according to the performance.
- **Graphic rating scale form**: a method where the manager is required fill appraisal checklist form on which he/she merely evaluates performance on by putting ranges such as poor, satisfactory, average, good, excellent etc.
- **Behaviorally anchored rating scale (BARS) form:** BARS form is method that brings out both the qualitative and quantitative benefits in a performance appraisal process based on describing each assessment along a continuum. The BARS scales often incorporate a numerical rating scale that runs from low to high.
- **Narrative method or form Method:** A method where the manager is required to write a statement about the employee‟s performance.
- **The ranking is a performance appraisal method**; A method where the manager is required to evaluate performance by ranking employees from best to worst.

2.1.4.3. Performance Standards

Setting appropriate performance appraisal criteria (standards) is crucial step in performance appraisal. Wayne & Joseph, (2016), identified five performance standards which include:

- Competencies,
- Traits,

- Goal achievement
- Behaviors,
- Improvement potential.

Traits, behaviors, and competencies are often used as PA standards. Traits represent an individual‟s predisposition to think, feel, and behave, and many traits are usually thought of as being biologically created. Behaviors are typically viewed as resulting from a variety of sources including traits and situational context. Competencies refer to an individual‟s capability to orchestrate and apply combinations of knowledge, skills, and abilities consistently over time to perform work successfully in the required work situations.

2.1.5. Benefits of Performance Appraisal

Where performance appraisal lets the employees get the financial and non-financial prizes from the management, here it also gives the most important advantage for employees that it provides the chance to get rational time for one-to-one argument on the performance over the period. This dialogue between employee and supervisor consents discussing the main issues that are a hurdle in the performance and work fears addressed. It can detect from all over the world organizations, respond of performance appraisal says that it generates a strong bond between subordinates and supervisor only if the appraisal is accompanied properly and fairly. This process also gives the chance to employees to analyze their performance and discuss the issues and problems they are fronting in the work and also it gives the path to gain the aims and purposes in the future time. This interaction of subordinates and supervisors gives the prospect to help future goals. Hence, it enhances productivity. So, this method gives the best time for employees to have chat with the supervisors without any difficulty and instruction (Orpen, 1997).

The significance of this practice should not be underrated as this is an integral part of the performance appraisal system. Furthermore, this process allows the supervisors and workers to discuss the future marks and, drill and rotation need orientation and development if needed. In this discussion, the supervisors and the subordinates discuss the various difficulties about the existing as well as the absent working skills, career development, and what is to be done in the future (Spencer, Dyke, and Deoskar, 1997). Now, the administrator highlights the important aids of the subordinate and marks or places for the upcoming career brilliance. This discussion can be useful to ration the productivity of the organization, for the recruitment and orientation process.

For example, the feedback can classify how employees are performing those who hired in the past two years and so. Appraisal data can also tell how well the recruiting strategies are working, what developmental process is good enough, and what the effectiveness of employees is. The Performance appraisal process could be a data sheet that stresses the overall performance of all employees; telling has productivity improved, remains the same, or falls. Evaluation is the continuing process and it's run through the year, but some clashes can be noted in the evaluations and developmental process, but in a nutshell, it's a procedure of assessing, examining, and giving a response to that procedure (Thompson, 1970).

2.1.6. Performance Appraisal Problems

Performance appraisal may not be perfectly carried out in most organizations; there may be problems that lead to inaccurate and faulty appraisals. Performance appraisals are often retrospective. A typical traditional appraisal usually occurs once or twice a year. There would be extended time gaps of months between establishing goals and reviewing them, and objectives that were set upon in the beginning of the year are usually only dragged out during appraisal time (Afriyie, 2009). While performance appraisals provide the perfect opportunity for managers and staff to have a one-on-one discussion, it is unfortunately open to biased ratings (Khan, 2013). For example, some managers tend to be liberal or strict in their rating of staff. Managers may also fall into the trap of the "recent performance effect" where they generally only recall the recent actions of employees at the time of the appraisal and award points based on recent favorable or unfavorable events rather than whole years‟ worth of activities (Jones and Wright, 2007).

Performance appraisal may not be perfectly carried out in most organizations; there may be problems that lead to inaccurate and faulty appraisals. The appraisers assess the individual (either high /low) basing on a single trait while ignoring the other trait Robert (Robert & John, 2017). Leniency or strictness is also problem the value systems of different appraisers are different, some apprise leniently and some are too strict. This distorts the actual performance appraisal (Ivancevich, 2007). Central tendency is another problem most of the appraisers lend to avoid controversies and give average ranking to everyone. Similarity error may occur when the appraisal considers the person to be either similar or dissimilar to him/her. It will affect the way rating is done (Tindara, et al, 2020).

Bias is another common problem associated with performance appraisal that associated with simply a personality-based tendency, either toward or against something. In the case of performance assessment, bias is toward or against an individual employee. All human beings have biases, but supervisors especially cannot afford to allow their biases to enter into their evaluation of subordinates in the firm (Kumbhar, 2011). This is very easy to say, but very difficult to do. Biases make the evaluation process subjective rather than objective, and certainly provide the opportunity for a lack of consistency in effect on different groups of employees (Ali, Mahdi and Malihe, 2012). So to overcome the bias problem, the appraiser needs to be objective and not let their feelings of liking or disliking the individual influence their assessment (Caruth and Humphreys, 2008).

Stereotyping is another common problem associated with is mentally classifying a person into an affinity group, and then identifying the person as having the same assumed characteristics as the group (Afriyie, 2009). Though stereotyping is almost always assumed to be negative, there are many incidents of positive stereotypes. However, regardless of whether the stereotype is positive or negative, making membership in a group, rather than explicitly identifying the characteristics of the individuals, creates the potential for significant error in evaluations (Holzer, 2007). Stereotyping can be avoided by getting to know each employee as an individual and objectively evaluating individual employees based on their actual performance (Denby, 2010).

Conflict of interest constantly happens in an organization with respect to performance appraisal practices. One of the reasons is because of the practice of performance appraisal activities. Conflict probably occurs because of disagreement of the rates regarding the implementation of the performance appraisal process (Porter, 2008). It can be categorized into several categories such as conflicting intra-individual goals, which is the desire for honest feedback versus desire for self-concept affirming feedback and recognition. Besides that, there is a conflict on individual workers with their colleagues‟ goals, which means that a person‟s desire for rewards contradicts with other colleague‟s desire (Skarlicki and Folger, 2007).

A successful performance appraisal system must fit the organization. Organizations need to assess the suitability of performance appraisal systems to their own workforce before implementing one that meets their needs (Skarlicki and Folger, 2007). The primary purpose of an appraisal system is to sieve out those who cannot or would not do the job. It has to be communicated to all involved parties and appropriate support and training should be provided especially to managers conducting such sessions with their staff (Shaw et al., 2008).

Employers should also take note that performance evaluation is a continuous process and not one that happens only once a year. The best appraisals are a two-way discussion and focus on the employee assessing his own performance and setting goals for improvement. And as best practice, organizations should ensure Key Performance Indicators (KPIs) are well communicated to and clarified with staff, and there are proper benchmarks in place against which staff are assessed. Data collected from appraisals should be used to track the success of recruitment and induction practices (Qureshi et al., 2007).

2.2. The Concept of Motivation

Motivations are an employee‟s intrinsic enthusiasm about and drive to accomplish activities related to work. According to Dubin (2002), "Motivation is the complex of forces starting and keeping a person at work in an organization. Motivation is something that puts the person, and continues him in the course of action already initiated". According to Cenzo et al (1996), people who are motivated use a greater effort to perform a job than those who are not motivated. In other words this means that all thinkable factors of physical or psychological aspects that we interact with, leads to a reaction within our self or of the entire organization. According to Beardwell & Claydon (2007) define motivation as the internal and external factors that lead an individual to engage in goal – relate behavior.

Motivation acts as the driving force that leads employees towards their goals (Grant, 2008). Motivated employees are highly involved and engaged in their job and try to make their performance the best (Guay, 2000; Vansteenkiste, 2007). Self-driven and freedom-oriented qualities are mostly found in motivated employees (Grant, 2008). Motivated people are highly committed and have few desires (Kamal et al. 2005)

Motivation can be described as the need or drive that incites a person to some action or behavior. The verb motivates means to provide reasons for action. Motivation, then, provides a reason for exerting some sort of effort. This motivation springs forth from individual needs wants, and drives (Timm & Peterson, 2000). According to (Jones & George 2008) Motivation is the inner power or energy that pushes one toward performing a certain action. Motivation strengthens ambition, increases initiative, and gives direction, courage, energy, and the persistence to follow one's goals. Motivation is usually strong when one has a vision, a clear mental image of a certain situation or achievement, Faith in one's abilities, and also a strong desire to materialize it. In this case, motivation pushes one forward, toward taking action and making the vision a reality.

2.3. Theoretical Review

The theoretical bases of Performance Appraisal are equity and expectancy theories (Kellough and Nigro, 2002; Perry, 2003; Risher, 2002; Vroom, 1964) and path-goal theory (Armstrong, 2006), Maslove achievement theory (Maslove, 1959; Belfield & Harris 2002; Kenneth 2009) and justice theories (Rosenzweig and Nohria, 1994; Roch and Shanock, 2006).

2.3.1. Equity, Expectancy and Goal-Setting Theories

Adams (1965) formulated the equity approach as an appropriate way to effective supervision. Equity simply means fairness. Workers are motivated when they discover that they are treated fairly in compensation, promotion and that there is transparency in their evaluations. Workers reduce their efforts if they feel that they are treated inequitably (Fulk, Brief and Barr, 1985; Hyde, 2005).

Expectancy theory (Vroom, 1964) indicates that employees will be motivated to exert high level of effort when they believe that their efforts will lead to higher performance (expectancy), higher performance will lead to rewards (instrumentality) and rewards are valuable to them (valence). This effort will lead to good performance appraisal and followed by organization rewards such as bonus, salary increment or promotion which later satisfy personal goals (Vroom, 1964).

Goal-setting theory (Locke and Latham, 1979) states that motivation and performance are higher when individuals are giving specific goals, when goals are difficult but accepted and when there is feedback on performance. Motivation and performance will improve if people have challenging but agreed goals and receive feedback (Armstrong, 2006)

2.3.2. Maslove achievement theory

This study has mainly link with Maslove achievement theory of motivation. Performance appraisal has influences employee motivation positively or negatively. That is when it„s positive it enhance belongings or valuables of employees. Furthermore, this is somewhat like a reward for an employee. On the other hand, it improves carrier development. According to Maslove achievement is one example of self- actualization. That is, performance appraisal is meant for those who want to improve their career or personal growth. On the other hand, performance appraisal is motivational, for those employees whose needs are centered on achievement Kenneth (2009). When Performance appraisal has a negative aspect on motivation, employees become dissatisfied and they become absent from work, increase turnover.

2.3.3. Justice Theory

Justice theory related with the acts of being just and fair with everyone (Roch and Shanock, 2006). The study use all four justice dimensions in their framework by considering all are related to social relationship either these relationship with the organization or with the supervisor which include: procedural justice, distributive justice, interpersonal justice and informational justice.

In this study we draw this framework for applying it especially in performance appraisal context. This context related to explaining employees have perception of fairness about appraisal system (Rosenzweig and Nohria, 1994). Procedural justice perceptions include the fair relative weighting in the basic elements of the performance appraisal system. There are three important procedures that are prominent in appraisal system that is assigning rate, set criteria and looking for appeals. (Silverman and Wexley, 1984) argued that developing the behavioral anchored rating scales are satisfactory then the interview system of appraisal process.

Distributive justice perception is related to the equity theories believes that distribution are fair. Rater may feel motivated to conform about the other norms like equity, want, or social status which maybe seem unfair practice to those who are being rated (Leventhal, 1980). Personal goals of rater like motivations, teach, avoid conflict or gain personal favor. Employee may take appraisal fair if they thought that rater is trying to motivate them and want to improve their capabilities. And employees also can take appraisal unfair on the basis of conflicts, avoidance, favoritism and politics.

Performance appraisal is the source that gives sense to employees that they are being valuable and recognize as an organizational team. Lee & Bruvol, (2003) argued that thought that has been develop through the performance evaluation system that performance is being evaluated for the development of employees than employees will compensate it to increase their level of performance. On the basis of justice theory many analyzers distinguish between distributive and procedural justice when they are reviewing about the organizational justice. Moorman, (1991) suggested that Distributive justice is related to the justice in results and outcomes that employees get and procedural justice related to the real fairness in the system that apply for defining results. Rahim et al, (2001) different studies reveal that in organizational justice distributive and procedural justice have exclusive and shared relations with organization. Boss, (2001) argued Employees those feel that the results of performance appraisal is unfair they often leave the organization and their morale and involvement will let down. And it will change their behavior in wrong doings for taking revenge from the organization

Interpersonal justice is related to the rater fair behavior with the employee that is being evacuated. Greenberg, (1986) argued that employees are very sensitive about the behavior of directors and representatives in the organization. Informational justice involves the fair explanations of performance anticipations, standards, response and reasons of decisions. In the context of performance appraisal the most common thing is setting goals and standards and feedback (Kamencu, 2011).

2.4. Empirical Review

There are different empirical evidences that show performance appraisal on employee motivation. In this regard, a study by Higher Performance Work Practices (HPWP, 2004) based on a case study of ten (10) organizations and a survey of two hundred and ninety four (294) companies in United Kingdom identified specific higher performance work practices being employed in a number of public sector organizations. The study concluded that performance appraisal creates a chance for correcting underperformance and also motivating the workforce.

Chen and Eldridge (2010) conducted a study to examine standardized performance appraisal practices, aiming to clarify the contextual and cultural boundary of standardized appraisal practices in China. It was found out that the implementation of a Western standardized appraisal was far from attaining an optimistic effect in a Chinese business setting: employees were nowhere near being able to be involved in setting objectives and developmental plans; the appraisal was not perceived to be fair enough due to the influence of a seniority-based rewards system, and managers hesitated to take ownership of performance reviews. They recommended that when designing and delivering standardized appraisal to subsidiaries, foreign investors and global human resource practitioners are expected to be more context-focused. Source Distinct cultural values and norms in local contexts should be carefully taken into consideration.

In Kenya context, a workplace employment relations survey conducted by Zhang (2012) on the impact of performance appraisal on employee performance shows that performance appraisal has a positive and insignificant relationship with employee performance. Similarly, a study conducted in Kenya by Lillian, Mathooko and Sitati (2011) assessed the effect of PAS in employee motivation in the Ministry of State for Public Service (MSPS). This study concluded that employees at the MSPS are usually involved in the setting of performance targets and are also substantially appraised against the targets set at the beginning of the appraisal period. The study revealed that employees were given feedback to enable them improve their performance demonstrating that PA has a positive impact on the employee"s performance which leads to motivation. The significance of the findings to the current study is based on the fact that it reveals the current state of PA in Kenya"s civil service.

More so, Chaponda (2014) conducted a case study on the effect of performance appraisal on employee motivation in Slum based Non-governmental Organization situated in Nairobi. The study established that performance appraisal is important in employee motivation and has helped improve job performance since it identifies performance appraisal problems and how to improve employee productivity and motivation. More so, Kamiti (2014), in his research on the effect of performance appraisal on motivation of civil servants revealed that performance appraisal is an important factor which touches on the employees" motivation. The study recommended that promotions and trainings motivate employees in the civil service apart from monetary rewards.

A study by Robert, et al (2017), found out that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal. Their findings suggested that most employees perceive their performance appraisal as neither accurate nor fair. In general, research which research indicates that perceptions of fairness arise from consideration of the outcomes received (outcome fairness); the procedures used to determine those outcomes (procedural fairness); and how the decision-making procedures were implemented and explained (interpersonal fairness) (Armin Trost2017).

Tindara and Addabbo (2020) conducted a study to investigate the different aspects of performance appraisal, and how performance appraisal can play its role in improving the performance of teachers in higher education institutions of Pakistan. The results show that although employees were aware of the useful outcomes of performance appraisal there are some hindering factors e.g. untrained raters, exclusion of multiple rates, absence of feedback in the way of successful implementation of performance appraisal. To summarize, most of these empirical studies have revealed existence of a relationship between appraisal of performance and employee motivation.

In Ethiopian context, Yared‟s (2016) has conducted study entitled: "The Effects of the Implementation of Balanced Scorecard on Employee Performance Appraisal Practices". The variable he uses is a balanced scorecard and performance appraisal. And in his study, he concludes that the study confirms that BSC implementation has a positive effect on the practices of performance appraisal. In another research Sayed et al (2017) conducted study entitled: "Performance Appraisal and Its Effects on Employees Motivation". The study findings not only does performance appraisal have an impact on employee motivation but also training, financial rewards, decision, satisfaction with appraisal, working environment.

Robson (2017) also conducted a study to determine the effect of performance appraisal on employee motivation using a survey of Oromia International Bank. The study found that performance appraisal did not reflect objectively the employees‟ performance and the employees were not satisfied with performance appraisal system and motivation. Furthermore, the study found that performance appraisal rating can be considered as a technique that has a positive effect on work performance and employee motivation. The employees may be motivated if the appraisal process is based on accurate and current job descriptions.

In Ethiopian context, Manaye (2017) conducted a study to determine the effect of performance appraisal on employee Motivation in the case of Awash Bank. The study showed that the effectiveness of performance appraisal process of the Bank was perceived by employees as moderately effective. The study determined that there was significant and positive relation between performance appraisal process components and employee motivation. The study established that .330 of the change in the employee motivation variable could be attributed to a level change in combined effect of the predicator variables of performance appraisal process. In general, this study concluded that performance appraisal is likely to generate employee motivation. The researcher recommended that performance appraisal process is one of an important function to be properly executed in order to generate employee motivation. Therefore, the management of Awash Bank should follow up and strengthen the proper execution of performance appraisal process in all level and parts of the Bank.

More so, Abrham (2018) conducted a study to investigate the effect of performance appraisal practice on employee motivation in Commercial Bank of Ethiopia. The study shows that there is a positive significant correlation between performance appraisal and employee motivation and it was concluded that performance appraisal system has a significant effect on the employee motivation at the CBE. The study also found that 48% of the changes in the employee motivation variables could be attributed to the combined effect of performance appraisal practice predictor variables. In general this research revealed that performance appraisal was associated with higher level of employee motivation. This is attributed to ongoing feedback, open communication between employees and their supervisors, trained appraisers, fairness of appraisal practice, rewarding performance and employees‟ participation on the planning of appraisal. The level of employee‟s motivation as related to the current performance appraisal system and employees perceive about the performance appraisal is low in commercial bank of Ethiopia. The recommends that effective feedback and communication; giving training opportunities to employees to acquire skills; and encouraging employees‟ participation in performance appraisal practice are all essential for effective performance appraisal practice in an organization.

2.5. Research Gaps

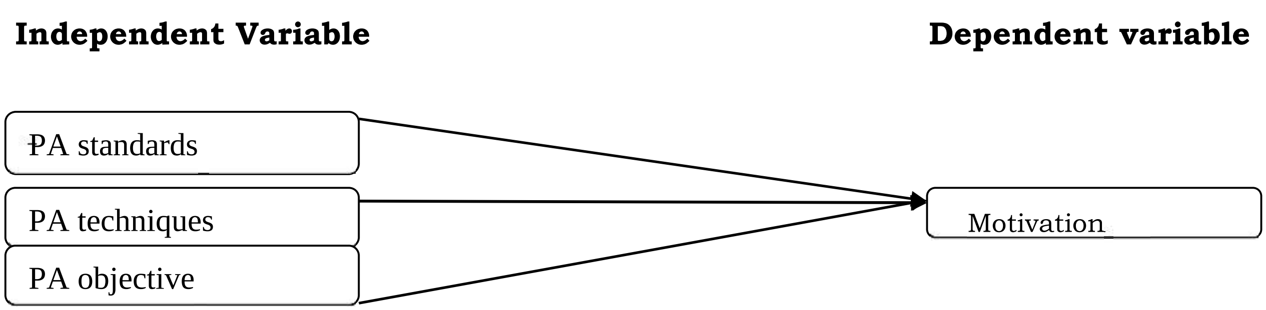
To summarize, most of these empirical studies have revealed existence of a relationship between appraisal of performance and employee motivation. However, the focus area of the variables is only on the balanced scorecard and employee performance appraisal. More so, from these studies, most of the study conducted in Ethiopia focused on the financial companies like bank. There is no research in conducted in Ethiopia in context of technology Company concerning a relationship between appraisal of performance and employee motivation. So from the above-mentioned study matter, the researcher fills the gap on the effects of performance appraisal on employee motivation by using the regression methodology and standard, techniques, and objectives elements. Therefore, address the these gaps by empirically examine the effect of performance appraisal process such as performance appraisal objectives, performance appraisal standard and performance appraisal techniques or methods on employee motivation in the case of the staff of ZTE Addis Ababa branch office.

2.6. Conceptual Framework

A conceptual framework illustrates what you expect to find through your research. It defines the relevant variables for your study and maps out how they might relate to each other (Bas, 2020). So a conceptual framework is developed based on the literature and theoretical model reviewed.

The framework attempts to consider the effect of performance appraisal on employee motivation, in the case of ZTE. In this study employee motivation is a dependent variable (effect) whereas performance appraisal is an independent variable (cause). In this research performance appraisal was measured by performance appraisal standards, performance appraisal techniques, and performance appraisal objectives.

Figure 2.2: Conceptual Framework



Source: Developed by the researcher based on the ideas of literature

Performance appraisal (PA) techniques are the techniques through which employee performance is appraised (Armin, 2017). And these performance appraisal techniques are measured by Behaviorally anchored rating scale (BARS) form, Management by objectives

(MBO), Narrative method or form, Critical incidents performance appraisal Ranking and Graphic rating scale form (Robert & John 2017).

Performance appraisal standards: to achieve organizational goals management must select performance appraisal standards carefully. And these performance appraisal standards are traits, behaviors, competencies (Wayne & Joseph, 2016).

Performance appraisal Objectives : the main objective of an institutionalized evaluation system which aims not only to assess but also to innovate, motivate and differentiate, lies in the following areas: reward policy, the definition of training needs, career, and employment plans, performance incentives, elimination of weaknesses, efficient communication (Herwig and Kressler, 2003).

Motivation – "the concept that is related with potency and influence of behavior and the factors that influence people to act or behave or perform in certain ways" (Armstrong and Stephen Taylor, 2013). Motivation is measured by gaining recognition, sensing achievement, career development, job satisfaction.

2.7. Research Hypothesis

- ✓ H1: Performance appraisal standard measure has a positive and significant relationship with employee motivation.
- ✓ H2: Performance appraisal techniques or method has a positive and significant relationship with employee motivation.
- ✓ H3: Performance appraisal objectives have a positive and significant relationship with employee motivation.

Chapter Three

Research Methodology

Introduction

In this chapter, the researcher describes the procedures to ensure a methodical and well-informed investigation, focusing on sampling procedure, data collection and analysis methods. Data collection instruments and procedures are discussed as well as the target population and sampling procedures. Research methodology is described as method of illuminating scientific procedures in a way suitable for the purpose. It is the general standard which direct the description of the methods applied in conducting the research study, how to and what analysis to be done to the data so collected (Akinyele, 2016). These are realized in address research methods used for the study, the data collection and how the field work for the study was conducted.

3.1. Research Approach and design

For the purpose of this study quantitative approach was used. Quantitative approach was select mainly because the fact that it allow research used to generate data from questionnaires in quantitative form so that it can be used for analysis.

And the company has different departments or sections that accomplish different kinds of work responsibilities and tasks among them human resource carries out human resource activity and responsibility.

3.2. Research Design

A research design is the most important step in giving a direction to the research problem. The selection research design is mainly depend on the objectives of the study. It is the overall plan that deals with the aspects of complete design from the study type, data collection approaches, experimental designs, and statistical approaches for data samples (Vinayak, 2019). The main purpose of the study was to assess the effects of performance appraisal on employee motivation with case of ZTE Ethiopian branch. To address this objective, the study was used the explanatory research design method. Because the explanatory or cause and effect research design explain the variables in detail about the effects of performance appraisal on employee morale and satisfaction or the dependent variable (Motivation) and the independent (performance appraisal).

3.3. Source of data

The researcher used two types of sources of data primary and secondary sources .The primary source data is collected by distributing a structured closed-ended questionnaire among the staff in the form of a self-administered questionnaire and secondary source data was collected with related source references like training materials, induction manuals, companies" official websites, etc.

3.4. Method of data collection

To make the research more precise and effective proper way of data collection is needed and so that on this research the method of data collection to be applied in the form of self-administered questionnaires. The questionnaires involve close-ended questions. The questionnaire was prepared in the English language which is distributed to employees and HR managers to deep understanding some of the ideas or problems which are faced in the questionnaires and other necessary information.

3.5. Population, sample size, and sampling technique

3.5.1 Population

Target population of survey is the entire set of units for which the survey data are used to make inferences (Smyth, 2004). It is the population that a researcher wants to generalize the results of the study. The company has a total population of 245 permanent employees. So for this study due to time and other constraints, it was difficult to study the whole population. As a result, the researcher undertook a sampling strategy.

3.5.2. The Sample Size

Lavrakas (2008) explains a sample in a survey research as a subset of elements drawn from a larger population. Obviously such a sample should be typically identical with the population thus provide adequate representation. If a sample is not precise and inadequate both in characteristic and size, it may lead to rejection of false null hypothesis, wrong result and therefore a waste of resources (Gerstman, 2003). Likewise a study that collects too much data is wasteful. Therefore it is essential to establish adequate sample size before going on data collection for a study. In recognition of this fact, model to determine sample size as developed by Yamane was used for this purpose. Therefore according to the formula, assumptions include 95% confidence level, 5% standard error (e):

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

=1+245*0.0025=1.6125

=245/1.6125

=151.94, adding 10% non-response rate

The total sample size will be **167**.

Where n is the sample size, N is the population size, e is

the level of precision or sampling error which is $\underline{+}$ 5%

Thus based on the above formula, the sample size of the study was 167.

3.5.3 Sampling Technique

According to Kothari (2004), if a population from which a sample is to be drawn does not constitute a homogeneous group, stratified random sampling technique is generally applied in order to obtain a representative sample. Under stratified random sampling the population is first divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called „strata‟) and then we select items randomly from each stratum to constitute a sample. Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts; we get a better estimate of the whole.

In recognition of the above fact, for this study, the stratified random sampling technique was used, so in this case, the sample set includes every representative from among different groups or departments that is seven. Stratified random sampling is selected as it guarantees specific groups within a population are adequately represented in the sample. Samples from each stratum were selected by using the following equation:

nh=(Nh/N)*n

Where; nh is the sample size for stratum h, Nh is the population size for stratum h, N is total population size, and n is total sample size. The lists of the participants or respondents were taken from sample frame of the company which already available at Human resource department. Therefore the sample size for each status (department and division) is presented in the following table. Then respondents from each stratum were selected based on simple random sampling.

Table 3.1: Proportional allocation /Sample distribution/

Type (stratum)	Total Population	Sample size
Administration	12	8
Commercial and technical	21	14
Engineering(IT)	173	118
Finance &Marketing	16	11
Legal &Public relation	4	3
Logistics	14	10
Outsourcing	5	3
TOTAL	**245**	**167**

3.6. Method of presentation and data analysis

In this study after the data was collected from respondents then the data were entered into SPSS (statistical package for social science) version 25 computer software, cleaned, and analyzed.

Moreover, the study used descriptive statistics and regression analysis. Finally, regression analysis was used to see the effect of performance appraisal on employee motivation.

3.7. Ethical consideration

In this research study, confidentiality and privacy were maintained regarding the research ethical conduct. The Participants and respondents were given full information so that this research was done only for academic purposes so that participants could do the questioners independently.

3.8. Validity and Reliability

According to Kothari (2004), validity is the extent measures represent the variable they are intended. So for this research, the questionnaires were developed from the previous studies and reviewing of related literature so that it will strengthen its validity. For this study, the researcher has done a pretest to make sure the questions are appropriate or related to the study and as well as to make sure the respondent can easily understand and answer them.

Reliability refers to the consistency of a measurement, that is, whether repeated measurements of the same object/phenomenon provide consistent, stable results (Peter, 2016). The researcher has done Cronbach‟s reliability test for the Likert scale questions. AsHalil et al., (2008) suggest that Cronbach‟s Alpha scales of 0.70 or aboveare considered acceptable. The results indicate that the questioners are reliable, as the Cronbach‟s Alpha values for employee motivation and most performance appraisal practicesvariables are greater than 0.60.

Table 3.2: Reliability Statistics

Reliability Statistics – variables affecting employee motivation		
Variable	Cronbach's Alpha value	No. of Items
Performance standard measures	.778	6
Performance appraisal methods	.784	8
Performance appraisal objectives	.796	7
Employee motivation	. 877	10

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND INTERPRATATION

Introduction

This chapter deals with presentation, analysis and interpretation of data collected from respondents using questionnaires. The data collected was analyzed and interpreted in line with the objective of the study. It gives the empirical findings and results following the application of these variables using the techniques indicated in the third chapter.

4.1. Response rate

Table 4.1 indicates the response rate. When distributing the questionnaire the aim was to gather data from 167 employees.

Table 4.1: Response Rate

Questionnaires distributed	Questionnaires returned	Questionnaires rejected	Usable Questionnaires	Response rate
167	156	15	141	85

From the total of 167 questionnaires distributed to the randomly selected study participants, only 141 valid questionnaires were included in the analysis, making the response rate of 85%. As this is a self-administered questionnaire 26 responses were not included in the analysis due to lack of completeness and some questionnaires were not returned from the respondents (15 questionnaires were invalid and 11 questionnaires were not returned).

4.2. Demography character of respondents

The general information comprised of the respondents‟ sex, age, education and work experience.

This information was sought in order to ascertain the respondents‟ demographic characteristics. The result is presented in Table 4.2.

Table 4.2 General Information of the respondent

Factor level	Frequency	Percentage
1. Sex		
Male	87	61.7
Female	54	38.3
Total	141	100.0
2. Age		
20-30	33	23.4
31-40	76	53.9
41-50	30	21.3
Total	141	100.0
3. Education		
Diploma/Certificate	15	10.6
BA Degree	111	78.7
MSC or above	14	9.9
Total	141	100.0
4. Work experience		
Below 1 year	2	1.4
1-5 years	54	38.3
6-10 years	72	52.1
Above 10 years	13	9.2
Total	141	100.0
5. Work Section (Department)		
Administration	7	4.9
Commercial and technical	11	7.8
Engineering(IT)	98	69.5
Finance &Marketing	9	6.4
Legal &Public relation	3	2.1
Logistics	10	7.1

Outsourcing	3	2.1
Total	141	100.0

As can be seen from Table 4.2, the majority of respondents are male (61.7%), aged between 3140 years(53.9%), have a BSC/BA degree(78.7%), and served for more than 5 -10 years(52.1%). This implies that administrative staff in ZTE are male-dominated, most of them have a first degree (i.e. most of them are well educated and professionals) and well experienced. Hence, it is assumed that the respondents filled the questionnaire with a better understanding and these allow getting valid information.

4.3 Descriptive analysis

The analysis of this study was done using descriptive statistics or through using central tendency, from these the researcher used the mean scores of each variable. The main reason for using this measurement was to demonstrate the average responses of respondents for each question that was included under each dimension of the predictor variable and to reach the grand mean of each dimension. Finally, the interpretation is made by using the grand mean of each independent dimension for the aim of achieving partial research objectives of the study.

A range of mean was constructed by using itemized Likert rating scale. The researcher was used (Shrestha, 2015) guide to interpret the result which is presented in the Table 4.3.The mean of each individual item ranging from 1- 5 falls within the following interval:

Table 4.3: Descriptive statistics result interpretation guide

Interval of Means	**Interpretation**
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Medium
3.41 – 4.20	High
4.21 – 5.00	Very High

Source: (Shrestha, 2015)

4.3.1. Perception of respondents on Performance appraisal standards measures

Performance appraisal standards are one of the main predicator variables concerning performance appraisal dimension. As portrayed on table 4.4, respondents' perception concerning performance appraisal standards measures was collected via the listed item and the results are presented in Table 4.4.

Table 4.4: Perception on Performance appraisal standards measures

NO.	Item	N	Mean	SD
1.	The supervisor appraises me based on job-related criteria rather than others.	141	3.15	1.25
2.	The organization‟s Supervisors evaluate employee‟s performance based on his/her behavior.	141	3.18	1.18
3.	The rater appraises employees‟ performance by their competencies.	141	3.31	1.06
4.	The organization gives training for performance appraisers to improve the fair appraising evaluation system.	141	3.33	1.16
5.	The employees have sufficient knowledge of traits such as rating scale, appraisal consisted of several of dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation, etc.	141	3.38	1.15
6	The appraiser communicates with employees in the appraisal process and any other concerns?	141	3.18	1.21
	Grand mean		**3.25**	**1.168**

Source: Field Survey, (*2021)*

The respondents‟ perceptiontowards the Performance appraisal standards measures is medium with a grand mean score of 3.25indicating that the majority of respondents agreed concerning the statements specified in the six items. And also have a grand standard deviation of 1.168 from the mean. Whereas among the questions requested about performance appraisal standards item concerning whether the employees have sufficient knowledge of traits such as rating scale, appraisal consisted of several of dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation, etc. got the highest response rate (mean score of 3.38). Followed by the query presented regarding having the organization gives training for performance appraisers to improve the fair appraising evaluation system (mean score of 3.33) has been indicated.

4.3.2. Perception of respondents on Performance Appraisal Techniques or method

One of the main determinants that may affect employees‟ motivation is those related with appraisal techniques or method. As depicted on table 4.5, respondents' view in relation to performance appraisal standards techniques or methods was collected via the listed item and the results are presented in Table 4.5.

Table 4.5: Perception on Performance Appraisal Techniques or method

NO.	Item	N	Mean	SD
1.	The rater uses graphic rating scale method (excellent, good, average, fair, poor) to appraise	141	3.24	1.26
2.	The rater compares every employee with every other employee in the workgroup	141	3.26	1.11
3.	Supervisors use behaviorally anchored rating method that is, a description of each assessment along a continuum (a numeric scale from low to high)	141	3.34	1.13
4.	The rater uses ranking method (best worker, average worker, worst) for apprising employees	141	3.30	1.21
5.	The rater uses management by objective method (management setting goals with employees then evaluate performance finally reward according to the result)	141	3.19	1.22

6	Employees participate in setting standards and measuring performance	141	3.47	1.08
7.	I am satisfied with the current appraisal method.	141	3.32	1.09
8.	The rater gives feedback after the appraisal result.	141	3.30	1.34
	Grand mean		**3.30**	**1.18**

Source: *Field Survey*, **(***2021)*

The respondents‟ perceptiontowards the Performance Appraisal Techniques or method is medium with a grand mean score of 3.30 indicating that the majority of respondents agreed about the statements specified in the eight items. And also have a grand standard deviation of 1.18 from the mean. Whereas among the questions requested about performance appraisal techniques item concerning whether employees participate in setting standards and measuring performance, was got the highest response rate (mean score of 3.47). Followed by the query presented regarding whether supervisors use behaviorally anchored rating method that is, a description of each assessment along a continuum (mean score of 3.34) has been indicated.

4.3.3. Perception of respondent on performance appraisal objectives

Performance appraisal objectives are the other predicator variable that the study assessed with regard toperformance appraisal practice. As illustrated on table 4.6, respondents' view in relation to performance appraisal objectiveswas collected via the listed item and the results are presented in Table 4.6.

Table 4.6: Perception on Performance appraisal objectives

NO.	Item	N	Mean	SD
1.	The company use performance appraisals-based payment, such as bonuses and incentives.	141	2.78	1.14
2.	Human resource management decisions for promotion, termination and layoff is purely based on Performance Appraisal	141	3.09	1.11
3.	The result on Performance appraisal uses to reward good performer employees in a better way than other fewer performer employees.	141	3.32	1.16

4.	The company performance appraisal mainly aimed to identify and arrange individuals for increased responsibilities.	141	3.06	1.17
5.	The HR department follows up seriously the training needs identified during appraisals	141	3.36	1.11
6	The appraisal data are used by the HR department for other development decisions like job rotation, enrichment, and the like.	141	3.28	1.12
	Grand mean		**3.16 1.14.168**	

Source: *Field Survey, (2021)*

The respondents‟ perceptiontowards the performance appraisal objectives is medium with a grand mean score of 3.16 indicating that the majority of respondents agreed about the statements specified in the seven items. And also have a grand standard deviation of 1.148 from the mean. Whereas among the questions requested about performance appraisal objectives, item concerning whether the HR department follows up seriously the training needs identified during appraisals, was got the highest response rate (mean score of 3.36). Followed by the query presented regarding whether the result on Performance appraisal uses to reward good performer employees in a better way than other fewer performer employees (mean score of 3.32) has been indicated.

4.3.4. Perception of respondents on employee motivation

As revealed on table 4.7, respondents' view regarding their motivation level in their current job was collected via the listed item and the results are presented in Table 4.7.

Table 4.7: Respondents View on employee motivation

NO.	Item	N	Mean	SD
1.	The organization‟s incentives or bonus motivates me to improve my performance.	141	3.20	1.23
2.	The organization promotes employees based on their performance to motivate them.	141	3.19	1.28
3.	The organization allows giving recognition to motivate employees.	141	2.88	1.04
4.	Employees are motivated for career development or personal growth, competency, sensing achievement	141	2.98	1.18

5.	I am satisfied and motivated with the Performance Appraisal System because it is fair.	141	3.09	1.03
6	The organization allows me to participate in the whole performance appraisal process in ZTE.	141	3.06	1.09
7.	The organization linked rewarding to the performance appraisal system in enhancing my motivation	141	3.18	1.20
8.	The organization appoints appropriate appraisers that motivate	141	3.06	1.09
	me to improve my performance.			
9.	The ways ZTE disseminates information regarding the appraisal process motivated me.	141	2.99	1.14
10.	The ways give feedbacks of appraisal motivate me to improve my performance.	141	3.13	1.21
	Grand mean		**3. 07**	**1.149**

Source: *Field Survey,* **(***2021)*

The respondents‟ perceptiontowards employee motivation is medium with a grand mean score of 3.072 indicating that the majority of respondents disagreed or were neutral concerning the statements specified in the 10 items of the motivation level. And also have a grand standard deviation of 1.149 from the mean. Whereas among the questions requested about motivation measure, item concerning whether the organization‟s incentives or bonus motivates me to improve my performance, was got the highest response rate (mean score of 3.20). While query presented regarding whether the organization allows giving recognition to motivate employees was got the lowest (mean score of 2.88) has been indicated.

4.4. Correlation Results

Pearson correlation coefficients indicate the strength of relation amongst dependent and independent variables. The letter (r) denotes the correlation and it can assume a value between +1 and -1. Whereas, 0 indicates no relationship between the dependent and independent variables (Sayed, et al., 2018).The study use Marczyk, Dematteo, & Festinger (2005) guide to interpret the result which is presented in the Table 4.8.

Table 4.8: Correlation result interpretation guide

Correlation value in range	Interpretation
0.00 to 0.19	Weak/ very low correlation
0.20 to 0.39	Low correlation
0.40 to 0.59	Moderate correlation
0.60 to 0.79	High correlation
0.8 to 1.0	Very high correlation

Source: Marczyk, DeMatteo, Festinger (2005)

In the research hypothesis testing, the item that should be noticed is the probability (p) value. If $p>0.05$, it means that the independent variable does not influence the dependent variable. If $p<0.05$ it means that the independent variable influences the dependent variable (Pallant, 2010).

The findings of the correlation result of the study are presented hereafter

Table 4.8 Correlations between Performance appraisal & employee motivation at ZTE

Correlations		
		Employee motivation
Performance appraisal standards	Pearson Correlation	.234**
	Sig. (2-tailed)	.005
	N	141
Performance appraisal methods	Pearson Correlation	.203*
	Sig. (2-tailed)	.016
	N	141
Performance appraisal objectives	Pearson Correlation	.249**
	Sig. (2-tailed)	.003
	N	141

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

Source: *Field Survey*, **(***2021)*

The study revealed that there was a significant and positive relationship between performance appraisal standard measures and employee motivation, r=0.234 and P =0.005 where $P<0.05$. On the other hand, the findings show that there was a significant and positive relationship between

Performance appraisal methods within the organization and employee motivation, r=0.203; P= 016 where, P<0.05.Moreover, the finding discovered that there was a significant and positive relationship between the performance appraisal objectives with employee motivation, (r=0.249; P =0.003) where P<0.05.

In general, the findings of this analysis indicated that all independent variables were statistically significant and positively correlated with employee motivation (dependent variable). And also, all variables have a weaker relationship since all correlation coefficient variables (r) have within the range of 0.1 to 0.29 are considered a weak relationship.

4.5. Multiple Linear Regression Analysis

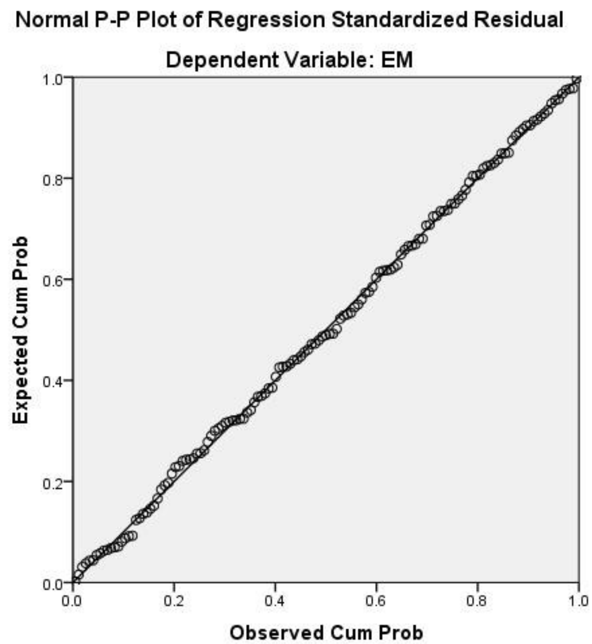
4.5.1 Assumption testing in Multiple Regression Analysis

In Regression analysis, there must be a pre-test to conduct a valid regress analysis. So in the following section necessary diagnostic tests were carried out on the variables.

4.5.1.1. Normality Test

The first assumption in the regression analysis is normality. According to Field (2009), by using normality test data can be checked whether it‟s normally distributed or not so that it can qualify the assumption. Hence, by using standardized graphical regression plots of normal P-P plots the study met the assumption (i.e the graph lies down straight diagonal from bottom left to top right). Hence, normality is one of the pre-assumption analyses that specify the standardized graphical regression P-P plot in which the points will be placed in a straight diagonal from bottom left to top right in normal probability plots. Thus this study fit the assumption,

Figure 4.1: P-P plots the



Source: *Field Survey,* **(***2021)*

4.5.1.2. Multi Collinearity

Multicollinearity test refers to when your predictor variables are highly correlated with each other. This is an issue, as your regression model will not be able to accurately associate variance in your outcome variable with the correct predictor variable, leading to muddled results and incorrect inferences. Keep in mind that this assumption is only relevant for a multiple linear regression, which has multiple predictor variables (Pallant (2005).

Table 4.9: Multicollinearity statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	PAS	.924	1.082
	PAM	.961	1.040
	PAO	.952	1.051

Source: *Field Survey,* **(***2021)*

The value for VIF starts at 1 and has no upper limit. A general rule of thumb for interpreting VIFs is as follows:

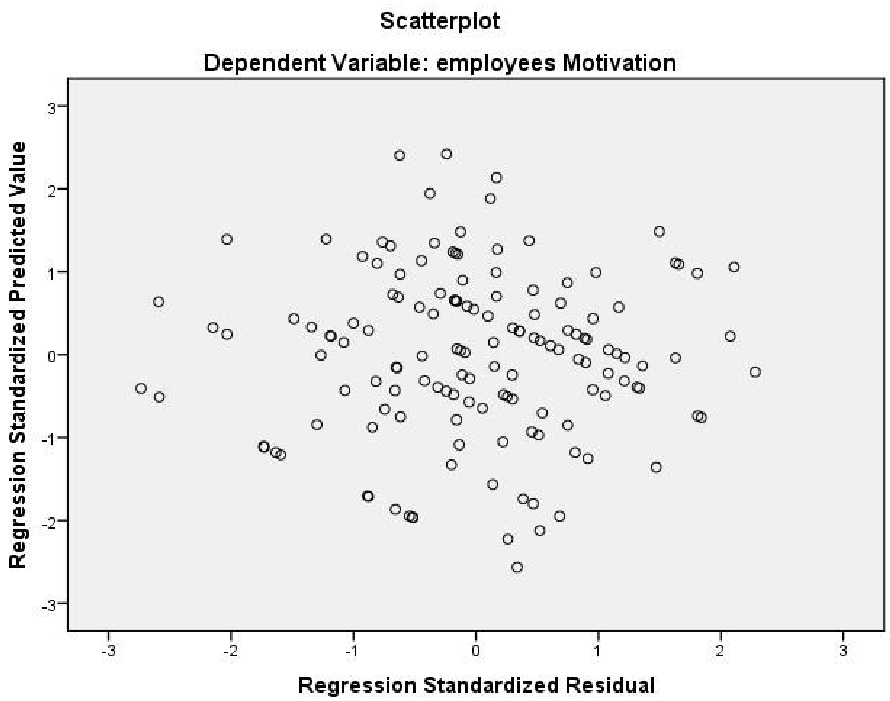
- A value of 1 indicates there is no correlation between a given predictor variable and any other predictor variables in the model.
- A value between 1 and 5 indicates a moderate correlation between a given predictor variable and other predictor variables in the model, but this is often not severe enough to require attention.
- A value greater than 5 indicates a potentially severe correlation between a given predictor variable and other predictor variables in the model. In this case, the coefficient estimates and p-values in the regression output are likely unreliable.

We can see that none of the VIF values for the predictor variables in this example are greater than 5, which indicates that multicollinearity will not be a problem in the regression model. Thus from the above table, all the variables are greater than 0.10 so this fits the assumption.

4.5.1.3. Homoscedasticity and linearity Test

Homoscedasticity in a study occur when the error term would be same for all predicated (Tabachnic & Fidell, 2007). On the other hand, heteroscedasticity in a study occur when the errors varies across observation (Long & Ervin, 2000). The linearity assumption of multiple regression analysis assumes that there must be a linear relationship among independent and dependent variable (Asghar & Saleh, 2012).To ascertain the degree to which the data met the assumptions homoscedasticity and linearity required developing a scatterplot of the standardized residuals for each of the criterion variables. Figure 4.2shows the graph for each of the criterion variables, and as exhibited in figure 4.2, the points are randomly and evenly dispersed throughout the plot. This pattern according to (Field, 2009) is indicative of a situation in which the assumptions of linearity and homoscedasticity have been met.

Figure 4.2: Scatter plots the



4.5.2 Analysis of Regression Results

The study mainly aimed to evaluate the influence of performance appraisal on employees‟ motivation with respect to staffs of ZTE branch office at Addis Ababa. This was mainly determined by the multiple linear regression analysis. The result of the regression analysis is presented in the Table 4.10 – Table 4.12.

4.5.2.1. The Multiple Coefficient of Determination R^2

Coefficient of determination explains the percentage of variation in employees‟ motivation (the (dependent variable) that is explained by the three performance appraisal dimensions (independent variable) that are: performance appraisal standard, performance appraisal method, and performance appraisal objectives. The table 4.10 below preset the model summary

Table 4.10: Model Summary

Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.345a	.119	.100	.68911
a. Predictors: (Constant), performance appraisal standard, performance appraisal method, performance appraisal objectives. b. Dependent Variable: Employee motivation				

Source: *Field Survey,* **(***2021)*

As indicated in the above table 4.10, R has a value of 0.345; this value represents the simple correlation between performance appraisal standards, performance appraisal methods and performance appraisal objectives, and employee motivation. R^2 on the other hand is explains the percentage of variation in employees‟ motivation that is explained by the three performance appraisal dimensions (performance appraisal standard, performance appraisal method, and performance appraisal objectives). The value of R^2 is 0.119 which tells that these three variables of performance appraisal practices can account for 11.9% of the variation in the overall employee motivation. This means having performance appraisal standards, methods, and objectives in the organization are the factors that created the 11.9 % of the variance on employee motivation. This means that 88.1% of the variation in overall employee motivation cannot be explained by these three variables of performance appraisal practices. So, there must be other variables too that have an influence. The adjusted R^2 gives an idea of how well the model generalizes and ideally its value is likely to be the same or very close to, the value of R^2 (Field, 2005).

The coefficient determination (R^2) value is 11.9% which is low that indicated the three performance appraisal dimensions or practices, which are performance appraisal standards, methods, and objectives in the organization, only account for 11.9% of the variation in the overall employee motivation. Just because R^2 is small doesn‟t mean that the model is bad or worthless of being interpreted. There are possible reasons for this. First of all, there may be omitted variable that required including in the future research which may have greater influence on the employees‟ motivation. In business research it is not possible to include all the relevant predictors to explain an outcome variable, in this case employees‟ motivation. This might lead to a lower R^2 value. Hence it is recommended here for future research to include other possible explanatory variable (performance appraisal dimensions), like work related goals, employee participation, fairness in the process, timely responses/feedback, treatment of results and the like to explain an outcome variable (employees motivation) in more comprehensive manner. The future research may also include other possible explanatory variables, like job satisfaction, compensation, working environment that may have greater influence on the outcome variable in this case, employees‟ motivation.

The other possible reason is due to the sample size as the sample size increase, the value of coefficient determination (R^2) value will increase. Thus, future researchers should also make their researches in wider sample size in order to broaden empirical evidences in the area.

4.5.2.2. ANOVA Result

From table 4.11 we can see, F is 6.181, which is significant at p-value =0.001. This result tells that there is approximately a 0.1% chance of F-ratio being this large. Therefore, the regression model significantly improved our ability to predict overall employee performance (outcome, or dependent variable).

Table 4.11: ANOVA table analysis between independent and dependent variables

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.057	3	2.935	6.181	.001b
	Residual	64.806	137	.475		
	Total	73.863	140			
a. Dependent Variable: employee motivation						
b. Predictors: (Constant), PAS, PAM and PAO.						

Source: *Field Survey,* **(***2021)*

The test for the joint significant which is measured by F-statistics significant that implies the set of independent variables: performance appraisal standards, performance appraisal method, and performance appraisal objectives as a whole were contributing to the variance in Employee motivation.

4.5.2.3. Regression Coefficients

The findings in Table 4.15 show the coefficients of the regression. According to the findings, only performance appraisal objective was significant in predicting the motivation of employees‟ since the p values were less than 0.05.

Table 4.12 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
	(Constant)	1.446	0. 386		3.745	0.000
	PA standards	0.163	0.084	0.162	1.940	0.054
	PA methods	0.151	0.080	0.154	1.888	0.061
	PA objectives	0.188	0.077	0.201	2.444	0.016
a. Dependent Variable: employee motivation						

Source: *Field Survey,* **(***2021)*

The B-values in table 4.10 represents the relationship between overall employee motivation and each predictor (i.e. variables of performance appraisal practices). All three variables of performance appraisal practice have positive b-values; which indicates the positive relationships between the performance appraisal practices and overall employee motivation. Using the results of the above multiple regression table the following regression equation is formulated and it shows the exact percentage change between predictors and criteria.

Equation formulation $y= a + \beta 1x1+ \beta 2\ x2+ \beta 3x3 \ldots \beta\ n\ xn + \varepsilon$ Where,

y= Dependent variable, β= coefficients of independent variable,

x1, x2,x3…xn = Independent Variable **ε**=
error terms and a is smoothing constant
Taking in to consideration the results from table 4.12 the regression equation for the Study becomes. $y= 1.446+ 0.162x1 + 0.154x2 + 0.201x3$ Where, y= Employee motivation x1=

Performance appraisal standards x2= Performance appraisal methods x3= Performance appraisal objectives

As it is shown in the above equation the degree of the effect exerted on performance appraisal practices differs from variable to variable. The result indicated that establishing performance appraisal standards increases employee motivation, but not statistically significant (p=0.054); the performance appraisal method also increases employee motivation, although not statistically significant (p=0.061); likewise performance appraisal objectives so do increases employee motivation and statistically significantly (p=0.016). That is if the performance appraisal objective increases by one unit, employee motivation increases by 0.201, other variables are held constant.

The higher beta value signifies a stronger correlation with the dependent variable. In table 4.12 performance appraisal objectives have the highest beta (0.201), followed by the performance appraisal standards (0.162) and performance appraisal methods (0.154). This represents as if performance appraisal objective increases by one standard deviation, overall employee motivation standard deviation increases by 0.201, and so on. But the interpretation is true only if the other variables are held constant while measuring the relationship between dependent variables and one of the independent variables. So, from the results of multiple regressions, we can infer that actual performance appraisal objectives affect employee motivation the most.

4.6. Hypothesis summary

As per the above table 4.13 or hypothesis summary and the hypothesis which is mentioned in chapter two the performance objective is accepted based on the significant level that is less than 0.05 and has regression coefficient and the hypothesis have a positive beta. On the other hand, performance appraisal standard measure and performance appraisal techniques or methods have been rejected because both have a significance level above 0.05**.**

Table 4.13: Hypothesis testing result

No	Hypothesis	Beta value	Sig.	T	Result
1	Performance appraisal Standard has positive and significant relationship with employee motivation	0.162	0.054	1.940	Rejected

2	Performance appraisal Techniques or methods have an insignificant relationship with employee motivation.	0.154	0.061	1.888	Rejected
3	Performance appraisal objectives has a positive and significant relationship with employee performance	0.201	0.016	2.444	Accepted

Moreover, the t test is another way that can indicate the significance of an independent variable to a dependent variable. If t test value is greater than 2 it is considered high significance whereas if the t value is less than 2, it is considered low significance. Hence, the result of the study shows the t value for performance appraisal objectives have 2.444 which indicates that it is significant to dependant variable. Whereas performance appraisal standard and method is 1.940, 1.888 respectively shows low significance because it is less than

4.7. Discussions of the Findings

The study aimed at establishing the effect of performance appraisal on employee motivation at ZTE Brach in Addis Ababa. The study found that the test for the joint significant which is measured by F-statistics significant that implies the set of independent variables: performance appraisal standards, performance appraisal method, and performance appraisal objectives as a whole were contributing to the variance in Employee motivation. This finding has previous empirical support as revealed by Manaye (2017) who found that there was significant and positive relation between performance appraisal process components and employee motivation. More so, Abrham (2018) conducted a study to investigate the effect of performance appraisal practice on employee motivation in Commercial Bank of Ethiopia and he found that there is a positive significant correlation between performance appraisal and employee motivation and it was concluded that performance appraisal system has a significant effect on the employee motivation at the CBE. More so, researches done by (Fakharyan, et al, 2012; Lillian and Mathooko, 2011; Peti Johann et al, 2001) the relation between Performance appraisal and employee‟s motivation has been confirmed too.

From the performance appraisal dimension the found that performance appraisal objectives has statistically significant effect on employee motivation. This finding has previous empirical support as revealed by Williams (2002) who feels that performance appraisal objective has creating conditions where employees share organization goals and help to people to understand their input to those goals that in turn enhance employees‟ motivation. Torrington et.al (2013) also found that a performance appraisal objective has statistically significant effect on employees‟ performance and motivation.

The study also established that performance appraisal standards and performance appraisal methods have not statistically significant effect on employees‟ motivation. This finding has inconsistence with Kandula (2007) who found that performance appraisal standards and performance appraisal methods have positive and significant impact on employees‟ motivation. Robbins and Judge (2013) found that performance appraisal methods statistically significant effect on employees‟ motivation and employees‟ performance.

CHAPTER FIVE
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

In this chapter, the summary of findings, conclusions and recommendations of the study were discussed. The first section presents summary of the findings, the second section presents conclusion of the research and the last section presents recommendation of the researcher.

5.1 Summary of Key Findings

This study was mainly aimed to evaluate the effect of performance appraisal on employees‟ motivation in ZTE. Moreover, from 141 employees the questionnaire data were collected, and based on that the summaries of findings have been presented as follows.

- ❖ From the findings, the majority of the respondents are male 61%, and female is 38%.And the majority of the respondent‟s age range is from 31 to 40. Moreover, most of the respondents have a first degree and 1 to 5 years of experience.

- The mean score for the independent variable (performance appraisal standard, methods or techniques, and objectives are medium 3.25, 3.30, 3.16 respectively) whereas dependent the variable (employee motivation is 3.072).
- The result of the correlation shows that there is a weak positive and significant relationship between all independent variables (performance appraisal standard measure, performance appraisal techniques or methods and objectives) and dependent variable (employee motivation).
- From the result of regression analysis, the adjusted R square was 0.100, which indicates that the independent variables of the study (performance appraisal standard, performance appraisal method, performance appraisal objectives) cause11.9% of the variance on the dependent variable of the study (employees‟ motivation); in case of ZTE.
- As per the result of the hypothesis test the performance objective is accepted whereas, On the other hand, performance appraisal standards measure and performance appraisal techniques or methods have been rejected. So these show the performance appraisal objectives have a significant positive relationship with employee motivation.
- Moreover from the hypothesis test summary, Performance appraisal objectives are the significant predictor for employee motivation with standardized regression coefficient (β =0.201, p = 0.201) and if the t value (2.444) is greater than 2. Whereas, Performance appraisal standard measures and techniques are not significant predictors because the significance level $p > 0.05$ i.e0.054, 0.061 respectively. Furthermore, the t value is less than 2 (1.940, 1.888 respectively).

5.2 Conclusions

The study is conducted evaluate the effect of performance appraisal on employees motivation.

- As per the findings in descriptive analysis performance appraisal standards, methods or techniques and objectives have a medium mean as score compared to employee motivation. This shows that the employees are de-motivated by salary increments, training, and promotion.
- As per the result of the correlation the study shows performance appraisal standard, method or techniques, and objectives are positively correlated and have a weak relationship and this implies that it needs proper attention and also needs to be improved.

- As per the regression model analysis performance appraisals, objectives have importance to employee motivation so it has to be aware and given proper consideration. Furthermore, for performance standard and technique or methods it needs to be improved so that employee can be motivated.
- From the findings of regression analysis, the result of the beta coefficient of performance objectives affects employee motivation .whereas, performance appraisal and techniques or methods have an insignificant effect. Hence to conclude that employees need to be aware of the actual implementation of performance appraisal practices both components (performance appraisal standard measure and methods or techniques) have to be improved for better or to enhance employee motivation.

5.3 Recommendations

Based on the findings and conclusions of the study, the researcher provides the following recommendations.

- The gold standard in terms of building cooperation and commitment is involvement. The study indicated this was true for the design, implementation, and assessment of performance appraisal objectives. Although supervisors and managers are involved in the design, implementation, and assessment of performance appraisal programs more frequently than employees, their involvement is still relatively infrequent. Thus, involvement in the design, implementation, and evaluation of performance appraisal programs offers a direct way for compensation professionals to enhance employee motivation.

- Opinion surveys were included in this study because they are often associated with efforts to enhance employee motivation and because they are a mechanism for obtaining employee feedback on a variety of work-related issues, include performance appraisal programs. Respondents indicated that employee surveys were used by 80% of the organizations they represented. Although more frequent use of employee opinion surveys was associated with effectiveness in fostering high levels of employee engagement and motivation, the relationship was much stronger for organizations where employee opinion survey results generate action and change. As such it is not enough to conduct employee opinion surveys; management must respond to input and suggestions with concrete actions and change. Employees should be involved in those change efforts.

- Organizations that encourage managers to engage employees by making it performance criteria and rewarding engagement through incentive programs indicate that their organizations more effectively foster employee motivation and engagement, than those organizations that do not. As such, if compensation professionals wish to encourage employee engagement, they should: Develop performance appraisal objectives that can easily be understood by the staff and to the extent to which supervisors or managers can adapt them among their subordinates. Reward supervisors and managers for communicating these objectives by developing employee engagement among their subordinates and peers.

- More so, the company should choose appropriate performance appraisal methods which satisfy their employees‟ needs. Like management by objective (MBO) method which managers and employees jointly set objectives for the employees, periodically evaluate performance, and reward according to the result.
- To sum up, the company should enhance their employee motivation by financial and non-financial rewards scheme, should develop learning and career development, create work-life balance, a good working environment, and should develop a fair and proper PA practice. In addition, it is recommended that future researchers should assess the factors affecting PA by using other variables.

5.4 Further Research Direction

Although this research provides some significant insights into the effect of performance appraisal on employees‟ motivation in ZTE Addis Ababa Branch office, there is still a chance to extend the findings to gain a more comprehensive understanding.

- First of all, the finding of study indicated that coefficient determination (R^2) value is 11.9% which is low that indicated the three performance appraisal dimensions or practices, which are performance appraisal standards, methods, and objectives that the present study addressed, only account for 11.9% of the variation in the overall employee motivation. There may be omitted variable that required including in the future research which may have greater influence on the employees‟ motivation. Hence it is recommended here for future research to include other possible explanatory variable (performance appraisal dimensions), like work related goals, employee participation, fairness in the process, timely responses/feedback, treatment of results and the like to explain an outcome variable (employees motivation) in more comprehensive manner.

- More so, the future research should also include other possible explanatory variables, like job satisfaction, compensation, working environment that may have greater influence on the outcome variable in this case, employees‟ motivation.
- The future researchers should also make their researches in wider sample size in order to broaden empirical evidences in the area.
- The future research should also consider other sectors of industry with wider sample size in order to broaden empirical evidences in the area.

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APPENDIX-I: Research Questionnaire

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

<u>GRADUATE STUDIES PROGRAM QUESTIONNAIRE</u>

Dear respondents,

The purpose of this questionnaire is to collect data for the research title "The effects of performance appraisal on employee motivation in ZTE "for the partial fulfillment of a Master"s degree in the Human Resource Management program. Therefore, I kindly request you to give us honest and accurate information as much as possible. Please note that the information you provide determines the result of the reliability of the study.

Your responses won‟t be left to be used by others rather they will be kept confidential and not be used for another purpose except for the intended graduation research purpose. Please do not write your name. I appreciate for giving me your precious time to fill out the questionnaire.
Thank you for your cooperation in advance.
Email:tesfubilen@gmail.com

Part I- 1.Demographic profile of Different levels of Employees of ZTE

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

1. Gender: Male ☐ 2, Female ☐
2. Age : 1, 20-30 ☐ 2, 31-40 ☐ 3, 41-50☐ 4, Above 50☐

3. Educational status

1. Certificate/10+2☐ 3. BA BSC degree☐ 5.Above Master‟s ☐
2. Diploma☐ 4. Master‟s degree☐

4. Work experience

1. Below 1year☐ 2, 1-5 Years ☐ 3. 6-8 Years ☐ 4.9-10 years☐ 5. Above 10 years☐

Part Il. OPINION SURVEY ON EMPLOYEE PERFORMANCE APPRAISAL PRACTICE

Please indicate the extent to which you agree with the following statements by putting √ in the space provided.

5= Strongly Agree 4=Agree 3 = Neutral 2= Disagree 1=Strongly Disagree

1. Performance Appraisal Standard, Techniques and Objective

SN.	**1.1 Performance Appraisal Standard Measures (PSM)**	Rating scale				
		SA(5)	A(4)	N(3)	D(2)	SD(1)
1.	The supervisor appraises me based on job-related criteria rather than others. (JC)					

2.	The organization‟s Supervisors evaluate employee‟s performance based on his/her behavior. (B)					
3.	The rater appraises employees‟ performance by their competencies. (Comp)					
4.	The organization gives training for performance appraisers to improve the fair appraising evaluation system. (FAPS)					
5.	Does the employee has sufficient knowledge of traits such as rating scale, appraisal consisted of many dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation, etc.(T)					
6.	Does the appraiser communicate with employees in the appraisal process and any other concerns? (AC)					
	1.2Performance Appraisal Techniques or method(PAT)					
7.	The rater uses the graphic rating scale method (excellent, good, average, fair, poor) to appraise. (GR)					
8.	The rater compares every employee with every other employee in the workgroup. (Compares Gp)					
9.	Supervisors use behaviorally anchored rating method that is, a description of each assessment along a continuum (a numeric scale from low to high)(BAC)					
10.	The rater uses the ranking method (best worker, average worker , worst) for appraising employees. (Rank)					
11.	The rater uses management by objective method (management setting goals with employees then evaluate performance finally reward according to the result)(MBO)					
12.	Do you think that employees participate in setting standards and measuring performance? (Stt STD)					

13.	Are you satisfied with the current appraisal method?(CAM)					
14.	The rater gives feedback after the appraisal result.(F)					
	1.3 Performance Appraisal Objectives (PAO)					
15.	Does the company use performance appraisal-based payment, such as bonuses and incentives?(PAB)					
16.	Human resource management decisions for promotion, termination and layoff is purely based on Performance Appraisal (D)					
17.	The result on Performance appraisal uses to reward good performer employees in a better way than other fewer performer employees. (RPA)					
18.	The purpose of performance appraisal in the company is basically to identify and prepare individuals for increased responsibilities.(Pur)					
19.	The HR department follows up seriously the training needs identified during appraisals (TN)					
20.	The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment, and the like.(DD)					
21.	In the organization performance appraisal is used to develop employee`s knowledge, skill and efficiency (DEK)					
	2 Employee motivation related questions (EM)					
22.	The organization‟s, incentives or bonus motivates me to improve my performance					
23.	The organization promotes employees based on their performance to motivate them.					

24.	The organization allows giving recognition to motivate employees.					
25.	Employees are motivated for career development or personal growth, competency, sensing achievement					
26.	I am satisfied and motivated with the Performance Appraisal System because it is fair.					
27.	The organization allows me to participate in the whole performance appraisal process in ZTE.					
28.	The organization linked rewarding to the performance appraisal system in enhancing my motivation					
29.	The organization appointsappropriate appraisers that motivate me to improve my performance.					
30.	The ways ZTE disseminates informationregarding the appraisal process motivated me.					
31.	The ways give feedbacks of appraisal motivate me to improve my performance.					

Thank you for your patience and honesty to answer the research questions.
Thank you again for giving your precious time.