



ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

**THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEES MOTIVATION IN
THE CAUSE OF CBE, EAST ADDIS ABABA DISTRICT**

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Declaration

I, the undersigned, declare that this research paper is my original work and that all sources of the materials in the research paper have been duly acknowledged. The matter embodied in this project work has not been submitted earlier for award of any degree or diploma to the best of my knowledge and belief.

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ACRONYMS

- EAAD- East Addis Ababa District
- PA- performance appraisal
- PM performance management
- PMS –performance management system
- CBE-Commercial Bank of Ethiopia
- SPSS-statistical package for social science

Abstract

The general objective of the study was to identify the effect of performance appraisal on employee motivation using a survey of Commercial Bank of Ethiopia East Addis Ababa District.. The study was guided by the following specific objectives: To investigate how employee appraisal is linked to employee's motivation?(b) To identify and analyze the types of performance appraisal systems used by CBE?(c) To assess the motivation of employees from the performance appraisal system at CBE? (d) To measure employees perception of the appraisal system at CBE?

The study adopted a descriptive and explanatory research design. A sample size of 244 was selected using convenience sampling method. Data was collection using structured questionnaires. The data was analyzed using the Statistical Package for Social Sciences (SPSS) into frequency distribution, percentages and Pearson correlations. The data was presented using tables and charts.

The study concludes that performance appraisal process on employee motivation established that the system is important for employee motivation. Different raters can increase the accuracy of performance evaluation (can reduce bias) and increase employee's perceptions. The manager's ability to address the skills gaps can have a significant impact on the employee's motivation.

The study recommends that the performance appraisal system is an important factor for employee motivation. Performance appraisal system helps improve employee job performance and motivation at work. Different raters can be used to increase the accuracy of performance evaluation and increase employee's perceptions of fairness that can increase staff motivation. The managers in each branch of CBE should quickly address the skills gaps which have a significant impact on the employee's motivation.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Performance appraisal was introduced by Lord and Taylor (1914). As a result, many companies were influenced by Frederick Taylor's "Scientific Management" efforts of the early twentieth century. It is therefore believed that the continued success of each organization depends on its performance appraisals. Employee performance appraisal is one of the most commonly used management tools. Performance appraisals have far reaching consequences on people. If evaluators in any way discriminate against employees, these individuals can suffer devastating and potentially debilitating consequences. Given the possibility that adverse judgments can be made about an individual's performance, it is possible that performance appraisals might not be fair. Evaluators might allow their biases, prejudices and stereotypical attitudes to negatively influence the outcome.

In the early part of this century, performance appraisals were used in larger organizations mostly for administrative purposes, such as making promotions and determining salaries and bonuses. Since the 1960s, however, companies and researchers have increasingly stressed the use of employee evaluations for motivational and organizational planning purposes. Indeed, for many companies, performance appraisal has become an important tool for maximizing the effectiveness of all aspects of the organization, from staffing and development to production and customer service.

In organizational setting, performance appraisal is defined as a structured formal interaction between a subordinate and a superior, that usually takes the form of a periodic interview which could either be annual or semi-annual, in which the work performance of the subordinate is examined and discussed with the view to identifying strength and weaknesses as well as opportunities for improvement and skill development. Moorhead and Griffin (1992) describe it as a process of evaluating work behaviors by measurement and comparison to previously established standards, recording results, and communicating them back to the employee. It is an activity between a manager and an employee.

During performance appraisal meetings, a number of methods can be used to document, or record, or summarize performance discussions, ranging from narratives, rating scales, critical incident summaries, etc. The main purpose of appraisals is to help manage staff effectively and use human

resources and ultimately, to improve productivity. When conducted properly, appraisals serve that purpose by:

(1) Showing employees how to improve their performance

(2) Setting goals for employees

(3) Helping managers to assess subordinates' effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations (Latham, et al 1994). A number of studies highlight that a number of employees report being victims of unfair performance evaluations (Blasé, 2003; Bryne, 1971; Huo and Tyler, 2001) the outcome, the procedures followed, information used, and the interpersonal dynamics between an evaluator and an evaluatee of performance appraisals may impact on employee negatively. For example, an unfair performance review may result in an employee being fired. The emotional stress of losing one's job as a result of an unsatisfactory performance appraisal can result in physical manifestations from lethargy to muscle pain to cardiac and respiratory problems (Blasé a, 2003). In another situation, an employee may experience similar emotional and physical reactions if an unfair performance appraisal resulted in his or her being put on review which would require more frequent performance appraisals.

Where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive. Fairness of performance appraisal procedures may be associated with fairness of outcomes (Lindquist, 1995). The instrumental theory of procedural fairness (Thibaut and Walker. 1975; Lind and Tyler, 1988) proposes that fairness of procedures may lead to fairer decisions or outcomes. Greenberg and Folger (1983) explain as follows: 'If the process is perceived as being fair, then there is a greater likelihood that the outcomes resulting from that process will be considered fair. The tendency for procedural justice to influence distributive justice has been called the fair process effect'. Performance appraisal offers a valuable opportunity to focus on work activities and goals, to identify and correct existing problems, and to encourage better future performance. Performance appraisal is an important element in order to increase the profitability and performance of the bank. Performance feedback lets employees to know they have to perform in comparison with the bank/organization performance appraisals and it can affects to promote the two way communication between the management and employees and to improve the employees level of motivation. Commercial Bank of Ethiopia has its own performance appraisal and it can affect the employees toward increase the effectiveness and efficiency of the organization. Therefore, this study will focus on the effect of performance appraisal on employee motivation in CBE, East Addis Ababa District.

1.2 Statement of the problem

During the performance planning process, both behavioral and results expectations should have been set. Performance in both of these areas should be discussed and feedback provided on an ongoing basis throughout the rating period. In addition to providing feedback whenever exceptional or ineffective performance is observed, providing periodic feedback about day-to-day accomplishments and contributions is also very valuable. Unfortunately, this does not happen to the extent that it should in organizations because many managers are not skilled in providing feedback. In fact, managers frequently avoid providing feedback because they do not know how to deliver it productively in ways that will minimize employee defensiveness.

The main challenge that faces managers in all types of organizations is how to get maximum performance from their employees. Performance appraisal, therefore, seems to be inevitable. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. Most of the assessment that managers complete focuses on ~~the person,~~” including characterizations of their personal ~~traits~~” (i.e. commitment), knowledge (i.e. technical knowledge) or behaviors (i.e. attendance). While these factors may contribute to performance, they are not measures of actual output. If you want to assess the person, call it ~~person appraisal.~~” Performance is output quality, volume, dollar value, and responsiveness. The human inclination to judge without a structured appraisal system can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. The effectiveness of any appraisal system depends on quality and reliability of assessments. The appraisal methods reveal a number of problems that may hamper the effectiveness of the appraisal process. According to Ivancevich(1995),most employees are wary of performance appraisal. Perhaps the most common fear is that of rater subjectivity. Introducing subjective bias and favoritism are real problems that create opposition to most performance appraisal systems. According to Ivancevich(1995), even if the system is well designed , problems can arise if the raters (usually supervisors) are not cooperative and well trained. Supervisors may also not be comfortable with the process of evaluation. This is often because they haven’t been adequately trained or haven’t participated in the design of the program. Inadequate training of raters can lead to serious problems in completing performance evaluation exercise. Managers commit mistakes while evaluating employees and their performance. Bias and judgment errors of various kinds may spoil the performance appraisal process. Bias according to Shelley (1999), refers to inaccurate /distortion of measurement. Mount (1984) pointed out that even when a performance evaluation program is structured appropriately, its effectiveness can be

diluted by the improper use of subjective as opposed to objective measures. Objective measures are easily incorporated in to an appraisal because they are quantifiable and verifiable while subjective measures can't be quantifiable and are largely dependent on the opinion of an observer.

In performance appraisal, one of the most important aspects of the program is when the employers communicate their performance rating to the employees. Although some researchers claim that the feedback process in performance appraisal has little or no effect if the person is already performing on a high level or if there is complex. The feedback delivery helps the organization in decision making, enhancing of productivity and effectiveness within the organization. It has been pointed out that the communication of feedback regarding the performance of employees and groups in an organization is an important part of any organization human resource system (Larson 1984). The lack of all important elements of the performance appraisal system is bound to affect the consistency of raters in their rating and this can affect the validity of the performance appraisal data. The result of the performance appraisal system is also important as it can be used as the basis for training, pay and other benefits (Dash *et al.*, 2008). When a performance management system is used for employee motivation, the appraisal information is used to guide the training that will lead to the development of employee capabilities (Pulakos, 2010). The main issue in the practice of performance appraisal activity is the fairness of the evaluation decision. Raters have problems evaluating the performance appraisal in a proper way. Performance of individual employees that is not measured accurately can lead to dissatisfaction with the system. One of the factors that contribute to employee's dissatisfaction is that raters are not knowledgeable and do not have the required skills. This will affect the process of evaluation because bias, unfairness and unreliability may occur. It is in the light of this that the present study would intend to investigate the effects of performance appraisal on employee motivation in commercial Bank of Ethiopia, East Addis Ababa district.

1.3 Objectives of the study

The objectives of the study would be divided into two. These are the general objective and specific objectives.

1.3.1 General Objective

The main objective of this study was to investigate on the effects of performance appraisal on employees' motivation at CBE.

1.3.2 Specific Objectives

The specific objectives of the study are as follows:

- (a) To assess the relationship between performance appraisal and employee motivation?

- (b) To identify and analyze the types of performance appraisal systems used by CBE?
- (c) To assess the motivation of employees from the performance appraisal system at CBE?
- (d) To measure employees perception of the appraisal system at CBE?

1.4 Research Questions

In order to achieve the aims of the study the following research questions are considered.

1. What is the practice of performance appraisal in CBE and how is this connected to employee's motivation?
2. Are employees satisfied with the performance appraisal process and how these are linked to the motivation of employees?
3. Should CBE encourages employee's involvement in the appraisal process and provides continuous communication feedback?
4. What is the perception of employees on the performance appraisal system at CBE?

1.5 Research hypothesis

H1 –There is a significant relation relationship between performance appraisal and employee motivation.

HO1 – There is no a relationship between performance appraisal and employee motivations

H2 –There is a positive relationship between continuous communication, adequate feedback, faire appraisal process, training and coaching and employee's motivation

HO2- There no a positive relationship between continuous communication, adequate feedback, faire appraisal process, training and coaching and employees motivation

H3 – Employees are no perceived well (dissatisfied) about the existing performance appraisal practice of the organization.

1.6 Significance of the study

The outcomes of this study would first, enable managers to identify the areas where development efforts are needed so that personal and career development should be enhanced. Again it should

help managers to make out individuals who have specific skills so that their promotions and transfer will be in line with organizational requirements. In addition, it would be enable managers to administer a formal organization reward and counsel poor performers. Furthermore, it would inform managers about which selection devices and development programs are needed for the smooth running of organizations. Finally, other researchers studying in the field of human resource management may find this research helpful to extend their knowledge about performance appraisals.

1.7 Scope of the Study

The study should be identifying the effect of performance appraisal systems in improving employee motivation. The study should be limited to some selected grade one, grade two, grade three and grade four branches under East Addis Ababa District office. The researcher should considers that would cover the whole branches in to the study is unmanageable. In terms of its content, the study should focus only on the effect of performance appraisal on employee motivation at CBE, East Addis Ababa District.

1.8 Organization of the study

This study would be organized into five chapters. Chapter one is on introduction. It also covers units such as background of the study, problem statement, objectives of the study, research questions, significance of the study, and scope of the study, Limitations and organization of the study. The second chapter deals with review of related literature concerning the study. The third chapter deals with an explanation of the research process and the methods adopted for collecting and analyzing data. It focuses on description of the study area , research approach ,research design ,population and sample data source and type , data collection procedure , ethical consideration and data analysis. Chapter four focuses on the data analysis and interpretation in relation the research objectives and research questions of the study. Chapter five were presents summary, conclusion and recommendation of the stud

1.9 Definitions of terms

Motivation –is the psychological process that cause the arousal, direction, persistence of voluntary action that is goal oriented (Kreitner and Kinicki).

It is the process through which employees are given impetus to maintain high performance level and as discussed by Armstrong, 2010.

Performance appraisal -is where a supervisor evaluates and judges the worker performance of subordinates.

Performance – something that is carried out or accomplish.

Ap praise: Individual being evaluated on job performance.

Appraiser: Individual responsible for evaluating an individual's job performance.

Perception: The process by which an individual gives meaning to the environment.

Performance appraisal: The process of an organization that is used to identify, observe, measure, and develop human Performance in organizations

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, some literature would be reviewed on performance appraisal and how employees feel about the appraisal system. There are a number of researches that have been conducted on performance appraisal.

2.1 PERFORMANCE APPRAISAL:

Dale S. Beach defines Performance appraisal as the systematic evaluation of the individual with regard to his or her performance on the job and his potential for development. Performance appraisals are also crucial for career and succession development.

According to Schraeder,(2007), performance appraisals can prove to be very helpful and successful if they focus primarily on the improvement of organizational performance as a whole, and especially if it's attributes are in line with those of the organizational aims and goals. According to Vance (1992) Performance Appraisal acts as valuation reference to reward employees, both intrinsically and extrinsically, and thus improve the employees" performance by continuous communication and feedback between both the employee and the organization. Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted. In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all.

Dharma.B.Naik has explained performance appraisal emphasizing on its two aspects: systematic and objective. The appraisal is systematic when it evaluates all performances in the same manner, utilizing the same approaches so that appraisal of different persons is comparable. And it is objective as it attempts at accurate measurement by trying to eliminate human biases and prejudices. Hodgetts, (1993) identified performance appraisal cycle as a four-step process. First, there must be some established performance standards that specify what the worker is supposed to be doing and secondly, there has to be a method of determining individual performance. Thirdly, there must be some comparison of performance against standards and finally, an evaluation of performance should be made on the basis of the comparison.

According to Alewine(1982), performance appraisal objective has been to get employees to see themselves as they really are. The goals of the appraisal process include employees to get to see themselves as they really are, to get the employee to recognize the need to improve job performance and to involve the employee in developing a plan for improving job performance and

better career planning. Beverly L. Kaye and Sheily Krantz noted that if the employee's were involved in the performance appraisal from the beginning, informed of his or her progress (or lack of progress) all along, and given a stake in the process, then chances were better that the main object of the employees anger or frustration will not have been the employees supervisors or the organization, but themselves. One of the major problems with performance appraisal according to Dexter A. Hansen (1984) has been the purposes which performance appraisal has been used. The developmental approach (modern approach) of performance appraisal is referred as the usage of rating for training and development and provision of feedback to employees (Boswell and Boudreau (2000).

Numerous organizations employ a formal or informal assessment system that measures employee's performance and contribution (Carroll and Scheiner, 1982). Cones and Jenkins (2000) suggest that performance appraisal is a mandated process in which, for a specified period of time, all or a group of employees' work behaviors or traits are individually rated, judged, or described by a rater and the results are kept by the organization. Denisi, et al (1984) indicated that performance appraisal is an exercise in social perception and cognition embedded in an organizational context requiring both formal and informal judgment. Karol (1996) considered performance appraisal to include a communication event scheduled between a manager and an employee expressly for the purpose of evaluating that employee's past job performance and discussing relevant areas of future job performance.

A significant direction of research regarding PA efficacy and approaches for evaluation has concentrated on employee satisfaction and perceptions of the process. As a result of this, researchers and practitioners have taken a more comprehensive view of performance appraisal system efficacy and evaluation of systems. One common theme of recent research is that attitudes of the system's users toward the process determine to a large degree the ultimate effectiveness of a performance appraisal system (Roberts, 1990). Regardless of the definition or the specific components included, PA in most organizations is formal, and structured. The process is generally defined to include an interview between the rater and the ratee as well as performance documentation required by the formal evaluation system. One descriptor left out of most definitions is that performance appraisal is often dread by participants. Folger and Lewis (1993) suggest that performance appraisals typically engender the same degree of enthusiasm as paying taxes. Folger (1992) argued that instead of focusing on accuracy, the goal of PA should be ensuring fairness in the process, which is a more achievable goal. Researchers started to adopt the view point that employees' perceptions of fairness are more important than objective accuracy of the appraisal system. If an accurate appraisal system is perceived as unfair, it may lead to negative

consequences or, it is possible that an accurate appraisal tool that is perceived as fair may not lead to negative outcomes? Fairness should be adopted not only because accuracy is not achievable but also because it is an important societal value and feelings of injustice have important consequences for the society and the workplace (Sabbagh, et al, 1994, Sashkin and Williams, 1990). Fairness of HR practices deserves attention from a humanistic point of view as well.

It would seem logical and important that employees have the desire to be evaluated on job criteria that is accurate and relates to aspects of their job that is within their control. For example, Boswell and Boudreau (2000) highlight accurate performance appraisal can be an important predictor of employee attitudes towards their supervisor, the job and the PA process. They go further to suggest that if the evaluation is not perceived as accurate, they may in turn impact on the process attaining its usefulness in the organization and even contributing negatively in individual behavior and organizational performance. Pettijohn et al (2001) support this and suggest that unknown, vague and inappropriate criteria may lower motivation thus leading to negative reactions towards performance evaluation. Employee perceptions of fairness of PA have been shown to be linked to satisfaction with the system. Fairness of performance appraisal has been studied by a number of researchers over time. In their review of performance appraisal research Bretz et al (1992) indicated that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. Their findings suggested that most employees perceive their performance appraisal system as neither accurate nor fair. Skarlicki and Folger (1997) suggest that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political or irrelevant. A major problem for organizational managers is that the PA process and the performance evaluation system are often perceived as both inaccurate and unfair (Latham and Wexley, 1981). Gabris and Ihrke (2000) reported that leadership credibility of immediate supervisors is significantly associated with whether employees perceive performance appraisal systems as procedurally fair and instrumentally just and appropriate. Their study of county government professionals explored this issue as well as related issues of job burnout, job satisfaction, manager innovation and cooperation between organizational units. Boswell and Boudreau, (2000) found a significant positive relation between employee motivation and procedurally just performance appraisals and underscored the importance employees place on fairness.

Performance appraisals sometimes have the reputation of creating tension between a supervisor and subordinate. However, sound and effective performance reviews share common components that make them positive experience and maximize the benefit of conducting and participating in

them. Emphasizing the good and helping an employee on the road to improvement are important components of effective performance appraisals.

A Variety of Components may be included in the performance appraisal process. Landy and Farr (1980) presented a model of performance appraisal that included 13 interrelating factors: position characteristics, organization characteristics, the purpose of the rating, the rating process, scale development, the rating instrument, rater and ratee characteristics, the observation and storage of performance data, the judgment of that performance, the analysis of this information, performance description and in the end, personal reaction.

In the words of Mohrman, et al (1989) there are four activities in the performance appraisal cycle in organization:

- (a) Defining what performance appraisal is or should be
- (b) Measuring and evaluating performance
- (c) Feeding information about that performance back to the individual
- (d) Providing information to other organizational systems that use it.

2.2 EFFECTIVE PERFORMANCE APPRAISAL SYSTEM

Anuradha D. Pathak(2011) has stated that for an effective appraisal system, mutual trust, clear objectives, standardizations, training, job relatedness, documentation, feedback and participation, individual differences, post appraisal review and appeal are some important factors which need to be considered. According to Winston and Creamer (1997) there are numerous methods for measuring employees' performance but some of these methods are not suitable in some cases. It was also found that the effective appraisal system should address clarity, openness and fairness, recognize productivity through rewards and be cognizant of appraiser leadership qualities.

2.3 EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE MOTIVATION

Appraisals help to create a system of motivation and rewards based on performance (Anuradha D. Pathak, 2011). As performance appraisal encourages the good performers, on the same hand performance appraisal also highlights the poor performers and tells about their weak areas and it helps the management to remove the leaning hurdles and makes them to achieve the set objectives and aims. Appraisals lets the employees know how they are performing and where they can improve. Smita A.Kumbhar (2011) examined that due to effective performance management system opportunities for employee development are identified and it encourages and facilitates

employee development and also resolves performance pay disputes. In the survey Ebrahim Dehafarin(2012), it was identified that intrinsic motivation has affected the relation between Performance appraisal satisfaction and work performance, tendency to quit job position and effective commitment. It was also found that with due attention to the weak relation between Performance appraisal satisfaction and work performance (direct), intrinsic motivation has improved such relation in the role of an intermediate variable. Hence they have emphasized the importance of paying attention to employees' motivation in order to enhance their level of performance in the organization. By emphasizing the fact that employees are valuable assets for every organization. Smita A. Kumbhar 2011 explains that by taking an overview on performance Appraisal system and its profitability to corporate in certain cases the employees may be motivated and on other hand employees are demotivated. It has been noticed that in the current time, job performance systems have improved a lot, but still the outcome shows that it has a negative impact on the job satisfaction and motivation of the employees if it is not appraised systematically (Robert, 2002). And hence it was found that, it results in counter of an organization that employees are demoralized and also lose their loyalty, which affects the organizational aims and objectives It has been explored that the performance appraisal serves not only to determine how well an employee is does his or her job, but also helps to decide the ways to improve the performance, by which employees are motivated to work efficiently and effectively in an organization. Folger, 1992 explains that a due-process appraisal system has three main characteristics. Adequate notice requires organizations and their agents to publish, distribute, and explain performance standards to employees, discuss how and why such standards must be met, and provide for regular and timely feedback on performance. Folger et al (1992) investigated the performance appraisal process to serve as a motivational mechanism to employee by involving employee in the appraisal process from planning through implementation. H. Swank (2012) in their investigation on the impact of performance appraisal on motivation had found that on average, a positive appraisal motivates an employee more than a negative appraisal. It was also found out that the effect of appraisals on an Employee's future performance depends on the employee's perception of the ability of the manager to assess his performance. Boswell and Boudreau (2000) identified two uses of performance appraisals as evaluative and developmental purposes. The evaluative function includes the use of PA for salary administration, promotion decisions, retention-termination decisions, and recognition of individual performance, layoffs and the identification of poor performance. Developmental functions, on the other hand, include the identification of individual training needs, providing performance feedback, determining transfers and assignments, and the identification of individual strengths and weaknesses. These are proposed to encompass within-person decisions.

In the result of various studies it was explored that there is a negative and meaningful correlation between intrinsic motivation and tendency to quit job position (Houkes , 2001; Richer 2002). It has been examined that the managers are able to improve outputs of employees by paying more attention to employees' motivation. It was also noted that the existence of a suitable system of performance evaluation in the organization and also applying of motivational mechanisms and paying attention to the motivation level of employees could result in employees' satisfaction of evaluation and this resulted in enhancing of work performance and effective commitment and employees' tendency to remain in the organization (Ebrahim Dehafarin,2012) Employees' reactions to the fairness and accuracy of the appraisal system may affect their motivation to correct weak performance or develop unused potential . Smita A. Kumbhar(2011) points out the fact that it is a duty of every organization to motivate the employees and influence the behavior of the employees through performance appraisal system. Gruenfeld(1982) noted that the development approach contained all of the traditional overall organizational performance appraisal purposes and some of the additional purposes. One important purpose among those is providing satisfaction and encouragement to the employee who has been trying to perform well. In a study done by Nida Jamil, he examined the impact of the performance evaluation system on the behavior, attitudes and morale of the employees of a major private sector bank in Pakistan and found that the performance evaluation system does not have a discernable Positive impact on employee motivation or subsequent performance.

2.4 Types of Performance Appraisal

Companies adopt and employ different performance appraisals depending on the needs and nature of the job, work and the company. The most commonly used appraisal techniques include: 360 degree appraisal, Peer Review, Self Review, Essay appraisal, Graphic rating scale, forced-choice rating, critical incident appraisal, Management-by-objectives approach, Ranking methods. Accordingly, each of these methods has its own combination of strengths and weaknesses, and none is able to achieve all the purposes for which management performance appraisal systems are intended. Neither is any one technique able to evade all of the pitfalls. The best anyone can hope to do is to match an appropriate appraisal method to a particular performance appraisal goal. If a performance appraisal system is new to your organization, it should first be pilot tested with a select group of employees before it is instituted throughout the organization, or it may fail. Here is a review of some of the types of appraisal methods used, which are in no particular order of importance:

2.4.1 360-degree

The 360-degree appraisal is the most comprehensive and costly type of appraisals. It offers an alternative method by which organizations can gain more useful performance information about employees, and make them more accountable to their various customers. Rather than having a single person play judge, a 360-degree appraisal acts more like a jury. It includes self-ratings, peer review, and upward assessments; feedback is sought from everyone. It gives people a chance to know how others see them, to see their skills and style, and may improve communications between people. The people, who actually deal with the employee each day, create a pool of information on which the supervisor may act. This provides feedback from both internal and external customers to receive a broader, more accurate perspective on employees. The advantages of the 360 degree are: it provides a more comprehensive view of employee performance, it increases involvement and credibility of the performance appraisal, have a strong impact of behavior and performance, feedback from peers enhances employee self-development. It greatly increases communication and shared goals, and increases accountability of employees to their customers. Some of the disadvantages are: they are time consuming and more administratively complex, extensive giving and receiving feedback which can be intimidating to some employees, very costly and requires training and significant change effort to work effectively (Milliman et al 1994).

2.4.2 Peer Review

Peer Review may be designed by three to six workers, to set the goals, benefits, and objectives of the programme, design a criteria-based performance evaluation system and conduct a pilot programme. People should be encouraged to provide feedback on the system itself. Training and support should be available. Peer reviews often have a high level of worker acceptance and involvements tend to be stable, task-relevant, and accurate. By helping peers to understand each other's work, and by airing grievances in a non-threatening manner, peer reviews may also help people to get along better. For the organization, this means higher performance. For the worker, this means a better place to work and less frustration. It may also help people to concentrate less on politics and more on building skills. Peer reviews may work best if all parties know that the reviews will not be used for setting pay, promotion possibilities, or disciplinary actions. However, a peer review system with the power to give promotions, raises, or disciplinary actions, might be workable in some businesses, if the employees think it's a good idea.

2.4.3 Self-Review

Self-Reviews are based on the idea that employees are most familiar with their work, and that their involvement is essential. Employees rate themselves on a number of criteria, usually with a formal survey form, and suggest improvements. They help to clarify their own goals, and expose areas of weakness so they may be worked on. Mostly, the manager is left out of the process, although an exchange of views between the employee and manager may help their relationship, and boost the employee's own understanding. Meyer (1991) said that self-review changes the role of the manager to counselor, rather than judge. With this role, the manager can do more to support people. He further points out that self-review enhances the subordinate's dignity and self respect. Involving the employee as an equal in the review process is more likely to increase commitment to action plans, making the entire process both more satisfying and more productive. Self-reviews tend to have low halo error and result in little paperwork for managers. However, people may not see their own deficiencies as others do, so self-review should be used alongside other methods.

2.4.4 Essay Appraisal

In Essay appraisal, the appraiser prepares a written statement about the employee being appraised. The system usually concentrates on describing specific strength and weakness in job performance. It also suggests courses of action to remedy the identified problem areas. The biggest drawback to essay appraisals is their unpredictability and inconsistency in length and content. Moreover, since different essays touch on different aspects of a person's performance or personal qualifications, essay ratings are difficult to combine or compare.

2.4.5 Graphic Rating

The graphic rating scale assesses a person on the quality and quantity of work (outstanding, above average, average, or unsatisfactory) and on a variety of other factors that vary with the job but usually include personal traits like reliability and cooperation. It may also include specific performance items like oral and written communication. This scale has come under frequent attack, but remains the most widely used rating method (Berkshire and Highland 1953).

2.4.6 Forced Choice

Forced choice technique is an approach to PA that requires the rater to choose from statements designed to distinguish between successful and unsuccessful performance. In many forced-choice methods of rating performance, managers will be required to assess which employee is the best, second best, third best and so. However, clever raters can learn how to manipulate and beat the system by giving high rates to average favorite employees. An additional drawback is the difficulty

and cost of developing forms. Consequently, the technique is usually limited to middle- and lower-management levels where the jobs are sufficiently similar to make standard or common forms feasible. Finally, forced-choice forms tend to be of little value- and probably have a negative effect when used in performance appraisal interviews.

2.4.7 Critical Incident Technique

The critical incident technique looks like a natural to some people for performance review interviews, because it gives a supervisor actual, factual incidents to discuss with an employee. Supervisors are asked to keep a record, a "little black book," on each employee and to record actual incidents of positive or negative behavior. Instead of arguing over traits and personality, the discussion now deals with actual behavior and performance, leaving the employee to know what those standards are (Myers, et al 1965). There are, however, several drawbacks to this approach. It requires that supervisors jot down incidents on at daily or, at the very least, a weekly basis. This can become a chore. Furthermore, the critical incident rating technique needs not, but may, cause a supervisor to delay feedback to employees. Furthermore, it is hardly desirable to wait six months or a year to confront an employee with a misdeed or mistake. Finally, the supervisor sets the standards by which the employee is judged that may be unfair. To avoid or to deal with the feeling that they are being judged by unfairly high standards, employees in some organizations are being asked to set or help set their own performance goals.

2.4.8 Management by Objective (MBO)

MBO according to Drucker (1954) is a management model that aims to improve performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans should ensure better participation and commitment among employees, as well as alignment of objectives across the organization. Employees are consulted, but management ends up imposing its standards and its objectives (Levinson, 1970). MBO technique is more "democratic," and can be effective; making use of specific work goals or targets provide for knowledge of results. In fact, there appears to be something of a fashion trend in the setting such work standards in white-collar and service areas.

2.4.9 Ranking

The two most effective methods are alternation ranking and paired comparison ranking. Alternation ranking, in this method, the names of employees is listed on the left-hand side of a sheet of paper, preferably in random order. If the rankings are for salary purposes, a supervisor is asked to choose the "most valuable" employee on the list, cross his name off, and put it at the top of the column on the right-hand side of the sheet. Next, the "least valuable" employee is selected

on the list; name is crossed off, and is put at the bottom of the right-hand column. The ranker then selects the "most valuable" person from the remaining list, crosses each name off and enters it below the top name on the right-hand list, and so on. Paired-comparison ranking, this technique is probably just as accurate as alternation ranking and might be more so. But with large numbers of employees, it becomes extremely time consuming and cumbersome. Both ranking techniques, particularly when combined with multiple rankings (i.e., when two or more people are asked to make independent rankings of the same work group and their lists are averaged), are among the best available for generating valid order-of-merit rankings for salary administration purposes.

2.5. Challenges involved in Performance Appraisal

Evaluating employees on relevant job criteria sounds reasonable and logical. However, Robinson and Fink (2006) say there are a number of flaws in the evaluation process. In actual practice, however, formal performance appraisal programmes have often yielded unsatisfactory and disappointing results, as the growing body of critical literature attests. (McGregor, 1957; Thompson and Dalton, 1970; Schrader, 1969). Again, some critics suggest that PA should be abandoned as a lost hope, as they point to scores of problems and pitfalls as evidence. But considering the potential of appraisal programmes, the issue should not be whether to scrap them; but rather, it should be how to make them better. Thus, until a better technique comes along, organizations should use some form of appraisal to cover any potential risks. Decisions related to discipline and potential terminations are usually the "hot button" issues that managers want most to avoid. But in firms that ignore or simply overlook performance problems, the problems may grow so large that they put the firm at risk either from a professional liability claim, or from some kind of employee relations fiasco. The paradox is, time becomes an enemy when PA problems are not dealt with openly. The prevention of larger problems is why continuous feedback and documentation are vital. (Messer and Myers 1965). Obstacles to the success of formal performance appraisal programs should be familiar to most managers, either from painful personal experience or from the growing body of critical literature. One reason for failure is that companies often select indiscriminately from the wide battery of available performance appraisal techniques without really thinking about which particular technique is best suited to a particular appraisal objective. The following are the most troublesome and frequently cited drawbacks:

2.5.1. Demand on Supervisors

A lot of demand is placed on supervisors. Formal PA obviously requires at least periodic supervisor observation of each subordinates performance. However, the typical first-line supervisor hardly knows just what each of the 20, 30, or more subordinates are doing.

2.5.2. Unfairness and biases

Standards and ratings tend to vary widely and, often, unfairly. Some raters are tough, while others are lenient. Some departments have highly competent people, others have less competent people. Consequently, employees subject to less competition or lenient ratings can receive higher appraisals than equally competent or superior associates. Mostly, personal values and bias replace organizational standards. An appraiser may not lack standards, but the standards used are sometimes wrong. For example, unfairly low ratings may be given to valued subordinates so they will not be promoted out of the rater's department. More often, however, outright bias dictates favored treatment for some employees.

2.5.3 Lack of communication

Employees may not know how they are rated due to lack of communication. The standards by which employees think they are being judged are sometimes different from those their superiors actually use. No PAS can be very effective for management decisions, organization development, or any other purpose until the people being appraised know what is expected of them and by what criteria they are being judged.

2.5.4 Lack of training

Appraisal techniques tend to be used as performance panaceas. If a worker lacks the basic ability or has not been given the necessary training for his job, it is neither reasonable to try to stimulate adequate performance through performance appraisals, or fair to base salary, dismissal, or other negative decisions on such an appraisal. No appraisal program can substitute for sound selection, placement, and training programs. Poor performance represents someone else's failure. The supervisor often reduces the validity of ranking. Rather than confront their ineffective subordinates with negative ratings, negative feedback in appraisal interviews, and below-average salary increases, supervisors often take the more comfortable way out and give average or above average ratings to inferior performers.

2.5.5 Lack of Feedback

PA ratings can boomerang when communicated to employees. Negative feedback not only fails to motivate the typical employee, but also can cause him to perform worse (Myers, et al 1965). Only those employees who have a high degree of self-esteem appear to be stimulated by criticism to improve their performance.

2.5.6 Lack of involvement

Performance appraisal interviews tend to emphasize the superior position by placing him in the role of judge, thus countering his equally important role of teacher and coach. This is particularly damaging in organizations that are attempting to maintain a more participative (democratic) organizational climate. Pitfalls represent a formidable challenge in appraisal techniques, but attempting to avoid these pitfalls by doing away with appraisals themselves is like trying to solve the problems of life by committing suicide. The more logical task is to identify those appraisal practices that are most likely to achieve a particular objective and least vulnerable to the obstacles already discussed.

2.6 Common Mistakes in Performance Appraisal

Where performance appraisal fails to work as well as it should, lack of support from the top levels of management is often cited as a major contributory factor. Opposition may be based on political motives, or more simply, on ignorance or disbelief in the effectiveness of the appraisal process. It is crucial that top management believe in the value of appraisal and express their visible commitment to it. Top managers are powerful role models for other managers and employees. Those attempting to introduce performance appraisal, or even to reform an exist in system, must be acutely aware of the importance of political issues and symbolism in the success of such projects.

2.6.1 Fear of Failure

There is a stubborn suspicion among many appraisers that a poor appraisal result tends to reflect badly upon them also, since they are usually the employee's supervisor. Many appraisers have a vested interest in making their subordinates "look good" on paper. When this problem exists, it may point to a problem in the organization culture. The cause may be a culture that is intolerant of failure. In other words, appraisers may fear the possibility of repercussions - both for themselves and the appraisee. Longenecker (1989) argues that accuracy in performance appraisal is impossible to achieve, since people play social and political games, and they protect their own interests. No matter what safeguards are in place, "... when you turn managers loose in the real world, they consciously fudge the numbers." What Longenecker is saying is that appraisers will, for all sorts of reasons, deliberately distort the evaluations that they give to employees.

2.6.2 Judgment Aversion

Many people have a natural reluctance to "play judge" and create a permanent record which may affect an employee's future career. This is the case especially where there may be a need to make negative appraisal remarks. Training in the techniques of constructive evaluation (such as self-

auditing) may help. Appraisers need to recognize that problems left unchecked could ultimately cause more harm to an employee's career than early detection and correction.

2.6.3 Feedback-Seeking

Larson (1989) has described a social game played by poor performers. Many supervisors will recognize the game at once and may have been its victims. The game is called feedback-seeking. It occurs where a poor performing employee regularly seeks informal praise from his or her supervisor at inappropriate moments. Often the feedback-seeker will get the praise they want, since they choose the time and place to ask for it. In effect, they "ambush" the supervisor by seeking feedback at moments when the supervisor is unable or unprepared to give them a full and proper answer, or in settings that are inappropriate for a frank assessment. The supervisor may feel "put on the spot", but will often provide a few encouraging words of support. The game seems innocent enough until appraisal time comes around. Then the supervisor will find that the employee recalls, with perfect clarity, every casual word of praise ever spoken! This places the supervisor in a difficult bind. Either the supervisor lied when giving the praise, or least, misled the employee into thinking that their performance was acceptable (in fact, this is the argument that feedback-seekers will often make). The aim of the game is that the feedback-seeker wants to deflect responsibility for their own poor performance. They also seek to bolster their appraisal rating by bringing in all the "evidence" of casual praise. Very often the feedback seeker will succeed in making the supervisor feel at least partly responsible. As a result, their appraisal result may be upgraded. Was the supervisor partly responsible? Not really. The truth of the matter is that they have been "blackmailed" by a subtle social game. But like most social games, the play depends on the unconscious participation of both sides. Making supervisors aware of the game is usually sufficient to stop it.

2.6.4 Appraiser Preparation

The bane of any performance appraisal system is the appraiser who wants to "play it by ear". Such attitudes should be actively discouraged by stressing the importance and technical challenge of good performance appraisal. Perhaps drawing their attention to the contents of this web site, for example, may help them to see the critical issues that must be considered.

2.6.5 Employee Participation

Employees should participate with their supervisors in the creation of their own performance goals and development plans. Mutual agreement is a key to success. A plan where in the employee feels some degree of ownership is more likely to be accepted than one that is imposed. This does not mean that employees do not desire guidance from their supervisor; indeed they very much do.

2.7EMPLOYEE MOTIVATION

McFarland defined motivation as the act of stimulating someone or oneself to get a desired course of action, to push the right button to get desired action. According to David Austin(2012), motivating employees isn't as simple as paying them more. People are complex and lots of different factors contribute to their overall level of job satisfaction, and what motivates people to do their best work. Happiness, career aspirations, challenges, money, stress are all factors that contributes to employee motivation. JP Maroney states five key employee motivation factors which include satisfaction, appreciation, recognition, inspiration and compensation. The result of various studies shows a negative and meaningful correlation between intrinsic motivation and tendency to quit job position (Houkes 2001; Richer, 2002).

Webster's Dictionary defines motive as, something that causes a person to act. Therefore, motivation can be defined as, the act of providing motive that causes someone to act. In other words, according to Nancy Shanks, motivation causes someone to act and someone else cannot make someone motivated. It is the discretion of the person to decide if they are going to be motivated or not. Motivated and unmotivated are not opposites, but instead, there are determining factors that could cause someone to be unmotivated, such as life events and attitudes towards a specific job.

Motivation is defined as ~~the~~ intention of achieving a goal, leading to goal-directed behavior.” When we refer to someone as being motivated, we mean that the person is trying hard to accomplish a certain task. Motivation is clearly important for someone to perform well. However, motivation alone is not sufficient.

Ability—having the skills and knowledge required to perform the job—is also important and is sometimes the key determinant of effectiveness.

Finally, environmental factors—having the resources, information, and support one needs to perform well—are also critical to determine performance.

$$\text{Performance} = \text{Motivation} \times \text{Ability} \times \text{Environment}$$

According to this equation, motivation, ability, and environment are the major influences over employee performance. Performance is a function of motivation, ability, and the environment in which you work.

With relation to the workplace, Ray Williams, who writes for Psychology Today, defines motivation as, ~~p~~redisposition to behave in a purposeful manner to achieve specific, unmet needs

and the will to achieve, and the inner force that drives individuals to accomplish personal organizational goals” (Williams). A person becomes motivated in order to achieve their own personal goals as well as the organizational goals.

The more motivated an employee is, the more likely they are to have organizational commitment and identify themselves with the organization. To a certain extent an employee's motivation and satisfaction can be caused due to performance appraisal - for better as well as for worse. Recognition for the work efforts of employees is provided by performance appraisal. It has been noted for long that social recognition is an effective incentive for employees. It has been proved, that individuals would be ready to even accept the negative feedback or recognition rather than having no recognition.

A performance appraisal signifies to an employee that the company he works for is really interested in their personal development and work related performance. This will make them feel belonging and sense of worth and will be more committed towards their department and the company. The human desire for individual recognition should not be overlooked; it may help in reducing absenteeism and attrition rates in some organizations. Organizations must make a good start by introducing regular performance appraisal. Research conducted on motivation by many researchers as well as Maslow, Elton Mayo and Fredrick Taylor has realized the influence of recognition as an encouragement on employees. A performance appraisal offers an employee with appreciation for his hard work. The supervisor is provided with an opportunity by the appraisal system to show that the company and the management are genuinely interested in their performance and personal development. And this in turn will have a positive influence on employees and it will boost their morale, self-esteem and they will be more committed towards their department and the company.

Many researchers have developed theories on motivation. According to Krietner (1995) explained motivation from the psychological point of view, he said motivation provides behavior a function and direction. Motivation plays a significant role in all organizations as it is an indicator to show how well the organization is performing and this in turn has an effect on the organizations objectives. An individual's performance can have far reaching effects like, reaching the higher market share or maximizing the profits.

Motivation of employees can reduce attrition rate and make the employees committed to the company. Appraisals are a source of motivation for employees. Motivation is defined as a driving force which helps and encourages a person to achieve his goals and objectives.

Motivation can also be defined as a set of forces that energize, direct and sustain behavior (Hitt et al 2009; Lyman W. 2005). An organization becomes successful when its leadership is strong and

engaged and promotes motivation. It is very important for the Human Resource managers to always be in touch with what is important and what is good for employees.

What are rewards?

Rewards can take two forms they can be either intrinsic /internal/rewards or external /extrinsic/ ones. Intrinsic rewards are derived from within the individual. External rewards pertain to rewards that are given by another person, such as an organization giving bonuses to employees when they achieve their goals /objectives.

Extrinsic rewards

These are external things that managers can provide that may serve as incentives for employees to increase their productivity. These include:

- Money –in the form of pay, bonuses, stock options etc.
- Benefits – also in many different forms including health insurance, vacation, sick leaves , retirement accounts etc.
- flexible schedules
- Job responsibility and duties
- Change in status – conveyed either by changes in job title in new and different job responsibilities
- Supervision of others
- Promotions, these are all tangible types of rewards.

Intrinsic rewards

Intrinsic rewards are internal to the individual and are in many ways less tangible. In fact, they are highly subjective, in that they represent how the individual perceives and feels about work and its value. These includes

- ❖ Healthy relationships in which employees are able to develop a sense of connection with others in the work place.
- ❖ Meaningful work – where employees feel that they make a difference in people's life. This is typically a motivator for people to enter and stay employed in the health care industry.
- ❖ Competency – where employees are encouraged to develop skills that enable them to perform at or above standards, preferably the latter.
- ❖ Choice –where employees are encouraged to participate in the organization in various ways, such as by expressing their values and opinions ,sharing in decision making and finding other ways to facilitate participatory approaches to problem solving ,goal setting and the like.

- ❖ Progress – where managers finding ways to hold employees accountable, facilitate their ability to make head way to towards completing their assigned tasks and celebrate when progress is made towards completing important mile stones within a project.

Intrinsic rewards, coupled with extrinsic ones, lead to high personal satisfaction and serve as a motivator for most employees.

2.8 Theoretical frame work

Conducting regular performance appraisal is an important workforce development strategy for organizations such as banks. Given the challenges of working in the financial sector, performance appraisals offer available opportunity to recognize and reward staffs efforts and performance, detect key barriers and facilitation to work practice and identify professional development needs and opportunities as noted by Kent (2007). According to victor vroom (1964) expectancy theory, an employee performs or is motivated to do so according to the expected results of work done. Vroom concludes that people will be motivated to the extent that they can perceive links between efforts performance and rewards available. He further argues that performance is a vital component of the expectancy theory. Specifically, he is concerned with the linkage between effort and performance. Furthermore he argued that they must feel confident that if the exert an effort within their capabilities, it will result in a satisfactory performance as defined the criteria by which they are being measured. He also suggested that the expected reward (financial and non financial) will motivate or be the basis of the employee performance.

In fact according to Berman (2005), the performance appraisal process offers employees the opportunity to receive structured, constructively framed feedback about their work and growth potential. Armstrong (2006) argues that appraisal and improvement are critical to developing and maintaining a strong capable work force.

Fletcher (1994) contends / argues that performance appraisal system utilizes standard assessment criteria, dimensional rating, structured rating scales and explicit individual –peer appraisal. These components help to minimize subjective impressions and conscious or intentional biases. Sophisticated technologies for performance evaluations /for example on line rating and development plans, 360 degree feedbacks are well developed and increasingly common in both large small institutions. On the other way, Robert (2002) asserts that the accurate and reliable performance appraisals help organizations to support and reward their most capable employee when used in conjunction with performance improvement system, a structured performance appraisal system conveys meaningful feedback in a useful format helps refocus employees who are

performing below expectations and facilitates career development plans for all employees. The performance appraisal system increases the fairness and transparency of the evaluation process and guide individuals and supervisors towards targeted improvement strategies. They also protect both the employee and the bank from potential bias and ensure that employees receive fair and accurate feedback.

2.9 Empirical studies on employee motivation

According to Muogbo (2013), in his study ‘The impact of employee motivation on organizational performance of selected firms in Nigeria’ showed that the existence of relationships between employee motivation and organizational performance. His study reveals that extrinsic motivators given significant influence on the workers performance. Based on his findings, the researcher recommends that all the firms should consider adopting extrinsic rewards scheme in their various firms to increase the productivity.

A study also conducted by Khan and Mufti (2012) focusing on the effect of different compensation on motivating employees in public and private banks of Peshawar, India (fixed pay, flexible pay and benefits) by selecting Vroom’s expectancy theory as a framework. The study showed that employees are not motivated due to they believe in their skills neither are they motivated when told that would be rewarded, they get motivated if rewarded by something they value.

A study by Dr. Renu Sharma (2013), which was analyzed the impact of different components of compensation on the motivation level of employees at selected Indian public and private sector banks, showed that a significant difference exists in the motivation level of employees of public and private banks at different at managerial levels with regard to various compensation components.

Pratheepkanth (2011) conducted a research to investigate whether rewards and recognition has an impact on employee motivation in Commercial Banks of Sri Lanka PLC, Jaffra district and the result revealed that the staffs and employees from non-white racial backgrounds experienced with lower level of rewards, and motivation.

A study by Aarabi, Subramanian and Akeel (2013) that deals with the relationship between motivational factors and job performance of employees in Malaysian Service Industry indicate that job performance as dependent performance while payment, job security, promotion, freedom, friendly environment and training were considered as independent variables of motivational factors. The results showed that both training and promotion variable were found

significant contributors to job performance (40.4% and 43%) respectively, In addition, the research findings shows that intrinsic motivators were considered more important than extrinsic

motivational factors (Payment, Job Security, Friendly environment). But freedom an intrinsic variable was not found significantly related to job performance.

3.0 Conceptual Frameworks

Conceptual framework is related to some abstract ideas or theory. It is generally used by researchers and thinkers to develop new concepts or to reinterpret existing variables.

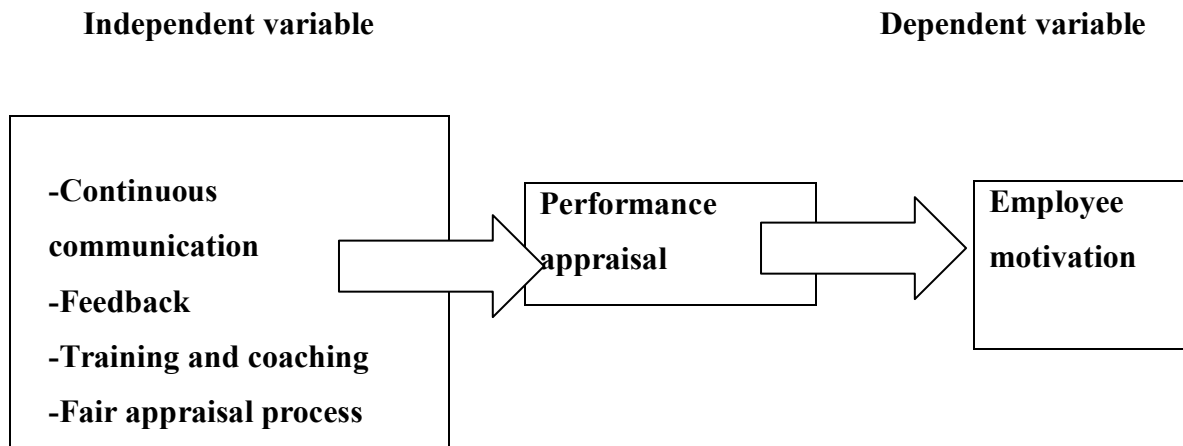


Figure –conceptual framework adopted from review of related literature

CHAPTER THREE

RESEARCH METHDOLOGY

3.0 INTRODUCTION

This section should only concentrate on the different kinds of research methods, and out of them which ones the researcher should use to conduct the research. The researcher would give the justification of the chosen research methods and why is research important for this subject.

According to Saunders (2009) research has different features, in research the data are collected and interpreted systematically and the research has a clear purpose to find the results out about certain issue. There are two key phrases that must be used when defining research, „Systematic way“ and „to find things out“ . Systematic helps us understand that research is based purely on analytical and reasonable relationships and not just beliefs or views (Ghauri & Gronhaug, 2005).

Research methodology targets to build a structure consisting of predefined actions that help to collect evidence to find the answers to a research question.

3.1DESCRIPTION OF THE STUDY AREA

Commercial bank of Ethiopia is the leading bank in Ethiopia established in 1942; pioneer to introduce modern banking to the country. It has reliable and long-standing relationships with many internationally acclaimed banks throughout the world. The bank has more than 1140 branches stretched across the length and breadth of the country. The leading African bank with assets of 384.6 billion Birr as on June 30th2016. CBE plays a catalytic role in the economic progress & development of the country. (www.cbe.com). The first bank in Ethiopia to introduce ATM service for local users. Currently CBE has more than 13.3 million account holders and the number of Mobile and Internet Banking users also reached more than 1,352,000 as of September 30th 2016 (68% active users). Active ATM card holders reached more than 3 million (61% active users). It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank,..CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world. CBE combines a wide capital base with more than 29,000 talented and committed employees. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money, .CBE has opened four branches in South Sudan and has been in the business since June 2009.CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world.

Currently CBE has fifteen districts in the country, among these four of them exist in Addis Ababa and other 11 districts exist out of Addis Ababa. CBE, East Addis Ababa district has about 91 branches as of November 30, 2016.

Table 3.1: List of branches under CBE, East Addis Ababa District

Division of branches	Total no of branches	Total no. of employees
Grade one	23	343
Grade two	60	1536
Grade three	4	190
Grade four	4	196
Total	91	2265

Table 3.2: Lists of sample branches selected by convenience method

Division of branches	Selected sample branches	No of employees in each branch
Grade one Select six branches	Bulga	11
	Sheno	18
	Aleltu	14
	D/Eba	29
	Agozagebeya	16
	Misrak Dil	24
Grade two 10 branches	Urael	39
	Kotebe	49
	Hayahulet mazoriya	40
	Haile G/selassie	19
	Balderas	24
	Shollagebeya	23
	Lambret	27
	Kotebe kidanmihret	20
	Bambis	26
	Kazanchis	25

Grade three Select Two branches	Africa avenue	66
	D/berhan	56
Grade four Two branches selected	Megenagna branch	55
	Bole branch	47
Total	20 brances	628

Source: developed for this research purpose

3.2 RESEARCH APPROACH

There are three different research methods and those are qualitative research method, quantitative research method and mixed methods. For this research purpose the researcher uses qualitative and quantitative research approach. Qualitative research approach focus on open ended questions while quantitative research approach focuses on closed ended questions.

3.3 Research design

Research design is specific research methodology and techniques used to achieve the objectives of the study. It encompasses techniques used in choosing alternative research methodology and technique issues, sources of data, sampling size and methods of data collection and analysis in order to gather any pertinent data and carrying out the whole research paper. A research design is a grand plan of approach to a research topic. It is a quite a lot of work and reading, as well as simply understanding of the views of a researcher (Greener 2008).

Explanatory research would be employed as a main research method of this study and this type if research is to identify the causal links between the dependent and independent variables that pertains the research problem. Such research method answers the reason for employees are not motivated during their performance appraisal period. Explanatory study explains why the independent variable affects the independent variables.

3.4 Target Population

Even if the bank's staff comprises large number of professional staffs, managerial staff, non clerical staff and clerical staff selecting the target population is very indispensable. Nevertheless, collecting data from all respondents of the bank is beyond the researcher's capacity. Thus, the study would be targeted professional staffs and managerial staffs together with clerical staffs because the chosen study area is crucial part that needs attention and most of the time the mobility of such staff from one bank to another bank is higher.

According to a pilot survey was undertaken obtaining data from human resource business department of EAAD office there are 91 branches which are categorized into four grades, they are grade 1, grade 2, grade 3 and grade four branches. The numbers of permanent and temporary employees of the district stood at 2265 are employees of the 91 branches.

3.5 Sample Size and Sampling Techniques

It is obvious that because of different constraints and difficulty to manage the data in depth, studying each unit of the total population is very difficult. Hence, it is important to draw a sample from which the research can be inferred to the total population that should be a representative sample size. A representative sample is a sample one which reflects the study population accurately. The sample of banks would be determined by using convenience or accidental sampling method. The major reason behind to select such type of non-probability sampling is based on the accessibility or convenience to the researcher. The sample size is selected from the total population (no. of employees in the selected branches). Out of 91 branches in East Addis Ababa District, 20 branches as the sample size of the study. Among 20 branches the researcher will select grade1, grade 2, grade 3and grade four branches. Out of selected branches (20) there are 628 employees; from these the researcher will consider 244 employees as a sample size of the study.

According to Hussey (1997) no survey can ever be deemed to be free from error or provide 100% surety and error limits of less than 5% and confidence levels of higher than 95% can be regarded as acceptable. Bearing this in mind, at a confidence level of 95%, the margin of error would be 0.5%. To obtain the minimum population sample for this study, the researcher adopted stratified sampling as a technique using Yamane's formula (cited in Israel, 1992) as follows:

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

Where; n is the sample size,

N = population size (total no. of employees in each branch)

e =is the level of precision or sampling error (0.05)

$$n = \frac{628}{1 + 628(0.05)^2}$$

$n=244$, Thus, the total sample size is 244. Since the number of employees in each sample branch will not the same, there will be a need to proportionate this for each branch and calculated using the following formula: $n = n \cdot N_1 / N$ where, n =no of samples

N =total no of employees, N_1 = total no. of employees in each branch

N_1 = total no. of employees in each branch

Table 3.3: Lists of selected branches by convenience methods and sample appropriation

	Branches	Total number of employees	Percentage of employees	Total number of sample
Grade one Select six branches	Bulga	11	1.8%	4
	Sheno	18	2.9%	7
	Aleltu	14	2.2%	5
	D/Eba	29	4.6%	11
	Agozagebeya	16	2.5%	6
	Misrak Dil	24	3.8%	9
Grade two 10 branches	Urael	39	6.2%	15
	Kotebe	49	7.8%	19
	Hayahulet mazoriya	40	6.4%	16
	Haile G/selassie	19	3.0%	7
	Balderas	24	3.8%	9
	Shollagebeya	23	3.7	9
	Lambret	27	4.3%	11
	Kotebe kidanmihret	20	3.2%	8
	Bambis	26	4.1%	11
	Kazanchis	25	4.0%	10
Grade three Select Two branches	Africa avenue	66	10.5%	26
	D/berhan	56	8.9%	22
Grade four Two branches selected	Megenagna branch	55	8.8%	21
	Bole branch	47	7.5%	18
Total	20 brances	628	100%	244

3.6 Sources of Data

The researcher considers both primary and secondary data sources and deals with the basic research questions. Basically secondary data that could be collected from books, journals, annual reports, e-books, manuals and policies related to the subject matter under study and the primary data was obtained by preparing questionnaires.

3.7 Data Gathering/ collecting Tools

Data would be collected by using self-structured questionnaire. It comprises ended questions.

The study subjects were provided with the questionnaire in their work place. Instruction on how to fill the questionnaires would be given and assured them for confidential treatment of information collected.

3.8 Procedures of Data Collection

The researcher would be communicate with the district manager and Human Resource Department of the district seeking permission to gather and access data from employees and other sources, as per the request of the researcher, the department would be issue a letter to the selected branches that instruct the required co-operation to deliver.

3.9 Methods of Data Analysis

It is quite sure that some techniques of data analysis are specifically designed and only applicable to quantitative data, whereas other techniques have been specifically designed for and only applicable to a data that is qualitative in nature. But this study deployed both quantitative and qualitative data analysis techniques to analyze the data collected and arrive at conclusions. Moreover, data collected using questionnaires would be edited, pre-coded and tabulated for checking the non-response or acceptance or rejection of answers.

The collected data would be coded and entered into the Statistical Package for Social Sciences (SPSS) program according to each variable of the study for analysis. This study would be used descriptive statistics. According to Mugenda (2009), descriptive analysis involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages, which are a vital part of making sense of the data. In this study, the descriptive statistics such as percentages and frequency distribution were used to analyze the demographic profile of the participants. The mean described each variable under performance appraisal system, appraisers and the challenges of the appraisal system. Pearson Correlation would be used to identify the relationship between independent and dependent variable. The data was presented using tables and figures to give a clear picture of the research findings at a glance.

Descriptive analysis –used to summarize the demographic characteristics of the respondent and to know the level of employee perception of performance appraisal based on the response for each item and analyzed by comparing the mean and standard deviation score of each variable.

Comparison bases of mean score of five point likert scale instrument

Mean score	Description
Less than 3.39	Low
3.40-3.79	Moderate
Greater than 3.80	High

Source : Zaidato and Baghair (2009)

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

Field (2006) also state that the output of correlation matrix can be the correlation coefficient that lies between -1 and +1 within this framework, a correlation coefficient of +1 indicates a perfect positive relationship, and a correlation coefficient of -1 indicates a perfect negative relationship; whereas a coefficient of 0 indicates no linear relationship.

While, for correlations purposes, the descriptors developed by Davis (1971, as cited by Alwadaei, 2010) the interpretation of strength of correlation coefficient is shown in table below.

Interpretation of strength of correlation coefficient

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

Source: Alwadael (2010)

4.0 Ethical Considerations

The primary responsibility of the researcher would be confirming strictly its confidentiality and guarantying their privacy during treating the information given by respondents. The purpose of the research should be explained to respondents before conducting survey by preparing them with covering letters. It also would be more concerned not to violate the self esteem and self respect of the subjects as well. Data and study results would be confidential, secured, not disclosed to any one; it is solely used for academic purpose.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 INTRODUCTION

This chapter deals with the presentation and analysis of data collected from the questionnaires which were selected on the sample. For the analysis, tables, pie-charts, bar chart showing percentages were used to present the data. Researcher managed to analyze and discuss all the responses that respondents have provided. Questionnaires were distributed to 244 employees in branches under East A.A district. Out of 244 questionnaires distributed, 210 were answered correctly and returned.

4.1 Data Analysis of Demographic Characteristics of the Respondents

The survey on demographic characteristics of the respondents constituted positions, age distributions, gender, and marital status, level of education and work experience of respondents.

Table 4.1.1: Demographic Characteristics of the Respondents

Type of position		Frequency	Percent
	Customer service manager/CSM/	30	14.3
	Customer relation officer /CRO/	37	17.6
	Senior customer service officer –cash	20	9.5
	Senior branch controller	27	12.9
	Customer service officer	50	23.8
	Junior customer service office	42	20
	Others Like marketing officer	4	1.90
	Total	210	100.0

Category		Frequency	Percent
Age	18-30	155	73.8
	31-40	43	20.5
	41-50	12	5.7
	Total	210	100.0
Gender	Male	126	60.0
	Female	84	40.0
	Total	210	100.0
Marital Status	Single	93	44.3
	Married	113	53.8
	Divorced	4	1.9
	Total	210	100.0
Level of education	Diploma	12	5.7
	Degree	155	73.8
	Masters	43	20.5
	Total	210	100.0
Year service	1-3 years	47	22.4
	4-7 years	129	61.4
	8-11 years	30	14.3
	Above 12 years	4	1.9
	Total	210	100.0

Source: survey, 2017

The data from the survey shows that employees of CBE, East A.A. district assume various positions such as branch manager, customer service manager , Junior customer service officers, Senior customer Service Officers, customer relation officers senior branch controllers and others like marketing officers as it is summarized in the table 4.1.1 above.

Respondents represent 23.8 % (50) were customer service officers as compared to other categories namely, senior customer service officer-cash 20 (9.5%) customer service manager 30 (14.3%), senior branch controller 27 (12.9%), junior customer service officer 42 (20%), customer relation officer 37 (17.6%), and others 4 (1.9%) of the respondents were others like marketing officers. This implies that, by the type of positions they assumed that the majority of the respondents were customer service officers.

The frequencies from the table 4.1.1 above showed that 155 or 73.8% of the number of respondents who participated in the survey were between the age's ranges of 18 to 30 years followed by the range of 31 to 40 years comprising 43 respondents or 20.5% of the total respondents, 41-50, years comprising 12 (5.7%). The data shows that the majority of the respondents were at productive ages i.e. age range from 18 to 30 years. Accordingly, such employees who are in the age range underscored above need to be treated and motivated well and evaluate in accurate way.

According to the table above, 126 (60%) of respondents were males while 84 (40%) were females. The fact that the majority of the respondents were males, as per the researcher's collected data from the respondents, strongly confirms that the bank has more female staff than male at the East A.A district office.

The frequency in table above indicates that 113 or 53.8% of respondents are married, followed by 93 or 44.3% who were single, and 4 (1.9%) of respondents are divorced. This implies that the majority of the respondents are married.

It is revealed/ illustrated from the table that 155 or 73.8% are degree holders. In comparison, 12 (5.7%) and 43 or 20.5% are Diploma and Masters Degree holders respectively. From the findings, it is realized that the bank has qualified human resources to carry out its day to day activities in a better way. Even though, it could be better if the bank extends the qualification of the employees' to Masters Level, assuming that offering educational sponsorship is one part of motivational incentive and it can serve as a strategic tool that creates sense of ownership and good image in the minds of employees.

Table above clearly shows that respondents numbered to 47 or 22.4% have served the bank for 1 to 3 years, 129 (61.4%) have served the bank for 4 to 7 years, 30 or 14.3% of respondents have stayed 8 to 11 years in the bank. In addition, the table shows that 4 or 1.9% of respondents have served the bank for above 12 years. This category of employees has got significant influence and they happen to have worked for the bank for an appreciable period of time. This scenario presents the situation that such employees are highly experienced with regard to the motivational strategies and performance appraisal systems in the bank.

On the other hand, the majority of the employees do not work beyond 7 years or more. This could be due to the low level of motivational considerations against that which is in peer banks. When employees leave the bank they worked for before, the subsequent effect is that of the loss of the experienced professional staff, which ends up in becoming the major assets of the other competitors in the same industry

4.2 General opinions Regarding about performance appraisal

Table 4.2.1 How frequently the performance is appraised

		Frequency	Percent
How frequently your performance is appraised	Monthly	12	5.7
	Quarterly	164	78.1
	Semi-annually	30	14.3
	Yearly	4	1.9
	Total	210	100.0

(78.1) % of respondents said their performance appraisal is conducted on a quarterly basis, 12(5.7%), are monthly basis, 30(14.3%) are appraised semi-annually, 4(1.9%) yearly of them replied saying their performance appraisal conducted. The Banks overall performance appraisal is conducted on a quarterly basis. Conducting appraisal on a regular basis forms a good relationships between manager and employee and it also helps the manager to know if the employee needs any additional training.

Table 4.2.2 Method of performance appraisal practiced in CBE

Type of methods		Frequency	Percent
Which of the method(s) is used for appraising your performance?	Ranking method	84	40.0
	Face to face discussion	76	36.2
	Graphical rating method	8	3.8
	Written statement method	42	20.0
	Total	210	100.0

From the above table, 4.2.2, it is evident that respondents in the study area were assessed by using ranking method. The information draw together from the field revealed that 84(40%) were assessed by ranking method while 20% were assessed by written statements. The remaining 36.2% and 3.8% were assessed by using face to face discussion and graphic appraisal methods respectively. From this, majority of the respondents respond that CBE uses ranking performance appraisal methods.

4.3 Descriptive analyses

Table 4.3.1 Frequency and Percentage of getting feedback from the organization

		Frequency	Percent
I am getting feedback from my performance appraisal report	Agree	104	49.5
	Neutral	22	10.5
	Disagree	52	24.8
	strongly disagree	32	15.2
	Total	210	100.0

The above table, 4.3.1 shows feedback to performance appraisal reports. When the respondents were asked to indicate either ‘_strongly agree’, ‘_agree’, ‘_neutral’, ‘_disagree’ and ‘_strongly disagree’ to the question of whether they do get feedback to their performance appraisal reports, (104)49.5% indicated ‘_agree’ (52)24.8 % indicated disagree’, (22)10.5% indicated ‘neutral’, ‘ and

(32)15.2% indicated ‘strongly disagree’. This trend shows that majority of the respondents do get feedback to performance appraisal reports. This is a healthy to the performance appraisal system as employees will not to know how they are performing on the job. Mires (2000) argued that feedback must be immediate as well as continuous, thus not saved up all year long and dumped on the employee during annual appraisal. Timely feedback has a long lasting effect because the learning can be applied immediately, preventing a problem from growing out of control. The best performance results are realized when supervisors feedback.

Table 4.3.2 Frequency and percentage , the organization provide consulting after the appraisal

		Frequency	Percent
The organization provide counseling after appraisal	strongly agree	12	5.7
	Agree	117	55.7
	Neutral	4	1.9
	Disagree	77	36.7
	Total	210	100.0

When the respondents were asked whether the organization provide counseling after performance appraisal the information gathered from the field as shown in table above indicated that 55.7%indicated ‘agree’, 5.7%indicated ‘strongly agree’, 1.9% indicated ‘neutral’,36.7%disagree and 1.4% .This trend shows that majority of the respondents were of the view that the organization does provide counseling for the employees after performance appraisal. With this aggrieved staff will carry on minimizing bitterness which could lead to bad perception and negative attitude that can hinder employee’s performance appraisal.

Table 4.3.3 Frequency and percentage, employees are encouraged to participate in performance appraisal discussion

		Frequency	Percent
Employees are encouraged to participate in performance appraisal discussion	strongly agree	50	23.8
	agree	82	39.0
	neutral	34	16.2
	disagree	28	13.3
	strongly disagree	16	7.6
	Total	210	100.0

Table 4.3.3

According to the survey result approximately 39% are agree that in the performance appraisal, employees are encouraged to participate in performance appraisal discussion, 23.8% were strongly agree, 16.2% were neutral and 13.3% were disagree that in the performance appraisal, employees are encouraged to participate in performance appraisal discussion. From this survey, majority of the respondents' response that during the performance appraisal process employees are encouraged to participate in the performance appraisal discussion. But, it does not mean that all employees are encouraged to participate in the performance appraisal process.

Table 4.3.4 The percentage and frequency of employees are provided with feedbacks to help improve their performance

		Frequency	Percent
Employees are provided with feedbacks to help improve their performance	strongly agree	19	9.0
	agree	55	26.2
	neutral	33	15.7
	disagree	77	36.7
	strongly disagree	26	12.4
	Total	210	100.0

About 36.7% of the respondents responded that during the performance appraisal period , they disagree that employees are not provided with feedback to help improve their performance ,26.2%agree , 15.7% neutral ,and 12.4%strongly disagree for which appraisers are give feedback about their results and those responses would help to improve their performance.

Table 4.3.5 The Frequency and Percentage of the performance appraisal process encourages employees involvement in the rating period

		Frequency	Percent
The performance appraisal process encourages employees involvement in the rating period	strongly agree	24	11.4
	agree	48	22.9
	neutral	37	17.6
	disagree	65	31.0
	strongly disagree	36	17.1
	Total	210	100.0

About 31.00% of the respondents they were disagree that performance appraisal process does encourages employees involvement in the rating period, where as 22.9% responded agree,17.6% can't decide that performance appraisal process encourages employees involvement in the rating period. From this we understand that majority of the respondents responded that they are disagree performance appraisal process does encourages employee involvement in the rating period.

Table 4.3.6 frequency and percentage of performance appraisal provide a fair reflection of the performance

		Frequency	Percent
your performance appraisal provide you a fair reflection of your performance	strongly agree	41	19.5
	Agree	87	41.4
	Neutral	29	13.8
	disagree	32	15.2
	strongly disagree	21	10.0
	Total	210	100.0

About 41.4 % of respondents feel that performance appraisal is the fair reflection of their performance, the appraisal is just based on his /her results and it does explain anything about the employee's performance. Only 19.5% of respondents strongly agree that whatever they fill in appraisal form reflects how they perform their job. The remaining 10%%, 15.2%, and 13.8% of the respondents provided that performance appraisal is a reflection of their performance, strongly disagree, disagree and can't decide respectively.

Table 4.3.7 The percentage and frequency of CBE provides adequate training

		Frequency	Percent
CBE provides you with adequate training that enables you to do your job well	strongly agree	46	21.9
	Agree	84	40.0
	Disagree	39	18.6
	strongly disagree	41	19.5
	Total	210	100.0

19.5 % of respondents are not that happy with their organizations and feel that their manager does not provide them the required training that will help them to perform better. This is the main reason why they feel performance appraisal is ineffective because even if they do mention about the needed training, no action is taken to provide it. Around 40% of respondents feel that their manager does provide them the needed training for their job.

Table 4.3.8 Percentage and frequency of the results of the appraisal are fair

		Frequency	Percent
The results of the appraisal are fair	strongly agree	20	9.5
	Agree	116	55.2
	Neutral	35	16.7
	Disagree	24	11.4
	strongly disagree	15	7.1
	Total	210	100.0

According to the survey results approximately 55.2% were agree that in the performance appraisal process the results of the appraisal are fair. 11.4% of the respondents responded disagree that during the performance appraisal the results of the appraisal are fair.

Table 4.3.9 Percentage and Frequency of managers appraise performance without any bias

		Frequency	Percent
Managers appraise performance without any bias	strongly agree	8	3.8
	Agree	42	20.0
	Neutral	46	21.9
	Disagree	38	18.1
	strongly disagree	76	36.2
	Total	210	100.0

Based on the above table 4.3.9, 36.2% of the respondents answered strongly disagree that managers appraise performance without any bias while the remaining, 18.1%, 21.9%, 20% and 3.8% disagree, can't decide, agree and strongly agree respectively.

Table 4.4.0 the percentage and frequency of employee is not prioritized during performance appraisal system

		Frequency	Percent
Any other employee is not prioritized during performance appraisal system	strongly agree	59	28.1
	agree	86	41.0
	neutral	19	9.0
	disagree	26	12.4
	strongly disagree	20	9.5
	Total	210	100.0

As show in the above tables, 41% of the respondents answered agree that in the performance appraisal managers appraise performance without bias ,9%neutral,9.5%strongly disagree ,12.4%disagree and 28.1% strongly agree that managers appraise employees performance appraisal without any bias.

Table 4.4.1 frequency and percentage of appraisers treat fairly during performance appraisal process

		Frequency	Percent
Appraisers treat you fairly during performance appraisal process	strongly agree	39	18.6
	Agree	59	28.1
	Neutral	33	15.7
	Disagree	38	18.1
	strongly disagree	41	19.5
	Total	210	100.0

According to the survey result approximately 59(28.1%) are agreed that in performance appraisal appraisers treat fairly during performance appraisal process, 39(18.6%) strongly agree,

33(15.7%) neutral, 38(18.1%) disagree and 41(19.5%) strongly disagree appraisers treat employees fairly during performance appraisal process.

Table 4.4.2 The Percentage and frequency of appraisal outcomes are accurate

		Frequency	Percent
Appraisal outcomes are accurate	strongly agree	12	5.7
	Agree	84	40
	Neutral	75	35.7
	strongly disagree	39	18.6
	Total	210	100.0

Based on the above table 40% of the respondents responded agree that performance appraisal outcomes are accurate where as 5.7% strongly agree, 35.7%neutral, 21.4% and 18.6%strongly disagree.

Table 4.4.3 the Percentage and Frequency of minimum errors are identified

		Frequency	Percent
Minimum errors are identified in the appraisal system	strongly agree	48	22.9
	agree	88	41.9
	neutral	19	9.0
	disagree	35	16.7
	strongly disagree	20	9.5
	Total	210	100.0

According to the data collected from CBE, East Addis Ababa District,41.9% of the respondents responded agree that in the performance appraisal process minimum errors are indentified in the appraisal system were as 16.7 % disagree,9%neutral,22.9% strongly agree and 9.5% strongly disagree that in the employee performance appraisal process minimum errors are identified and give responses.

Table 4.4.4 the percentage and frequency of managers are allowed to discuss the appraisal

Variables		Frequency	Percent
You are allowed to discuss appraisal results with supervisors /managers	Agree	84	40.0
	Disagree	41	19.5
	strongly disagree	85	40.5
	Total	210	100.0

Source: survey, 2017

According the respondents responded that 40.5% strongly disagree that employees are allowed to discuss appraisal results with supervisors /managers. The remaining 40% agree, 19.5% disagree that employees are allowed to discuss appraisal results with managers.

Table 4.4.5 frequency and Percentage of managers are allowed to deliver feedback

		Frequency	Percent
You are allowed to deliver feedback to management regarding appraisal results	strongly agree	42	20.0
	Agree	88	41.9
	Neutral	4	1.9
	Disagree	37	17.6
	strongly disagree	39	18.6
	Total	210	100.0

Source: own survey, 2017

According to the data collected from the respondents answered 41.9% agree that employees are allowed to deliver feedback to management regarding about appraisal results and the remaining 20%strongly agree, 18.6% strongly agree, 17.6% disagree, and 1.9% can't decide about the employees allowed to deliver feedback to management regarding appraisal results.

Table 4.4.6 frequency and percentage of the interaction between managers and employees

		Frequency	Percent
Interaction between you and management enhances appraisal effectiveness	strongly agree	54	25.7
	Agree	80	38.1
	disagree	37	17.6
	strongly disagree	39	18.6
	Total	210	100.0

38.1% of the respondents responded agree that the interaction between employees and managers enhances appraisal effectiveness. 25.7% strongly agree, 18.6 % strongly disagree in the interaction between employees and management enhances appraisal effectiveness.

Table 4.4.7 Frequency and percentage of interaction between management and employees

		Frequency	Percent
Interaction with supervisors and management also enhances your motivation	strongly agree	46	21.9
	Agree	77	36.7
	Neutral	46	21.9
	strongly disagree	41	19.5
	Total	210	100.0

About 36.7 % of the respondents answered agree that the interaction between supervisors and management also enhances employee's motivation. The remaining 21.9% strongly agree, 21.9% cannot decide, and 19.5% strongly disagree that the interaction between supervisors and management also enhances employee motivation.

Table 4.4.8 frequency and frequency of the overall rate the degree of performance appraisal

		Frequency	Percent
How do you rate the degree of the overall performance appraisal in CBE	strongly agree	50	23.8
	Agree	81	38.6
	Neutral	41	19.5
	Disagree	20	9.5
	strongly disagree	18	8.6
	Total	210	100.0

Based on the collected survey 38.6 % of the respondents answered agree the implementation of that the overall performance appraisal in CBE is important for employee's motivation in order to increase the effectiveness and efficiency of the organization. This indicates that as the appraisal system increases the employee motivation also increases.

Table 4.4.9 frequency and percentage of adequate pay

		Frequency	Percent
Adequate pay	strongly agree	41	19.5
	Agree	70	33.3
	Neutral	32	15.2
	Disagree	37	17.6
	strongly disagree	30	14.3
	Total	210	100.0

Adequate pay is one part of extrinsic variables and respondents were asked how much adequate pay is important among the various factors and help them in their decision to continue working to the bank and its significance towards employee performance.

According to the above table, 33.3% of the respondents perceive agree that one of the major forms of motivational packages that motivates them while 19.5% representing of respondents

were said it is strongly agreed indicating that it is important to them. 17.6% of the respondents answered disagree that adequate pay is an important motivational incentives.

This implied that the majorities were explained that adequate pay is viewed as important that have an impact on their performance in particular and bank performance in general. This implies that majority of the employees are motivated related to adequate pay.

Table 4.4.9 frequency and percentage of promotion and growth

		Frequency	Percent
Promotion and growth	strongly agree	52	24.8
	Agree	80	38.1
	Neutral	19	9.0
	Disagree	34	16.2
	strongly disagree	25	11.9
	Total	210	100.0

According to the data collected from the respondents, 38.1% of the respondents agree that employees are motivated for promotion and growth in order to increase the performance of employees. This implies that the majority of the respondents agree they are motivated related to promotion and growth.

Table 4.5.0 Recognition and Appreciation

		Frequency	Percent
Recognition and appreciation	strongly agree	38	18.1
	Agree	96	45.7
	Neutral	32	15.2
	disagree	23	11.0
	strongly disagree	21	10.0
	Total	210	100.0

Based on the above table the respondents answered that 45.7% of the recognition and appreciation motivational packages motivate employees to increase their performance and stay the bank for a long time. About 15.2% can't decide, 10% strongly disagree and the remaining 11% disagree.

Table 4.5.1 Career Advancement

		Frequency	Percent
Career advancement	strongly agree	64	30.5
	Agree	94	44.8
	Neutral	22	10.5
	Disagree	18	8.6
	strongly disagree	12	5.7
	Total	210	100.0

According to the data collected from the respondents, 44.8% of the employees are agreeing to satisfy career advancement to increase their performance appraisal. This implies that the majority of the respondents perceive that employees are motivated by career advancement.

Table 4.5.2 The overall employees motivation in performance appraisal in CBE

		Frequency	Percent
How do you rate the degree of the overall employee motivation in CBE?	strongly agree	84	40.0
	Agree	81	38.6
	Neutral	21	10.0
	disagree	16	7.6
	strongly disagree	8	3.8
	Total	210	100.0

According to the data collected from the respondents, 38.6% of the respondents agree that employees are motivated by the designed Banks motivational strategies. Many of the respondents responded that they are rating strongly that the overall employee's motivation in CBE. 40% strongly agree, 7.6 disagree and 3.8% strongly disagrees and 10% can't decide.

OPEN-ENDED QUESTIONS /QUALITATIVE ANALYSIS

1. What makes a successful Performance Appraisal?

An appraisal can be called as successful when he/she understands what the appraisal questions all about and how are they related to his/her daily work and answer them accordingly. Once the employees work is done comes the next step of the manager, here the manager must ask questions based on the appraisal forms and further break the points and ask why did they chose certain option and also explain that they have noticed his work and they must encourage them and finally they must find out if the employee lacks in any area, if yes then politely explain them about it and say that necessary training will be provided to cover that area. This way, even the employees will happy and will know that the company does cares about his achievements.

2. Do you think the performance appraisal process plays an important part in CBE?

Performance appraisal does play an important role in an organization. Because performance appraisal not just reveal about the employees performance but also tell about the sections wherein the employee needs special training.

3. Are you motivated when your performance appraisal is conducted? if yes why?

Yes I do get motivated plus I also learn from them the right way of conducting an appraisal, for my department it is very important that all the employees are always motivated and bring out their best when working.

4. According to you why do you think that employees are not interested in Performance appraisal?

Because they feel that its time consuming and ineffective and currently performance appraisal is not directly linked to bonus and other benefits.

4.5 Level of Employee perception Performance Appraisal and employee motivation

4.5.1 Level of Employee Perception of Performance Appraisal

In this part the descriptive analysis is performed to assess the perceptions of the respondents with regard to the performance appraisal system. In doing so; the items for measurement of employee perception of performance appraisal practice are summarized to answer the first hypothesis of the study. In this analysis the response for each specific statement are compared using the mean and standard deviation score. The degree of agreement or disagreement of the respondent for each statement are also analyzed by summarizing the five point likert scale response in to by consolidating the strongly agree and agree response in to one positive response (i.e. Agree) and the strongly disagree and disagree response in to one negative response (i.e. disagree) and the neutral response is taken as it is.

HypothesisH1: there is a significant relationship between performance appraisal and employee motivation.

Hypothesis HO: there is no relationship between performance appraisal and employee motivation .

To answer this hypothesis and to measure the level of employee perception of performance appraisal practice the eighteen items of the instrument was analyzed with the help of descriptive statistics of SPSS version 20. Thus, the views of the respondents on 18 items of perception on performance appraisal practice are presented in Table 4.5.1 below.

According to Zaidatol and Bagheri (2009) mean score specification the respondents level of PA satisfaction (perception) for fifteen items are low. Whereas, the respondent level of PA satisfaction is moderate three items, that is, (A), The reliability of results of appraisal system are high with mean score of 3.43, (B) , You are allowed to discuss appraisal results with supervisors /managers with the mean score of 3.6, (C), Managers appraise performance without any bias with the mean score of 3.63 . However, the respondents level of PA satisfaction is low for the remaining thirteen statements, that is, the mean score ranged from a maximum of 3.20 to a minimum of 2.34 for _The performance appraisal process encourages employees involvement in the rating period and _Any other employee is not prioritized during performance appraisal system' respectively.

Table 4.5.6 Employees perception of the performance appraisal practice

Items used for measurement of employees' Perception of Performance appraisal	Mean	Std. Deviation
The reliability of results of appraisal system are high	3.43	1.749
Minimum errors are identified in the appraisal system	2.48	1.292
You are allowed to deliver feedback to management regarding appraisal results	2.73	1.440
Interaction between you and management enhances appraisal effectiveness	2.65	1.489
You are allowed to discuss appraisal results with supervisors /managers	3.60	1.363
Interaction with supervisors and management also enhances your motivation	2.59	1.364
Appraisal outcomes are accurate	2.90	1.151
Appraisers treat you fairly during performance appraisal process	2.92	1.410
Any other employee is not prioritized during performance appraisal system	2.34	1.270
Managers appraise performance without any bias	3.63	1.262
The result of the appraisal are fair	2.51	1.050
CBE provide you with adequate training that enables you to do your job well	2.74	1.478
your performance appraisal provide you a fair reflection of your performance	2.55	1.245
Employees are encouraged to participate in performance appraisal discussion	2.42	1.204
The performance appraisal process encourages employees involvement in the rating period	3.20	1.285
Employees are provided with feedbacks to help improve their performance	3.17	1.210
The organization provide counseling after appraisal	2.70	1.032
You get feedback from your performance appraisal report	3.06	1.164
Total	2.87	1.30

The overall response for the eighteen items indicates the mean= 2.87 and SD= 1.30. The higher the mean score, the more that respondent agreed with the statement and vice versa. The figures for standard deviation (SD) also indicate the degree to which responses varied from each other; the higher the figure for SD, the more variation in the responses. Therefore; this result based on Zaidatol and Bagheri (2009) mean score compression basis, the mean score= 2.87 indicates that there is low level of satisfaction towards the current performance appraisal practice, which implies, the respondents are dissatisfied with the performance appraisal system of CBE.

Thus; from this finding it can be generalized that, the respondents are dissatisfied concerning with the current practice of the organization appraisal system, fairness and unbiasedness of a system, the seriousness of managers to review performance appraisal, satisfaction with feedback, the relevance of performance feedback, the alignment of feedback with the actual achievement, the implementation of PA and the provision of positive feedback for good performers than criticizing the poor ones. Therefore, such remarked areas of dissatisfaction are the good indicators and the root causes for employees' negative perception regarding to the performance appraisal practice of their organization. In turn, it might have its own impact on the employees' motivation; in the form of continuous communication, relationship between managers and employees, adequate training and coaching, fair appraisal process, adequate training and appraisal accuracy.

4.6 Correlation Analysis

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

Table 4.5.7 Correlations

		How do you rate the degree of the overall employee motivation in CBE?	How do you rate the degree of overall performance appraisal in CBE?
How do you rate the degree of the overall employee motivation in CBE?	Pearson Correlation	1	.909**
	Sig. (2-tailed)	.00	.000
	N	210	210
How do you rate the degree of the overall performance appraisal in CBE?	Pearson Correlation	.909**	1
	Sig. (2-tailed)	.000	
	N	210	210

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

Pearson correlation coefficient showed a significant correlation .909 between the variables the entire system needs overhaul. And Overall, I am a very good performance. As we have seen from the above table On the basis of statistical test the p-value of Pearson correlation between performance appraisal Criteria's and employees motivation is .909 which is the p value of Pearson correlation is greater than 0.05 therefore, confirmed since there is a significant positive relationship between these variables and also Very strong association between the performance appraisal criteria and employees motivation. Therefore we accept H1 (there is a significant relationship between performance appraisal and employee motivation), and reject HO (there is no relationship between performance appraisal and employee motivation)

Correlations results of continuous communication, fair appraisal process, adequate feedback, training and coaching and employees motivation

		Employees motivation
Continuous communication	Pearson Correlation	.687**
	Sig. (2-tailed)	.000
	N	210
Fair appraisal process	Pearson Correlation	.763**
	Sig. (2-tailed)	.000
	N	210
Adequate feedback	Pearson Correlation	.775**
	Sig. (2-tailed)	.000
	N	210
Training and coaching	Pearson Correlation	.629**
	Sig. (2-tailed)	.000
	N	210
Employees motivation	Pearson Correlation	1
	Sig. (2-tailed)	
	N	210

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

Source: SPSS Correlation result output, 2017

According to the table above there is a significant positive relationship between continuous communication, fair appraisal process, adequate feedback , training and coaching and employees motivation,, the highest correlation is between adequate feedback and employee motivation (0.775); followed by fair appraisal process (0.763), continuous communication (0.687) and training and coaching (0.629) respectively. The weakest correlation is between training and coaching and employee motivation whereas, the strongest correlation is between is adequate feedback and employee's motivation. In general, if correlation was positive between two or more variables that is, when the four elements of performance appraisal is positively related; adequate feedback ensures higher employee motivation. Accordingly, the most important performance appraisal elements that affects is adequate feedback , which goes to prove that adequate feedback perceived as a dominant performance appraisal followed by fair appraisal process; This indicates improvement in giving adequate feedback ability have significant effect on employees motivation.

4.7 Regression Analysis

This is analysis that is almost a continuation of correlation the researcher has been used linear Regression in which one independent variable used to predict one dependent variable. The result of the regression analysis between the independent variable performance appraisal system which predicts the employee's motivation presented as follow:-

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.909 ^a	.827	.826	.447

a. Predictors: (Constant), How do you rate the degree of the overall performance appraisal in CBE?

In the above table the needed measure is the R square (model summary) in which it is the measure of the success of the model. It shows how much variance of dependent variable is capture. In this case the R square =.827 and it can be interpreted as the weighting combination of performance appraisal system explained approximately 82.7 percent of the variance employees motivation. In the model summary table above, R²(R square) of .827 indicates that 82.7% of variation in the dependent variable explained by the variation independent variable.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	199.115	1	199.115	994.331	.000 ^b
	Residual	41.652	208	.200		
	Total	240.767	209			

a. Dependent Variable: How do you rate the degree of the overall employee motivation in CBE?

b. Predictors: (Constant), How do you rate the degree of the overall performance appraisal in CBE?

The above table revealed the Sig (ANOVA) and it is the significance of the model. .000 means we reached significance.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.003	.070		.042	.966
1 How do you rate the overall performance appraisal in CBE?	.817	.026	.909	31.533	.000

Beta coefficient is needed here and the beta value is positive that means very a strong association positive effect of performance appraisal system associated with very strong association employee's motivation.

The result of regression analysis can be presented as performance appraisal can be significantly Predict employee's motivation.

Based on the Linear Regration Analysis

$$Y=B+B1X$$

Y=dependent variable, b =constant

X=independent variable

Y= 0.003+0.817x, there is a positive relationship between the dependent and independent variable (there is a significant relationship between performance appraisal and employee motivation).

Over all 24 items of Reliability Statistics

Cronbach's Alpha	N of Items
.887	24

Source: inserting all likert scale variables in to SPSS version 20

Chapter Five

Summary, Conclusion and recommendation

5.1 Summaries

The research survey was conducted among 244 employees including under East A.A districts a total of 210 employees responded resulting in a 86% response rate. Both qualitative and quantitative research methods through opened ended and close ended question were analyzed to get an in-depth view about the problem.

Performance Appraisal (or review), which forms the basis of Performance Development, is good for a large multinational organization such as CBE to adopt and practiced. It helps to a large extent to measure the performance of employees, based on setting of SMART objectives and to ensure that developmental needs are taken care of appropriately. However, a number of challenges have been identified and must be dealt with if the whole process is to be objective, fair and beneficial to all employees. It was discovered that Performance Appraisal or Performance review ratings are directly linked to rewards such as recognition and appreciation career development, leading to promotion and bonus payments and also to salary levels. Also, once a poor performer (C or D rated employee), one does not get recognitions available. It was clear that some Line Managers did not follow due process in reviewing the performance of their subordinates in the face-to-face discussion Performance appraisal process.

The study was carried out solely to identify the effect of performance appraisal on employee motivation .Accordingly; the major findings were derived from data discussion and analysis. The majority of the respondents answered that the method of performance appraisal conducted based on a quarterly basis.

The level of employee motivation with regarded to the current motivational packages was not satisfactory. This demonstrates that employees haven't been satisfied with the current motivational packages. The majority of the respondents indicated that employees are not encouraged to participate in the performance appraisal discussion. This implies that if employees are not involved in the performance appraisal discussion, it is difficult to improve their performance and also discourages the employee motivation.

The majority of the respondents indicated that employees did not get feedback from their immediate supervisor's /managers/ to help them to improve their performance. Without feedback, it is difficult to improve their performance. From the respondent's point of view, majority of the respondents responded that during the performance appraisal, employees did not encourage involvement in the rating period.

In CBE, there exists a formal performance appraisal system and it is conducted in the frequency of every three months/quarterly). But there is a problem in the implementation of performance appraisal as a result, employee are not satisfied as such (not perceived well) in the existing performance appraisal practice. In turn it has its own impact on their employee motivation.

5.2 Conclusion

The primary objective of this study was to assess the influence of performance appraisal on employees motivation, because performance appraisal has been an issue of major concern with its long lasting impacts on the employees' motivation, in the form of continuous communication the relationship between managers and employees adequate feedback, training and coaching, appraisal accuracy, and fair appraisal process, which in turn, leads to employee motivation. Thus, based on the finding of the study the following conclusions are drawn:-

in this part of the descriptive finding the researcher have been able to present the perceptions of the CBE employees with regard to the performance appraisal system wherein the employees express that they had low level of satisfaction with the performance appraisal system being practiced by the organization With a mean value of 2.93 and standard deviation of 1.30 The result of the questionnaires support this fact, but it does not mean that they are completely dissatisfied with the overall appraisal practice, that is, somewhat they are satisfied with the performance appraisal system of the organization. Out of the eighteen item being used in the assessment of employee perception of performance appraisal practice, as per their performance practice , the respondents had moderate level of satisfaction for four items, whereas, the respondents had low level of satisfaction on the following statements:-

- Employees are encouraged to participate in performance appraisal discussion
- The performance appraisal process encourages employees involvement in the rating period

- You are allowed to deliver feedback to management regarding appraisal result
- Any other employee is not prioritized during performance appraisal system
- Appraisers treat you fairly during performance appraisal process
- The performance appraisal provide you a fair reflection of your performance
- Interaction with supervisors and management also enhances your motivation
- The results of the appraisal are fair
- The organization (CBE) provide you with adequate training that enables you to do your job well
- Does your performance appraisal provide you a fair reflection of your performance
- The organization provides counseling after appraisal
- Get feedback from your performance appraisal report

5.3 Recommendation

For employees of an organization a sound performance appraisal system must be put in practice, to exert their maximum efforts towards realization of organizational objectives and goals. In situations where employees are not aware of what they are expected to perform and the consequences that their performance would bring to them. Therefore, On the basis of the findings and conclusions reached, the following recommendations are made in order to change the perception of employees by improve the performance appraisal practices at Commercial Bank of Ethiopia in order to increase employee motivation.

The finding on the descriptive analysis indicates that, employees are not much satisfied with the current performance appraisal practice of the organization and the following areas are also identified as a principal causes for employees low level of perception (dissatisfaction) about the existing performance appraisal practice ,that is, the overall practice of performance appraisal, fairness& unbiasedness of the system, feedback system, the existence of appeal process, due care of appraisers and implementation of performance appraisal. Therefore, the findings have serious managerial implications in order to create a good perception on the mind of the employee. In doing so; the organization should have to implement performance appraisal practice in the best possible ways as to change the perception of employees by realizing the following activities:

- Appropriately and adequately file and document the performance of the subordinates on a continuous basis.
- Making the appraisal system participatory in the sense that employees should be allowed to see their appraisal comment on it.

- discussing on the appraisal result among the appraisers and appraisee clearly.
- Design ways to communicate the results of the employees as well as the criteria against which they are going to appraise the subordinates.
- Reviewing the performance of the subordinates with a due attention.
- Providing job related feedback other than reflecting personal bias.
- providing a positive feedback for those who are good performers other than criticizing the poor ones
- Make aware of employees about appeal procedure, at the time when they are dissatisfied with the performance rating.

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APPENDIX: QUESTIONNAIRES
ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
HUMAN RESOURCE MANAGEMENT

QUESTIONNAIRS TO BE FULFILLED BY EMPLOYEES OF CBE

Dear respondents:

The main purpose of this questionnaire is to collect the data on ~~the~~ effect of performance appraisal on employee's motivation at CBE" which would be used as an input for a research in a particular fulfillment of the requirement for the master's degree in human resource management.

I kindly request you to provide me with reliable information and your genuine response is solely used for academic purpose. The information provided will be related treated utmost confidentiality.

I thank you very much for taking precious time to complete my questionnaires and your cooperation is greatly appreciated.

Regards,

Instructions

- I. Please answer all questions
- II. In all questions you are required to put / ✓ /or circling on the option of the letters or as instructed.
- III. All information given would remain confidential and to maintain anonymity no names are requires.

Part one: general information

1. Position

- A. Branch manager
- B. Customer service manager/CSM/
- C. Customer relation officer /CRO/
- D. Senior branch controller
- E. Senior customer service officer –accounts
- F. Senior customer service officer –cash
- G. Customer service officer
- H. Junior customer service office
- I. Others _____

2. Age

- | | |
|----------|----------|
| A. 18-30 | C. 41-50 |
| B. 31-40 | D. 51-60 |

3. Gender: A. male B. female

4. Marital status: A. single C. divorced
 B. married D. widowed

E. others _____

5. Level of education:

- | | |
|------------|-----------------|
| A. diploma | C. masters |
| B. degree | D. others _____ |

6. For how many years have you served?

A. 1-3 years

C. 8-11 years

B. 4-7 years

D. Above 12 years

Part II regarding about performance appraisal

1. How frequently your performance is appraised?

A. Monthly

C. semi –annually

B. Quarterly

D. yearly

E. none

2. Which of the method(s) is used for appraising your performance?

A. ranking method

C. Graphical rating method

B. Face to face discussion

D. written statement method

E. others (specify) _____

On the basis of your prior experience regarding performance appraisal system, please answer the following questions based on the likert scale (1=strongly agree, 2=agree, 3=neutral, 4=disagree, 5=strongly disagree)

	continuous communication					
1	Employees are encouraged to participate in performance appraisal discussion	1	2	3	4	5
2.	The performance appraisal process encourages employees involvement in the rating period	1	2	3	4	5
	Relationship between supervisors and employees					
3	You are allowed to discuss appraisal results with supervisors /managers	1	2	3	4	5
4	You are allowed to deliver feedback to management regarding appraisal results	1	2	3	4	5
5	Interaction between you and management enhances appraisal	1	2	3	4	5
6	Interaction with supervisors and management also enhances your motivation	1	2	3	4	5

	Fair appraisal process					
7	The result of the appraisal are fair	1	2	3	4	5
8	Managers appraise performance without any bias	1	2	3	4	5
9	Any other employee is not prioritized during performance appraisal system	1	2	3	4	5
10	Appraisers treat you fairly during performance appraisal process	1	2	3	4	5
11	Employees are provided with feedbacks to help improve their performance	1	2	3	4	5
12	Your performance appraisal provide you a fair reflection of your performance	1	2	3		5
	Adequate feedback	1	2	3		5
13	Employees are provided with feedbacks to help improve their performance	1	2	3		5
14	you get feedback from your performance appraisal report	1	2	3	4	5
	Training and coaching					
15	The organization provide counseling after appraisal	1	2	3	4	5
16	The organization provide you with adequate training that enables you to do your job well	1	2	3	4	5
	Appraisal accuracy					
17	Appraisal outcomes are accurate	1	2	3	4	5
18	Minimum errors are identified in the appraisal system	1	2	3	4	5
19	The reliability of results of appraisal system are high	1	2	3	4	5
20	<i>How do you rate the overall performance appraisal in CBE</i>	1	2	3	4	5

Part III general opinion on employee's motivation

- a. Please indicate by circling how important the following motivational strategies or packages are on your decision to continue working in the bank.

1=strongly agree, 2=agree, 3= neutral, 4=disagree, 5=strongly disagree

1.	Adequate pay	1	2	3	4	5
3.	Promotion and growth	1	2	3	4	5
4.	Recognition and appreciation	1	2	3	4	5
5	How do you rate the overall employee motivation in CBE?	1	2	3	4	5

OPEN ENDED QUESTIONS

1. What makes a successful Performance Appraisal?

2. Do you think the performance appraisal process plays an important part in CBE?

3. Are you motivated when your performance appraisal is conducted? if yes why?

4. According to you why do you think that employees are not interested in Performance appraisal?

THANK YOU FOR YOUR COOPERATION!!!!!!