

***THE EFFECT OF PERFORMANCE APPRAISAL ON
MOTIVATION AND PRODUCTIVITY OF EMPLOYEES OF
HIDASE TELECOM SHARE COMPANY***

*A Thesis Submitted to the School of Graduate Studies of Jimma University
in Partial Fulfillment of the Requirements for the Award of the Degree of
Master of Business Administration (MBA)*

BY

KUMNEGER DEREJE



**JIMMA UNIVERSITY
COLLEGE OF BUSINESS & ECONOMICS
MBA PROGRAM**

OCTOBER 2015

JIMMA, ETHIOPIA

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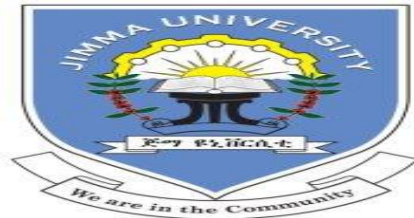
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CERTIFICATE

This is to certify that the thesis entitles " *The effect of Performance appraisal on Motivation and Productivity of Employees,*"Submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) and is a record of bonafide research work carried by Mr. Kumneger Dereje, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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DECLARATION

I hereby declare that this thesis entitled "*The Effect of Performance appraisal on Motivation and Productivity of Hidase telecom Share Company Employees*" has been carried out by me under the guidance and supervision of Ato Wondeson Seyoum and Mohammed Yassin.

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List of ACRONYMS

HTSC	Hidasie telecom share company
PA	Performance appraisal
SWD.....	South west district
HRM.....	Human resource management

Abstract

Many researchers suggest that performance evaluation system have not been successful in creating motivation and improvement of employee's performance (fletcher2001). In HTSC, there exist a huge performance gap and level of motivation among employees and employee- shareholders. An effective performance management system enables employees to perform their roles to the best of their abilities with the aim of achieving or exceeding established targets and standards that are directly linked with the organizations objectives. Thus, the objective of the study was to assess the Impact of performance appraisal on Motivation and Productivity in the case study of SWD HTSC. To collect necessary information for the purpose of the study, the researcher used face-to-face interview using structured questionnaires and telephone Interview was employed for primary source of data. Whereas secondary data was gathered or compiled from published and unpublished sources or files. From the total population of 202 employees by using Random sampling the sample size were 135. Allocation of respondents was done by using stratified sampling technique because the sample that was drawn is heterogeneous group. Because the population is heterogeneous there were a number of strata, the sample was selected from each stratum. Stratified sampling offers equal opportunity for every element found in each stratum to be included in the sample proportionate to the relative size of that stratum. Questionnaires are distributed to a sample of 135 employees out of which 125 questionnaires were returned. Based on the returned questionnaire, descriptive statistics were used to analyze the data. For analyzing data, SPSS Software version 20.0 was applied. In order to assess the reliability and consistency of the instrument the Cronback's Alpha (α) analysis was conducted. Results presented there were positive relationship between performance appraisal with employee's Motivation and Productivity. The study recommends a set of guidelines, which could be used in improving the current performance appraisal policy and further boost employee motivation and productivity.

Key Words: Motivation; Performance; Performance Appraisal

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Rapid change and developments as well as increasing communications and dramatic developments in management, have made the existence of effective organizational performance evaluation system for the organizations inevitable. The management experts for the performance evaluation have provided various models so that organizations use them according to their type of organization, mission, structure and workers.

Dramatic changes in the knowledge management area have converted the nature of performance evaluation system to an inevitable issue, so that the lack of appraisal system in organization considers as one of the symptoms of the organizational diseases. Today, the performance evaluation known as a strategic approach for integration of human resources activities together with policies of business and the organizations use advanced and complex methods for assessing the performance of their employees (Behri & Patron, 2008).

However, researches show that many organizations are not satisfied with their employees' performance evaluation plans. They suggest that performance evaluation systems have not been successful in creating motivation and improvement of employees' performance (Fletcher, 2001). Given the importance of performance evaluation, it is essential that organizations take action for more effectiveness of it. Periodical evaluation in a system and its components can increase its effectiveness. Such assessments are essential because, on the one hand, they specify the extent to which the related purposes of the appraisal and development have realized and on the other hand, based on these assessments we can rectify the current performance assessment practices (Dolan & Schuler, 1995).

Regarding the significance of the issue, this study assesses the employees' performance evaluation process from the viewpoints of Hidasie telecom share company employees. In the context of Hidasie PA have not been given much attention in creating motivation and

to increasing productivity due to this employees think that Performance appraisal does not create any value and determine the impact of employees' performance appraisal procedures on their productivity and motivation in this organization.

1.2 Background of the Organization

Telecom industry has underwent various changes following these changes reorganization of the sole telecom service in the former Ethiopian telecommunication corporation to the newly set up Ethio-telecom left tremendous number of employees to be laid off. This is the driving force for the inception of setting an alternative telecom service provider with the help of Ethio-telecom and government of Ethiopia. Hidasie telecom comes into existence in July of 2011 year. The establishment of Hidasie telecom Share Company (HTSC) came to reality with 2508 shareholders with the total subscribed capital of Birr 74,665,700.00. (Annual report June 30,2014)

Hidasie telecom has mission to make telecom service and products accessible to all subscribers across the nation. The company distributes telecom products & solar lights to every segment and corner of the country. In addition, the company has a mission to provide telecom technical solution and other telecom services for and on behalf of Ethio telecom. Due to its services, customers will find telecom access to the nearest places easily without traveling long distances. Furthermore, the company has a vision to become reliable telecom service provider and telecom products distributor in the country.

HTSC is currently engaged in the following sectors:

- Sim Card, Voucher Card and Handset distribution and Selling.
- Collection of telephone Bill across the country.
- Payphone Collection and booth cleaning across the country
- Providing operator assisted call in more than 800 pay stations all over Ethiopia (Universal Access Services)
- Vehicle repair and Services: Owing 1st Degree vehicle maintenance certificate from transport Authority, HTSC is Managing Ethio Telecom Garages &

workshops all over the country and providing vehicles maintenance services at Addis Ababa and 7 district offices.

- Pole Impregnation service: By contracting Ethio Telecom facilities and machinery, Impregnating poles for Ethio Telecom and Ethiopian Electric & Power Corporation distribution lines.
- Solar Mobile Charger Distribution: Distributing & retailing solar light and mobile chargers throughout the company's distribution channels across the country, especially to the rural community.
- Cleaning and Janitorial Service: Owing license certificate of cleaning and janitorial service we are almost under final process to start the business/service.
- Installation and maintenance of Telecommunication Networks: Owing license certificate of installation, maintenance and outside plant expansion of telecom infrastructures, fiber optics laying.
- HTSC privileged to be the only private NATIONAL DISTRIBUTOR of telecom products through its 800 shops across the nation.

Southwest district Hidasie telecom is one of 11 districts of Hidasie telecom Share Company. The district has been serving more than seven million telecom customers by using its 202 staffs, 10 area offices, and 100 pay stations.

1.3 Statement of the Problem

An organization has a goal whether it is public or private or sometimes organizations that share the feature of both. Organizational goals can be realized by the effort of people who work in the organization despite the presence of various forms of ownership. One of the major problems confronting management according to Nwachukwu (1985) is that of motivating workers to perform assigned tasks and to meet or surpass predetermined standards. The way that how employees get motivated and productive by means of performance appraisal are discussed in the works of various researchers. Yele (2010) made a remarkable statement by focusing on the performance part of that the performance appraisal system is the only tangible metric way by which an organization can know the level of performance of its diverse employees. Further Floger (1992), toward that performance appraisal has a positive correlation with productivity, and Bacal

(1999), found that with the practice of performance appraisal the efficiency of employees increase. Later, several studies were conducted by linking performance appraisal with motivation. In addition, Akuodo (2012) proved PA as an effective tool in employee motivation if both the process and outcome are fair. Rasheed (2013) on his behalf found that significant impact of incentive and benefits on employees motivation.

On behalf of all this research undertaking, no research has been conducted on the effect of PA on motivation and productivity of employees in the context of Hidasie telecom Share Company. This study helps to fill the gap among employee performance and the outcome of PA that injects employee's motivation and productivity. Random Preliminary studies from secondary data sources on performance employees revealed the presence of huge performance gap between employees across areas. Such a problem might contribute to the currently observed low level of profit of the company as compared to other company's engaged in similar line of business. Unless the degree of variation in performance of employees are narrowed by closely looking at link between PA, employee motivation and promoting productivity of employees so as to address observed problem in a systematic way the far reaching effect might produce counterproductive result by putting the company at competitive disadvantage. Therefore, the researcher was investigating the effect of PA on motivation and productivity of employees. (on Hidasie Telecom Share Company South West District).

PA practice of the company may affects employee's motivation and productivity decision to stay or leave an organization and to work effectively and get the benefit of PA. As the researcher interviewed employees of Hidasie Telecom Share Company, The study tried to see that Hidasie Telecom Share Company employees are not motivated and productive. Therefore, the researcher investigates the effect of PA on motivation and productivity of employees.

1.4 Objectives of the Study

1.4.1 General Objectives of the Study

The general objective of this study was to assess the effect of Performance appraisal on employees' productivity and motivation. In the case, study of Southwest, Hidasie telecom Share Company.

1.4.2 Specific Objectives of the study

- To describe and analyze the current PA system of HTSC.
- To find and examine the effect between PA and employees motivation
- To find and examine the effect between PA and employees productivity
- To assess if there are a gap in PA practice of HTSC.

1.5 Research Questions

Finally, the researcher answers the following research question:

1. Is there a gap in terms of PA practice by the organizations & expected by the employees?
2. Do outcomes of PA affect employee's productivity and motivation?
3. Is there an effect between outcome of PA and employees motivation in District?
4. Is there an effect between outcome of PA and employees Productivity in District?

1.6. Scope of the study

Although company's strength, growth and profitability depends upon both the strength of the boards and employees serving the company. Yet major responsibility rests upon employees and employee shareholders. This compels such companies to have systematic performance appraisal systems, to evaluate and enhance employee's performance in a way to motivate and increase productivity of employees (Rasheed, et al. 2011).

Therefore, the study was carried out to assess the impact of performance appraisal exercises of Hidasie telecom share company employees found in southwestern district because the company starts its operation in this district. The study emphasize on the impact of performance appraisal on motivation and productivity of employees with a

particular reference to Performance evaluation, Employee Development and Remuneration and benefit.

1.7. Significance of the study

Literature indicated that assessing, measuring performance of employees and studying its relationship with motivation and enhancing productivity of employees is vital for the survival and growth of the company. This enables the company's the role, process outcome of PA with a particular reference to motivation and productivity of employees. The study therefore attempt to help Hidasie telecom and similar organizations to identify important elements that have to be considered during performance appraisal methods, processes and outcomes and that help to motivate and enhance productivity by strengthening the strong relationship between PA, motivation and productivity. Moreover, this study was the pioneer in Hidasie context, so it will helps interested future researchers by being as a reference material and by indicating future research direction regarding what drawback and strength might observe in PA with a particular reference to motivation and productivity of employees.

1.8. Organization of the Paper

The study was organized into five chapters. The first chapter deals with the introductory idea about the topic, statement of the problem, the research objectives, the research approach, the scope and limitation of the study. The second chapter is literature review where detailed discussion about the topic was presented. In the third chapter methodology, Such as sample design, sampling techniques, types of data, methods of data collection and data analysis techniques are presented. The fourth chapter is Data presentation, analysis and Interpretation. The fifth chapter is summary, conclusion and recommendation.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. What is performance?

According to Armstrong, (2009) there are different views on what performance is. It can be regarded as simply the record of outcomes achieved. On an individual basis, it can be a record of the person's accomplishments.

The *Oxford English Dictionary* defines performance as: „The accomplishment, execution, carrying out, working out of anything ordered or undertaken.“ This refers to outputs/outcomes (accomplishment) but also states that performance is about doing the work as well as being about the results achieved. Performance could therefore be regarded as behavior – the way in which organizations, teams and individuals get work done. Similarly Campbell *et al* (1993) defined performance as behavior or action relevant to the attainment of the organization's goals that can be scaled or measured.

Job performance is a function of two different things: what the person accomplishes and how the person goes about doing the job. Probably all of us have encountered people who were excellent at one and fail at the other. Thus, for an organization to be successful, both behaviors and results are important (Grote 2002).

Almost all definitions given above in one way or another are concerned about the same thing: behavior and result. That is why Armstrong, (2009) said a more comprehensive view of performance is achieved if it is defined as embracing both behavior and outcomes. Thus performance means both behaviors and results. Behaviors emanate from the performer and transform performance from abstraction to action. This definition of performance leads to the conclusion that when managing the performance of teams and individuals both inputs (behavior) and outputs (results) need to be considered.

2.2. Purposes of performance appraisal

PA is a pivotal management technique. It is used in judgmental workforce decisions, such as promotion, demotion, retention, transfer, and pay and for employee development via feedback and training; it serves the organization as a means for validating selection and hiring procedures, promoting employee-supervisor understanding, and supporting an organizations culture (Daley, 1992, p. 39-49).

Performance appraisal serves a number of purposes in organizations. In general, terms performance appraisal has two roles in organization, which are often seen as potentially conflicting. These are administrative and developmental roles. Performance appraisals can be sometimes conducted for personnel research purposes (Mathis & Jackson, pp. 344).

Those who favor formal performance evaluation contend that it serves several purposes, which are essentially extensions of the above two major roles (Ivancevich & Glueck, 1989, and Robbins, 1996). The following are some of them:

Developmental purposes. PA can determine which employees need more training and helps evaluate the results of training programs. It helps the subordinate-supervisor counseling relationship, and encourages supervisors to observe subordinate behavior to help employees. They pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy. Similarly, the effectiveness of training and development programs can be determined by assessing how well those employees who have participated do on their performance evaluation.

Reward and compensation purposes. PA helps the organization decide who should receive pay raise and promotions. It can determine who will be laid off. It reinforces the employee's motivation to perform more effectively. PA also provides information that can be used to determine what to pay and what will serve as an equitable monetary package. Decisions as to who gets merit pay increases and other rewards are frequently determined by performance evaluations.

Motivational purposes. The presence of an evaluation program has a motivational effect: it encourages initiative, develops a sense of responsibility, and stimulates effort to perform better. What defines performance in the expectancy model of motivation is the individual's performance evaluation. To maximize motivation, people need to perceive that the effort they exert leads to a favorable performance evaluation and that the favorable evaluation will lead to the rewards they value.

Following the expectancy model of motivation, if the objectives that employees are expected to achieve are unclear, if the criteria for measuring those objectives are vague, and if the employees lack confidence their efforts will lead to a satisfactory appraisal of their performance or believe there will be unsatisfactory payoff by the organization when their performance objectives are achieved, one can expect individuals to work considerably below their potential.

Legal compliance, It serves as a legally defensible reason for making promotion, transfer, reward, and discharge decisions.

Personnel and employment planning purposes. PA serves a valuable input to skills inventories and personnel planning. Performance evaluations can be used as criterion against which selection and development programs are validated. Newly hired employees who perform poorly can be identified through performance appraisal.

Communications purposes. Evaluation is a basis for an ongoing discussion between superior and subordinate about job-related matters. Through interaction, the parties get to know each other better. Evaluations fulfill the purpose of providing feedback to employees on how the organization views their performance.

2.3. Performance appraisal as part of the performance management system

Most people think that “performance management” and “performance appraisal” are one and the same thing. Performance appraisal is the process by which an individual’s job performance is assessed and evaluated. It answers the question, “How well has the employee performed during the period of time in question?” Thus it is only a part of performance management (Bacal, 1999, pp. 93).

2.4. Who should appraise?

A rating program should help by ensuring that raters have an opportunity to observe the performance they rate, have ability to make sound judgments, and use appropriate standards against which to rate (Barret, 1966, pp. 99-101).

OBSERVATION. Observation is obviously the first step in any rating procedure. The rater must collect some information about the persons rated, whether it be by direct observation, study of records, or interviews with others who have direct knowledge of performance. What he/she needs is sufficient observation of pertinent data to carry through the succeeding steps of the rating process.

JUDGMENT. Once the observations have been complete, the rater must evaluate what he has seen and record his/her impressions. The rater must have a clear picture of what is required of the job and the standards of satisfactory performance. He/she must understand the purpose of the rating and what is expected to do. All these tasks call for intelligence and experience. The less able supervisor tends to honor the conservative, cooperative subordinate who doesn’t threaten him/her.

POINT OF VIEW. The rater who had adequate opportunity to observe, and who possesses the equipment for making an adequate judgment, is not yet in a position to make a rating, because he must fit what he has observed into his own value system, which provides him/her with the standards against which to judge what he/she has seen. He/she must select from the countless incidents he/she observed those which are pertinent

to the rating task at hand. He/she must then decide whether what he/she observed is good or poor, satisfactory or undesirable. It is at this point that his/her own personality, experience, and personal values enter the rating.

POSITION. The position of the rater relative to the person being rated determines, in part, the extent and nature of his opportunity to observe the quality of his judgment and the appropriateness of his/her point of view. By tradition, a manager's authority typically has included appraising subordinates' performance. The logic behind this tradition seems to be that since managers are held responsible for their subordinates' performance, it only makes sense that these managers do the evaluating of that performance. However, others may actually be able to do the job better (Robbins, 1996, pp. 651). Among these are:

Immediate supervisor. Traditional rating of employees by supervisors is based on the assumption that the immediate supervisor is the person most qualified to evaluate the employee's performance realistically, objectively, and fairly. The unity of command notion - the idea that every subordinate should have only one boss - underlies this approach. The advantage to this source of appraisal is that supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control their subordinates continuously. Moreover, supervisors are accountable for the successful performance of their subordinates.

On the negative side, immediate supervisors may emphasize certain aspects of employee performance to the neglect of others. Also managers have been known to manipulate evaluations to justify their decisions on pay increases and promotions. Managers and employees evaluate performance appraisal systems on different bases. Managers tend to evaluate the systems on how well they aid in communicating with employees about their performance levels and if they aid in enhancing better performance (Mathis & Jackson, pp. 347-348).

Employees rate the fairness of a performance appraisal higher if the following characteristics

exist:

- *Ratings are based on actual performance*
- *Standards are consistently applied*
- *Two-way communication is allowed during the interview*

Peers. Peer evaluations are one of the most reliable sources of appraisal data. First, peers are close to the action. Daily interactions provide them with a comprehensive view of an employee's job performance. Second, using peers as raters results in a number of independent judgments. A boss can offer only a single evaluation, but peers can provide multiple appraisal. And average of several ratings is often more reliable than a single evaluation. On the downside, peer evaluations can suffer from coworkers' unwillingness to evaluate one another and from friendship-based biases. Moreover, peer appraisal may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction.

Self appraisal. If individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are to a great extent in the best position to appraise their own performance. It is also appropriate under conditions where an employee is working in isolation or possesses a unique skill in which case he/she may be the only one to rate his/her behavior. Essentially, it is a self-development tool that forces employees to think about their strengths and weaknesses and set goals for improvement. Also, since employee development means self development, employees who appraise their own performance may become highly motivated. Having employees appraise their own performance is consistent with values such as self-management and empowerment.

On the negative side, self evaluations get high marks from employees themselves; they tend to lessen employees' defensiveness about the appraisal process; and they make excellent vehicles for stimulating job performance discussions between employees and their superiors.

However, they suffer from overinflated assessment and self-serving bias. Thus, because of these serious drawbacks, self appraisals are probably better suited to developmental uses than evaluative purposes.

Immediate subordinates. The concept of having supervisors and managers rated by employees or group members is being used in a number of organizations today. A prime example of this type of rating takes place in colleges and universities where students evaluate the performance of professors in the classroom. There are three primary advantages to this source of appraisal. First, in situations where manager-employee relationships are critical, employee ratings can be quite useful in identifying competent managers. Second, this type of rating program can help make the manager more responsive to employees, though this advantage can quickly become a disadvantage if it leads the manager to try to be “nice” rather than to try to manage. Finally, it can be the basis for coaching as part of a career development effort for the managers. The hope is that the feedback will assist their managerial development.

A major disadvantage to appraisal by subordinates is the negative reaction many superiors have to being evaluated by employees. The “proper” nature of manager/employee relations may be too great for employees to give realistic ratings. In addition, employees may resist rating their bosses because they do not perceive it as part of their jobs. If this situation exists workers may rate the manager only on the way the manager treats them and not on critical job requirements.

Multisource rating (Comprehensive or 360° rating). Multisource feedback recognizes that the manager is no longer the sole source of performance appraisal information. Instead, feedback from various colleagues and constituencies is obtained and given to the manager, thus allowing the manager to help shape the feedback from all sources. The manager remains a focal point both to receive the feedback initially and to engage in appropriate follow-up, even in a 360° system. Thus, the manager’s perception of an employee’s performance is still an important part of the process. This source of appraisal has the following advantages and drawbacks (as cited in Bozeman, 1997, pp. 313-316):

multi-rater evaluation provides an integrated assessment of individual performance that maximizes the strengths and minimizes the weaknesses of individual ratings, a fuller conceptualization and measurement of the job performance domain, an improved legal defensibility over single-source ratings, and an increased use of performance feedback for individual improvement and development. Multi-rater evaluation also is an attractive prospect to individual rates in that ratees tend to perceive multi-rater evaluation as a fairer and more acceptable method of performance appraisal than traditional single-source evaluation.

Despite the purported benefits of multi-source performance appraisal cited above, the following drawbacks could be noted: different rater groups (e.g. supervisors, subordinates) frequently do not agree concerning an individual's job performance. Based on traditional conceptions of reliability and validity, low inter-rater agreement indicates unreliability and, therefore, invalidity. Accordingly, the validity of multi-source performance appraisal has been questioned. Further, because raters within various groups have different opportunities to observe an individual's job performance behaviors, disagreement among rater groups might well be expected (Murphy and Cleveland, 1995). Moreover, the performance ratings provided by different rater groups also are likely role-related (Borman, 1991). That is, various rater groups likely evaluate the aspects of the focal individual's performance that are most relevant to the raters themselves. For example, supervisors likely evaluate an individual's job performance quite differently than his or her subordinates would, in that supervisors rate the focal individual in his or her role as a subordinate, and subordinates rate the focal individual in his or her role as a supervisor. These two situations would appear to constitute different domains of job performance. Further, it seems quite possible that one could perform well in a subordinate role, but not in a supervisory role. According to the preceding rationale, then inter-rater ratings from different ratings sources should not necessarily be in agreement, in that they are not assessing the same, but different, aspects of job performance. Stated a bit more directly, the various rater groups are not rating the something.

Therefore, the issue of inter-rater agreement across rater groups does not appear to be directly relevant in the context of multi-source performance appraisal. It does not seem logical to expect or require agreement between separate performance ratings that do not clearly measure the same phenomenon. The fact that performance ratings provided by different rater groups do not refer to the same phenomenon, and, thus, do not often agree with one another does not itself render the process of multi-source performance appraisal invalid. Accordingly, reliability and validity in this context are essentially non-issues, and inter-rater agreement across different rater groups should not be considered a prerequisite to ratings validity. To use a well-worn analogy, comparing ratings across rating groups is a bit like comparing apples and oranges: both are fruits, but fruits of a different kind.

2.5. What is appraised?

The criterion or criteria that management choose to evaluate, when appraising employee performance, will have a major influence on what employees do. Generally, content to be appraised is determined on the basis of job analysis. Content to be appraised may be in the form of contribution to organizational objectives (measures) like production, costs savings, return on capital, etc. (Robbins, 1996, pp. 650- 651 & Rao & Rao, 2004, pp. 220). The three most popular sets of criteria are:

- i.** Individual task outcomes (objectives) which measure job-related results like amount of deposits mobilized
- ii.** Behaviors which measure observable physical actions, movements, and
- iii.** Traits which are measured in terms of personal characteristics observable in employees job activities.

Individual task outcomes. If ends count, rather than means, then management should evaluate an employee's task outcomes. Using task outcomes, a sales person could be judged on criteria such as number of customers served, amount of sales, etc.

Behaviors. In many cases, it is difficult to identify specific outcomes that can be directly attributable to an employee's actions. This is particularly true of personnel in staff positions and individuals whose work assignments are intrinsically part of a group effort.

In the latter case, the group's performance may be readily evaluated, but the contribution of each group member may be difficult or impossible to identify clearly. In such instances, it is not unusual for management to evaluate the employee's behavior. Thus a sales person may be evaluated on the basis of such behaviors as the quality of his/her customer services, his/her manner of communication with colleagues and customers, etc. Traits. Traits are the weakest set of criteria, yet widely in use by many organizations. They are said to be weaker than either task outcomes or behaviors because they are farthest removed from the actual performance of the job itself. Traits such as having "a good attitude," showing "confidence," being "dependable" or "cooperative," "looking busy," or possessing "a wealth of experience" may or may not be highly correlated with positive task outcomes, but only the naïve would ignore the reality that such traits are frequently used in organizations as criteria for assessing an employee's level of performance (Robbins, 1996, pp. 650-651).

2.6. Methods of performance appraisal

In order for performance appraisal to achieve its purposes, a variety of methods have been developed. The choice of a method depends on organizational ethos, its objectives in making the appraisal, its size, product, technology, etc. The most prevalent methods fall under four major groups, namely, category rating methods, comparative methods, narrative methods, and special methods.

2.6.1. Category rating methods

These are the simplest methods for appraising performance which require a manager (supervisor) to mark an employee's level of performance on a specific form. The graphic rating scales, checklist and the forced choice method fall under this classification.

Graphic Rating Scale. This is the oldest and most widely used performance evaluation technique also known as linear rating scale or simple rating scale. It measures the degree of characteristics required for adequate performance of the job and consists of a number of characteristics and qualities which are judged on a point scale. The rater is presented with a set of traits such as quantity and quality of work, knowledge of job, cooperativeness, dependability, attendance, attitude, initiative, leadership, decisiveness,

emotional maturity, etc. The supervisor evaluates these characteristics on a point scale from high to low, excellent to poor, etc.

The advantage of this method is that it is easy to construct, understand, and use. Moreover, they allow for quantitative analysis and comparison. A major drawback to this method is its subjectivity and low reliability. Another limitation is that the descriptive words often used in such scales may have different meanings to different raters.

Checklist. The checklist is a simple rating technique in which the supervisor is given a list of statements or words and asked to check statements representing the characteristics and performance of each employee.

There are several difficulties with the checklist: (1) as with the graphic rating scale, the words or statements may have different meanings to different raters; (2) raters cannot discern the rating results if a weighted checklist is used; and (3) raters do not assign the weights to the factors-it is someone else, such as a member from the HR department who usually does so. These difficulties limit the use of the information when a rater discusses the checklist with the employee, creating a barrier to effective developmental counseling. Forced choice. In its simplest form, the method consists of providing a list of behavior related statements. The supervisor is asked to indicate one least and one most descriptive statement for a particular subordinate. These statements are usually grouped in clusters of five based on a broad theme covered by these statement. Each statement carries some weight which is not known to the supervisor.

One distinct advantage of this method is that it is very objective. The supervisor does not know the weights of the statements and hence can only check those that are most and least descriptive of an employee. There is no way he/she can favor a particular employee. However, the same can be said to be the most distinct disadvantage of the method. When a supervisor genuinely wants to reward an employee, he/she cannot do it because he/she doesn't know the weight of a statement. A second disadvantage of a forced choice method takes lot of time, effort, and requires professional help.

2.6.2. Comparative methods

Ranking systems involve comparing people against each other and determining whether an employee is better than, the same as, or worse than his or her colleagues on the basis of some set of criteria (Bacal, 1999, pp. 93-107). Ranking systems have the potential to cause unwanted side effects. Because ranking systems compare colleagues, in a very real sense they push people to compete with each other. There are two ways for an employee to be ranked higher than his/her colleagues. One is to perform better and accomplish more. That is not bad. The second way is for the employee to make sure that his/her colleagues (competitors) perform worse and accomplish less, which is bad (Bacal, 1999, pp. 93-107).

2.6.3. Narrative methods

Written appraisal information is sometimes required of some managers and human resource specialists. These methods are used when documentation and description of an employee's actions are sought rather than an actual rating. The two most widely used techniques that fall under this classification are the essay and critical incident methods.

Essay or free form appraisal. This method requires the rater to write a short essay describing each employee's performance during the rating period. It emphasizes evaluation of overall performance, based on strengths and weaknesses of employee performance, rather than specific job dimension. As raters may be required to enumerate specific examples of employee behavior, the essay technique minimizes rater bias and halo effect (Rao & Rao, 2004, pp. 234-235).

A written essay requires no complex forms or extensive training to complete, but the results often reflect the ability of the writer. A good or bad appraisal may be determined as much by the evaluator's writing skill as by the employee's actual level of performance (Robbins, 1996, pp. 653).

Critical incidents. Critical incidents focus the evaluator's attention on those behaviors that are key in making the difference between executing a job effectively and executing it ineffectively. That is, the appraiser writes down anecdotes describing what the employee

did that was especially effective and ineffective. The key here is that only specific behaviors, not vaguely defined personality traits, are cited (Robbins, 1996, pp. 653-654). Critical incidents, according to critics, are misleading because only the extreme and unusual elements are reported at the expense of the steady, day-to-day performance, which is the real substance of an employee's effectiveness. The unsystematic records kept by supervisors leave great room for the operation of the bias the system is supposed to eliminate, or at least to reduce (Barret, 1966, pp. 52).

2.7. How often should appraisal be done?

Organizations use two basic timing periods for most employees. They are referred to as the anniversary date (the date the person entered the current job or a common review date). Under a common review date system, all employees are evaluated and compared so that such decisions as promotions, and merit pay increases have a common period of time being covered for all employees.

Researchers have found that feedback on performance should be given frequently and the closer the feedback to the action, the more effective it is. However, only few firms evaluate frequently. One way to reconcile the ideal with the reality in this respect is for the manager to give frequent feedback to employees informally and then formally summarize performance at evaluation time.

Another reason that some managers resist frequent subordinate evaluations is that they produce stress, especially if a rater has to use a system in which he/she has little faith or confidence. There is also the stress associated with having to inform another person that he/she is not performing at acceptable levels (Srinivas & Motowidlo, 1987, as cited in Ivancevich & Glueck 1989, pp. 338-339). Researchers have found that raters under stress tend to notice and recall negative information about those being evaluated.

2.8. Potential problems to performance appraisal

While organizations may seek the performance appraisal process to be free from personal biases, prejudices, and idiosyncrasies, a number of potential problems can creep into the process (Robbins, 1996, pp. 655). Problems related to performance appraisal can be of

three general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999, pp. 204-207).

2.8.1. Human errors (rating biases)

Human errors are called so because they just happen and supervisors may neither know about them nor have much control over them. To the degree that the following human factors are prevalent, an employee's evaluation is likely to be distorted:

Single criterion. A typical employee's job is made up of a number of tasks. Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees will emphasize the single criterion to the exclusion of other job-relevant factors.

Leniency error. Every evaluator has his or her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Such ratings do not serve any purpose. Equally damaging one is assigning consistently low rates.

Halo error. This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar.

Central tendency errors. Some raters follow play safe policy in rating by rating employees around the middle point of the rating scale and they avoid rating at both the extremes of the scale. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job (Rao & Rao, 2004, pp. 247).

Recency vs. primacy effect. One difficulty with many of the evaluation systems is the time frame of the behavior being evaluated. Raters forget more about past behavior than current behavior (Ivancevich & Gluedck, 1989, pp.331). Recency refers to the proximity

or closeness to appraisal period. Generally, an employee takes it easy for the whole year and does little to get by the punishment. However, as appraisal time gets closer, he/she becomes very active creating an elusion of efficiency in the rater thereby affecting his/her appraisal decision.

Primacy is the opposite of recency. It refers to a situation where an employee's initial impression influences his/her rater's appraisal decision irrespective of whether the employee has been able to keep up the initial impression or not.

Similarity error. This occurs when appraisers rate other people giving special consideration to those qualities they perceive in themselves. The similarity between the rater and ratee may take one or more of the following forms: demographic similarity, affective similarity, perceived similarity & mutual liking (Schraeder & Simpson, 2006, pp. 34-40).

2.8.2. Problems of criteria

Appraisal has to be against certain criteria. If a discrepancy between expected and actual performance is pointed out, the question is whether the expected was fully defined and communicated to the employee. In the absence of such an attempt, the appraisal reports can be questioned. The issue basically refers to job description. It is true that jobs can be clearly defined at the lower levels in the organizational hierarchy. However, as one goes up, it becomes more and more difficult to clearly specify the tasks one is supposed to perform.

2.8.3. Problems of confidentiality

One important issue in performance appraisal has to do with sharing or keeping secret the ratings on various items of appraisal report. While many organizations have a system of selective feedback to the employee, the general policy is not to share the total report with the employee. There are many reasons for this. First, each employee expects rewards if the report is better than average, which may not be administratively possible, Secondly, very often supervisors pass the challenge to top management by saying that while they did give good ratings to the employee; top management did not take that into consideration. Thirdly, giving rewards is not the only objective of appraising employees.

Given these reasons, it is emphasized that supervisory ratings of employees should be kept confidential.

On the other hand, it is claimed that since there will always be differences between the supervisor and employee's perception of the subordinate's job performance, perhaps the employee should fully be aware of how he/she has been rated. In fact, MBO, which is tailored to the individual, was introduced to take care of this problem. However, MBO does not readily provide the data needed for decisions on wage increase, promotion, and other personnel actions that require comparisons between two and more employees.

2.9. Overcoming problems

Just because organizations can encounter problems with performance appraisal should not lead managers to give up the process. Some measures can be taken to overcome most of the problems (particularly those caused due to human errors) identified above. Robbins (1996, pp. 657-658) has suggested the following:

Use of multiple criteria. The more complex a job, the more criteria that will need to be identified and evaluated. Only the critical activities, not everything, that lead to high or low performance are the ones that need to be evaluated.

Emphasizing behaviors rather than traits. Many traits often considered to be related to good performance may, in fact, have little or no performance relationship. For example, individuals who rate high on such traits as loyalty, initiative, courage, reliability, etc., may be poor performers. Conversely, it is possible to find excellent performers who do not score well on such traits.

Documenting performance behaviors in diary. By keeping a diary of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 1986, as cited in Robbins, 1996, pp.657-658). Diaries, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits.

Use of multiple evaluators. As the number of evaluators increases, the probability of attaining more accurate information increases. Thus, if an employee has had nine supervisors, nine having rated him/her excellent and one poor, one can discount the value of the one poor evaluation. Therefore, by moving employees about within the organization so as to gain a number of evaluations or by using multiple assessors (as provided in 360-degree appraisals), the probability of achieving more valid and reliable evaluations can be increased.

Evaluate selectively. It has been suggested that appraisers should evaluate only those areas in which they have some expertise (Borman, 1974, as cited in Robbins, 1996, pp. 658). If raters make evaluations on only those dimensions on which they are in good position to rate, inter-rater agreement can be increased and evaluation can be made a more valid process. This approach also recognizes that different organizational levels have different orientations toward ratees and observe them in different settings. In general, therefore, it is recommended that appraisers should be as close as possible, in terms of organizational level, to the individual being evaluated. Conversely, the more levels that separate the rater and ratee, the least opportunity the rater has to observe the ratee's behavior and not surprisingly, the greater the possibility for inaccuracies.

Train raters. Rater training is an area which has recently shown some promise in improving the effectiveness of performance ratings. Smith (1986, pp. 22-40) reveals that researchers use three methods to present training: lecture, group discussion, and practice and feedback. Lecture presentation includes the traditional classroom-type monologue (requiring little or no participation from the trainees in discussing the material being presented).

Group discussion training includes approaches which use participation by the group to ensure that the content of the training is fully understood by each trainee. This approach may require the discussion group to either generate solutions to specific rating errors or to define performance dimensions for the job being evaluated.

Practice and feedback training provide raters with an opportunity to practice evaluating job performance. The rater is allowed to compare his/her ratings given by “experts” or predetermined “true score.” Feedback also can include the rater pointing out specific rating errors (for example, leniency or halo) that were made by the rater.

Smith (1986) further has outlined that the content of training falls into three categories, namely, Rater Error Training; Performance Dimension Training; and Performance Standards Training. *Rater error training* attempts to directly reduce rating errors, typically by presenting raters with examples of common rating errors such as leniency, halo, central tendency, and contrast errors. After raters are familiar with these errors, they are encouraged to avoid them.

Studies categorized as *performance dimension training* attempt to improve the effectiveness of ratings by familiarizing raters with the dimensions by which the performance is rated. This is done by providing descriptions of job qualifications, reviewing the rating scale used in the evaluations, or having raters practice in the actual development of the rating scale.

Training in performance standards attempts to provide raters with a frame of reference for making evaluations of the ratee’s performance. The goal is to get raters to share common perceptions of performance standards. A frame of reference is achieved by presenting samples of job performance to trainees along with the appropriate or “true” ratings assigned to the performance by trained experts.

2.10. Factors affecting performance appraisal

According to Ivancevich & Glueck (1989, pp. 322-324), there are several factors that have significance for performance evaluation. One factor is the task. A white collar or supervisory task is more likely to be formally evaluated than a blue collar task. In addition, the performance evaluation technique used will differ with the task being evaluated. Other factors affecting performance evaluation are government requirements, regulations and laws. By inducing organizations to keep better records to support their decisions, government action has indirectly encouraged better performance evaluation

systems. Keeley (1978, pp. 428-438) in his “Contingency Framework for Performance Evaluation” has proposed that different appraisal techniques would be appropriate to different organizational structures depending on the degree of task uncertainty. Thus the following are suggested:

- *Behavior-based evaluation procedures (e.g., BARS) - those defining specific performance expectations and, hence highly “mechanistic” in structure – are most appropriate for certain tasks.*
- *Objective-based evaluation procedures (e.g., MBO) – those defining less specific performance expectations and, hence, moderately “organic” in structure – are most appropriate for tasks which are neither extremely certain nor extremely uncertain.*
- *Judgment-based evaluation procedures (e.g., multi-rater techniques) – those defining the least specific performance expectations and, hence, highly, “organic” in structure – are most appropriate for uncertain tasks.*

Other factors influencing performance evaluation, according to Ivancevich & Glueck (1989, pp. 322-324) are the attitudes and preferences of employees. For people whose value fit the work ethic, evaluations can be very important. If this process is badly handled, turnover increases, morale declines, and productivity can drop. For employees with instrumental attitudes toward work, performance evaluation is just another process at work. Since work is not too important to them, neither are evaluations. They want a job to earn money, and that is it.

One important factor that can affect performance evaluation is the leader’s (supervisor’s) style. Supervisors can use the formal system in a number of ways: fairly or unfairly, in supportive manner or punitively, positively or negatively. If the supervisor is punitive and negative with an employee who responds to positive reinforcement, performance evaluation can lead to the opposite of the results expected by the enterprise.

Finally, if there is a union present in the organization, performance evaluations might be affected. Different unions take different positions in support or in opposition of formal

performance evaluations. Most oppose the use of non-measurable, nonproduction-related factors in performance evaluation.

2.11. Employee participation in the appraisal System

One way of approaching appraisal lays emphasis on work performance rather than on the characteristics of the person doing the work (Beveridge, 1975, pp. 42-59). It involves a process of two-way communication not only about means to goals but about the goals themselves. In the midst of today's rapid technological and organizational change managers have to recognize the impossibility of knowing enough about the details of every job to be able to tell their subordinates what to do and how to do it. This recognition implies the acceptance of a new role, no longer that of the more all wise, all powerful autocrat but that of the more democratic resource person who discusses his/her subordinates' work with them, listens to their ideas, encourages their analyses of the problems involved, and their suggestions about how these problems may be dealt with. In this role the manager's task is to help his subordinates evaluate the usefulness of their strengths, assess their practicability, work out how best they may be implemented. The manager as appraiser no longer takes over control of his subordinates' work, as happened in traditional appraisal, but enables them to perform their own work tasks more effectively. His/her role is not judgmental but enabling.

Appraisal in recent years has thus become a tool for corporate planning rather than a method for controlling individual jobs and assessing individual workers. The emphasis in an increasing number of organizations is directed towards work planning and review sessions where managers and subordinates are engaged in an interactive analysis of organizational behavior and the defining of organizational work goals. There are two points of special importance to be noted here. First, this approach to appraisal will not work until there is mutual confidence between superior and subordinate. The appraising manager must have confidence in his/her subordinate's competence to analyze and assess his/her own job and in the realism and relevance of the work goals he proposes. The subordinate must also have confidence in his/her manager's comments on his/her work goals and on their interaction with the goals of others in the organization.

Secondly, discussion of individual goals in interactive groups is an increasingly important part of the appraisal procedure. Such discussion makes visible the real efforts of each man to his colleagues in the managerial team, identifies where his and their goals meet, and opens the way to a more effective coordination of their activities. It helps to prevent the manager foisting his own ideas about goal setting on to his subordinates, urging goals which may be unrealistic.

In the long run no goal setting exercise will prove effective unless the manager is prepared to work with his subordinates. If he is to force his views about the way the organization should be run and refuses to listen to the proposals of his subordinates who are engaged in doing the job, not even group resistance will prevail against him. Members of the group will then either escape the situation by finding other work or will stay on and make their main objective not the most effective performance of their jobs but the subversion of the manager's plans, or, finally, will become apathetic, doing what they are told to do, no more and no less. The tragedy for the organization is that it is likely the best people who will leave.

2.12. Feedback and appraisal interview

Appraisal is properly a learning process. Through their interaction in the appraisal the appraiser and his/her subordinate each learn how to make a more effective contribution to the adequate performance of the work. If this does not happen, appraisal merely serves a cataloguing purpose, 'this man is effective; that man is ineffective.' To enable learning to take place, the appraiser must provide the opportunity for an analysis by the subordinate and himself of the subordinate's performance so that the later can see where he/she is doing well and where badly. This kind of feedback is essential to learning. At the same time the appraiser must allow the subordinate to exercise influence over his own work methods and targets (Beveridge, 1975, pp. 42-59).

Beveridge et.al. further stated that there are essentially four approaches used by managers to communicate performance feedbacks to (conduct appraisal interviews with) their subordinates.

The tell approach. The objective of traditional forms of appraisal seems to have been to control the job by controlling the man who did it; the emphasis of the appraisal was therefore on the man. The manager told his subordinate how in his opinion he was getting on, what his strengths and weaknesses were, and how he should set about developing the former and eradicating the latter. The manager assumed he had the right to do all these things because he was convinced he knew all about the job and the qualities required of the man who had to do it, he made a personal assessment of the subordinate's qualities and decided how far they were adequate or inadequate for the job, he acted indeed as a sort of judge.

Appraisal was essentially a one-way affair and the subordinate listened carefully and, if he wanted to keep his job and get on in the organization, did as he was told. This form of appraisal did not stimulate new ideas, it did not face the subordinate with many challenges but, so long as jobs did not alter very much, it kept the organization steadily ticking over. It was simply a 'tell' procedure.

The sell approach. Sometimes, if there was an element of discretion in the job an occasional opportunity to choose between two ways of carrying out some aspect of the job, the manager might adopt a slightly less formidable tactic than the autocratic 'tell' approach; he might attempt to convince the subordinate that it would be best if he took the managerially approved course of action. He used the 'sell' approach, a manipulative style in contrast to the autocratic 'tell' approach.

The test approach. A variation of the 'tell' and 'sell' approaches' is the 'test' approach. This has the appearance of being more democratic in that it encourages discussion and decision-making by the subordinate but these are about means, not about ends. It is on a par with the behavior of the king who told his subject, 'I am going to have you executed but I wish to be democratic about it. You shall decide whether you wish to be beheaded,

hanged or burned at the stake. It is entirely your decision; I have no wish to go down in history as an autocrat.' The 'test' approach allows for two-way rather than one-way communication. The objectives however are defined by the manager, not by the subordinate.

The consult and join approach. In this approach the subordinate is asked to look at his job critically and constructively, to assess its problem and difficulties, to determine what actions and resources are needed to improve work performance. The manager's role is to help the subordinate carry out this critical analysis and evaluate the proposed solutions which the two have devised together. The manager has also the task of ensuring the provision of resources needed to implement the agreed solution, resources over which he may have an authority which the subordinate does not possess.

For many managers, few activities are more unpleasant than providing performance feedback to employees. In fact, unless pressured by organizational policies and controls, managers are likely to ignore this responsibility (Meyer, 1991, as cited in Robbins, 1996, pp. 458-659). There seems to be at least three reasons for managers to be reluctant to give performance feedback. First, managers are often unwilling discussing performance weaknesses with employees. Second, many employees tend to become defensive when their weaknesses are pointed out. Lastly, employees tend to have an inflated assessment of their own performance.

The solution to performance feedback problem is not to ignore it, but to train managers how to conduct constructive feedback sessions. An effective review – one in which the employee perceives the appraisal as fair, the manager as sincere, and the client as constructive – can result in the employee's leaving the interview in an upbeat mood, informed about the performance areas in which he/she needs to improve and determined to correct the deficiencies (Nathan, Mohrman, Milliman, 1991, as cited in Robbins, 1996, pp. 458-659).

2.13. Pitfalls of performance appraisal:

According to Oberg W (1981:290) formal performance appraisal is familiar to most Managers either from painful personnel experience or from the growing body of critical literature". In his view, performance appraisal programme demand too much from supervisions. They obviously require at least periodic supervision observation of subordinate's performance. The typical first time supervision can hardly know in a very adequate way which each of his/her numerous subordinates are doing. Petal (1981:291) observed that all student of rate is i.e. being either too lenience or too tough constitutes a limitation to successful appraisal". Consequently, standard and rating tend to vary widely an often, unfairly. Some departments have tightly competent people, others have low competent people. As a result employee's receives high or low rating depending on the competence or lenience of the rate. Personal values and bias also limits the effectiveness of the appraisal programs. This term replace organizational standards.

However this does not mean that appraisal lacks standards but that the standards they are sometimes wrong ones. The situations where a subordinate may be unfairly rates so that he will not promoted out of the rate department Ubaka (1981) believe more often than not some right bias indicates favored treatment for some employee". There is also a communication gap between the employee and the appraisal by which employee think they are being judge are different from these, their superior actually use improving performance and developing people are two of the most common appraisal plan goals".

It seems obvious that the appraisal process cannot go for forward attaining the goals unless there is effective communication between the evaluator and the person being evaluated. No performance appraisal system of causes can be very effective for management or any other purposes until expected of them and by what criteria they are being judged one of the most notable limitation of performance appraisal system of causes can be very effective for management decisions, organizational development or any other purposes until expected of the most notable limitation of performance appraisal system is the complete reluctance of the supervisors to lake the time and trouble to go the rudiments of preparing the periodic appraisal of each of the subordinates and especially

to discuss the result with them. There may be sound reasons according to McGregor for this reluctance, as many supervision are uncomfortable when they are placed in the position of playing with God. Another limitation that operators practice is that performance appraisal is so often made recorded filed and forgotten. Yet personnel decisions are made as a late time without reference to those appraisal, despite the fact that the whole purpose of performance appraisal is to improved the employee's performance by promotion, favorable transfer merit wage and salary increase. Thus, if performance appraisal can be more clearly related to performance standards expected on each job, it is also likely to be criticized as wholly subjective because such traits as dependability and initiative are being evaluated. Another limitation of performance appraisal is the difficulty of establishing performance standard for professionals and technical employees such as scientists and engineers. In spite of these limitation and due to the absent of an alternative system performance appraisal as presently practiced will continue to be used.

2.14. The Concept of Job Performance

Job performance is one of the most important work outcomes and an extremely vital criterion that determines organizational success or failure. Campbell (1990) defined performance as a behavior which consist of directly observable actions of a worker, and also mental actions or products such as answers or decisions, which result in organizational outcomes in the form of attainment of set goals. Bailey (1982) cited in Rothwell and Kazanas (2003), gave a classic definition of performance as the result of a pattern of actions carried out to satisfy an objective according to some standard. Sturo, (2007) described performance as the extent of completion of the tasks that make up an individual's job. According to Pattanayak (2005), the performance of an employee is his resultant behavior on a task which can be observed and evaluated. It refers to the contribution made by an individual in the accomplishment of organizational objectives. Performance is a multidimensional construct (Bates and Holton, 1995) and this leads to the conclusion that when evaluating and rewarding performance of individuals and teams, a number of factors have to be considered including both inputs (behavior) and outputs (results) (Armstrong, 2012).

2.15. Factors Affecting Productivity

Creating workplace conditions that promote productivity requires a combination of factors (Holzer & Lee, 2004). While certain elements require a commitment of resources (e.g., office equipment, sufficient employees, formal training, and monetary performance awards), others depend more on the relationship between management and workers and how well managers perform their duties in the eyes of employees.

2.15.1. Adequate Resources and Training

Adequate resources are essential to the creation of a highly productive work environment (Guy, 1992b, 2004; Holzer & Lee, 2004b; Poister, 2003; Rainey, 2001). Resources such as sufficient employees, equipment, funding, and technology enable workers to achieve productivity goals (Guy, 2004). While public managers cannot control the amount of funding or number of employees assigned to their organization, they can control how effectively those resources are utilized (U.S. MSPB, 2008b).

2.15.2. Work Motivation

Motivation is crucial to employee productivity and plays a central role in human resource management (Berman, 2010). Motivation is defined as “the drive or energy that compels people to act, with energy and persistence, toward some goal” (Berman, 2010, p. 180). Because productivity and motivation are closely linked, “when people lack motivation, productivity suffers” (Berman, 1998, p. 40). By contrast, “when people have motivation, they work with energy, enthusiasm, and initiative” (Berman, 2010, p. 181). The challenge for managers is to find ways that motivate employees to be more productive.

While no single, unifying theory of work motivation accounts for all the behavior found in the workplace, a variety of theories are relevant to productivity (Pinder, 1998, 2008). According to Herzberg and associates (Herzberg, 1966; Herzberg et al., 1959), higher levels of motivation result from jobs that offer interesting work, give employees a sense of responsibility over their work, provide opportunities and recognition for achievement, and foster feelings of growth through advancement (Pinder, 1998). Motivation factors such as responsibility, achievement, recognition, advancement, personal growth, and intrinsic value of the work itself collectively motivate employees to improve productivity

(Herzberg et al., 1959). Similarly, Hackman and Oldham's (1980) job characteristics theory states that jobs providing a sense of meaning, usefulness, interesting work through varied activities, personal responsibility for work, greater autonomy or flexibility in performing work, significance of work contributions, and knowledge of the results of work efforts, will intrinsically motivate employees (Miner, 2005; Pinder, 2008).

2.15.3. Employee Engagement

The study of employee engagement has recently flourished among business, government, and academic scholars (Daley, 2008; Erickson, 2004; Gubman, 2004; Harter, Schmidt, & Hayes, 2002; Jamrog, 2004; Kowske, Lundby, & Rasch, 2009; Perrin, 2003; Schneider, Macey, Barbera, & Martin, 2009; Trahan, 2007; U.S. MSPB, 2008b, 2009). Employee engagement is defined as “a heightened connection between employees and their work, their organization, or the people they work for or with” (U.S. MSPB, 2008b, p. i). Engaged employees feel their work is interesting and meaningful, take pride in their work and workplace, think their organization's mission is important, have opportunities to perform well at work, believe their contributions are valued, and are highly motivated to perform at their best (U.S. MSPB, 2008b, 2009). Research consistently shows higher levels of employee engagement are linked to favorable organizational outcomes such as increased productivity and reduced turnover (Harter et al., 2002; Perrin, 2003; U.S. MSPB, 2008b). One government study found engaged employees used less sick leave, worked in agencies that produced better program results, and were less intent on leaving their current agency (U.S. MSPB, 2008b). In a relatively short time, employee engagement has “emerged as one of the most vital concepts underlying workforce motivation and productivity” (Gubman, 2004, p. 42).

2.15.4. Rewards

Rewards are an integral part of public sector productivity and improvement efforts (Holzer & Lee, 2004b). The motivating principles underlying effective reward systems are based on three work motivation theories: expectancy (Vroom, 1964), equity (Adams, 1965), and reinforcement (Skinner, 1953, 1969). Vroom's expectancy theory (1964) suggests that individuals will be motivated to perform better if they believe improved performance is possible and that it will lead to valued rewards.

This means that a clear connection between behavior and rewards must be established in order to achieve the desired outcome (Lawler, 2000b, 2003; Rynes et al., 2005; Swiss, 2005). According to equity theory (Adams, 1965), employees assess their own work efforts and rewards compared to others and adjust their work behavior to reduce any perceived inequities in the workplace. Hence, reward systems must be implemented fairly and viewed as fair by employees in order to motivate the desired behavior (Berman, 1998; Berman et al., 2010; Lawler, 2000b, 2003; Swiss, 2005). Reinforcement theory (Skinner, 1953, 1969) suggests that behavior is a function of its consequences which means behavior tends to be repeated if it leads to a positive outcome and avoided if it leads to a negative outcome. For this reason, it's vital that reward systems consistently deliver the rewards (and sanctions) that are promised (Swiss, 2005).

To stimulate greater productivity, a reward system should offer different types of incentives in order to satisfy an increasingly diverse workforce (Lawler, 2000b). One key principle of motivation is that people are motivated by different wants, needs, and preferences and those needs vary over time (Berman, 2006; Berman et al., 2010; Cayer, 2004). In order to attract, motivate, and retain a diverse workforce, employers should give workers a choice in the type of rewards they receive (Lawler, 2000a). The best approach to take where incentives are concerned is to offer a wide range of options to accommodate as many people as possible and increase the potential range of motivational impact (Berman et al., 2010; Cayer, 2004).

Money is a powerful motivating tool in the workplace (Bartol & Locke, 2000; Berman et al., 2010; Gerhart & Rynes, 2003; Lawler, 1971, 2000a; Locke et al., 1980; Jenkins et al., 1998; Perry, 2003). Organizations have traditionally used financial incentives to improve performance and productivity (Perry, Mesch, & Paarlberg, 2006). But money isn't the only thing that motivates employees. People are motivated by a variety of factors that include both monetary and nonmonetary incentives (Lawler, 2000b). Berman (2006, p. 129) lists 29 "alternative rewards" that don't involve pay raises, bonuses, or promotions (e.g., choice of job assignment, conference travel, new office furniture, or time-off).

Because public managers have less control over their budgets and more restrictive personnel practices, they should take full advantage of nonmonetary rewards (Berman, 2006; U.S. MSPB, 2006).

2.15.5. Quality of Work Life

Improving the quality of work life through family-friendly programs is one common method used to enhance work motivation (Rainey, 2009). Organizations have begun expanding their reward systems beyond traditional financial incentives to include “learning and development, challenging and satisfying work, work-life balance, and a supportive work environment” in the hopes of attracting, developing, and retaining a high-quality workforce (U.S. OPM, 2002, p. 6). Scholars and government experts recommend the use of family-friendly programs – namely, flexible work hours, child and elder care services, teleworking, and family leave programs – to help employees achieve greater work-life balance and help employers attract and retain valuable workers (Berman et al., 2010; Guy & Newman, 2005; Landy & Conte, 2010; Nigro et al., 2007; Roberts, 2004; U.S. GAO, 2003a; U.S. OPM, 2000, 2002). Studies show that family-friendly program availability is related to improvements in productivity (Eaton, 2003; Facer & Wadsworth, 2008; Lynch, Eisenberger, & Armeli, 1999), performance (Gajendran & Harrison, 2007; Lynch et al., 1999), organizational commitment (Eaton, 2003), and work family conflict (Facer & Wadsworth, 2008; Gajendran & Harrison, 2007; Shockley & Allen, 2007). Managing a diverse public workforce and offering family-friendly work arrangements “have become important factors in recruitment and retention strategies, as well as being significant considerations in efforts to increase productivity” (Nigro et al., 2007, p. 15).

2.16. Performance Evaluation System and Organizational Performance

By using performance-rating system, organizations can develop desired employee attitudes and behavior. The performance of employees evaluated to provide feedback to them and identify the training gaps owing to which employees failed to perform up to the desired level. Fair and transparent performance assessment motivates workforce to work more with zeal and zest for accomplishment of organizational objectives (Singh,

2004). The objective of performance appraisal system is to determine productivity level of an employee as well as find out the way through which productivity level of nonperformer can be improved. Justified performance assessment is also instrument used to decide the compensation of employees and plays a role of motivator for the hardworking employees.

Performance appraisal system first defines job objectives and performance measures of employees and then guides them the way through which they can accomplish these agreed objectives. Under performance rating system, employees who achieved their job objectives are rewarded for meeting the performance standards. Different techniques for measuring performance are being used by the organization to conduct this post-selection HRM practice. Each employee in organization is given performance targets and subsequently employee's performance is measured in relation to assigned performance target. Under 360-degree performance appraisal, feedback regarding employee's performance is obtained from all stakeholders to have fair and transparent performance appraisal of employees. Performance appraisal of employee is sometimes mismanaged and biased. If the performance appraisal system is based on subjective measures then this system leads to dissatisfaction and frustration among the employees. Subjective performance appraisal is based on judgment of appraiser and ignores objectives of job holders (Soltani et al., 2005). Wan et al. (2002) explained that if performance appraisal is based on merit & transparency then motivation level of employees will improve and ultimately organizational performance will be affected positively due to motivated workforce. Sels et al. (2003) described that fair performance evaluation enhances productivity and motivates workforce to effectively contribute in the organizational performance. Principles of managerial accountability require existence of performance appraisal system.

2.17. EMPLOYEE MOTIVATION:

McFarland defined motivation as the act of stimulating someone or oneself to get a desired course of action, to push the right button to get desired action. According to David Austin(2012), motivating employees isn't as simple as paying them more. People

are complex and lots of different factors contribute to their overall level of job satisfaction, and what motivates people to do their best work. Happiness, career aspirations, challenges, money, stress are all factors that contributes to employee motivation. JP Maroney states five key employee motivation factors which include satisfaction, appreciation, recognition, inspiration and compensation. The result of various studies shows a negative and meaningful correlation between intrinsic motivation and tendency to quit job position (Houkes et al, 2001; Richer et al, 2002).

2.2. Empirical Review

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

In the survey by Meysam Fakharyan, Mohammad Reza Jalilvand, Behrooz Dini and Ebrahim Dehafarin(2012), it was identified that intrinsic motivation has affected the relation between Performance appraisal satisfaction and work performance, tendency to quit job position and effective commitment. It was also found that with due attention to the weak relation between Performance appraisal satisfaction and work performance (direct), intrinsic motivation has improved such relation in the role of an intermediate variable. Hence they have emphasized the importance of paying attention to employees' motivation in order to enhance their level of performance in the organization.

By emphasizing the fact that employees are valuable assets for every organization Kumbhar 2011 explains that by taking an overview on performance Appraisal system and its profitability to corporate in certain cases the employees may be motivated and on other hand employees are de motivated.

It has been noticed that in the current time, job performance systems have improved a lot, but still the outcome shows that it has a negative impact on the job satisfaction and motivation of the employees if it is not appraised systematically (Robert, 2002). And hence it was found that, it results in counter of an organization that employees are demoralized and also lose their loyalty, which affects the organizational aims and objectives. It has been explored that the performance appraisal serves not only to determine how well an employee is doing his or her job, but also helps to decide the ways to improve the performance, by which employees are motivated to work efficiently and effectively in an organization. (Kulwamt Singh Pathania, Ashish Kumar Nag and Anuradha D. Pathak, 2011). Folger et al, 1992 explains that a due-process appraisal system has three main characteristics. Adequate notice requires organizations and their agents to publish, distribute, and explain performance standards to employees, discuss how and why such standards must be met, and provide for regular and timely feedback on performance. Folger et al (1992) investigated the performance appraisal process to serve as a motivational mechanism to employee by involving employee in the appraisal process from planning through implementation.

Jurjen J.A. and Kamphorst Otto H. Swank (2012) in their investigation on the impact of performance appraisal on motivation had found that on average, a positive appraisal motivates an employee more than a negative appraisal. It was also found out that the effect of appraisals on an Employee's future performance depends on the employee's perception of the ability of the manager to assess his performance. Boswell and Boudreau (2000) identified two uses of performance appraisals as evaluative and developmental purposes. The evaluative function includes the use of PA for salary administration, promotion decisions, retention-termination decisions, and recognition of individual performance, layoffs and the identification of poor performance. Developmental functions, on the other hand, include the identification of individual training needs, providing performance feedback, determining transfers and assignments, and the identification of individual strengths and weaknesses. These are proposed to encompass within-person decisions.

In the result of various studies it was explored that there is a negative and meaningful correlation between intrinsic motivation and tendency to quit job position (Houkes et al, 2001; Richer et al, 2002). It has been examined that the managers are able to improve outputs of employees by paying more attention to employees' motivation. It was also noted that the existence of a suitable system of performance evaluation in the organization and also applying of motivational mechanisms and paying attention to the motivation level of employees could result in employees' satisfaction of evaluation and this resulted in enhancing of work performance and effective commitment and employees' tendency to remain in the organization (Meysam Fakharyan, Mohammad Reza Jalilvand, Behrooz Dini and Ebrahim Dehafarin, 2012).

Employees' reactions to the fairness and accuracy of the appraisal system may affect their motivation to correct weak performance or develop unused potential (Kofi Osei Akuoko, 2012). Smita A Kumbhar(2011) points out the fact that it is a duty of every organization to motivate the employees and influence the behavior of the employees through performance appraisal system. Gruenfeld (1982) noted that the development approach contained all of the traditional overall organizational performance appraisal purposes and some of the additional purposes. One important purpose among those is providing satisfaction and encouragement to the employee who has been trying to perform well. Boswell and Boudreau (2000) explained evaluative approach as a traditional approach in which feedback of performance evaluation was used for rewards administration and Ostroff (1993) refers to it as administrative purpose.

2.3. Theoretical Framework.

2.3.1 Dependent Variable

- Employee's Motivation
- Employees' Productivity

2.3.2 Independent Variable

❖ Performance Appraisal

The relationship between the variables was shown in the following figure

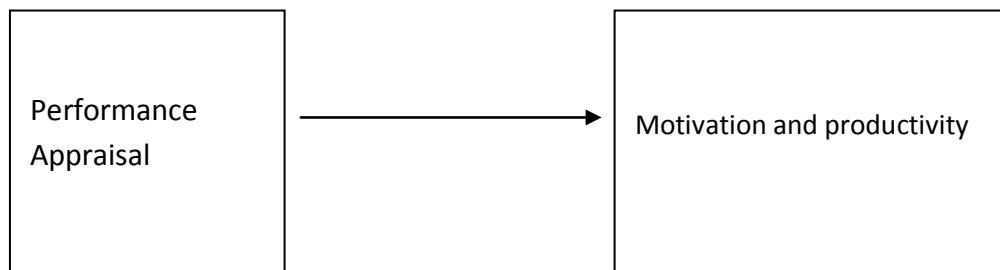


Figure1: Diagram of Conceptual Framework

Therefore, in this study, motivation and productivity are the variable examined and the independent variables are the main variables used to show the relationship between motivation and productivity and with different independent variables.

CHAPTER- THREE

3. RESEARCH DESIGN & METHODS

3.1 Research Design

In this study, both quantitative and qualitative data collection methods are used. The quantitative method use structured questionnaire, face to face and telephone interview for respondents of each area offices and pay stations staffs. The primary purpose of structured questionnaires was to collect information from sample employees of Hidasie telecom southwest district towards the impact of PA system of the company and its relationship with their productivity and motivation.

Qualitative methods for the study concentrates on identifying, understanding and interpreting performance appraisal impact that affects employees' Motivation and Productivity in the organization that we are not be found through the standardized instruments to be used in this study. At different stages of the research process, the qualitative method integrated with the quantitative method. The integration was made at time of the data collection, the data analysis, or the interpretation.

3.2 Source of Data

The data source were used both primary and secondary source of data; where primary source of data are data that the researcher directly gather information from the respondents directly using different technique. Whereas secondary data was gathered or compiled from published and unpublished sources or files.

The primary data was collected for 135 questionnaires from Hidasie telecom southwest district staffs whereas secondary data was compiled from the company documentation, internet, books, and others (articles, and research papers).

3.3 Study Population

According to Neumen (2000, 1999), A population is defined as the sum total of all units of analysis from which the sample was drawn. The study variables was current PA activity of the company, performance evaluation, employee development, remuneration and benefits, relationship between PA and motivation, relationship b/N PA and productivity of each study subjects of Hidasie telecom south west district.

3.4 Method of Data Collection

Based on the type and source of the data, information was collected in different manner from primary source of data, face-to-face interview using structured questionnaires and telephone Interview was employed. Data collected using structured questionnaires was administered to all 135 employees of SWD HTSC. A covering letter was used to ensure that respondents were informed of the intentions and purpose for the research. The questionnaire were formulated and designed as simply and logically as possible for ease of understanding. For these study face-to-face interview questionnaires collection techniques is mostly preferable because of its effectiveness in reducing low-response and it is possible to make clarifications on questions and doubts as the respondents are in direct contact with the researcher. HTSC stations are found scattered across the SWD, it costs high to reach each sample respondents stations because of this Telephone Interview collection techniques was chosen. Whereas secondary data was gathered or compiled from published and unpublished sources or files.

3.4.1 Data Collection Personnel

For provision of face-to-face interview, using structured questionnaires purpose four data collectors was recruited in this study. One data collector was assigned for at least two areas and investigator of the study did the telephone interview.

3.5 Sampling Techniques and Sample Size

All staffs both management and non-management staffs were included during the data collection. Sample was selected from these employees by using statistics sample determination formula. As information gained from human resource department, 202 employees (employees in HTSC context contain both only employees and employee-share holder) are currently working.

The total sample size for this study was 135 (n =135) employees. Random sampling selection method was used from 10 sample frames (Agaro area, bedele area, Metu area, Gambella, Limu-genet area, Tercha area, securu area, Bonga area, Mizan area and Jimma area and dstrict office).

The Sample Size determination is based on the following formula (C.R. KOTHARI):

Where,

N= population

α = alpha 5%: the level of sig. that can be obtained as 1- β

n= Sample Size

$$n = N \div [1 + N (\alpha)^2]$$

$$n = 202 \div [1 + 202(0.05)^2]$$

$$n = 135$$

From the sampling frame of 202 employees, the sample size was 135 employees of HTSC SWD. Allocation of respondents was done by using stratified sampling technique because the sample that was drawn is heterogeneous group. Because the population is heterogeneous there were a number of strata, the sample was selected from each stratum. Stratified sampling offers equal opportunity for every element found in each stratum to be included in the sample proportionate to the relative size of that stratum.

3.6. Reliability and Validity

135 persons were randomly sampled and administered the questionnaire. Then out of the 135 persons, 125 persons returned a completed questionnaire. The total return rate was 92.5% and which is considered adequate for this type of study.

Table.1 Questionnaire response rate by area office and Districts

No	Areas	Sample Population (N=202)	Proportion (%)	Sample size (n =135)
1	Agaro area	18	8.910891	12
2	Bedelle area	16	7.920792	11
3	Metu area	23	11.38614	15
4	Gambella area	15	7.425743	10
5	Limu-genet area	13	6.435644	9
6	Secoru area	11	5.445545	7
7	Bonga area	20	9.90099	13
8	Mizan area	18	8.910891	12
9	Tercha	13	6.435644	9
10	Jimma area and District office	55	27.22772	37
	Total	202		135

According to Sekaran (2001), a response rate of thirty percent is acceptable for most studies. The response rate for this study was 92.5%, which is sufficient.

Reliability test

Cronbach's Alpha, as the most commonly used test of reliability, was applied, where Alpha coefficient ranges in value from zero to one. The higher the score, the more reliable the generated scale is. It was indicated that 0.7 is an acceptable reliability coefficient but lower thresholds are sometimes used in the literature. (Nunnaly, 1978).

The results are shown in Table below, where alpha values revealed the reliability and the internal consistency between the selected items of the studied variables. It can be shown that the values of cronbach's alpha for the variables under study exceeds 0.7, which is an acceptable level for the reliability of the variables.

Table.2: Reliability test table

Reliability Statistics		
Reliability Statistics	Cronbach's Alpha	No. of Items
Motivation and productivity	0.928	3
Motivation and productivity with performance appraisal	0.886	11
Motivation and productivity with training	0.916	11
Motivation and productivity with remuneration and benefits	0.917	11

Reliability is greater than 70% and is acceptable so we can say that the data is reliable.

3.7 Method of Data Analysis

Data collected were analyzed using both descriptive statistical tools .Two types of data, quantitative and qualitative were collected from the study subjects and analyzed using quantitative and qualitative approaches. Data was entered into Statistical Package for Social Science (SPSS) – version 20. This was done through the following; first of all, the researcher test the reliability of the data under study, as well as verifying assumptions of ordinary least squares method for regression analysis. Also, the researcher introduces some descriptive analysis regarding the data under study, the results was summarized as tables based on the objective of the study.. In addition, the researcher tests the relations between the dimensions under study by constructing a Correlation and regression analysis was applied, which shows relationship between each pair of the dimensions under study and test the effect of dimensions under study on Motivation and Productivity.

Finally, Pearson co-relation computed to determine Relationship between different independent variables and Relationship between dependent variable (Motivation and Productivity) and independent variables (Performance evaluation, Training and Incentives).

3.8. Ethical consideration

A research consent form subjects was given to each participant for completion and the data collectors assist those who need assistance. The workers were alerted that participation in the study is voluntary and that they are free to withdraw from participation at any stage. Furthermore, the study respondent's anonymity are guaranteed and their replay remain confidential. All answers of one respondent are combined with those of others and it was not identified as his own.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATIONS

4.1 Introduction

The analysis is based on the information obtained from 10 area office and Districts. It summarizes the demographic profile of respondents and the questionnaire distributed and the response rate. It also summarizes the motivation and productivity towards the items included in the questionnaire. Comparisons of the percentage were made on the gender, age group, educational qualification, and work experience. The mean rating score were used to present Motivation and productivity with PA listed in the questionnaire.

4.2 An analysis

In this part, the data collected through structured questionnaires and company documents was presented and analyzed using statistical tables to be convenient, and interpreted. Before exploring deep into the various aspects of employee performance, it seems logical to briefly see what the performance appraisal process of the company looks like.

4.2.1. Performance appraisal process in HTSC.

As a matter of fact, it is the Human Resource Management (HRM) Division of the company's is responsible for the initiation and accomplishment of such major personnel issues as human resources planning, recruitment and selection, placement, training & development, determination of employee compensation schemes, performance appraisal, promotion, demotion, transfer and layoff, of course with continuous assistance and feedback from top management wherever necessary. Accordingly, the HRM Division, by the beginning of every next appraisal period, takes the initiative to remind the concerned authorities in the various departments of the Head Office and District , via formal or informal means, to carry out the periodic employee appraisal and send the filled appraisal forms to the division and districts within fifteen days after lapse of the previous appraisal period. Then District HR distributes appraisal forms to those areas, which did not maintain enough copies in their stock. Concerned immediate supervisors (managers) in

the different areas then fill the employee appraisal forms for employees working under their supervision the results from which will be ascertained by the respective department head or area manager after dissemination to the ratees. Then latter, if they came up with any comments regarding their rating results, would write them on the space provided in the form for the purpose and would submit the form back to the supervisor or manager who may or may not initiate post assessment discussions with ratees. The area office after retaining a copy of the filled forms in the employee's personal file maintained at its level would then finally send the remaining forms to district office, then to the human resource division that would be expected to consider the same for any subsequent personnel-related decisions.

Among different category rating methods the company use graphic rating scale. The company currently adopts three kinds of appraisal formats: one for supervisory staff, one for sales staff and another for supportive staff, all prepared in Amharic language.

Table.3: Demographic profile of respondents

Demographic profile of respondents		
s.no.	Demographic profile of respondents	Frequency and %(percent)
1	Working years(n=125)	
	0-4	20(16%)
	5-9	30(24%)
	10-19	30(24%)
	20-30	30(24%)
	Above 30 years	15(12%)
2	Age (in years)(n=125)	
	under 25	30(24%)
	26-30	25(20%)
	31-35	20(16%)
	36-40	30(24%)
	Above 40	20(16%)
3	Sex(n=125)	
	Male	85(68%)
	Female	40(32%)
4	Educational Qualification(n=125)	
	Certificate	40(32%)
	under-graduate	40(32%)
	Graduate	45(36%)
5	Marital Status (n=125)	
	Married	95(76%)
	Single	30(24%)
6	served other institution (n=125)	
	Yes	100(80%)
	No	25(20%)
7	category of employees (n=125)	
	Employee	40(32%)
	Employee-share holder	85(68%)

According to the above table 76% of the respondents are married and 24% were single. In terms of working years, 16% of the respondents had worked for the

organization not more than four years and, 24% between 5 and 9 years, 24% between 10 and 19, 24% between 20 and 30 years and the rest i.e. above 30 years is 12%. 68 % of the respondents were male, 32% were female. 24% of respondents were younger than 25 years, 20% were between 26-30 years, 16% were between 31-35 years, and 24% were between 36-40 years and 16% is over the age of 40. Concerning educational qualification, 32% of the respondents were under-graduate, 32 % were certificate, and 36% were graduate. Concerning category of employee's 32% was only employee and 68% were employee-share holder. 80% of employee's were served other institution and 20% were not served other institution.

4.5 Descriptive analysis

In this section, the researcher was introduce descriptive analysis using frequency tables, as well as conducting correlation and regression analysis to test the relations between dimensions under study.

4.5.1 Responses of Employee on Performance evaluation

Table.4: Responses of Employee on Performance evaluation

Items	Description	Disagree		Neutral		Agree		Mean
		Freq uency	Perce ntage	Fre que	Perc enta	Fre que	Per cent	
PE1	The standards used to evaluate my performance are fair	65	52.0	15	12.0	45	36.0	3.24
PE2	The performance appraisal system motivates me to do a better job	90	72.0	5	4.0	30	24	3.76
PE3	The objective of current appraisal are clear to all employees before appraisal	100	80.0	5	4.0	20	16.0	4.24
PE4	PA should be conducted only once in a year	85	68.0	10	8.0	23	24.0	3.84
PE5	I participate in setting standards and goals used to evaluate my job performance	105	84.0	10	8.0	10	8.0	4.24
PE6	The criteria of appraisal should be developed from the subjectivity	85	68	25	20.0	15	12.0	3.76
PE7	I understand what I must do to receive a high performance rating	100	80.0	5	4.0	20	16.0	4.12
PE8	Corrective actions are taken when employees don't meet performance standards	100	80.0	5	4.0	20	16.0	4.04
PE9	My supervisor provides timely feedback on my job performance	110	88	5	4.0	10	8.0	4.24
PE10	My supervisor rates my performance fairly and accurately	115	92.0	10	8.0	-	-	4.32

It can be easily observed from the above table that the mean score of respondents for the questions (The standards used to evaluate my performance are fair) is about 3.24 with regards' to proportion, about 52% of the respondents described their disagreement to the same questions showing that an average score of 1.68(3.24*52%), on the other hand, 36% of the respondents indicated their agreement to the same question showing an average score

of 1.17(3.24*36%). The remains 12% of the respondents replied that they have no opinion with an average score of about 0.39(3.24*12%).

In summary, the mean score for the Employee on performance evaluation is about 3.98, from this mean score about 52% of respondents show a dissatisfaction mean score of 2.07(52%*3.98), 36% of them show a satisfaction mean score of about 1.43(36%*3.98), and a no opinion mean score of 0.48(12%*3.98). This can be interpreted most of employees said that the standards used to evaluate their performance are not fair.

It can be easily observed from the above table that the mean score of respondents for the questions (The performance appraisal system motivates me to do a better job) is about 3.76 with regards' to proportion, about 72% of the respondents described their disagreement to the same questions showing that an average score of 2.71(3.76*72%). on the other hand, 24% of the respondents indicated their agreement to the same question showing an average score of 0.9(3.76*24%).The remaining 4% of the respondents replied that, they have no opinion with an average score of about 0.15(3.76*4%).

In summary, the mean score for Employee on performance evaluation is about 3.98, from this mean score about 72% of respondents show a dissatisfaction mean score of 2.86(72%*3.98), 24% of them show a satisfaction mean score of about 0.95(24%*3.98), and a no opinion mean score of 0.16(4%*3.98). This can be interpreted most of employees said that the standards used to evaluate their performance are not fair. This can be interpreted most of employees said that performance appraisal system does not motivates employees to do a better job.

By looking from above table It can be easily observed that the mean score of respondents for the questions (The objective of current appraisal are clear to all employees before appraisal takes place) is about 4.24 with regards' to proportion, about 80% of the respondents described their disagreement to the same questions showing that an average score of 3.4(4.24*80%),on the other hand, 16% of the respondents indicated their agreement to the same question showing an average score of 0.68(4.24*16%).The remains

4% of the respondents replied that they have no opinion with an average score of about 0.17($4.24 \times 4\%$).

In summary, the mean score for Employee on performance evaluation is about 3.98, from this mean score about 80% of respondents show a dissatisfaction mean score of 3.18($80\% \times 3.98$), 16% of them show a satisfaction mean score of about 0.64($16\% \times 3.98$), and a no opinion mean score of 0.16($4\% \times 3.98$). This can be interpreted most of employees said that objective of current appraisal are not clear to all employees before appraisal takes place.

By looking from above table also that It can be easily observed that the mean score of respondents for the questions (PA should be conducted once in a year, do you agree?) is about 3.84 with regards' to proportion, about 68% of the respondents described their disagreement to the same questions showing that an average score of 2.61($3.84 \times 68\%$), on the other hand, 24% of the respondents indicated their agreement to the same question showing an average score of 0.92($3.84 \times 24\%$). The remains 8% of the respondents replied that they have no opinion with an average score of about 0.31($3.84 \times 8\%$).

In summary, the mean score for Employee on performance evaluation is about 3.98,, from this mean score about 68% of respondents show a dissatisfaction mean score of 2.7($68\% \times 3.98$), 24% of them show a satisfaction mean score of about 0.95($24\% \times 3.98$), and a no opinion mean score of 0.32($8\% \times 3.98$). This can be interpreted most of employees said that PA should not be conducted once in a year.

By looking from above table It can be easily observed that the mean score of respondents for the questions (I participate in setting standards and goals used to evaluate my job performance) is about 4.24 with regards' to proportion, about 84% of the respondents described their disagreement to the same questions showing that an average score of 3.56($4.24 \times 84\%$), on the other hand, 8% of the respondents indicated their agreement to the same question showing an average score of 0.34($4.24 \times 8\%$). The remains 8% of the

respondents replied that they have no opinion with an average score of about 0.34(4.24*8%).

In summary, the mean score for Employee on performance evaluation is about 3.98, from this mean score about 84% of respondents show a dissatisfaction mean score of 3.34(84%*3.98), 8% of them show a satisfaction mean score of about 0.32(8%*3.98), and a no opinion mean score of 0.32(8%*3.98). This can be interpreted most of employees said that employees are not participate in setting standards and goals.

By looking from above table It can be easily observed that the mean score of respondents for the questions (The criteria of appraisal should be developed from the subjectivity) is about 3.76 with regards' to proportion, about 68% of the respondents described their disagreement to the same questions showing that an average score of 2.56(3.76*68%),on the other hand, 12% of the respondents indicated their agreement to the same question showing an average score of 0.45(3.76*12%).The remains 20% of the respondents replied that they have no opinion with an average score of about 0.75(3.76*20%).

In summary, the mean score for Employee on performance evaluation is about 3.98, from this mean score about 68% of respondents show a dissatisfaction mean score of 2.7(68%*3.98), 12% of them show a satisfaction mean score of about 0.48(12%*3.98), and a no opinion mean score of 0.8(20%*3.98). This can be interpreted most of employees said that the criteria of appraisal should not be developed from the subjectivity.

By looking from above table It can be easily observed that the mean score of respondents for the questions (I understand what I must do to receive a high performance rating) is about 4.12 with regards' to proportion, about 80% of the respondents described their disagreement to the same questions showing that an average score of 3.3(4.12*80%),on the other hand, 16% of the respondents indicated their agreement to the same question showing an average score of 0.66(4.12*16%).The remains 4% of the respondents replied that they have no opinion with an average score of about 0.16(4.12*4%).

In summary, the mean score for Employee on performance evaluation is about 3.98, from this mean score about 80% of respondents show a dissatisfaction mean score of 3.18($80\% \times 3.98$), 16% of them show a satisfaction mean score of about 0.64($16\% \times 3.98$), and a no opinion mean score of 0.16($4\% \times 3.98$). This can be interpreted most of employees said that they are not understand what to do to receive a high performance rating.

By looking from above table It can be easily observed that the mean score of respondents for the questions (Corrective actions are taken when employees don't meet performance standards) is about 4.04 with regards' to proportion, about 80% of the respondents described their disagreement to the same questions showing that an average score of 3.23($4.04 \times 80\%$), on the other hand, 16% of the respondents indicated their agreement to the same question showing an average score of 0.65($4.04 \times 16\%$). The remains 4% of the respondents replied that they have no opinion with an average score of about 0.16($4.04 \times 4\%$).

In summary, the mean score for Employee on performance evaluation is about 3.98, from this mean score about 80% of respondents show a dissatisfaction mean score of 3.18($80\% \times 3.98$), 16% of them show a satisfaction mean score of about 0.64($16\% \times 3.98$), and a no opinion mean score of 0.16($4\% \times 3.98$). This can be interpreted most of employees said that Corrective actions are not taken when employees cannot meet performance standards.

By looking from above table it can be easily observed that the mean score of respondents for the questions (My supervisor provides timely feedback on my job performance) is about 4.24 with regards' to proportion, about 88% of the respondents described their disagreement to the same questions showing that an average score of 3.73($4.24 \times 88\%$), on the other hand, 8% of the respondents indicated their agreement to the same question showing an average score of 0.34($4.24 \times 8\%$). The remains 4% of the respondents replied that they have no opinion with an average score of about 0.17($4.24 \times 4\%$).

In summary, the mean score for Employee on performance evaluation is about 3.98, from this mean score about 88% of respondents show a dissatisfaction mean score of 3.5(88%*3.98), 8% of them show a satisfaction mean score of about 0.32(8%*3.98), and a no opinion mean score of 0.16(4%*3.98). This can be interpreted most of employees said that supervisors not provides timely feedback.

4.5.2. Responses of Employee on Training

Table.5: Responses of Employee on Training

Items	Description	Disagree		Neutral		Agree		Mean
		Freq	Percentage	Freq	Percentage	Freq	Percentage	
ED1	I receive the training to perform my job	115	92.0	-	-	10	8.0	4.32
ED2	My supervisor provides coaching, training opportunities, or other assistance to improve my skills and performance	115	92.0	-	-	10	8.0	4.12
ED3	My supervisor keeps me informed about how well I am doing	110	88.0	5	4.0	10	8.0	4.12
ED4	My supervisor encourages my career development	100	80.0	10	8.0	15	12.0	4.08
ED5	Overall, I am satisfied with my supervisor	80	64.0	25	20.0	20	16.0	3.72
ED6	I agree that future promotional opportunities are based on the current PA	20	16.0	15	12.0	90	72.0	2.16
ED7	I believe that PA facilitate opportunities of workplace training to work better	20	16.0	15	12.0	90	72.0	2.28
ED8	I believe my present job makes good use of my skills and abilities	95	76.0	20	16.0	10	8.0	3.88
ED9	My supervisor make periodic notes on each of the employee	65	52.0	40	32.0	20	16.0	3.52
ED10	I am motivated by the prospect of promotion in the near future within my organization	105	84.0	10	8.0	10	8.0	4.08

It can be easily observed from the above table that the mean score of respondents for the questions (I receive the training I need to perform my job) is about 4.32 with regards' to proportion, about 52% of the respondents described their disagreement to the same questions showing that an average score of 2.25($4.32 \times 52\%$), on the other hand, 36% of the respondents indicated their agreement to the same question showing an average score of 1.55($4.32 \times 36\%$). The remains 12% of the respondents replied that they have no opinion with an average score of about 0.52($4.32 \times 12\%$).

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 52% of respondents show a dissatisfaction mean score of 1.89($52\% \times 3.63$), 36% of them show a satisfaction mean score of about 1.31($36\% \times 3.63$), and a no opinion mean score of 0.43($12\% \times 3.63$). This can be interpreted most of employees said that training was not given to perform the job.

It can be easily observed from the above table that the mean score of respondents for the questions (My supervisor provides coaching, training opportunities, or other assistance to help me improve my skills and performance) is about 4.12 with regards' to proportion, about 72% of the respondents described their disagreement to the same questions showing that an average score of 2.97($4.12 \times 72\%$), on the other hand, 24% of the respondents indicated their agreement to the same question showing an average score of 0.99($4.12 \times 24\%$). The remains 4% of the respondents replied that they have no opinion with an average score of about 0.16($4.12 \times 4\%$).

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 72% of respondents show a dissatisfaction mean score of 2.61($72\% \times 3.63$), 36% of them show a satisfaction mean score of about 1.31($36\% \times 3.63$), and a no opinion mean score of 0.14($4\% \times 3.63$). This can be interpreted most of employees said that supervisors not provides coaching, training opportunities, or other assistance to improve employees skills and performance.

It can be easily observed from the above table that the mean score of respondents for the questions (My supervisor keeps me informed about how well I am doing) is about 4.12 with regards' to proportion, about 72% of the respondents described their disagreement to the same questions showing that an average score of $2.97(4.12*72\%)$, on the other hand, 24% of the respondents indicated their agreement to the same question showing an average score of $0.99(4.12*24\%)$. The remains 4% of the respondents replied that they have no opinion with an average score of about $0.16(4.12*4\%)$.

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 72% of respondents show a dissatisfaction mean score of $2.61(72%*3.63)$, 36% of them show a satisfaction mean score of about $1.31(36%*3.63)$, and a no opinion mean score of $0.14(4%*3.63)$. This can be interpreted most of employees said that supervisors are not inform about how well employees are doing.

It can be easily observed from the above table that the mean score of respondents for the questions (My supervisor encourages my career development) is about 4.08 with regards' to proportion, about 68% of the respondents described their disagreement to the same questions showing that an average score of $2.77(4.08*68\%)$, on the other hand, 24% of the respondents indicated their agreement to the same question showing an average score of $0.98(4.08*24\%)$. The remains 8% of the respondents replied that they have no opinion with an average score of about $0.33(4.08*8\%)$.

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 68% of respondents show a dissatisfaction mean score of $2.47(68%*3.63)$, 36% of them show a satisfaction mean score of about $0.87(24%*3.63)$, and a no opinion mean score of $0.29(8%*3.63)$. This can be interpreted most of employees said that supervisors does not encourages employees career development.

It can be easily observed from the above table that the mean score of respondents for the questions (Overall, I am satisfied with my supervisor) is about 3.72 with regards' to proportion, about 84% of the respondents described their disagreement to the same questions showing that an average score of $3.12(3.72*84\%)$, on the other hand, 8% of the

respondents indicated their agreement to the same question showing an average score of 0.3($3.72 \times 8\%$). The remains 8% of the respondents replied that they have no opinion with an average score of about 0.3($3.72 \times 8\%$).

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 84% of respondents show a dissatisfaction mean score of 3.05($84\% \times 3.63$), 36% of them show a satisfaction mean score of about 0.29($8\% \times 3.63$), and a no opinion mean score of 0.29($8\% \times 3.63$). This can be interpreted most of employees said that they are not satisfied with supervisor.

It can be easily observed from the above table that the mean score of respondents for the questions (I agree that future promotional opportunities are based on the current PA) is about 2.16 with regards' to proportion, about 68% of the respondents described their disagreement to the same questions showing that an average score of 1.81($2.16 \times 84\%$), on the other hand, 12% of the respondents indicated their agreement to the same question showing an average score of 0.26($2.16 \times 12\%$). The remains 8% of the respondents replied that they have no opinion with an average score of about 0.43($2.16 \times 20\%$).

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 68% of respondents show a dissatisfaction mean score of 2.47($68\% \times 3.63$), 12% of them show a satisfaction mean score of about 0.43($12\% \times 3.63$), and a no opinion mean score of 0.73($20\% \times 3.63$). This can be interpreted most of employees said that future promotional opportunities should be based on the current PA.

It can be easily observed from the above table that the mean score of respondents for the questions (I believe that PA facilitate opportunities of workplace training to work better) is about 2.28 with regards' to proportion, about 80% of the respondents described their disagreement to the same questions showing that an average score of 1.82($2.28 \times 80\%$), on the other hand, 16% of the respondents indicated their agreement to the same question showing an average score of 0.36($2.28 \times 16\%$). The remains 4% of the respondents replied that they have no opinion with an average score of about 0.09($2.28 \times 4\%$).

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 80% of respondents show a dissatisfaction mean score of $2.9(80\% * 3.63)$, 16% of them show a satisfaction mean score of about $0.58(16\% * 3.63)$, and a no opinion mean score of $0.14(4\% * 3.63)$. This can be interpreted most of employees said that PA facilitate opportunities of workplace training to work better.

It can be easily observed from the above table that the mean score of respondents for the questions (I believe my present job makes good use of my skills and abilities) is about 3.88 with regards' to proportion, about 80% of the respondents described their disagreement to the same questions showing that an average score of $3.1(3.88 * 80\%)$, on the other hand, 16% of the respondents indicated their agreement to the same question showing an average score of $0.62(3.88 * 16\%)$. The remains 4% of the respondents replied that they have no opinion with an average score of about $0.15(3.88 * 4\%)$.

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 80% of respondents show a dissatisfaction mean score of $2.9(80\% * 3.63)$, 16% of them show a satisfaction mean score of about $0.58(16\% * 3.63)$, and a no opinion mean score of $0.14(4\% * 3.63)$. This can be interpreted most of employees said that the current job they are doing does not need or use their skills and abilities.

It can be easily observed from the above table that the mean score of respondents for the questions (My supervisor make periodic notes on each of the employee) is about 3.52 with regards' to proportion, about 88% of the respondents described their disagreement to the same questions showing that an average score of $3.1(3.52 * 88\%)$, on the other hand, 8% of the respondents indicated their agreement to the same question showing an average score of $0.28(3.52 * 8\%)$. The remains 4% of the respondents replied that they have no opinion with an average score of about $0.14(3.52 * 4\%)$.

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 88% of respondents show a dissatisfaction mean score of $3.19(88\% * 3.63)$, 16% of them show a satisfaction mean score of about $0.58(16\% * 3.63)$, and a no opinion mean score of $0.14(4\% * 3.63)$. This can be interpreted most of employees said that supervisors are not make periodic notes on each of the employee.

It can be easily observed from the above table that the mean score of respondents for the questions (I am motivated by the prospect of promotion in the near future within my organization) is about 4.08 with regards' to proportion, about 84% of the respondents described their disagreement to the same questions showing that an average score of 3.43($4.08 \times 84\%$), on the other hand, 8% of the respondents indicated their agreement to the same question showing an average score of 0.33($4.08 \times 8\%$). The remains 4% of the respondents replied that they have no opinion with an average score of about 0.33($4.08 \times 8\%$).

In summary, the mean score for Employee on Training is about 3.63, from this mean score about 84% of respondents show a dissatisfaction mean score of 3.05($84\% \times 3.63$), 8% of them show a satisfaction mean score of about 0.29($8\% \times 3.63$), and a no opinion mean score of 0.29($8\% \times 3.63$). This can be interpreted most of employees said that they are not motivated by the prospect of promotion in the near future within the organization.

4.5.3 Responses of Incentives.

Table.6: Responses of Incentives.

Items	Description	Disagree		Neutral		Agree		Mean
		agree						
		Freq uency	Perce ntage	Fre que nta ge	Perc enta ge	Fre que nta ge	Per cent	
RB1	The current PA is motivating and provides an incentive for better performance	110	88.0	5	4.0	10	8.0	4.24
RB2	The current PA provides appropriate payment for the work related experience and qualification I have	115	92.0	-	-	10	8.0	4.16
RB3	I believe incentive are based on performance which means those employees who work get additional payment takes place	105	84.0	15	12.0	5	4.0	3.88
RB4	I feel currently my company retain high performers	105	84.0	15	12.0	5	4.0	4.28
RB5	I believe the current PA encourages teamwork.	105	84.0	20	16.0	-	-	4.20
RB6	I believe basing pay without considering performance Increases employee morale	115	92.0	-	-	10	8.0	4.2
RB7	I do not mind what kind of work I am doing as long as I am paid for it	95	76.0	10	8.0	20	16.0	3.84
RB8	Are you satisfied with the current salary level?	115	92.0	-	-	10	8.0	4.32
RB9	I agree that based on performance Appreciation and being praised by managers for successful employees was given currently	110	88.0	10	8.0	5	4.0	4.28
RB10	The current PA system is capable of attracting and retaining competent employees	105	84.0	10	8.0	10	8.0	4.12

It can be easily observed from the above table that the mean score of respondents for the questions (The current PA is motivating and provides an incentive for better performance) is about 4.24 with regards' to proportion, about 88% of the respondents described their disagreement to the same questions showing that an average score of 3.73($4.24 \times 88\%$), on the other hand, 8% of the respondents indicated their agreement to the same question showing an average score of 0.34($4.24 \times 8\%$). The remaining 4% of the respondents replied that they have no opinion with an average score of about 0.17($4.24 \times 4\%$).

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 88% of respondents show a dissatisfaction mean score of 3.65($88\% \times 4.15$), 8% of them show a satisfaction mean score of about 0.33($8\% \times 4.15$), and a no opinion mean score of 0.17($4\% \times 4.15$). In general the aggregate mean is 4.15 ($(4.24 + 4.16 + 3.88 + 4.28 + 4.2 + 4.2 + 3.84 + 4.32 + 4.28 + 4.12) / 10 = 4.15$). This can be interpreted most of employees said that current PA not motivating and provides any incentive for better performance.

It can be easily observed from the above table that the mean score of respondents for the questions (The current PA provides appropriate payment for the work related experience and qualification I have) is about 4.16 with regards' to proportion, about 92% of the respondents described their disagreement to the same questions showing that an average score of 3.83($4.16 \times 92\%$). The remains 8% of the respondents replied that they have agreement with an average score of about 0.33($4.16 \times 8\%$).

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 92% of respondents show a dissatisfaction mean score of 3.82($92\% \times 4.15$), and 8% of them show a satisfaction mean score of about 0.33($8\% \times 4.15$). This can be interpreted most of employees said that the current PA not provides appropriate payment for the work related experience and qualification.

It can be easily observed from the above table that the mean score of respondents for the questions (I believe incentive are based on performance which means those employees

who perform good get additional payment) is about 3.88 with regards' to proportion, about 84% of the respondents described their disagreement to the same questions showing that an average score of $3.26(3.88*84\%)$, on the other hand, 4% of the respondents indicated their agreement to the same question showing an average score of $0.15(3.88*4\%)$. The remains 12% of the respondents replied that they have no opinion with an average score of about $0.46(3.88*12\%)$.

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 84% of respondents show a dissatisfaction mean score of $3.49(84%*4.15)$, 4% of them show a satisfaction mean score of about $0.17(4%*4.15)$, and a no opinion mean score of $0.50(12%*4.15)$. This can be interpreted most of employees said that incentive are not based on performance which means those employees who perform well get no additional payment.

It can be easily observed from the above table that the mean score of respondents for the questions (I feel currently my company retain high performers) is about 4.28 with regards' to proportion, about 84% of the respondents described their disagreement to the same questions showing that an average score of $3.59(4.28*84\%)$, on the other hand, 4% of the respondents indicated their agreement to the same question showing an average score of $0.17(4.28*4\%)$. The remains 12% of the respondents replied that they have no opinion with an average score of about $0.51(4.28*12\%)$.

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 84% of respondents show a dissatisfaction mean score of $3.49(84%*4.15)$, 4% of them show a satisfaction mean score of about $0.17(4%*4.15)$, and a no opinion mean score of $0.50(12%*4.15)$. This can be interpreted most of employees said that currently the company cannot able to retain high performers.

It can be easily observed from the above table that the mean score of respondents for the questions (I believe incentive encourage team work) is about 4.2 with regards' to proportion, about 84% of the respondents described their disagreement to the same questions showing that an average score of $3.53(4.2*84\%)$. The remains 16% of the

respondents replied that they have no opinion with an average score of about 0.67(4.2*16%).

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 84% of respondents show a dissatisfaction mean score of 3.49(84%*4.15) and a no opinion mean score of 0.66(16%*4.15). This can be interpreted most of employees said that the current PA not encourage teamwork.

It can be easily observed from the above table that the mean score of respondents for the questions (I believe basing pay without considering performance Increases employee morale) is about 4.2 with regards' to proportion, about 92% of the respondents described their disagreement to the same questions showing that an average score of 3.86(4.2*92%).The remains 8% of the respondents replied that they have agreed with an average score of about 0.34(4.2*8%).

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 92% of respondents show a dissatisfaction mean score of 3.82(92%*4.15) and 8% of them show a satisfaction mean score of about 0.33(8%*4.15). This can be interpreted most of employees said that basing pay without considering performance demoralized employees.

It can be easily observed from the above table that the mean score of respondents for the questions (I do not mind what kind of work I am doing as long as I am paid for it) is about 3.84 with regards' to proportion, about 76% of the respondents described their disagreement to the same questions showing that an average score of 2.92(3.84*76%), on the other hand, 16% of the respondents indicated their agreement to the same question showing an average score of 0.61(3.84*16%).The remains 8% of the respondents replied that they have no opinion with an average score of about 0.31(3.84*8%).

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 76% of respondents show a dissatisfaction mean score of 3.15(76%*4.15), 16% of them show a satisfaction mean score of about 0.66(16%*4.15), and a no opinion

mean score of $0.33(8\% \cdot 4.15)$. This can be interpreted most of employees said that they do not mind what rather work they doing as long as paid for it.

It can be easily observed from the above table that the mean score of respondents for the questions (Are you satisfied with the current salary level) is about 4.32 with regards' to proportion, about 92% of the respondents described their disagreement to the same questions showing that an average score of $3.97(4.32 \cdot 92\%)$. The remains 8% of the respondents indicated their agreement to the same question showing an average score of $0.78(4.32 \cdot 18\%)$.

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 92% of respondents show a dissatisfaction mean score of $3.82(92\% \cdot 4.15)$ and 8% of them show a satisfaction mean score of about $0.33(8\% \cdot 4.15)$. This can be interpreted most of employees said that they are not satisfied with the current salary level.

It can be easily observed from the above table that the mean score of respondents for the questions (I agree that based on performance Appreciation and being praised by managers for successful employees was given currently) is about 4.28 with regards' to proportion, about 88% of the respondents described their disagreement to the same questions showing that an average score of $3.77(4.28 \cdot 88\%)$, on the other hand, 4% of the respondents indicated their agreement to the same question showing an average score of $0.17(4.28 \cdot 4\%)$. The remains 8% of the respondents replied that they have no opinion with an average score of about $0.34(4.28 \cdot 8\%)$.

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 88% of respondents show a dissatisfaction mean score of $3.65(88\% \cdot 4.15)$, 4% of them show a satisfaction mean score of about $0.17(4\% \cdot 4.15)$, and a no opinion mean score of $0.33(8\% \cdot 4.15)$. This can be interpreted most of employees said that based on performance appreciation and being praised by managers for successful employees was not given or recognition was not given.

It can be easily observed from the above table that the mean score of respondents for the questions (The current PA system is capable of attracting and retaining competent

employees) is about 4.12 with regards' to proportion, about 84% of the respondents described their disagreement to the same questions showing that an average score of 3.46($4.12 \times 84\%$), on the other hand, 8% of the respondents indicated their agreement to the same question showing an average score of 0.33($4.12 \times 8\%$). The remains 8% of the respondents replied that they have no opinion with an average score of about 0.33($4.12 \times 8\%$).

In summary, the mean score for Employee on Incentive is about 4.15, from this mean score about 84% of respondents show a dissatisfaction mean score of 3.47($84\% \times 4.15$), 8% of them show a satisfaction mean score of about 0.33($8\% \times 4.15$), and a no opinion mean score of 0.33($8\% \times 4.15$). This can be interpreted most of employees said that the current PA system is not capable of attracting and retaining competent employees.

4.6 Correlation

Correlation Analysis: Correlation analysis was used to check the connection of performance appraisal with motivation and productivity. The researcher attempts to find a link between the studied independent variables and the dependent variable. It provides the Pearson's Correlation Coefficient between variables under study and each other, to be able to evaluate the relationship between those two variables. Pearson's correlation is used to find a correlation between at least two variables. Correlation should not be 0. It should be 1 or -1. Pearson correlation analysis is conducted to analyze the constructs and test direct relationship between pair of variables (Foster et al., 2001).

4.6.1 Motivation and productivity Vs performance evaluation

This test is done by using Bivariate4 Correlation Analysis (two-tiled); the Pearson correlation coefficient was carried out to determine the extent to which values of two variables listed above were correlated to each other.

Table.7: shows overall motivation and productivity are positively with performance evaluation

Correlations

		Motivation and productivity	Performance evaluation
Motivation and productivity	Pearson Correlation	1	.820**
	Sig. (2-tailed)		.000
	N	125	125
Performance evaluation	Pearson Correlation	.820**	1
	Sig. (2-tailed)	.000	
	N	125	125

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

From the above table in motivation and productivity are positively and significantly correlated with performance evaluation. Their Pearson Correlation is 0.820 this means that as Fairness of performance evaluation increases employees motivation and productivity will also increase.

Table.8: this table shows overall motivation and productivity are positively with Training.

Correlations

		motivation and productivity	Training
motivation and productivity	Pearson Correlation	1	.866**
	Sig. (2-tailed)		.000
	N	125	125
Training	Pearson Correlation	.866**	1
	Sig. (2-tailed)	.000	
	N	125	125

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

From the above table in motivation and productivity are positively and significantly correlated with Training. Their Pearson Correlation is 0.866 this means that as effective Training increases employees motivation and productivity will increase.

Table.9: this table shows overall motivation and productivity are positively with Incentive.

Correlations

		motivation and productivity	Incentive
motivation and productivity	Pearson Correlation	1	.928**
	Sig. (2-tailed)		.000
	N	125	125
Incentive	Pearson Correlation	.928**	1
	Sig. (2-tailed)	.000	
	N	125	125

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

From the above table in motivation and productivity are positively and significantly correlated with Incentive. Their Pearson Correlation is 0.928 this means that as attractive Incentive increases employees' motivation and productivity will also increase.

4.7 Regression analysis

Regression analysis is widely used for prediction and forecasting. Regression analysis is also used to understand which among the independent variables are related to the dependent variable, and to explore the forms of these relationships. By using regression analysis, one may assess the direct relationship between variables as well as show the causal relationship and the nature of relationship between variables (Aiken et al., 1991; Foster et al., 2004). Through this section, a regression analysis was presented for the relationships among variables.

Table.10: Regression analysis on Motivation and Productivity with Performance evaluation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820 ^a	.673	.659	1.51800

a. Predictors: (Constant), performance evaluation

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.273	1.475		1.541	.137
	performance evaluation	.249	.036	.820	6.878	.000

a. Dependent Variable: Motivation and Productivity

The result indicates that the variation in the Motivation and Productivity can be explained by the variables, R-square=67.3%, R square adjusted (R²) =65.9%. Thus, 67.3% in Motivation and Productivity can be explained by performance evaluation.

The result also indicates the relationship between Motivation and Productivity with performance evaluation at significant level of ($p=0.05$). As it is indicated in the table above, p-value is less than the significant level for the variables. This implies that there is significant association between independent and dependent variables.

The result of this study shows that there is a positive ($\beta =0.820$) relationship between Motivation and Productivity with performance evaluation. Therefore, performance evaluation was determinant factors to Motivation and Productivity.

Table.11: Regression analysis on Motivation and Productivity with Training

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866 ^a	.749	.739	1.32839

a. Predictors: (Constant), Training

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.727	1.290		1.339	.194
	Training	.289	.035	.866	8.295	.000

a. Dependent Variable: Motivation and Productivity

The result indicates that the variation in the Motivation and Productivity can be explained by the variables, R-square=74.9%, R square adjusted (R^2) =73.9%. Thus, Training can explain 74.9% in Motivation and Productivity.

The result also indicates the relationship between Motivation and Productivity with Training at significant level of ($p=0.05$). As it is indicated in the table above, p-value

is less than the significant level for the variables. This implies that there is significant association between independent and dependent variables.

The result of this study shows that there is a positive ($\beta = 0.866$) relationship between Motivation and Productivity with Training. Therefore, Training was determinant factors to Motivation and Productivity.

Table.12: Regression analysis on Motivation and Productivity with Incentive

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.861	.855	.98947

a. Predictors: (Constant), Incentive

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.373	1.237		-1.918	.068
	Incentive	.351	.029	.928	11.936	.000

a. Dependent Variable: Motivation and Productivity

The result indicates that the variation in the Motivation and Productivity can be explained by the variables, R-square=86.1%, R square adjusted (R²) =85.5%. Thus, 86.1% in Motivation and Productivity can be explained by Incentive.

The result also indicates the relationship between Motivation and Productivity with Incentive at significant level of ($p=0.05$). As it is indicated in the table above, p-value is less than the significant level for the variables. This implies that there is significant association between independent and dependent variables.

The result of this study shows that there is a positive ($\beta = 0.928$) relationship between Motivation and Productivity with Incentive. Therefore, Incentive was determinant factors to Motivation and Productivity.

CHAPTER 5

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summaries of findings

Maximum respondent in terms of working years was between 5-9, 10-19 and 20-30 these covers 24% each. While minimum age of respondent was above 30 years is 12%. 125 participants were involved in this study. Majority of participant were male than female with 68 % and 32 % respectively. The maximum age of respondent was under 25 and between 36-40 years, each has 24%. While minimum age of respondent was between 31-34 and over the age of 40 years, each covers 16% of the total population. Concerning educational qualification, 32 % of the respondents were certificate, 32 % were undergraduate, and 36 % were graduated. 76% of the respondents were married and 24% of them are single. Majority of the respondent was served other organization before they join HTSC, which were 80%. The rest 20% of the respondents were employed only in HIDASIE Telecom. Finally, 32% of the respondents were only employee; whereas 68% of the respondents were, employees as well as they are shareholders.

Based on lickert's rating scale the study variables were grouped into three categories. These are performance evaluation, Employee Development and Remuneration and Benefit. Based on these variables this study finds the following major results.

- Majority of the respondents was disagreeing on fairness of Hidasie Telecom performance evaluation standards (with 3.24 mean score of respondents)
- Employees responded that they were not participated in setting performance evaluation standards and goals of the company. (With 4.24 mean score of respondents)
- The respondents agreed that Corrective actions are not taken when employees unable to meet performance standards. (With 4.04 mean score of respondents)
- The performance appraisal system fails to communicate timely feedback. (With 4.24 mean score of respondents)

- With 4.32 mean score of respondents, they replied that their supervisors did not rates performance fairly and accurately.
- There is no training given for both appraisers and appraises about how to conduct performance appraisal and its objective. (With 4.32 mean score of respondents)
- The respondents agreed that supervisors are not encourages employees in career development. (With 4.08 mean score of respondents)
- Supervisor does not provide coaching, training opportunities, or other assistance to improve employees skills and performance. (With 4.12 mean score of respondents)
- Most of the respondents said that based on performance appreciation and being praised by managers for successful employees were not given credit currently. (With 4.28 mean score of respondents)
- Employees are not participated in setting the performance criteria and the weight assigned to performance measurement criteria. In addition, most respondents do not understand what to do; to receive a high performance rating. (With 4.24 mean score of respondents)

5.2 CONCLUSION

The objective of this research was to assess the effect of Performance appraisal on employees' productivity and motivation. In the case of SWD Hidasie telecom Share Company. The analysis carried out in this research using descriptive study design. Besides, the results were promising and encouraging especially relative to literature of similar research. List of the discovered interesting major findings are presented below.

Concerning on standards used to evaluate employee's performance, Majority of the respondents were disagreeing on fairness of Hidasie Telecom performance evaluation standards. In addition, Employees responded they were not participated in setting performance evaluation standards and goals of the company. Furthermore, most of respondents were agreed that the performance evaluation of HTSC demotivate employees to do a better job and majority of respondents agreed that the objective of PA is not clear to them. Most of respondents agreed that the objective of evaluation has not been communicated to the employees in advance and Employees are not participated in setting the performance criteria and the weight assigned to performance measurement criteria. In addition, most respondents did not understand what to do; to receive a high performance rating. Furthermore There is no training given for both appraisers and appraises about how to conduct performance appraisal and its objective.

In this study, the respondents agreed that the current PA lacks uniformity and consistency in applying the whole performance appraisal system and influenced by subjective judgments rather than guided by written policy and principle. The respondents respond that Corrective actions are not taken when employees unable to meet performance standards. The performance appraisal system fails to communicate timely feedback. The respondent replied that their supervisors did not rates performance fairly and accurately and supervisors are not encourages employees in career development. Supervisor does not provide coaching, training opportunities, or other assistance to improve employees skills and performance. Overall, the respondents are not satisfied with supervisors.

This study finds that the respondents are demotivated with the current PA and incentive. Most of the respondents agreed that in the current PA system best performers are not rewarded and they said that based on performance appreciation and being praised by managers for successful employees were not given credit currently. In addition, Employees responds that they are doing the work, which is not related to their experience and qualification, and they do not mind what kind of work they are doing as long as they paid for it.

All Co-relation analysis indicates that there is significant relationship between all the Performance Appraisal and motivation and productivity and Significance among the variables shows that there is positive relationship between motivation and productivity, and Performance appraisal variables.

From the regression analysis it can be conclude that Overall, employee performance appraisal practice in the HTSC is found that it is not given the attention it deserves. So HTSC appraisal system should give focus in written policy regarding PA, timely feedback, training and development, helping poor performers, performance appraisal needs to be equipped with methods of motivating employees, rewarding good performer, employee engagement and participate employees in the design of the performance appraisal process were determinant factors for employee motivation and productivity.

5.3 Recommendation

The researcher makes the following recommendations based on the findings of this study.

- It is recommended that HTSC to give training for both appraisers and appraisees about how to conduct performance appraisal and its objective. A well-trained and developed workforce is required for increased employee performance and organizational growth.
- It is advisable that HTSC Raters should provide employees with timely feedback on their past performance and conducting post assessment interviews must be done to all employees. This would go a long way to prevent conflict situations and create a healthy atmosphere for teamwork.
- It is recommended that HTSC have to make Methods of helping poor performers to improve their performance, such as counseling and job rotation as well as transfers should be put in place by top management as policy interventions.
- To be able to obtain a reliable performance appraisal policy of the employee, supervisors are advisable to make periodic notes on each of the employees to be appraised.
- It is recommended that HTSC Raters have to conduct the performance appraisal needs to be equipped with methods of motivating employees through the performance appraisal policy. Furthermore, performance appraisal policy creates a learning experience that motivates employees to develop themselves and improve on their performance.
- It is recommended that HTSC should use a total rewards approach that incorporates both intrinsic and extrinsic rewards in order to motivate as many employees as possible.
- I recommend HTSC to participate employees in the design of the performance appraisal process the weight assigned to the criteria should be revised based on the participants' idea.
- Overall, it is advisable to have a pre and post appraisal discussion and communication that enable appraisers and appraisees to have a clear understanding of the nature, purpose, methods and problems of the appraisal. Thus, employees must be informed of such things before appraisal so that they will not develop a negative attitude towards it. Discussion after the appraisal and acquiring information concerning the process helps

appraises to identify problem areas in both the employee performance as well as the system.

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ANNEX I

Questionnaire

RESEARCH QUESTIONNAIRE

JIMMA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

Dear respondent!!!

I am a master degree student of Jimma University conducting a research, titled: Effectc of performance appraisal on employee performance and motivation in Hidasie share company south west district. Please remember that your answers are very important. This information will be treated anonymously and will be used for academic purposes only. Your answers will help the researcher a lot.

To assist me in this regard, I would appreciate your efforts in completing the attached questionnaire. I assure you that all information received in this connection shall be treated and held in strict confidence.

If you have any question regarding to the questionnaire, you can contact the researcher through the following address: kumnegerdereje@gmail.com and +251912008306.

Your cooperation will be highly appreciated in his regard. Thank You!

Yours faithfully

QUESTIONNAIRE

SECTION A Respondents Bio Data:

Instruction: Please right/tick the appropriate answer in the box provided.

- (1) Gender: Male : Female:
- (2) Age group: 21-25 26-30 : 31-35 36-40 above 40
- (3) Level of education: Certificate Under-Graduate : Graduate
- (4) Working Years: 0-4 : 5-9 : 10-19 : 20-30 above 30
- (5) category of employees Are you employee or employee -share holder?
- (6) Marital Status: Married Single
- (7) Have you served other institution before you joined hidasio? Yes No

SECTION B: The Impact of Performance appraisal on employee Productivity and Motivation

Instruction: Please indicate your agreement to the statement in the table by writing right/tick sign in the table box provided.

The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Uncertain, 4= Disagree, 5 = Strongly Disagree

S.n	Item	1	2	3	4	5
	Performance Appraisal					
1	The standards used to evaluate my performance are fair					
2	The performance appraisal system motivates me to do a better job					
3	The objective of current appraisal are clear to all employees before appraisal takes place					
4	PA should be conducted once in a year, do you agree?					
5	I participate in setting standards and goals used to evaluate my job performance					
6	The criteria of appraisal should be developed from the subjectivity					
7	I understand what I must do to receive a high performance rating					
8	Corrective actions are taken when employees don't meet performance standards					
9	My supervisor provides timely feedback on my job performance					

10	My supervisor rates my performance fairly and accurately					
	Training					
11	I receive the training to perform my job					
12	My supervisor provides coaching, training opportunities, or other assistance to improve my skills and performance					
13	My supervisor keeps me informed about how well I am doing					
14	My supervisor encourages my career development					
15	Overall, I am satisfied with my supervisor					
16	I agree that future promotional opportunities are based on the current PA					
17	I believe that PA facilitate opportunities of workplace training to work better					
18	I believe my present job makes good use of my skills and abilities					
19	My supervisor make periodic notes on each of the employee					
20	I am motivated by the prospect of promotion in the near future within my organization					
	Incentive					
21	The current PA is motivating and provides an incentive for better performance					
22	The current PA provides appropriate payment for the work related experience and qualification I have					
23	I believe incentive are based on performance which means those employees who work get additional payment					
24	I feel currently my company retain high performers					
25	I believe the current PA encourage team work					
26	I believe basing pay without considering performance Increases employee morale					
27	I do not mind what kind of work I am doing as long as I am paid for it					
28	Are you satisfied with the current salary level					
29	I agree that based on performance Appreciation and being praised by managers for successful employees was given currently					
30	The current PA system is capable of attracting and retaining competent employees					