

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DISTANCE POST GRADUATE PROGRAM**



**EFFECTS OF PERFORMANCE APPRAISAL ON
EMPLOYEE MOTIVATION THE CASE OF AWASH BANK**

BY: MANAYE BIMEREW

A thesis submitted to Addis Ababa University, School of
Commerce in partial fulfillment of the requirements for
degree of MA in Human Resource Management

Advisors: Ato Seifu Mamo

**June, 2017
Addis Ababa, Ethiopia**

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Declaration

I certify that this research paper entitled Effect of Performance Appraisal on Employee Motivation: the case of Awash Bankhas not previously been submitted for a degree nor has it been submitted as part of requirements for a degree.

I also certify that the thesis/project has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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Letter of Certification

This research project has been submitted to Addis Ababa University, School of Commerce, Department of Business Administration and Information System for examination with my approval as a University advisor.

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Table of Contents

Acknowledgment	i
List of tables	ii
List of Figures	iii
<i>ABSTRACT</i>	iv
CHAPTER I: INTRODUCTION	1
1.1. Background of the study	1
1.2. Background of the Company	4
1.3. Statement of problem.....	4
1.4. Research questions	6
1.5. Objective of the study	7
1.6. Significance of the study	7
1.7. Scope of the study	8
1.8. Limitation of the study.....	8
1.9. Definition of Terms	8
1.10. Organization of the study	9
CHAPTER -II: LITERATURE REVIEW.....	7
2.1. Introduction	7
2.2. Performance appraisal.....	10
2.4.1. Definition of performance appraisal.....	10
2.4.2. Function of performance appraisal.....	10
2.4.3. Performance appraisal system	11
2.4.4. Performance appraisal process.....	12
2.4.5. Appraisal method and tools.....	14
2.4.6. Outcome of effective appraisal	18
2.3. Motivation.	19
2.3.1. Definition of motivation	19
2.3.2. Theory of motivation.....	19

2.3.3. Importance of motivation.....	21
2.4. Appraisal process and motivation	21
2.4.1. Goal setting and motivation	22
2.4.2. Performance standard and motivation	22
2.4.3. Performance measure and motivation	22
2.4.4. Performance Feedback and motivation	23
2.5. Conceptual Framework:	23
CHAPTER –III: RESEARCH DESIGN AND METHODS.....	23
3.1. Introduction	26
3.2. Research approach.....	26
3.3. Research Design.....	27
3.4. Description of study area.....	27
3.5. Target population	27
3.6. Sampling Method and Size.....	28
3.7. Data source, Type, and Collection procedure.....	29
3.8. Variables of study.....	29
3.9. Instrument.....	30
3.10. Validity and Reliability	31
3.11. Data Analysis procedure	33
3.12. Ethical consideration.....	34
CHAPTER –IV: DATA PRESENTATION, ANALYSIS AND INTERPRETATION.....	33
4.1. Introduction	35
4.2. Respondent profile.....	36
4.3. Employee perception on the effectiveness current performance appraisal process	39
4.4. Correlation between independent and dependent variables	40
4.5. Regression analysis	43

CHAPTER –V: SUMMARY, CONCLUSION AND RECOMMENDATIONS	47
5.1. Introduction	48
5.2. Summary of results	48
5.3. Conclusion	48
5.4. Recommendations	48
5.5. Contribution to future research	49
5.6. Limitation of the study	50
Reference List	51
Appendixes	55

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List of tables

Table 3.1: Actual target population.....	28
Table 3.2: Stratified Random Sample Size	29
Table 3.3.a. Reliability Statistics.....	31
Table 4.1: Gender	35
Table 4.2: Age Bracket.....	36
Table 4.3: Year of service	36
Table 4.4: Educational Level.....	38
Table 4.5: Performance Appraisal Period.....	38
Table 4.6: Mean and Standard Deviation of Employee perception about the effectiveness of performance appraisal process.....	39
Table 4.7: Summary of Mean and Standard Deviation of Employee perception about the effectiveness of performance appraisal process	41
Table 4.8: Pearson Correlation between Performance Appraisal Process component and Employee Motivation.....	41
Table 4.9: Pearson Correlation between Performance Appraisal Process and Employee Motivation.....	42
Table 4.10 Results of multiple regressions between Employee motivation and the combined effect of Performance appraisal process predictors	44
Table 4.11 Analysis of variance results of the regression analysis between employee motivation and predictor variables	43
Table 4.12: Regression coefficients of the relationship between Employee motivation and the four predictive variables	44

Figure

Conceptual model.....	24
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ABSTRACT

The main purpose of this study was to determine the effect of performance appraisal on employee Motivation in the case of Awash Bank. The study was also guided by the following specific objectives: to show employee perception towards the effectiveness of each components in the appraisal process of Bank's appraisal system, to determine the extent to which each components in the appraisal process correlate with employee motivation, and to establish the extent to which each components in the appraisal process affects employee motivation. The study adopted qualitative research approach of explanatory research method that enable the testing of the relationship between the dependent variables performance appraisal process components such as Set performance goals, Set performance standard, Performance measures, and Performance feedback and the independent variable Employee Motivation, that were indicated in the in the conceptual model. To analyze this relationship and make generalization, the researcher mainly used a quantitative approach with a survey strategy in the form of a cross sectional study. Sample sizes of 260 respondents were selected to represent the target population of 761 employees using stratified random sampling in Head office and Special Branch of the Bank. Self-Administered structured questionnaire was used in order to collect primary data; and Statistical Package for Social Science (SPSS) software version 20 and Microsoft Excel were employed to analyze and present the data through the statistical tools, namely descriptive such as frequency and percentage; and inferential analysis such as mean, standard deviation, Pearson correlation, and multiple regression analysis. The study showed that the effectiveness of performance appraisal process of the Bank was perceived by employees as moderately effective. The study determined that there was significant and positive relation between performance appraisal process components and employee motivation. The study established that .330 of the change in the employee motivation variable could be attributed to a level change in combined effect of the predictor variables of performance appraisal process. In general, this study concluded that performance appraisal is likely to generate employee motivation. The researcher recommended that performance appraisal process is one of an important function to be properly executed in order to generate employee motivation. Therefore, the management of Awash Bank should follow up and strengthen the proper execution of performance appraisal process in all level and parts of the Bank.

Keywords: Performance appraisal process, Performance feedback, Performance goal, Performance measure, Employee motivation, and Performance standard.

Chapter I: Introduction

1.1. Background of the study

Organizations are in a constant battle to enhance their employee motivation. Motivation can be defined as the psychological processes that cause the arousal, direction, and persistence of voluntary action that is goal oriented (Armstrong, M. , 2006). The literature on motivation suggests that there are two categories that describe what motivate employees: extrinsic and intrinsic. Extrinsic motivation results from satisfying, indirectly, the lower-level human needs associated with basic survival and includes financial rewards, working conditions and job security. Intrinsic motivation results from satisfying the higher-level human needs. This includes job satisfaction, compliance with standards for their own sake (such as ethical standards, fairness and team spirit) and the achievement of personal goals (David A. Decenzo and Stephen P. Robbins, 2005).

The Content theories of motivation are based on identifying specific human needs and describing the circumstances under which these needs activate behavior. Amongst these, Maslow and Herzberg are the most famous and still cited in most of the motivation literature (Dieleman et al., 2003). Process theories of motivation focus on the ways that people think through motivation issues and how they determine whether their actions were successful. These include expectancy theory, equity theory, goal theory and the psychological contract. Each has merits, but none is sufficient in itself (Charles Handy, 1993).

Amongst these theories, Herzberg's Motivation Theory has been used to identify the job motivation of nurses in the USA (Scott et al. 1996) and health workers in developing countries (Dielema et al., 2003). Herzberg suggested that there are two different types of needs: (1) hygiene factors (if inadequate these determine levels of worker dissatisfaction): supervision, interpersonal relations, work conditions, salary and job security (2) motivator factors (these determine the level of worker motivation and satisfaction): achievement, the work itself, recognition, responsibility, advancement and growth (Herzberg F, 2003).

The other issue that organizations are concerned is that the level of employee performance. To this end, most organization has conducted employee performance appraisal periodically. The major concern of performance appraisal in general is basically with a review of the individual's performance during a set period to identify employee's area of strengths and weaknesses, and establish targets for the employee to achieve within the overall corporate objectives of the organization which of them are included in the Herzberg motivational theory as motivator factor.

According to (Desseler, 2013) the main reasons to performance appraisal are the following:-

- ✚ Most employers still base their decisions of pay, promotion and retention on the employees' appraisal.
- ✚ Appraisal lets employer and the subordinate develop plan for correcting any deficiencies and to reinforce the things the subordinate does right.
- ✚ Appraisal should facilitate career planning they provide opportunities to review the employees career plan in light of his or her exhibited strengths and weakness.
- ✚ Supervisor use appraisal to identify employees training and development needs
- ✚ Appraisal should also enable the supervisor to identify if there is a performance gap between the employees' performance and his or her standards and it should help to identify the causes of such gap and the remedial steps required.

Performance appraisal refers to where a superior evaluates and judges the work performance of subordinates (Harter, Schmidt and Hayes, 2002). While the performance appraisal system refers to the methods based upon the following techniques: Graphic rating scales; behaviorally anchored rating scales (BARS), behavioral observation scales (BOS); mixed standard rating scales and management by objectives (MBO) (Boice and Kleiner, (2007). The rating system of the employees is necessary as it helps to identify the people for the leading positions in the organization. Boice and Kleiner, (2007) reports that effective appraisal system helps to produce committed and motivated employees. According to David W. Pitts (2011), one key strategy for organization success is the ability to motivate, attract and maintain a motivated-valuable workforce in today's marketplace. Therefore, organization strives to enhance employee motivation and engagement.

As such, Awash Bank S.C (AIB) has established a Performance Appraisal System in order to achieve its organizational goals where an employee is entitled to full disclosure of his/her performance rating result and discusses them with his/her supervisor in order to ensure mutual understanding of the requirements of the job, strong and weak points of the employee and his development needs (AIB Human Resource policy, 2012).

According to the AIB Human Resource Policy, 2012; the aims of this employee performance appraisal system mainly are:

1. To review employee's performance objectively over a set period of time, to provide guidance for future performance improvements of the employee and to take appropriate and timely disciplinary measures against an employee with poor performance
2. To offer managers/supervisors and their employees the opportunity to communicate with each and to set employee performance targets and personal development plans for subsequent appraisal period
3. To assist in making objective decisions on promotion and salary increments for employees

However, as per the Human Resource diagnostic research conducted on Awash Bank by hired international consultant (KPMG based in Kenya) in year 2015/16 fiscal year, it showed that the performance appraisal system the Bank needs improvement in order to boost employee engagement and motivation. Clearly, therefore, assessing the effectiveness of the current performance appraisal system of the Bank and investigate how the existing performance appraisal system affects its employee motivation is very crucial in order to give insight how to improve the performance appraisal system of the Bank in a way that it favorably impacts its employee motivation.

1.2. Background of the organization

Awash Bank S.C (AIB) is a pioneer private Bank in Ethiopia created after the 1991 government change and the subsequent change in economic policy. It was licensed on November 10, 1994 and began banking operations on February 13, 1995. It has continuously grown over the years and today operates as one of the biggest Banks in Ethiopia offering wide range of financial services.

Currently, as per the information obtained from Employee Service and Talent Management Directorate; the Bank has over 266 branches with over 131 located in Addis Ababa while the others are located in regional towns. The total number of staff of the Bank is 6229 as of December 31, 2016 and it is still growing.

As stated in its strategic retreat document, AIB is on the verge of implementing comprehensive organizational transformation and change to cope up with stiff competition among Banks due to the increasing number of commercial Banks in the country and the fast change in the global economic, technological, political and environmental situations in general and that of Africa in particular (AIB Strategy road map document by KPMG, 2016).

1.3. Statement of the problem

Performance appraisal is often considered as one of the most important human resource management functions (Selvarajan and Cloninger 2008), and an effective performance appraisal and management system is an integral part of organization's human resource management effectiveness (Guest 2007).

Dash, Drabman, Spitalnik and Spitalnik (2008) report that the factors of recognition for performing well, chances of promotion, professional growth, compensation and incentive schemes, are perceived as motivating factors by many employees. Dash et al. (2008) also pointed out that the development of an appraisal system is critical for the management effort to attract, retain and motivate workers.

According to Ambily Jose, (2011) research explains that in AE Group, majority of employees do not get motivated with performance appraisal and the main reason is because the managers do not know the right way to conduct an appraisal and no feedback is given to the employees to know if they have performed well or not and no action is taken if they require any further work related training.

When we come to the case of Awash Bank S.C., an international management consultant (KPMG) hired by the Bank for making of strategy retreatment in year 2015/16 fiscal year reported, in its Human Resource diagnostic research, that the performance appraisal system the Bank needs further improvement in order to boost employee engagement and motivation. It also recommended that the Bank need to re-establish an effective performance appraisal approaches that helps to fully address the needs of AIB and enables to achieve best performance out of its employees (AIB Human Resource Diagnostic study by KPMG, 2015).

The above recommendation was made based on the engagement survey questionnaire that was distributed, collected and analyzed by KPMG in 2015 to review the overall perception of employee on human resource activity of the Bank. As a result, employees put their view that they lost their confidence on performance appraisal procedure and measures and seriously complain that the performance appraisal that has been conducted by their supervisors is just to fulfill semi-annual report requirement of Human Resource Directorate and primarily for documentation purpose.

Further employees have also put their concerns regarding the fairness and accuracy of the Bank's performance appraisal. Another analysis that strengthens the concern of employee on the appraisal fairness and accuracy was made by a senior human resource expert of the KPMG. She identified in her study that employees are simply rated by supervisors on the same area of the rating scale that was skewed to the right as it was shown in the normal distribution graph. Such phenomenon makes difficult the decision of separating good performers from poor performers (AIB Human Resource Diagnostic study by KPMG, 2015). This in effect leads to the assumption that the performance appraisal system doesn't seem helpful in meeting the intended purpose.

In general, it indicated that the Bank has no serious intention on the outcome of the performance appraisal such as employee motivation that is deemed as important factor to improve performance. It is rather considered as a periodic ritual practice. Therefore, in order to address the above-mentioned gaps, this research tried to empirically examine the effect of performance appraisal process such as setting of measurable goals, setting of performance standards, performance measurements, and performance feedback on employee motivation in the case of Awash Bank-Head Office and Special Branch.

1.4. Research questions

Based on the gaps indicated in the statement of the problem, this study aimed to answer the following questions:

1. What is the perception of employee towards the effectiveness of each components of the performance appraisal process in the current performance appraisal system of the Bank?
2. Does performance appraisal process correlate with employee motivation?
3. What is the effect of performance appraisal process on employee motivation?

1.5. Research objective

1.5.1. General objective

The major objective of the study was to assess the effect of performance appraisal on employee motivation in the case of Awash Bank -Head Office and Special Branch.

1.5.2. Specific objectives

1. To show current employee perception towards the effectiveness of each components in the appraisal process of Bank's appraisal system.
2. To determine the extent to which each components in the appraisal process are related with employee motivation.
3. To establish the extent to which each components in the appraisal process affects employee motivation.

1.6. Significance of the study

The result of this study is significant in various aspects. Firstly, on the basis of the findings of the study, the study will draw some conclusions and recommendations that can inform the management of Awash Bank ways of the interplay between performance appraisal process and employee motivation and show the ways how performance appraisal process positively impact employee motivation which in turn affect their performance. Secondly, it gives additional insight to researchers and practitioner the relationship between performance appraisal process and employee motivation.

1.7. Scope of the study

The scope of this research was limited to investigate the effect of performance appraisal on employee motivation in the case Awash Bank S.C-Head Office and Special Branch. It emphasized on elements of performance appraisal process and their effect on employee motivation. Other variables in the performance appraisal system that could be related to employee motivation were not addressed. Despite the fact that the researcher interested to include the entire city Branches in the study, it was geographically limited to Head office and Special Branch both located in here in the capital due to resource constraint as the branches of the Bank are dispersed and contains vast population size. It was also methodological limited to a sample size taken out of the total target population.

1.8. Limitations of the study

The study is of cross-sectional nature, and any conclusions that are causal in nature should be viewed with caution. In addition, this study used self-reported questionnaires from the same source, and thus it is subject to common method bias. Since the study involves measuring employee perceptions of appraisals, collecting information from multiple sources was not an option. Of course, the necessary care was made by the researcher to mitigate potential difficulties that affect the creditability of the research in relation to research design and instrument by applying proper research design and adopting the instrument from reputable source and conducted pilot test to ensure validity and run reliability test to ensure consistencies among variables before application.

1.9. Definition of terms

- **Performance Appraisal Process** Performance appraisal process can also be referred to as a procedure for determining employee performance comprises of established performance goals, standards, a method of determining individual performance, comparison against standards and an evaluation of performance based on the comparison and providing feedback(Levy et al, 2004).
- **Mutual set of performance goal:** is a predicted interest and performance over time.
- **Mutual set of performance standard:** is a benchmark against which actual performance is measured.

- **Performance measure:** is a standard tool developed to measure employee performance.
- **Performance Feedback:** is an information or criticism that is formally given the employee by appraiser during performance review time.
- **Employee Motivation** is an employee's intrinsic enthusiasm about and drives to accomplish activities related to work. Source: business dictionary .com)

1.10. Organization of the study

The study includes five major chapters:

The first chapter is introductory part which consists of back ground of the study, statement of the problem, objective of the study, significance of the study, scope of the study, limitation of study, definition of terms and organization of the study.

The second chapter contains literature review, in this section, theoretical and empirical finding of previous studies were reviewed.

The third chapter includes the research design and methodology, source of data, sampling design, method of data analysis employed.

The fourth chapter deals with data analysis and discussion.

Fifth chapter deals with summary, conclusion and recommendation.

Chapter II: Literature Review

Before starting the research, it is very important to customize the back ground of the topic. In this study the literature review will give an understanding and model of the relationship among performance appraisal system, performance appraisal process, and motivation in a manner that helps to answer the research question. Therefore, it will focus on review of performance appraisal system and its process, motivation theory, and how performance appraisal process components are linked to employee motivation.

2.1. Performance Appraisal

2.1.1. Definition of performance Appraisal

Performance appraisal has been defined as the process of identifying, evaluating and developing the work performance of employee in the organization, so that the organizational goals and objectives are more effectively achieved, while the same time benefiting employees in terms of recognition , receiving feedback, catering for work needs and offering career guidance(Dargham, 2010).

2.1.2. Functions of Performance Appraisal

Appraisal is the analysis of the success and failures of an employee and the assessment of their suitability for training and promotion in the future. According to Maund (2001), appraisal is a key component of performance management of employees. When effective, the appraisal process reinforces the individual's sense of person worth and assists in developing his/her aspirations. It can also increase employee motivation through the feedback process and may provide an evaluation of working conditions and it can improve employee productivity, by encouraging the strong areas and modifying the weak ones. Further, employee evaluation can improve managerial effectiveness by making supervisors more interested in and observant of individual employees.

Objectives for performance appraisal policy can thus, best be understood in terms of potential benefits. Bormann et al (1993) identified the following.

- Increase motivation to perform effectively
- Increase staff self-esteem
- Gain new insight into staff and credible basis
- Distribute rewards on a fair and credible basis
- Develop valuable communication among appraisal participants

2.1.3. Performance appraisal system

The use of performance appraisal system by business and industry has been counted between 74 to 89 percent (Cleveland &, Murphy 1991). Performance appraisal systems are used for different purposes in which include human resource decisions, evaluation and feedback (Cleveland, Murphy and William, 1989). For achieving high performance goal of organization performance appraisal is very important component of human resource management. The information gathered and performance appraisal provide basis for recruitment and selection, training and development of existing staff, and motivating and maintaining a quality human resource through correct and proper rewarding of their performance (Lillian, Mathooko, and Sitati, 2011).

Performance appraisal is often including performance management system. Performance management systems manage and align all the organization, resources in order to achieve the highest possible performance (Martin, 1998), McMaster, 1994; Williams, 2002) argued that performance management involve determining the strategic objective, establish team goals, plan of performance developed, analyze the performance (by using appraisal system) identified need of development and align rewards.

The emphasis of performance management system is on continuously improving organizational performance, and this is achieved through improved individual employee performance. From the suggestion of Lawler (2003), the objectives often include, motivating performance, helping individuals develop their skills, building a performance culture, determining who should be promoted, eliminating individuals who are poor performers, and helping implement business strategies.

The main purpose of the performance appraisal system is to ensure that:

1. The work performed by employees accomplishes the work of the company;
2. Employees have a clear understanding of the quality and quantity of work expected from them;
3. Employees receive ongoing information about how effectively they are performing relative to expectations;
4. Awards and salary increases based on employee performance are distributed accordingly;
5. Opportunities for employee development are identified; and
6. Employee performance that does not meet expectations is addressed.

2.1.4. Performance Appraisal Process

Performance appraisal process can also be referred to as a procedure for determining employee performance. Performance appraisal is essential as it gives updates on the performance of the employees; it identifies training needs and come up with plans for employee development. It comprises of established performance standards, a method of determining individual performance, comparison against standards and an evaluation of performance based on the comparison (www.whatishumanresource.com.) The detail of the performance appraisal process components are discussed as follows:

Establishing performance standard

Appraisal process begins with the establishment of performance standard, in accordance with the organization's goals. It is a benchmark against which actual performance is measured. These should evolve out of the company's strategic direction and more specifically, the job analysis and job description. These performance standards should also be clear and objective enough to be understood and measured. (David A. Decenzo and Stephen P.) Robbins 8th edition (2005)

Mutually set measurable goals

Once performance standards are established, it is necessary to communicate this expectation that is to mutually set performance goal. Employees should not have to guess what is expected of them. Too many jobs have vague performance standards and the problem is compounded when these standards set in isolation and without employee input. (David A. Decenzo and Stephen P.) Robbins 8th edition (2005).

Measure actual performance

The third step in the appraisal process is performance measurement. To determine what actual performance is, we need information about it, we should be concerned with how we measure and what we measure. (David A. Decenzo and Stephen P.) Robbins 8th edition (2005).

Compare actual performance with the employee.

The fourth step in the appraisal process is the comparison of actual performance with standards. This step notes deviation between standard performance actual performances. (David A. Decenzo and Stephen P.) Robbins 8th edition (2005).

Discuss the appraisal with the employee

Appraising performance may touch on one of most emotionally charged activities, evaluation of individual's contribution and ability. The impression that employees receive about their assessment has a strong impact on their self-esteem and importantly, on their subsequent performance. Of course, conveying good news is considerably easier for both the appraiser and the employee than conveying bad news. In this context, the appraisal discussion can have negative as well as positive motivational consequences (David A. Decenzo and Stephen P.) Robbins 8th edition, 2005).

If necessary, initiate corrective action

The final step in the appraisal is the identification of corrective action when necessary. Corrective action can be of two type, one is immediate and deals predominantly with symptom, and the other is basic delves in to causes. Immediate corrective actions is often described as “putting out of fire” whereas basic corrective actions touches the source of deviation and seek as adjust the difference permanently. (David A. Decenzo and Stephen P.) Robbins 8th edition (2005)

2.1.5. Appraisal Methods and tools

As performance measures is one of the central function in performance appraisal process the following discussion on appraisal method and forms are considered relevant for this study.

The formal performance appraisal usually involves the use of a standard tools developed by the HR department to measure employee performance. But we must be careful how we measure it, as the assessment should be as objective as possible, not subjective. Employees need to know and understand what good performance looks like, and they need to be able to measure their own performance.

There are two types major methods used in performance appraisal:

2.1.5.1. Past-Oriented Methods

Past – oriented method emphasizes on the rating of the individual’s personality trait such as initiative, dependability, drive, creativity, integrity, intelligence, leadership potential etc. The following performance appraisal methods are in this category.

Rating Scales

The rating scale method provides a well-structured performance appraisal. Each employee characteristic is rated against a scale with points that range from “poor” to “excellent” performance. The ratings are based on the ability of the employee to work as a team player, communication skills and technical competence. The scale is necessary for the appraisers’ job. The biggest advantage for this technique is the comparison of the employee’s performance in the entire workforce. This brings about fairness among all appraises and provides standards of performance measurement in all the departments in the organization. Rating scale technique can be used easily and this leads to the high adoption of the approach. The disadvantage of this technique is the lack of applicability on all sorts of jobs. It is also not applicable in measuring the workers traits (Afriyie, 2009).

Check-list Method

Under this method, checklist of “Statements of Traits” of employee in the form of YES or No based questions is prepared. Here, the rater only does the reporting or checking and HR department does the actual evaluation (Afriyie, 2009). The rater concerned has to tick appropriate answers relevant to the appraisers. When the check-list is completed, it is sent to HR department for further processing. Various questions in the check list may have either equal weight or more weight may be given to those questions which are more important (Afriyie, 2009). The HR department then calculates the total scores which show the appraisal result of an employee. The advantage of the check list methods is its economic nature, ease of administration, there is limited training which is required and is standardized. However, the disadvantage is the rater’s biases, use of improper weights by Human resource department that do not allow rater to give relative ratings (Caruth and Humphreys, 2008).

Force Choice Method

The first choice method is a series of statements arranged in the blocks of two or more are given are rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment. The advantage of this technique is that it has no personal biases because of forced choice but the disadvantage is incorrectly framed statements (Denby, 2010). One of the problems faced in large organizations is relative assessment tendencies of raters. Some are too lenient and others too severe. This method overcomes that problem. It forces everyone to do a comparative rating of all the employees on a predetermined distribution pattern of good to bad (Ichniowski and Shaw, 2009). Say 10% employees in Excellent Grade, 20% in Good Grade, 40% in Average Grade 20% in Below Average Grade and 10% in unsatisfied grade. The real problem of this method occurs in organizations where there is a tendency to pack certain key departments with all good employees and some other discards and laggards. Relatively good employees of key departments get poor rating and relatively poor employees of laggards’ departments’ get good rating (Jayawarnaet *al.*, 2007).

2.1.5.2. Future-Oriented Methods

Future oriented method on the other hand places more emphasis on the evaluation of work results that is job achievement than the personal trait. The following appraisal methods are included in this category.

MBO (Appraisal by Results)

The use of management objectives was first widely advocated in the 1950s by the noted management theorist Peter Drucker. MBO (management by objectives) methods of performance appraisal are results- oriented. That is, seek to measure employee performance by examining the extent to which predetermined work objectives have been met (Newman, Thanacoody and Hui, 2012). Usually the objectives are established jointly by the supervisor and subordinate. Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and specify their strengths and weaknesses. They are expected to monitor their own development and progress (Porter, 2008).

The MBO approach overcomes some of the problems that arise as a result of assuming that the employee traits needed for job success can be reliably identified and measured. Instead of assuming traits, the MBO method concentrates on actual outcomes. If the employee meets or exceeds the set objectives, then he or she has demonstrated an acceptable level of job performance (Qureshi *at al.*, 2007). Employees are judged according to real outcomes, and not on their potential for success, or on someone's subjective opinion of their abilities. The guiding principle of the MBO approach is that direct results can be observed, whereas the traits and attributes of employees (which may or may not contribute to performance) must be guessed at or inferred (Scott, Clothier and Spriegel, 2007). The MBO method recognizes the fact that it is difficult to neatly dissect all the complex and carried elements that go to make up employee performance. MBO advocates claim that the performance of employees cannot be broken up into so many constituent parts as one might take apart an engine to study it. But put all the parts together and the performance may be directly observed and measured (Shaw *et al.*, 2008).

Assessment Center Methods

An assessment center refers a central location where the managers form a team to participate in job evaluation exercises invigilated by trained assessors. It is more focused on observation of behaviors across a series of select exercises or work samples (Porter, (2008). Assesses are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job (Qureshi *et al.*, 2007). Well conducted assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in Assessment Centers (Scott, Clotheir and Spriegel, 2007). The tests also make sure that the wrong people are not hired or promoted. Finally, it clearly defines the criteria for selection and promotion. However, as the method concentrates on future performance potential it ignores past performance. It is very costly as the employees have to travel and lodge plus the use of psychologists. The rating is strongly influenced by assessors' interpersonal skills but employees with solid performers may feel suffocated in simulated situations (Porter, 2008).

360 degree Appraisal

It is a technique in which performance data/feedback/rating is collected form all sections of people employee interacts in the course of his job like immediate supervisors, team members, customers, peers, subordinates and self with different weight age to each group of raters (Ohabunwa, 2009). This technique has been found to be extremely useful and effective. It is especially useful to measure inter-personal skills, customer satisfaction and team building skills (Qureshi *et al.*, 2007). One of the biggest advantages of this system is that assesses cannot afford to neglect any constituency and has to show all- round performance. However, on the negative side, receiving feedback from multiple sources can be intimidating, threatening, and expensive and time consuming (Shaw *et al.*, 2008).

Psychological Appraisals

These appraisals are more directed to assess employee's potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance (Ohabunwa, 2009). This approach is slow and costly and may be useful for bright young members who may have considerable potential. However quality of these appraisals largely depends upon the skills of psychologists who perform the evaluation (Shaw *et al.*, 2008).

With all these methods of ratings, the employees may be de-motivated if the appraisal process is not based on accurate and current job descriptions. But ensuring that appraisers have adequate knowledge and direct experience of the employee's performance can motivate the employees to give their best (Jayawarna *et al.*, 2007). Offering adequate support and assistance to employees such as professional development opportunities can improve their motivation and performance of the staff. Failure to conduct appraisers on a regular basis due to the limitation of resources may affect the performance of the staff but regular supervisor ratings may have a positive impact on the motivation of the employees (Jayawarna *et al.*, 2007).

2.1.6. Outcomes of effective performance appraisal

Thomas (1990) told five outcomes i.e use of evaluations as feedback to improve performance, reduced employee turnover, **increased motivation**, existence of feelings of equity among employee stress, review of overall progress, linkage between current performance and employee's goals, and development of specific action plans for future. Motivation has taken focus in this study.

2.2. Motivation

2.2.1. Definition

Motivations are an employee's intrinsic enthusiasm about and drive to accomplish activities related to work. Motivation is that interior drive that causes a person to decide to take action. An individual's motivation is influenced by biological, intellectual, social & emotional factors. Motivation is a multifaceted; we cannot easily define to motivation, intrinsic driving force that can also be influenced by external factors.

Motivation can be show as internal and external factors that stimulate desire and energy in people to be continually interested in and committed to a job, role, or subject, and to exert continual effort in attaining a goal. Motivation results from the inter actions among conscious and unconscious factors such as the (1) intensity of desire or need, (2) incentive or reward value of the goal and (3) expectations of the individual (Business Dictionary 2011, as in Luomanpaa, 2012)

2.2.2. Theories of employee motivation

Even though there are many type of employee motivation, the following theories are considered as relevant to this research.

Goal setting theory

The proposition is that employees are motivated if goals are meaningful, challenging, clear, attainable and measurable. When employees are encouraged to set goals for themselves and supervisor reviews and approves them, then they take challenges for achieving those targets. If goals are completely unrealistic, employees will become de-motivated. Goal – setting theory helps a manager to design rewards that match employees' requirements. But it is not the only one method to managers. Tolchinsky and King in 1980 discovered that, while financial benefits influence job performance, the relationship is not mediated by goal – setting. That means, goal–setting and financial incentives have independent effect on job performance (Perry, Mesch and Parlberg, 2006).

Herzberg's Motivation Theory

Herzberg suggested that there are two different types of needs: (1) hygiene factors (if inadequate these determine levels of worker dissatisfaction): supervision, interpersonal relations, work conditions, salary and job security (2) motivator factors (these determine the level of worker motivation and satisfaction): achievement, the work itself, recognition, responsibility, advancement and growth.

Equity theory

The important aspect of equity theory is that people make subjective judgment about fairness in the rewarding system related to inputs (such as their competencies, qualifications and effort), in comparison of reward of others. If they feel that they are not equitably treated they may be dissatisfied. If they feel that they are receiving more rewards, then they will improve their quantity and quality of work or they may discount their rewards. Adams, Bowditch and Buon, 2002 believed that although equity theory was originally concerned with differences in pay, it can be applied to other forms of tangible and intangible rewards in the workplace. Motivation process will be difficult if the input – output ratio is not in balance.

Fifty – Fifty Theory

According to Johan Adair's perception people motivate themselves by fifty percent and the remaining fifty percent by the environment. These environments include work condition, colleges, and especially leaders. The fifty – fifty rules recognizes that leaders have a key role in influencing motivation of employees at work. The relationship between leadership and motivation is crucial to determine employee's motivation. But, leaders alone cannot motivate the employee fully as they are self-motivating to some degree. These are the challenge that management faces to stimulate employee motivation with the work environment (John 2007, 38-41) as cited from (Birhanu W., 2014).

Reinforcement theory

The psychologist B.F. Skinner of Harvard developed this theory. He suggests that human behavior can be influenced through the use of rewards. If the work environment is properly designed and employees' performances are praised, then they are motivated. For poor performances if there is any punishment, that will generate negative consequences.

2.2.3. Importance of Motivation

Motivation is the most important factors influential organizational efficiency. All facilities organizational will go to waste in lack of motivated people to utilize these facilities efficiently. Every superior in the organization must motivate its subordinates for the right types of behavior. The presentation of human beings in the organization is dependent on the capability in the motivation. Motivation is a helpful instrument in the hands of management in exciting the workforce. Motivation increases the willingness of the workers to work, thus increasing effectiveness of the organization.

- Best utilization of resources
- Reduction in Labor Problems
- Sizeable increase in production and productivity
- Basis of Cooperation

2.3. Appraisal process and Motivation

According to Armstrong (2000 as in Selvarajan et al 2011) performance appraisals provide an important point for the employee to consider motivational and development issues by providing positive feedback, recognition and opportunities for growth, a basis for developing capabilities for the current role and future roles the employee might have to perform. Further, it is important to show the link between the appraisal process and employee motivation.

2.3.1. Goal Setting and motivation

Latham (2004) asserts that specific goals can boost motivation and performance by leading people to focus their attention on specific objectives, increase their effort to achieve these objectives (Bandura & Cervone, 1983), persist in the face of setbacks (Latham & Locke, 1975), and develop new strategies to better deal with complex challenges to goal attainment (Wood & Locke, 1990). Through such motivational processes, challenging goals often lead to valuable rewards such as recognition, promotions, and/or increases in income from one's work (Latham & Locke 2006).

This provides self-satisfaction, achieving goals often also increases organizational commitment (Tziner & Latham, 1989), which in turn positively affects organizational citizenship behavior (Organ, Podsakoff, & Mackenzie, 2006), negatively affects turnover, and increases the strength of the relationship between difficult goals and performance (Locke & Latham, 1990, 2002).

2.3.2. Performance standard and Motivation

The proposition is that employees are motivated if standards are meaningful, challenging, clear, attainable and measurable (SMART goal setting). When employees are encouraged to set goals for themselves and supervisor reviews and approves them, then they take challenges for achieving those targets. If goals are completely unrealistic, employees will become de-motivated. You can ensure that your performance standards motivational by avoiding these common killers of motivation. The targets are too soft: If the targets are too soft your people will have no need to stretch, you will quickly find that no one is motivated to achieve soft targets. If it's too much of a stretch: If your people do not believe that they can achieve their goals, they will not be motivated to try. When setting performance standards you will need to consider the following points. Performance standards must reflect the performance of the individual, not the team or the business, it should be an absolute measure of performance not indicative of probable performance, it should be within the employee control to influence their performance, it should be free from measurement contamination means that the measured result should be accurate. (Source: [www. what is human resource.com](http://www.whatishumanresource.com))

2.3.3. Performance measures and Motivation

Performance measures should be clear and understandable to motivate employees. Whenever performance measures are too complicated: all too often measurement systems are too complicated and not understood, employees will not understand how they are being measured so that it will not be able to motivate them to achieve the required level of performance. Providing adequate communication to employee on how their performance measured is vital for their motivation to perform well.

For purpose of reinforcement, regularly revisit the measures and communicate employee's current results throughout out the year is also required to ensure your people to understand their measures, and how they improve their results. (Source: [www. what is human resource.com](http://www.whatishumanresource.com))

2.3.4. Feedback and motivation

One of the most important conditions in appraisal is to provide clear, performance based feedback to employees (Caroll and Schneier, 2002). There should be a workflow for tracking of feedback sessions. When a mistake is detected, immediately remedial steps are taken, with minimum loss to the company. Providing an employee with feedback is widely recognized as a crucial activity that may encourage and enable self-development which is instrumental for the success of the whole organization (Baruch, 2006). Therefore the frequency of feedback is important and can influence future performance of the employee (Denisi, 2006). For an appraisal system to be maximally effective there must be ongoing formal and informal performance feedback (Latham et al., 2008). In essence, feedback is the raw material of employee participation. Feedback is essential in gaining the maximum benefits from goal setting (Locke & Latham, 2000). Without feedback, employees are unable to make adjustments in job performance or receive positive reinforcement for effective job behavior (Latham et al., 2008).

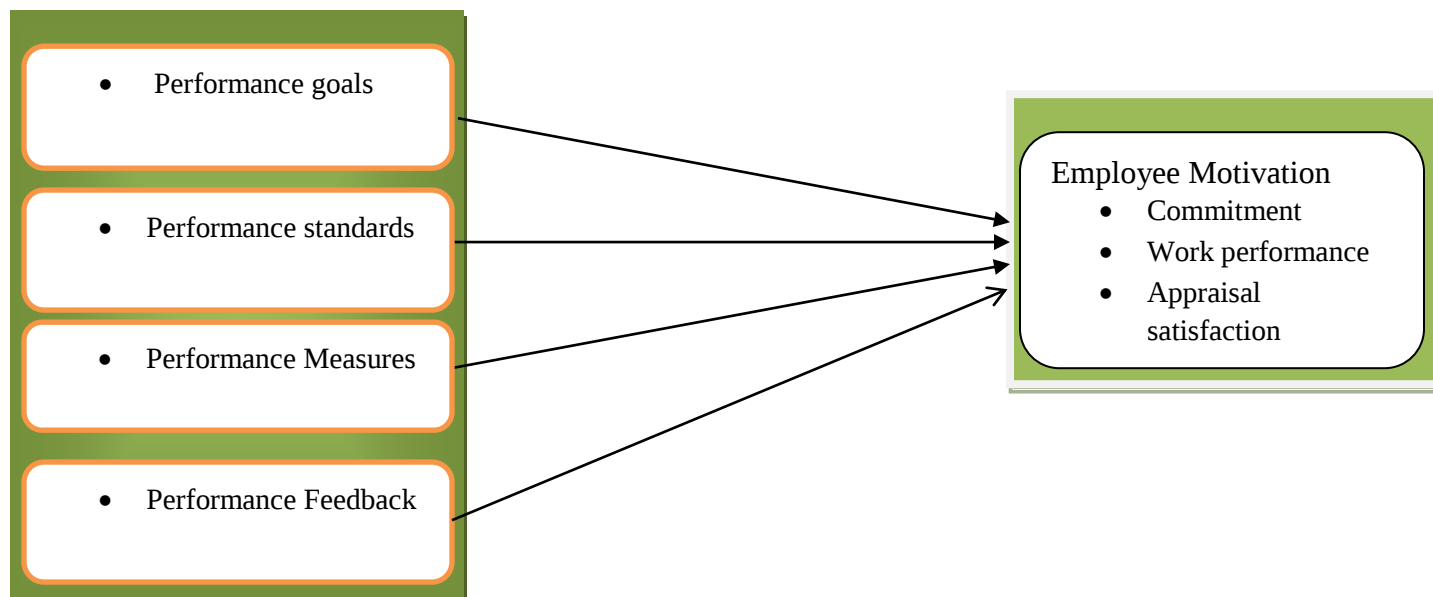
2.4. Conceptual framework

This research considers performance appraisal process as key elements in performance appraisal system. Appraisal processes further encompass issues such as mutual set of performance goal, mutual set of performance standards, performance measures, and performance feedback. In performance appraisal process, SMART set of goals and standards, performance measure that assesses performance with structured and systematic approach, and a feedback system informing employees on their achieved level of performance and objectively inform the strength and weakness to help employees in the future career development are considered as the best practice in performance appraisal system and all of them are supposed to enhance employee motivation if they are in this form.

Therefore, this study adopts mutual set of performance goals, performance standards, performance measures, and performance feedback as independent variable and employee motivation as dependent variable. The study also examines the relationship between the independent and dependent variables and tests the effect of independent on dependent variables. The conceptual model of the study is shown as follows:

Figure 2.1: Conceptual model

Performance Appraisal process



2.5. Variables:

Independent Variable

Performance Appraisal Process

- **Performance goal:** is a predicted interest and performance over time.
- **Performance standard:** is a benchmark against which actual performance is measured.
- **Performance Measures:** is a standard tool developed to measure employee performance.
- **Performance Feedback:** is an information or criticism that is formally given the employee by appraiser during performance review time.

Dependent variable

- **Employee Motivation:** is an employee's intrinsic enthusiasm about and drives to accomplish activities related to work.

Chapter III: Research Design and Methods

This section presents the methodology that the researcher adopted to collect and analyze data required to describe the participants and answer the research questions. The first parts of this section discussed research approach and design. The second explained study area and the population. The third section discussed sampling method and sample size. The fourth one explained the data source, type, collection procedure as well as the instrument and its validity and reliability. At the end, it discussed the data analysis used and ethical consideration of the research.

3.1. Research Approach

Even though there are about three research approach that are qualitative research methods, quantitative research methods, and mixed methods; quantitative research method was selected for this study to enable cross sectional data collection using a survey strategy that was used to determine possible reasons for the relationships between the research dependent and independent variables and to produce models of these relationships. Survey strategy allows that the collection of a large amount of data from a sizeable population in a highly economical way and allows to collect quantitative data which you can analyze quantitatively using descriptive and inferential statistics. Quantitative method is a popular method to be used where in the data can be measured and interpreted in the way the reader to understand better as it provides a numerical data which can be viewed and compared (Anderson, 2009). Quantitative approach is predominantly used in data collection technique often obtained by using a questionnaire administered to a sample; these data are standardized, allowing easy comparison. It also allows data analysis procedure such as graphs or statistics that generates or uses numerical data that was helpful to achieve the objective of this study. All these characteristics of quantitative method made it preferable to this study.

3.2. Research Design

The main objective of this study is to determine the effect of performance appraisal on employee motivation. In order to achieve this objective, this study used explanatory research design. The explanatory research design gives emphasis in understanding and studying a condition that show the detail relationship between two concepts (Saunders, 2009). This research design enables the researcher in testing the causal relationship between the independent and dependent variables as per the research objective and examining the specific outcomes in order to make generalization by using inferential statistical tools such as correlation and regression based on the cross sectional data collected using a survey strategy that was used to determine possible reasons for the relationships between the research dependent and independent variables and to produce models of these relationships.

3.3. Description of Study Area

The study has been conducted in Awash Bank, particularly at Head Office and its Special Branch, both located in Addis Ababa, at the Head Quarters Building. They are containing total number of 802 employees as of December 31, 2016 as per the information gathered from the Bank's Human Resource Directorate. Head Office contains 764 employees and the Special Branch 65 employees. The reason for selecting this part of the Bank as target population was that they have large number of employee compared to other respective units.

3.4. Target Population

The branches of the Bank are very scattered all over Ethiopia and number of employees that could be used for the study is very large. Thus, to make the study easier, timely and cost effective; the target population size was limited to a total of 762 staff members working both at Bank's Head office and Special Branch, located in Addis Ababa. To further refine the target population, those employees who don't have at least 1 year service period were excluded from the population as it was judged that by the researcher these employees could not have sufficient understanding about the performance appraisal system of the Bank. Thus, 51 employees from Head Office and 17 employees from Special Branch were excluded.

Thus, the number of the actual target population was reduced to 761 employees as the breakdown of it is shown in the forthcoming table.

Table 3.1: Actual target population

Target Study Area	Target of population size	Exclusions (< 1 year service)	Actual target population
No. of Head Office Employees	764	51	713
No. of Special Branch Employees	65	17	48
Total	829	68	761

3.5. Sampling Method and Sample Size

The sampling method that was used in this study was stratified simple random sampling. The target population of the study was stratified in two major target groups. To select respondents from each stratum, simple random sampling method was applied. In doing so, the existing employee list was obtained from Human Resource Directorate's employee data base and the proportional weight was applied to each stratum in order to form the sample data that properly represent the population from which the stratified sample of the employee was drawn. Therefore, the sample size n can be determined by using the following formula adopted from Kerijicie and Morgan (1970):

Where N = the total target population

n = the sample from the population

e = the error term, which is 5 % (i.e. at 95 confidence interval)

$$n = \frac{N}{1 + N(e)^2} = \frac{761}{1 + 761(0.05)^2} = 262$$

Therefore, the total sample size of the study was 262, that is 34.4% of the total target population

($262/761=0.344$). The sample size that was taken from Head office and Special Branch is tabulated below:

Table3.2: Stratified Random Sample Size

S.N.	Type of strata	Actual Target total	Sample size(34.4% of the target population)
1	Head Office	713	245
2	Special Branch	48	17
	Total	761	262

3.6. Data Source, Types and Collection Procedure

In order to address the research objective both primary and secondary source of data were utilized. To organize primary data as facts in relation to demographic variables and issues related to variables of the study, self-administered structured questioners was used as a data collection tool and was distributed randomly to sample employees of Head Office and Special Branch. Secondary data was obtained by investigating related documents form publications that are books, journals, articles, and abstracts and from unpublished source that are website, annual and quarterly reports of organizations to organize concepts and issues related performance appraisal, motivation, the link between performance appraisal and motivation.

3.7. Variables of the study

This research considers performance appraisal process as key elements in performance appraisal system. Appraisal processes further encompass issues such as mutual set of performance goal, mutual set of performance standards, performance measures, and performance feedback. In performance appraisal process, SMART set of goals and standards (Latham (2004), performance measure that assesses performance with structured and systematic approach, and a feedback system informing employees on their achieved level of performance and objectively(Caroll and Schneier, 2002) inform the strength and weakness to help employees in the future career development are considered as the best practice in performance appraisal system and all of them are supposed to enhance employee motivation if they are in this form.

The variables of the study, therefore, identified and defined as follows:

Variables:

Independent Variable

Performance Appraisal Process

- **Performance goal:** is a predicted interest and performance over time.
- **Performance standard:** is a benchmark against which actual performance is measured.
- **Performance Measures:** is a standard tool developed to measure employee performance.
- **Performance Feedback:** is an information or criticism that is formally given the employee by appraiser during performance review time.

Dependent variable

- **Employee Motivation:** is an employee's intrinsic enthusiasm about and drives to accomplish activities related to work.

3.8. Instrument

The research instrument that was used to collect primary data was structured questionnaire. The questionnaire was developed in English language. Its development process and tests of its validity and reliability were separately discussed in detail in the next section of validity and reliability. Overall, the designed instrument questionnaire included three main parts:

Part I: aimed to collect data on demographic variables.

Part II: aimed to collect data on general information related to performance appraisal system of the Bank.

Part III: aimed to collect data about independent and dependent variables.

The first part of the questionnaire consist of 5 items and they were dealing about different demographic characteristics of the respondents such as gender, age, level of education, service period and position category.

The second part consists of 3 items and they were dealing with general questions regarding performance appraisal system.

The third of the questionnaire consists of question statement aimed to measure the variables of

the study using five point Likert Scale (1=strongly disagree, 2=disagree, 3=neutral, 4=Agree, and 5=strongly agree). Thus, the respondents were requested to select their own choice of the five point Likert Scale alternative in order to specify their level of agreement or disagreement on each statement. It included 21 closed ended questions to measure the relationship and effect of performance appraisal process on employee's motivation. Therefore, the instrument included a total of 30 items.

3.9. Validity and Reliability

The researcher instrument used questions related to the issue of the study from reputable previous sources such as a standard questioner on performance appraisal quality by (Tang and Sarsfield - Baldwin's 1996) and questionnaires on effect of performance appraisal on employee motivation by (Natalie Chimwemwe Chaponda, 2014) with little modification to suit this study. These standard questionnaires were proved to be reliable and valid with Chronbach's alpha above .7 (Mugenda and Mugenda, 2003). However, the instrument's validity and reliability in was also tested view of the context of this study and were also refined as discussed in the forthcoming.

Validity

Validity is the extent to which an instrument measures what it is supposed to measure and performs as it is designed to perform. As a process, validation involves collecting and analyzing data to assess the validity of the questionnaire, which generally involves pilot testing. The researcher therefore made a pilot test on 25 Humana Resource Directorate staff of the Bank based on their easily accessibility to check the understandability of the instrument by the respondent and to ensure whether it works with this research context or not.

Subsequently, the respondents gave comments on some editorial and other concerns like clarity of the questions. Even, my college advisor also gave me valuable comments to increase the measuring capacity of the items in the questionnaire with context of this study and to beautify its present-ability. All these comments were taken in to consideration to refine the instrument before it was distributed to the respondent.

Reliability

Reliability can be thought of as consistency. Internal Consistency Reliability: is to measure the consistency of results across items. To this end, in addition to validity test the researcher also measured the part of the questionnaire with measure of variable using Likert scale by using Cronbach's Alpha run on the same sample size of 25 Human Resource Directorate staff of the Bank to ensure whether the questions in this questionnaire all reliably measure the variables. It was found that the Performance Appraisal Process part of the questionnaire and the Employee Motivation part of the questionnaire were reliable as their reliability value exceeded the prescribed threshold of 0.7 (Mugenda and Mugenda, 2003). The result of the measure is in detail tabulated as follows:

Table 3.3 Reliability Statistics

a. Items to measure effectiveness of performance appraisal process

	Cronbach's Alpha	N of Items
Setting Performance Goals	.694	2
Setting Performance Standards	.759	3
Performance Measures	.873	4
Performance Feedback	.799	4
Performance Appraisal Process	.898	13

b. Items to measure effect of performance appraisal process on employee motivation

	Cronbach's Alpha	N of Items
Setting Measurable Performance Goals	.782	2
Setting Measurable Performance Standards	.708	2
Performance Measures	.800	2
Performance Feedback	.673	3
Employee Motivation	.879	9

3.10. Data Analysis

In this research, quantitative data was used for analyzing the data that was obtained through the structured questionnaire administered to the employees of the Banks. These data was coded, entered in to the computer and analyzed and presented in the form of tables using SPSS version 20 and Microsoft excel. Then the data was analyzed according to the objective of the study. To this end, three type of statistical analysis were applied in this study were descriptive statistics, correlation coefficient, and multiple regression analysis.

Descriptive analysis:used to summarize the demographic characteristics of the respondent and the general information gathered in relation the performance appraisal system. It also helps to show the perception of employees towards the effectiveness of the current performance appraisal process components using mean and Standard Deviation.

Correlation Analysis:was used in this study to determine extent of the strength of the association between the variable involved. Inter correlation coefficients were calculated by using the Pearson's product moment. Here, particularly the research questions of this study "does each components of performance appraisal process correlated with employee motivation?" were tested.

Multiple Regression Analysis: was also another statistical analysis used in this study. Regression is the determination of a statistical relationship between two or more variables. It is applicable to examine the contribution of independent variable to dependent variable or to assess the extent of relationship between dependent and independent variables of the study. Specifically to this study, the research questions of what is the effect of components of performance appraisal process on employee motivation were examined with this statistical analysis using models such as ANOVA and Regression Coefficient.

3.11. Ethical considerations

As per AAU research guideline, primarily it is mandatory to request the consent of the

organization to get access to the organization so that official letter from the university was sent to mention in brief the purpose of the research, how the person being contacted might be able to help, and what is likely to be involved in participating. Second, the researcher tried to make sure that participants were willingly participated in the study by highlighting a positive approach to the issue and by emphasizing that the study was designed to identify individual and organizational learning in relation to the topic. The researcher also informed the participant to respond freely as their idea is valuable for the success of the study. To overcome concern related to the confidentiality of the data to be provided and the anonymity of the individual participants, the researcher provided clear assurances about these aspects.

Chapter III: Data Presentation, Analysis and Interpretation

4.1. Introduction

This chapter presents the findings of the primary data collected from the field using the questionnaire as the tool. The general objective of the study was to determine the effect of performance appraisal on employee motivation in the case of Awash Bank-Head Office and Special Branch. The study was guided by the following specific objectives:

1. To show current employee perception towards the effectiveness of each components in the appraisal process of Bank's appraisal system.
2. To determine the extent to which each elements in the appraisal process correlate with employee motivation:
 - a) Correlation of setting performance goal and employee motivation.
 - b) Correlation of setting performance standard and employee motivation.
 - c) Correlation of Performance measures and employee motivation.
 - d) Correlation of performance feedback and employee motivation.
3. To establish the extent to which each element in the appraisal process affects employee motivation:
 - a) Extent to which setting performance goal affects employee motivation.
 - b) Extent to which setting performance standard affects employee motivation.
 - c) Extent to which Performance measures affects employee motivation.
 - d) Extent to which performance feedback affects employee motivation.

It also provides with the discussion of the final results and the process through which the results were obtained. This included background information of respondents, the statistical methods of analysis i.e. descriptive analysis, correlation analysis, and regression analysis. The study targeted a total of 260 respondents. However, only 202 respondents responded and returned their questionnaires that made the response rate to be 79%. According to Mugenda and Mugenda (2003) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this response rate was taken as adequate for analysis and reporting.

4.2. Respondents profile

The summary of demographic characteristics of the respondent and the general information gathered in relation the performance appraisal system were presented here. The respondents profile for the study comprised of the respondents' gender, age, work experience in the organization, category of employment, years of experience in the current position, education level and how frequent of performance appraisal was conducted.

4.2.1 Gender

Table 4.1: Gender

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
F	70	34.5	34.5	34.5
Valid M	133	65.5	65.5	100.0
Total	203	100.0	100.0	

The researcher sought to find out the gender of the target respondents involved in the study. The findings on Table 4.1 established that 133(65.5 %) of the respondents were male as compared to 70(34.5%) who were females. Thus, the findings indicate that majority of the respondents were male.

4.2.2 Age Bracket

Table 4.2: Age Bracket

Age Range				
	Frequency	Percent	Valid Percent	Cumulative Percent
18 - 25	12	5.9	5.9	5.9
26 -33	124	61.1	61.1	67.0
Valid 34 - 41	23	11.3	11.3	78.3
42 - 50	41	20.2	20.2	98.5
above 50	3	1.5	1.5	100.0
Total	203	100.0	100.0	

The study intended to determine the age of the target respondents involved in the study. The

findings on Table 4.2 illustrates that 12(5.9%) of the respondents were between 18-25 years, 124(61.1%) between 26 to 33 years, 23(11.3%) were between 34 to 41 years and 41(20.2%) of the respondents were between 42 to 50 years, and 3(1.5%) were over 50 years. Thus, the findings indicated that majority of the respondents were young as they fall in the age bracket between the age of 26 to 33 years old.

4.2.3 Year of Service

Table 4.3: Year of service

Year of service				
	Frequency	Percent	Valid Percent	Cumulative Percent
1 - 3 yrs	51	25.1	25.1	25.1
4 - 6 yrs	88	43.3	43.3	68.5
Valid 7 - 9 yrs	35	17.2	17.2	85.7
10 and above yrs	29	14.3	14.3	100.0
Total	203	100.0	100.0	

The researcher excluded, from the start those who had service period of less than 1 year from the target population as they have no sufficient understanding of the Bank's appraisal process. As per the finding on Table 4.3, respondents who were involved in this study by year of service: 51(25.1%) have worked between 1 to 3 years, 88(43.3%) between have worked 4 to 6 years, 35(17.2%) have worked between 7 to 9 years and 29(14.3%) have worked above 10 years Thus, the findings indicated that majority of the respondents were relatively experienced.

4.2.4 Educational Level

Table 4.4: Educational Level

Educational Level				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma	11	5.4	5.4	5.4
First Degree	125	61.6	61.6	67.0
Second Degree	67	33.0	33.0	100.0
Total	203	100.0	100.0	

The study sought to determine the education level of the respondents from those involved in the study. Table 4.4 indicated that 0% of the respondents had secondary school, 11(5.4%) college diploma level and 125(61.6%) first degree level and 67(33%) second degree level. The findings indicated that respondents had minimum diploma level of education so that the majority of respondents were educated to provide responses on performance appraisal process.

4.2.5 How frequent of performance appraisal conducted?

Table 4.5: Performance Appraisal Period

Appraisal Period				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Semiannually	198	97.5	97.5	97.5
Yearly	5	2.5	2.5	100.0
Total	203	100.0	100.0	

The study sought to know the response of the respondents those involved in the study how frequently the performance appraisal was conducted in the Bank. Table 4.5 indicated that the dominant appraisal period of the Bank was Semi-annually that accounts 198(97.5%). For other appraisal period provided as an options such as monthly, quarterly, and yearly were very insignificant that comprise 5(2.5%). The finding indicated that the Bank don't have frequent performance review policy.

4.3. Employee perception on the effectiveness of the current Performance Appraisal Process.

The objective of this study was to show employee perception on effectiveness of each component of the current performance appraisal process in the case of Awash Bank-Head Office and Special Branch. In order to measure their perception on the actual practice of each component of the performance appraisal process 13 items were provided for employees that were in the sample. The following data summarizes the collected data:

Table 4.6 Mean and Standard Deviation of Employee perception about the effectiveness of performance appraisal process.

S.N	Items	N	Mean	Std. Deviation
	Set measurable performance goals			
1	I take part in the setting of the performance goals.	202	3.07	1.167
2	The performance goals set up is realistic to me.	202	3.07	.970
	Set measurable performance standards			
3	There are clear set of standards for my performance.	202	2.75	.945
4	The standards are not beyond my expectation.	202	3.01	.995
5	When I took up my current position I knew how my performance would be periodically measured.	202	3.03	1.027
	Performance Measurement			
6	I have clear understanding of how appraisal method is used to measure my performance.	202	3.31	.922
7	The performance appraisal measures used are procedurally fair.	202	3.11	.942
8	The performance appraisal has appropriate measures of job related activities.	202	3.07	.941
9	The ratings reasonably reflect my performance.	202	2.96	.999
	Performance Feedback			
10	The result of the evaluation is openly discussed to me.	202	2.78	1.018
11	I am provided with the opportunity to expresses my feeling when my performance is evaluated.	202	2.98	.909
12	I thought that the performance appraisal system objectively recognize the level of my achievement.	202	3.03	.959
13	I am often provided with feedbacks that identify my strength and weakness.	202	3.12	.962
	Valid N (listwise)	202		

Table 4.7 Summary of Mean and Standard Deviation of Employee perception about the effectiveness of performance appraisal process.

	N	Mean	Std. Deviation
Set measurable performance goals	202	3.07	0.00
Set measurable performance standards	202	2.93	0.156
Performance Measurement	202	3.11	0.146
Performance Feedback	202	2.98	0.145

The above descriptive statistics clearly indicates the corresponding arithmetic mean and standard deviation of every construct totals (total of every individual categorical construct). Thus, Set measurable performance goal categorical total has a mean of 3.07 and a standard deviation of .000, Set of measurable performance standard categorical total has a mean of 2.93 and a standard deviation of 0.156, Performance measure categorical total has a mean of 3.11 and a standard deviation of 1.46 and finally Performance feedback categorical total has a mean of 2.98 and a standard deviation of 0.145 which showed that employees of Awash Bank moderately believed in the effectiveness of each of the above performance appraisal process constructs that are around the average cut of point.

4.4. Correlation between the independent and dependent variables

According to Pallant (2010), correlation analysis is used to describe the strength and direction of the linear relationship between two variables. In this analysis, Bivariate Pearson Product-Moment Correlation Coefficient (r) has been used to see the relationship between the dependent and independent variables. Correlation analysis, in this study determines the strengths of relationship between (Performance appraisal process and Employee Motivation).

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

that independent variable influences the dependent variable (Pallant, 2010). The test also indicates the strength of a relationship between variables by (r) value that can range from -1.00 to 1.00; when 0 indicates no relationship, -1.00 indicates a negative correlation, and 1.00 indicates a perfect positive correlation (Pallant, 2010). For the rest of the values is used the following guideline: weak correlation for value 0.1 to 0.29; moderately strong for 0.3 to 0.49; and strong for 0.50 to 1.0 (Pallant, 2010). All constructs were included into the correlation analysis. Table 4.3 illustrates the result of the Pearson correlation between 9 statements of employee motivation and that of performance appraisal process's four elements that contain 13 statements.

Table 4.8: Pearson Correlation between Performance Appraisal Process component and Employee Motivation

Performance Appraisal Process		Employee Motivation
Set measurable performance goal	Pearson Correlation	.549**
	Sig. (2-tailed)	.000
	N	202
Set measurable performance standard	Pearson Correlation	.230**
	Sig. (2-tailed)	.000
	N	202
Performance measure	Pearson Correlation	.508**
	Sig. (2-tailed)	.000
	N	202
Performance feedback	Pearson Correlation	.312**
	Sig. (2-tailed)	.000
	N	202
**. Correlation is significant at the 0.01 level (2-tailed).		

The correlation results presented in Table 4.8 shows that there was significant, positive, and strong relation between set measurable performance goal in performance appraisal process and employee motivation (sig=.000, r= .549).

There was significant, positive and moderately strong relation between set measurable performance standard in performance appraisal process and employee motivation (sig=.000, r=

.230).

There was significant, positive and strong relation between performance measure in appraisal process and employee motivation (sig=.000, $r = .508$). There was also significant, positive and moderately strong relation between performance feedback and employee motivation (sig=.000, $r = .312$).

Table 4.9: Pearson Correlation between Performance Appraisal Process and Employee Motivation

		Employee Motivation
Performance Appraisal	Pearson Correlation	.525**
	Sig. (2-tailed)	.000
	N	202
**. Correlation is significant at the 0.01 level (2-tailed).		

Table 4.9. also shows the inter-correlations between employee motivation and the total four elements of performance appraisal process. This implies that performance appraisal process has strong correlations with employee motivation that is (sig=.000, $r = .525$).

4.5. Regression analysis

This section reports the results of multiple regressions conducted. multiple regression analysis is “an analysis of association in which the effects of two or more independent variables on a

single, interval scaled dependent variable are investigated simultaneously”(Zikmund et al., 2010, p.584).

According to Hair Jr. et al. (2007), Multiple Regression Analysis, a form of general linear modeling, is an appropriate statistical technique when examining the relationship between a single dependent (criterion) variable and several independent (predictor) variables. They explained that idea of using multiple regression analysis is to use the independent variable(s) whose values are known to predict the single dependent value selected by the researcher.

In this study also multiple regressions were conducted in order to examine the relationship between the independent variables: set of performance goal, set of performance standard, performance measures and performance feedback with the dependent variable, employee motivation as indicated in the conceptual framework. Here, the regression between the components of performance appraisal process and employee motivation in the form of step by step analysis.

Table 4.10 Results of multiple regressions between Employee motivation and the combined effect of Performance appraisal process predictors.

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.586 ^a	.343	.330	.54629	.343	25.696	4	197	.000

a. Predictors: (Constant), Performance Feedback, Set Performance Standards, Set Performance Goals, Performance Measures

According to Table 4.10, R-Square (coefficient of determination) is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R², also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables.

From the analysis, it is noted that 33 % ($R^2 = .330$, $F\text{-value} = .000$) of the changes in the employee motivation variables could be attributed to the combined effect of the predictor variables of appraisal process or there was 33% of variation in employee motivation due to performance appraisal process.

Table 4.11 Analysis of variance results of the regression analysis between employee motivation and predictor variables.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.674	4	7.669	25.696	.000 ^b
	Residual	58.792	197	.298		
	Total	89.466	201			

a. Dependent Variable: Employee Motivation

b. Predictors: (Constant), Performance feedback, Set of performance standards, Set of performance goals, Performance measures

From the analysis, it is noted that the probability value of 0.000 ($p < 0.05$) indicates that the regression relationship was highly significant in predicting how performance feedback, set of performance standard, set of performance goals, and performance measures influence employee motivation. Further, it shows that the overall model was significant.

Table 4.12: Regression coefficients of the relationship between Employee motivation and the four predictive variables

Coefficients ^a					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	95.0% Confidence Interval for β

	β	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.596	.184		8.667	.000	1.233	1.959
Set of performance goals	.167	.058	.235	2.872	.005	.052	.282
Set of performance standards	-.092	.061	-.112	-1.501	.135	-.214	.029
Performance measure	.118	.071	.143	1.650	.101	-.023	.259
Performance feedback	.334	.063	.380	5.319	.000	.210	.457

a. Dependent Variable: Employee Motivation

The regression coefficient explains the average amount of change in dependent variable that is caused by a unit of change in the independent variable. The larger value of Beta coefficient(β) that an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

The finding of the regression analysis result shows that set of performance goals, performance measure and performance feedback had a positive influence to the enhancement of employee motivation. Contrary to this, mutually set of performance standard showed a negative impact on employee motivation in the studied Bank. A change in the set of performance goals increase by a level leads to 0.167(16.7%) increase in employee motivation ($\beta=0.167$, $P<0.05$; .005) keeping other factors constant.

By the same token, a change in performance measure by a level lead to 0.118(11.8%) increase in employee motivation ($\beta=0.118$, $P<0.1$; .101), keeping other factors constant.

Yet, a change in performance feedback by a level leads to 0.334(33.4%) increase in the employee motivation ($\beta=0.334$, $P<0.05$; .000) keeping other factors constant.

This means that performance feedback had a great influence on increasing the employee motivation when compared to other predictors in the studied Bank. The statically significance

level of this variable is 0.000; this is at 95% confidence interval. Set of performance goals had also fairly significant effect on increasing employee motivation in the Bank. The statically significance level of this variable is 0.005; this is at 95% confidence interval. Performance measure had a fairly significant effect on increasing employee motivation but the statically significance level of this variable is 0.101; this is at 90% confidence interval.

Furthermore, the setting of performance standard influenced the outcome variable in a negative way. This means that a level change in mutually set of performance standard leads to 0.092(9.2%) decrease in the employment motivation ($\beta = -0.092$, $P < 0.1$; .135) in the studied Bank keeping other factors constant. The variable is also found to be statically not significant even at 90% confidence interval, which means that the variable is not significantly affecting the employee motivation.

Moreover, the value of $p < 0.05$ for performance feedback is ($P = .000$), for set of performance goal is ($P = .005$), for performance measure is ($P = .101$), and for set of performance standard is ($P = .135$). From this figures, it can be noted that that performance feedback and set of performance goal have significant effect on employee motivation and can be considered as good predictors. However, performance measure has fairly little significant effect on employee motivation but it is not to the extent to consider it as a good predictor in the studied Bank. Set of performance standard has little significant effect on employee motivation so that it can't be considered as good predictor in the studied Bank.

Chapter V: Summary, Conclusions and Recommendations

In this section, the summary of results, conclusion and recommendations in regards to the effect of performance appraisal on employee motivation are discussed in line with specific research objectives.

5.1. Summary of results

Based on the result obtained from the analysis and their interpretation of this study, the following summary the result of the study were constructed:

- ✓ Based on the result obtained from the descriptive analysis, the level of effectiveness of performance appraisal process: set of performance goal, set of performance standard, performance measure, and performance feedback of the Bank was moderate.
- ✓ Based on the result obtained from correlation analysis:
 - There was significant, positive, and strong relation between set measurable performance goal in performance appraisal process and employee motivation.
 - There was significant, positive and moderately strong relation between set measurable performance standard in performance appraisal process and employee motivation.
 - There was significant, positive and strong relation between performance measure in appraisal process and employee motivation.
 - There was also significant, positive and moderately strong relation between performance feedback and employee motivation.
 - In general, the inter-correlations between employee motivation and the total four elements of performance appraisal process indicate that performance appraisal process has strong correlations with employee motivation.
- ✓ Based on the result obtained from multiple regressions analysis
 - Performance appraisal process components: set of performance goal, performance measure, and performance feedback with the exception of performance standard brought about significant and positive effect on employee motivation.

- Performance feedback had a great influence on increasing the employee motivation when compared to other predictors in the studied Bank and can be considered as good predictors.
- Set of performance goals had also fairly significant effect on increasing employee motivation in the Bank and can be considered as good predictors.
- Performance measure had a fairly significant effect on increasing employee motivation but it is not to the extent to consider it as a good predictor in the studied Bank.
- However, the setting of performance standard influenced the outcome variable in a negative way but was also found to be statically not significant so that it can't be considered as good predictor in the studied Bank.

5.2. Conclusions

The primary objective of this research was to examine the effect of performance appraisal on employee motivation in the case of Awash Bank-Head Office and Special Branch. The study targeted a total of 260 respondents. However, only 202 respondents responded and returned their questionnaires contributing to 79% response rate. Respondent from different age group, educational background, and year of experience are represented in the data collected.

Based on major results obtained from the descriptive analysis, correlation analysis result, and finding of the multiple regressions analysis, the following conclusion could be drawn:

- ❖ The level of effectiveness of performance appraisal process: set of performance goal, set of performance standard, performance measure, and performance feedback of the Bank was moderate.
- ❖ The relationship between the performance appraisal process and employee motivation was significant, positive and very strong.
- ❖ All performance appraisal process components: set of performance goal, performance measure, and performance feedback with the exception of performance standard found to have significant effect on employee motivation.

In general, this study concluded that performance appraisal is likely to generate employee motivation so that effective application of performance appraisal processes inevitably required in boosting employee motivation.

5.3. Recommendations

One of the basic purposes of performance appraisal should be to enhance employee motivation which in turn helpsto increase employee commitment and performancethat contribute towards the organization success. According to Lloyd K (2014), if employee performance appraisal system has been well-designed and well-executed, it could have strong motivational impact on the staff indicating that effective appraisal systems have the power to motivate staff to perform better. Based on the conclusion of the study, the following recommendations aregiven in relation toapplication of the performance appraisal process of the Bank:

Performance goal setting: it is recommendable that the Banks to mutually set performance goals that are specific and challenging in order to boost employee motivation and performance by leading people to focus their attention on specific objectivesand to increase their effort to achieve these objectives.Achieving goals in the process alsooften increases organizational commitment which in turn positively affects organizational citizenship behavior.

Performance measures: It is recommendable to the Bank to have clear and understandable performance measures by using relevant performance measurement tools. Whenever performance measures are too complicated, employees will not understand how they are being measured so that it will not be able to motivate them to achieve the required level of performance. Further, it is recommendable to avail a system in providing adequate communication ways to employee to know how their performance will be measured.

Performance Feedback: It is also recommendable to the Bank to establish a system and train appraisers how to provide clear, frequent and performance based feedback to employees. Providing such a feedback to employees will encourage and enable self-development which is instrumental for the success of the whole organization, helpful to influence future performance of the employee, and to boost employee participation.

In general, it is recommended that the Bank is also advised to establish full-fledged performance management system like MBO or Balance Score Card (BSC) to benefit the best from the ideal performance appraisal process.

5.4.Recommendation for further research

Based on the finding showed in this study that all performance appraisal process components: set of performance goal, performance measure, and performance feedback have significant effect on employee motivation. On top this; an important research implication of this study is that the employees of Awash Bank –Head Office and Special Branch are not motivated by set of performance standard against the theoretical foundation the study. This may be due to ineffective application of performance standard setting (Mean=2.93) as shown on table 4.1 of this study. However, it is recommendable and interesting to researcher to conduct further studies to come up with concert evidence to reveal the most probable reason for this.

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Appendix-A

Addis Ababa University School of commerce

Masters of Human Resource Management

Questionnaire filled by employees who have a service of 1 and above years in Awash Bank

April 10, 2017

Dear Respondent,

This questionnaire is part of a research project to understand employee's views about the effect of performance appraisal on employee's motivation in the case of Awash Bank-Head Office and Special Branch. Your responses are important in enabling me to obtain as full an understanding of this topical issue and then to arrive at legitimate result.

The questionnaires should take you about 20 to 25 minutes to complete. Please answer the questions as per the instruction in the space provided. The information you provided will be treated in the strictest confidence. You will notice that you are not asked to include your name or address anywhere in the questionnaire.

The answers from this questionnaire and others will be used as a main data set for my theses work for my MA Degree in Human Resources Management at the Addis Ababa University School of Commerce.

I hope that you will find completing the questionnaire enjoyable. Please return the completed questionnaire personally to me as soon as possible. If you have any questions or would like further information, please don't hesitate to telephone me on 0911 11 30 78.

I would like to thank you in advance for your effort and precious time to fill the questionnaires.

General instruction:

-  You don't have to write your name.
-  Make a tick mark sign (✓) in the box given to indicate your response(s).
-  Respond to open ended questions by writing your comments on the spaces provided.

Part I: Demographic Data

1. Please tick(✓) your gender

Male ☐ Female ☐

2. Please tick(✓) your age range

18 – 25 ☐

26 – 33 ☐

34 - 41 ☐

42 – 50 ☐

Above 50 ☐

3. Please tick(✓) your education background

High Scholl complete ☐

Diploma ☐

First Degree ☐

Second Degree ☐

PhD and above ☐

Other please specify _____

4. Please tick(✓) work experience in the Bank by years:

1-3 years ☐

4- 6 years ☐

7 – 9 years ☐

Above 10 years ☐

5. Please tick(✓) your position category:

Managerial ☐

Supervisory ☐

Clerical ☐

Non Clerical ☐

Part II: Performance appraisal system of the Bank

The section aims to collect general information about performance appraisal system of the Bank.

Please answer the following questions in the way that best express your opinion:

6. Have you ever been appraised within the Bank?(If yes, answer all questions below)

Yes ☐

☐

No

7. How frequently your performance is appraised? Please tick(✓) in the box below you think appropriate:

Monthly ☐
Quarterly ☐
Semi- annually ☐
Yearly ☐

8. In your performance appraisal system, who is the appraiser?

Please tick (✓) in the box below:

Supervisor ☐
Peers ☐
Subordinates ☐
Customers ☐
Self ☐

Part III: Effect of performance appraisal on employee motivation

The section aims to collect information regarding your feelings towards the effectiveness of performance appraisal process of your Bank and its effect on employee motivation. Please answers the following questions on the scale that indicate the level of agreement or disagreement you have with each statement: (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree). Put (✓) which best describe your opinion of the statement.

NO.	Statements	Strongly	Disagree	Neutral	Agree	Strongly
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		Disagree				Agree
		1	2	3	4	5
Set measurable goals						
9	I know the end to end process of my performance appraisal.					
10	I take part in the setting of the performance goals.					
Set measurable standards						
11	There are clear set of standards for my performance.					
12	There standards are not beyond my expectation.					
13	When I took up my current position I knew how my performance would be periodically measured.					
Performance Measurement						
14	I have clear understanding of how appraisal method is used to measure my performance.					
15	The performance appraisal measures used are procedurally fair.					
16	The performance appraisal has appropriate measures of job related activities.					
17	The ratings reasonably reflect my performance.					
Performance Feedback						
18	The result of the evaluation is openly discussed to me.					
19	I am provided with the opportunity to expresses my feeling when my performance is evaluated.					
20	I thought that the performance appraisal system objectively recognize the level of my achievement.					
21	I am often provided with feedbacks that identify my strength and weakness.					
Employee Motivation						
22	Mutual set of goals for each rating period make me committed to achieve them.					
23	I feel proud and triumph whenever I attained the goals.					
24	I understand that my performance measurement is objective since the standards are clear and meaningful.					

25	Measurable standards are helpful to me in order to be effective in my performance.					
26	My performance appraisal result is accurate so I am satisfied with.					
27	I perform my work with motivation expecting that my performance is valued with reliable measures.					
28	I have great value to performance feedback that highlighted my developmental need.					
29	I feel satisfied whenever I have through discussion about my evolution result with my appraiser.					
30	I often keep going with my outstanding performance if it has been recognized.					

**This is the end of the questionnaire
Thank you again for your participation**

Appendix-B

Result of Descriptive Statistics of performance appraisal process and Employee motivation

No.	Scales	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
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	Items	F	%	F	%	F	%	F	%	F	%		%
1	I take part in the setting of the performance goals.	18	8.9%	55	27.2%	44	21.8%	64	31.7%	21	10.4%	202	100%
2	The performance goals set up is realistic to me.	14	6.9%	39	19.3%	75	37.1%	67	33.2%	7	3.5%	202	100%
3	There are clear set of standards for my performance.	13	6.4%	75	37.1%	70	34.7%	37	18.3%	7	3.5%	202	100%
4	There standards are not beyond my expectation.	12	5.9%	52	25.7%	69	34.2%	59	29.2%	10	5.0%	202	100%
5	When I took up my current position I knew how my performance would be periodically measured.	8	4.0%	61	30.2%	68	33.7%	47	23.3%	18	8.9%	202	100%
6	I have clear understanding of how appraisal method is used to measure my performance.	8	4.0%	26	12.9%	78	38.6%	76	37.6%	14	6.9%	202	100%
7	The performance appraisal measures used are procedurally fair.	14	6.9%	31	15.3%	81	40.1%	70	34.7%	6	3.0%	202	100%
8	The performance appraisal has appropriate measures of job related activities.	11	5.4%	44	21.8%	71	35.1%	71	35.1%	5	2.5%	202	100%
9	The ratings reasonably reflect my performance.	11	5.4%	67	33.2%	49	24.3%	70	34.7%	5	2.5%	202	100%
10	The result of the evaluation is openly discussed to me.	16	7.9%	73	36.1%	62	30.7%	41	20.3%	10	5.0%	202	100%
11	I am provided with the opportunity to expresses my feeling when my	12	5.9%	41	20.3%	96	47.5%	45	22.3%	8	4.0%	202	100%

	performance is evaluated.												
12	I thought that the performance appraisal system objectively recognize the level of my achievement.	12	5.9%	47	23.3%	71	35.1%	66	32.7%	6	3.0%	202	100%
13	I am often provided with feedbacks that identify my strength and weakness.	13	6.4%	33	16.3%	82	40.6%	64	31.7%	10	5.0%	202	100%
14	Mutual set of goals for each rating period make me committed to achieve them.	11	5.4%	23	11.4%	82	40.6%	72	35.6%	14	6.9%	202	100%
15	I feel proud and triumph whenever I attained the goals.	4	2.0%	27	13.4%	19	9.4%	130	64.4%	22	10.9%	202	100%
16	I understand that my performance measurement is objective since the standards are clear and meaningful.	17	8.4%	25	12.4%	40	19.8%	107	53.0%	13	6.4%	202	100%
17	Measurable standards are helpful to me in order to be effective in my performance.	5	2.5%	27	13.4%	27	13.4%	119	58.9%	24	11.9%	202	100%
18	My performance appraisal result is accurate so I am satisfied with.	9	4.5%	48	23.8%	26	12.9%	109	54.0%	10	5.0%	202	100%
19	I perform my work with motivation expecting that my performance is valued with reliable measures.	12	5.9%	45	22.3%	24	11.9%	107	53.0%	14	6.9%	202	100%
20	I have great value to performance feedback that highlighted my	16	7.9%	20	9.9%	89	44.1%	57	28.2%	20	9.9%	202	100%

	developmental need.												
21	I feel satisfied whenever I have through discussion about my evaluation result with my appraiser.	9	4.5%	48	23.8%	26	12.9%	109	54.0%	10	5.0%	202	100%
22	I often keep going with my outstanding performance if it has been recognized.	4	2.0%	27	13.4%	19	9.4%	130	64.4%	22	10.9%	202	100%

Appendix-C

Result of correlational and regression analysis

Performance Appraisal Process	Employee Motivation
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Set measurable performance goal	Pearson Correlation	.549**
	Sig. (2-tailed)	.000
	N	202
Set measurable performance standard	Pearson Correlation	.230**
	Sig. (2-tailed)	.000
	N	202
Performance measure	Pearson Correlation	.508**
	Sig. (2-tailed)	.000
	N	202
Performance feedback	Pearson Correlation	.312**
	Sig. (2-tailed)	.000
	N	202
**. Correlation is significant at the 0.01 level (2-tailed).		

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.586 ^a	.343	.330	.54629	.343	25.696	4	197	.000

a. Predictors: (Constant), Performance Feedback, Set Performance Standards, Set Performance Goals, Performance Measures

ANOVA ^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.674	4	7.669	25.696	.000 ^b
	Residual	58.792	197	.298		

Total	89.466	201			
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a. Dependent Variable: Employee Motivation

b. Predictors: (Constant), Performance feedback, Set of performance standards, Set of performance goals, Performance measures

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	1.596	.184		8.667	.000	1.233	1.959
Set of performance goals	.167	.058	.235	2.872	.005	.052	.282
Set of performance standards	-.092	.061	-.112	-1.501	.135	-.214	.029
Performance measure	.118	.071	.143	1.650	.101	-.023	.259
Performance feedback	.334	.063	.380	5.319	.000	.210	.457

a. Dependent Variable: Employee Motivation