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The Impact of Performance Appraisal System on Employee's Motivation:

A Case of Moha Soft Drinks Industry S.C

A Thesis Submitted in Partial Fulfillment of the Requirements for Award of

MA Degree in Human Resource Management

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APPROVAL SHEET

We, members of the board of examiners have read and evaluated the final open defense conducted by Lamesa Bulto entitled **" The Impact of Performance Appraisal System on Employee's Motivation".** Finally, we have examined the candidate and certified that his research has been accepted as a Partial Fulfillment for the Requirement of Master of Degree in Human Resource Management.

By : Lamesa   Bulto

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Advisor	**Signature**	**Date**
External Examiner	**Signature**	**Date**
Internal Examiner	**Signature**	**Date**

DECLARATION

I here declare that the thesis entitled **"The Impact of Performance Appraisal System on Employee's Motivation: A Case of Moha Soft Drinks Industry S.C."** is my original work and has not been presented for a degree in any other Ethiopian universities, and that all sources of material used for the project have been duly acknowledged.

By: Lamesa Bulto

Signature _____Date _____

LETTER OF CERTIFICATION

This is to certify that Lamesa Bulto has carried out the research work entitled "**The Impact of Performance Appraisal System on Employee's Motivation**" under my guidance and supervision. Accordingly, I assured that his work is appropriate and standard enough for the submission in Partial Fulfillment of the requirement for the Award Master of Art in Human Resource Management.

Confirmed by Advisor: Solomon Markos(PhD)

Signature _____Date _____

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LIST OF ACRONYMS AND ABBREVIATIONS

- **ASK**-Attitude, Skill and Knowledge
- **CO$_2$**-Carbondioxcide
- **EM**-Extrinsic Motivation
- **GM**-General Manager
- **IM**-Intrinsic Motivation
- **HRA**-Human Resource Accounting
- **HRM**- Human resource management
- **HR**- Human Resource
- **HRP**-Human Resource Planning
- **OM**-Overall Motivation
- **PM**-Performance Management
- **PAS**-Performance Appraisal System
- **PA**-Performance Appraisal
- **T&D**-Training and development

ABSTRACT

The aim of the study is to assess the impact of employee's performance appraisal system of Moha Soft Drinks S.C on its employee's motivation. To undertake this research, objectives and hypothesis were designed and assessed by mixed approach research study. To set background information on the proposed hypothesis the theoretical, conceptual and empirical related literatures were reviewed. In conducting this study, the required data had been obtained through partially adopted and self developed questionnaire. In data gathering, 200 questionnaires were distributed to the sampled employees. Among these 177 were returned and 23 responses were uncompleted. So the response rate of this study is 88.50%. Research Instrument test was conducted for reliability by Cronbach's coefficient alpha whereas validity by factor analysis. In the analysis descriptive statistics, correlation analysis and simple regression analysis were performed indicating that employees of Moha Soft Drinks S.C have low level of motivation towards the existing performance appraisal system and there is positive and significant relationship between the independent PAS and dependent motivational issues.On the basis of the findings, appropriate recommendations along with implications for further research have been forwarded.

Key Words: Performance Appraisal System, Motivation

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance appraisal system is one of the ancient systematic tools that is used to evaluate performance of employees in organizations (Grint,1993 ;Tripathi,2001).Tripathi has noticed that PA is the one among the very crucial ones which management frequently utilizes it for variety of purposes. Performance appraisal has been considered as a mandatory base of human resource development as it is used for taking important decisions like promotion, compensation, termination, feedback & communication, training & development (Rao, 2009). Since the time of World War II performance appraisal became the main esteem in the HR practices (Grint, 1993).

According to Becker and Huselid (1998), human resource management can serve as key component of competitive advantage for any organization. Performance appraisal is the indiscipensable part of performance management. So that there are some factors like motivation, work performance, rewards, employee performance, internal communication, work environment, organizational commitment, employee training & development are based on the performance appraisal (Saeed and Shah, 2016).

Due to globalization, the business organizations are aggressively facing the competitive advantage and meet the global challenges. In this world of competition as organizations effort to remain competitive and sustainable, human resource (HR) professionals and strategic planners should collaborate strongly in designing strategies, which are more productive and useful. According to Marquardt (2004), the most winning organizations in the 21st century will be those to focus on integrated HR processes and systems. So the role of human resource becomes more and more vital which includes personnel related areas such as job design resource planning, performance appraisal system, recruitment, selection, compensations and employee relations (Decenzo and Robbins,2010).Among these functions, one of the most critical one that brings global success is performance appraisal (Marwat et al., 2008).According to these authors, the central issues of PA purpose is to enhance an individual as well as organizational performance with a continual motive. As Marwat et al. argued that it is necessary to implement innovative human resource practices.

Implementing a performance appraisal system in the organization is crucial in order to allocate rewards for the employee, provide development advice as well as to obtain their perspectives,

and justice perception about their jobs, department, managers, and organization (Ibid). Performance management is measured by top management like executives, managers, administrators, directors and chiefs keeping in mind the end goal to adjust employee performance to the company's objectives. Different studies reveal that performance appraisal is a significant factor in employee motivation and satisfaction. If PA is designed in a well manner, it can be used as the most powerful instrument that organizations have to mobilize the energy or motivation of every employee of the enterprise toward the achievement of strategic goals.

Motivation concepts have been argued with different opinions by different scholars, practitioners and gurus as Mullin(2005) motivation is a driving force to achieve some goal; Ryan and Deci(2000) motivation is naturally happening energy inside an individual for direction indication and Robbins (2003) has given definition to motivation as an impulse that produces the intensity; (Csikszentmihaly et al. 2005; Ryan & Deci,2000) have defined IM/ intrinsic motivation as process of doing something because of inherently interesting force enjoyable agent and were as EM/ extrinsic motivation/ as doing something to get something as it leads to separable outcome from the outside).Generally, motivation can be defined as the driving force that causes a person willing to move the power, capability and time to carry out all the activities that have the duty and responsibility so that obligations in order to achieve goals maximize organizational outputs.

Mullins(2005) has given his arguments to extrinsic rewards that are given by others, externally in satisfying lower order needs(Human needs of Maslow's theory)while intrinsic rewards are given from internally called self performance reward. These intrinsic rewards are directly stems from the higher order needs such as self-esteem and self-actualization to an individual him or herself. For this reason it is said to be self rewarding motivation type(Ibid).Maslow's hierarchy of needs explain that People are motivated if lower-level needs are fulfilled before moving on to fulfill higher-level needs such as ego (esteem).

Some scholars like Herzberg (1968, 1987) and Mullins (2005) state that motivation can create a positive working situation in the organization, while a negative perception has a power to affect the company performance in wrong direction. These motivation issues depend on the manager or supervisor's actions and behaviors toward the employees. If performance appraisals are perceived as unfair, therefore, the benefits can diminish rather than enhance employee's motivation and performance (Thomas and Bretz, 1994). Thomas and Bretz have observed that de-motivated employees can be resulted from biased assessment service in PAS in relation with

motivation. Thus, this study is conducted with the aim to explore the relationship that exists between PAS and employee's motivation in Moha soft Drinks S.C.

1.2 Statement of the Problem

Many practitioners and gurus have explained the importance of PAS in various ways for the fruitfulness of an organization. Company managers must understand that performance appraisal has been the main respected tool in the HR practices. People used PA to assess other as well as themselves for judgmental issues (Becker, 1998; Foot and Hook, 2012; Jabeen, 2011). Yet, the idea of PAS has shown failure to understand by some organizations about its implication, role and what does PA mean (Goff & Longenecker, 1990; Scholtes, 1993).It has been noticed that without a clear vision to the purposes of effective PAS, there is no success and motivation at all to employees and organizations (Bartol and Martin, 1998;Jabeen, 2011).

Scholars have noticed that PAS and motivation have great interaction to each other. In other words, motivation has power either to motivate or de-motivate employees based on PA fairness and unfairness respectively (Jabeen, 2011).

The researcher has reviewed two research articles that have been conducted recently having similar concept with this research article. The two previously similar research articles conducted by Jabeen (2011) and Berehanu(2014) entitled with 'The Impact of Performance Appraisal on Employee's Motivation' the case of Department of Management Science in Is lamia University of Bahawalpur, Pakistan and in private banks in Ethiopia respectively. These two researches have an *empirical gap* that they couldn't solve about the interaction problem of PA to motivational analysis in line with extrinsic and intrinsic issues. Furthermore, to the researcher's best knowledge very limited researches have been conducted in case of Ethiopian scenario, example, Beranu (2014).

Having these underlying concepts in mind, the preliminary study was conducted by the researcher through interview made to the organization unit head of Human Resource Management. As result of which the researcher could find problems regarding lack of performance appraisal standards, like rater's bias in relation with the employee's motivational components such as extrinsic and intrinsic motivational elements in the concerned organization in order they to be touched and assessed. So appraisal system may theoretically affect employee motivation that can be difficult to achieve in practice

Thus, the current study aims to address the impact of performance appraisal system on employee motivation in Moha soft Drinks S.C. In doing so, the study tries to identify the major problems and challenges of PAS in relation with employee motivation. Finally, attempt would be made to consolidate facts from different literatures and contribute something to narrow the gap that exists concerning the salient issues under study.

1.3 Research Questions

1. What is the impact of PAS on employee intrinsic motivation?

2. How does performance appraisal system influence employee extrinsic motivation?

3. What is the relationship between performance appraisal system and employee motivation?

1.4 Objective of the Study

1. 4.1 General Objective of the Study

The general objective of the study is to investigate the impact of performance appraisal system on employee's motivation in Moha Soft Drinks Industry S.C.

1.4.2 Specific Objective of the study

Specific objectives of this study are as follow:

1. To investigate the impact of PAS on employee intrinsic motivation.

2. To examine the performance appraisal system influences over employee extrinsic motivation

   in Moha Soft Drinks S.C

3. To determine the relationship between PAS and employee motivation.

1.5 Significance of the Study

This study is significant in various aspects. Firstly, on the basis of the findings of the study, the paper recommends some useful idea after identifying the current perception of employees towards the performance appraisal and gives signal to the human resource management of the organization to take remedial actions on the overall practice of performance appraisal in order to minimize de-motivating factors that leads employees with negative perception. Secondly, it contributes to the current knowledge in the practice of performance appraisal in Moha Soft Drinks in order to invite for further research to bring behavioral change in the area of performance appraisal in the mind of the a rater, ratees as well as to other parties who are

responsible in the design of the instrumental forms of PA. Thirdly, it can be used as a sourced document for those who want to pursue further research in the practice of performance appraisal.

1.6 Scope of the Study

This research was conducted on Moha Soft Drinks S.C. It has purposefully selected Nifas Silk Plant out of the eight operating Plants of Moha Soft Drinks S.C because of its age and the maximum number of employees the organization possesses in comparison with the rest of other Moha Soft Drinks branch plants. Beside this, the location is convenient for ease of data accessibility for the thesis to be conducted for the researcher.

The researcher has limited the boundary of the title to an independent variable, Employee's PA effectiveness (setting PA standard, communication feedback, comprehensiveness of PA, rating accuracy/reliable & validity/, rater assurance/rater accuracy) and a dependent variable motivation in line with intrinsic and extrinsic relations. Other variables being affecting and affected by the employee's performance appraisal system was not be addressed.

1.7 Operational Definitions

Appraisal: The act of assessing someone, in order to judge his/her qualities and success.
Appraisee: An employee who is rated.

Appraiser: The person evaluates the employees' performance.

Motivation: Internal and external factors that stimulate desire and energy in people to continue
       & commit to a job.

Performance: The act of performing and doing something successfully.

1.8 Organization of the Study

The study is divided in to five sections. The first section, introduction part deals with the back ground of study, statement of problem, research objective, research questions, and significance of study and scope of the study. The second chapter deals with review of related literature and conceptual frameworks. The third section deals with methodology of the study, research method, data type and gathering tools, sampling and sampling techniques and data analysis methods. The fourth section deals with data presentation, data analysis and interpretation of the results. The last part deals with summary of the findings, conclusion and recommendations of the research.

1.9 Limitation of the Study

Since human beings may be tending to hide information what they feel due to different reasons that respondents might reluctant to provide their true feelings as a result conclusion of the findings might be affected. Limitation of empirical studies that have direct linkage with the title of this thesis in the context of Ethiopia is the other limitation of this study. In addition to these shortcomings, the generalization to the whole organization of Moha Soft Drinks S.C is difficult unless an organizational-wide research is conducted.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Performance Appraisal

Understand the meaning of performance appraisal in this research article is very crucial because PA is the base for PAS and performance appraisal management. Aggarwal and Thankur(2013) have noticed that PA is synonymous with phrases like performance review, performance evaluation, performance assessment, performance measurement, employee evaluation, personnel review, staff assessment and service rating and so that they can be exchangeable used instead of one another. There are various authors, leaders, managers and gurus who have defined PA according to their knowledge in the following ways:

- According to Alo (1999), PA has been defined as the process of assessing the success of an individual and an organization on a given task to achieve a certain goal in a given time.

- According to Pulakos (2004), PA is a regular assessment and systematic monitoring of employees' performance that will be a base for an effective performance management system (Pulakos, 2004).

- Boswell and Boudreau (2002) have defined as PA is any effort concerned with enriching attitudes, experiences and skills that improve the effectiveness of employees.

- Other scholars have given the definition of PA in elaborating Alo's definition in a way that PA is a systematic way of reviewing and evaluating of an individual and team task performance on a continuing basis (Foot and Hook, 2011).According to Foot and Hook performance appraisal of team performance is critical when teams exist in an organization.

- Becker and Huselid (1998) have explained that PA is process of People judge others as well as people judge themselves on a regularly basis.

- Performance appraisal is a system that is used in the organizations to measure the effectiveness and efficiency of their employees (Aggarwal and Thankur, 2013).

Even though there is little difference in meaning, it leads to a general similar definition of PA. So PA can be defined as the systematic process of monitoring through identification, observation, measurement & development of achievable goal performance to an individual, an organization and team for the success of a given job on a regular basis.PA is used as a base foundation and critically a success for other HRM practices and functions because PA is one of the most important among HR practices. Researchers and experienced practitioners have identified several purposes and various uses of PA to an organization (Boswell and Boudreau, 2000; Longenecker and Goff, 1992).

Although PA is one component of PM, it is vital, in that it directly reflects the organization's strategic plan. Even though rating focuses either on an individual or team basis, an effective appraisal system must measure the accomplishments of goals and objectives of an organization for assurance of the PA usages. Some of the uses of PA are HRP, compensation, training, recruitment and selection ,promotion, measures, determining salary increases and a means of communication feedback between supervisors and employees, revealing outdated business practice (Borman,1979; Pulakos, 2004).If these purposes of PA are well organized, PA enhances productivity of an organization(Singh & Rana,2015).When performance of the employee is assessed and discussed in thorough detail, it is used in communicating the weaknesses and strengths observed in the employees.

In spite of the significance of PA, raters do not like appraising employees and employees do not like receiving PA too. Neither raters nor ratees like PAS due to the negative attitude they possess for the system (Coens and Jenkins, 2000).That is why raters and ratees have a negative perception toward PA in many organizations. But the purpose and its importance of PA have been increasing since its existence of early 1900s till today (Vignaswaran, 2005). PA identifies opportunities for the employee to develop professionally an effective performance appraisal system (PAS).A formalized and orderly appraisal plan will empower a standard evaluation of the people's performance, highlight potential and recognize training and development needs. In general, an effective performance appraisal plan can enhance the future performance of staff and other benefits for concerned bodies (Foot and Hook,2011).Thus; organizational managers and raters have to pay attention in developing an effective performance appraisal system for the reason that PA has great impact to an employees' motivation and to an organization as well (Jabeen, 2011).

2.1.2 Performance Appraisal Process

PA process is a system of identifying specific performance goals (Foot and Hook, 2011). Foot and Hook have explained that an appraisal system may not effectively support each desired purpose. Hence so management should focus on the specific and the most important achievable goals. Too many PA systems fail because management expects too much from one method and does not determine specifically what it wants the system to accomplish (Ibid).
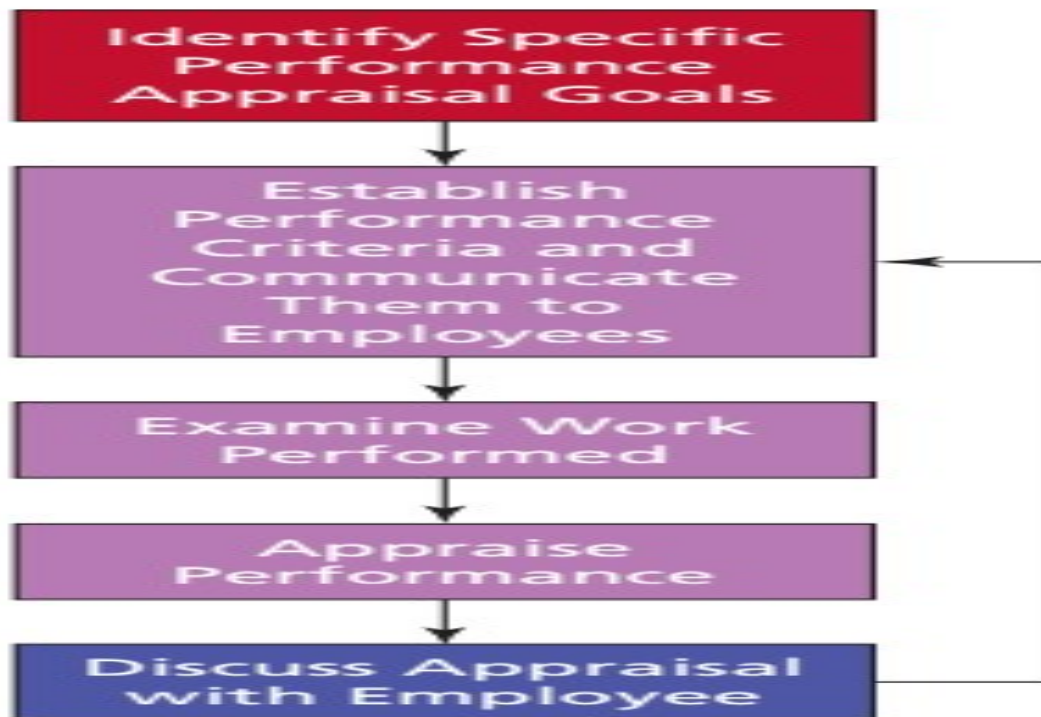
Figure 1 Performance Appraisal Process (Foot and Hook, 2011, p.240)

The above figure1 shows PA process is a cyclical and never ending one. In this cycle identification of specific performance, establishing of performance criteria (standards), assessing the work, appraise performance, feedback and retie the process back to the standard set earlier with additional revision of the standards. These are the sequential steps of performance appraisal process. According to Foot and Hook (2011), performance appraisal is divided in to five sections. They are identification of specific performance, establish performance criteria/standard/ assessing the work and appraise performance.

A. Identification of Specific Performance

On the view of Foot and Hook (2011), it is possible to explain that knowing performance expectation and rater's appraisal system, the performance helps the organization on how well employees have met the standards, determines reasons for deficiencies and develops a plan to correct the problems. Thus, goals can be reset for the next evaluation period.

B. Establish Performance Criteria/Standard/

Organizational management must carefully select performance criteria in order to achieve corporate goals. 'The most common appraisal criteria are traits, behaviors, competencies, goal achievement and improvement potential' (Foot and Hook, 2011, p.240).Foot and Hook have described the standards of PA as follows.

- **Traits**: Qualities of employee traits such as attitude, appearance and others can be used as a basis for some appraisal standard. However commonly used traits are subjective ones. So that it may make performance appraisal difficult to relate to job performance. In a performance appraisal system, general characteristics must be reflected. According to Foot and Hook, the total qualities of trait includes leadership, public acceptance, attitude toward people, appearance and grooming, personal conduct, outlook on life, ethical habits, resourcefulness, capacity for growth, mental alertness, and loyalty to organization are susceptible to partiality and to the personal trait.

- **Competencies:** Competency is a broad range of knowledge, skills, traits, and behaviors that is related to inter personal skills or business-oriented mind (Armstrong, 2006; Foot and Hook, 2011). Even though competency has a wide implication, According to Armstrong's opinion, it can be summed up as ASK, which stands for, attitude, skill and knowledge respectively.

- **Behaviors:** Sometimes an individual's task outcome is not convenient to measure about the situation of the employees. At this point the organizations can evaluate the person's task-related behavior that matches to the employee's position. As an example, it is possible to take leader ship style for a manager is one of behavioral issues. Thus a desired behavior is an appropriate for performance criteria appraisal to employees (Foot and Hook, 2011).

- **Goal Achievement**: According to Foot and Hook an organizations can give more attention to ends than mean*s*. They have argued further about goal achievement, the outcomes are the appropriate factor to evaluate employee's performance appraisal .In fact the goal achieved to be specific one. This aspect of employee appraisal should be the most positive element in the entire process and help the employee focus on behavior.

- **Improvement Potential**: It has been recommended that performance appraisal must not to focus on the past but to focus on to the future. Even though paying attention is the better way to improve the potentiality of the employees, many appraisal systems are mixtures of these fundamental approaches (Foot and Hook, 2011).

C. Assessing the Work: The process of work assessment starts from rereading the job description for the individual employee. That is very crucial responsibility in getting ready to do a performance appraisal for a rater. Rater should not evaluate an employee directly but the work .Thus the focus of rater's attention is towards how well the employee does this particular work.

D. Appraise Performance: Appraise of performance is one of the phases of an effective performance appraisal process. Basically, appraisal of performance involves evaluating just how good a job the individual has done and filling out the appraisal form.

E. Feedback Discussion: The final program in appraisal process is continuous feedback on performance and goals. In fact feedback discussion allows individuals to monitor and redesign their own plans. In most cases feedback is supported by periodic formal appraisal meetings.

2.1.3 Purpose / Functions / of Performance Appraisal

The central goal of performance appraisal is provision of betterment for an individual and an organizational success (Borman, 1979; Foot and Hook, 2011; Harrison, 2012; Grote, 2002; Rao, 2009). According to these scholars, there may be other goals of PA. But there is a potential problem that create obstacle to organizational useful purpose of PA is that expecting too much from one appraisal plan. This is the common problems of many organizations. They argued further about PA that it is critically essential for every human resource functional area. The above scholars have identified the following benefits of PA:

- **HRP**: In the assessment of a firm's HRP, data must be available to identify the potential to employees to be promoted. Through performance appraisal there is a possibility to discover employee's potential. Thus plans should be made for greater emphasis on HRP.

A well-designed appraisal system provides a profile of the organization's human resource strengths and weaknesses to support this effort.

- **Recruitment and Selection**: Only when the performance of newly hired individuals is assessed the company can learn whether it is hiring the right people. Performance appraisal is helpful in predicting the performance of job applicants. A firm's successful employees can be identified through performance evaluations) exhibit certain behaviors when performing key tasks. These data may then provide benchmarks for evaluating applicant responses obtained through behavioral interviews and other selection methods.

- **Training and Development**: Performance appraisal helps in individual developmental plans for T&D. Performance appraisal should point out an employee's specific needs for training and development. If a firm finds that a number of first-line supervisors are having difficulty in administration, a training sessions can provide a solution to support employee's performance. By identifying deficiencies that adversely affect performance, T&D programs can be developed that permit individuals to build on their strengths and minimize their deficiencies. An appraisal system does not guarantee properly trained and developed employees. However, more precise appraisal data are needed for the conduction of T&D.

- **Career Planning and Development**: Career planning is an ongoing process and a formal approach used by the organization to ensure that people with the proper qualifications and experiences are available when needed. Performance appraisal data is essential in assessing an employee's strengths and weaknesses in determining employee's potential.

- **Compensation programs**: PA provides a useful basis for reasonable decisions to compensation adjustments. Most managers and scholars believe that rewards are provided to better performer is related with pay increases. They believe that the behaviors you reward are the behaviors you get. The provision for employees benefits in the form of allowances beyond salary, known as special benefit, to be based on the level of responsibility and achievement to risk positions (Harrison, 2012).

The compensability of employees should be based on plan for remuneration given appropriately and correctly to employees for egalitarianism purpose so that they gain job satisfaction and driven to achieve company goals. If remuneration is not supported in an

egalitarianism (the same treatment) but elitism situation (treat differently), the system leads employee to frustration or de-motivation (Gomez et al. 2012).

- **Internal Employee Relations**: Performance appraisal data are also used for decisions in several areas of internal employee relations, including promotion, demotion, termination, layoff, and transfer. For example, an employee's performance in one job may be useful in determining his or her ability to perform another job on the same level, as is required in the consideration of transfers. When the performance level is unacceptable, demotion or even termination may be appropriate.

- **Assessment of Employee Potential**: Some organizations attempt to assess an employee's potential as they appraise his or her job performance. Although past behaviors may be a good predictor of future behaviors in some jobs, an employee's past performance may not accurately indicate future performance in other jobs. Recognition of this problem has led some firms to separate the appraisal of performance, which focuses on past behavior, from the assessment of potential, which is future-oriented. In general, the above functions of performance appraisal can be illustrated in the figure 2 below.

Figure 2: Intended Functions/Purpose/ of Performance Appraisal (Harrison, 2012**)**

2.1.4 Who is a responsible rater?

Often the HR department is responsible for the coordinating of PA programs. However, it is essential that line managers play a key role from beginning to end. Several possibilities exist with regard to the person who will actually rate the employee (Dessler, 2012; Foot and Hook, 2011). According to Dessler(2012) and Foot and Hook(2011) appraisal of an employee is conducted by:

- **Immediate Supervisor**: An employee's immediate supervisor is the most preferable for evaluating performance appraisal in an organization (Foot and Hook, 2011). According to Foot and Hook, the supervisor is usually in an excellent position to observe the employee's job performance. Thus, the supervisor has great responsibility for controlling a particular unit. Even though clever enough on the appraisal system geography separation of subordinates from their supervisors, evaluation becomes difficult to the organization. Not only this but also supervisor's authority may be undermined at the time of evaluating subordinates. That is why these scholars recommend training and development to upgrade appraisal programs through rater training program.

- **Subordinates:** There is a negative view if evaluation is conducted by subordinates. However, this type of thinking has been changed (Foot and Hook, 2011). They explained further that there are some firms that can conclude evaluation of managers by subordinates is both feasible &needed as the reason of managers are in the closer view of subordinates. Advocates believe that this approach leads supervisors to become especially conscious of the work group's needs and to do a better job of management.

- **Peers/co-worker/ and Team Members Evaluation**: This responsibility appraisal system is mostly used is an organization where employees of an organization which have the same level evaluate each other. In an organization which use self managing team appraisals. The appraisal of an employee by his or her peers is becoming more popular. It has both advantage and disadvantages. A major strength of using peers to appraise performance is that they work closely with the evaluated employee and its weakness probably the reluctance of some people who work closely together, especially on teams, to criticize each other.

- **Self-Appraisal:** Self-assessment is a process in which each employee judges their own performance, using a structured approach (Armstrong, 2006).If employees understand

their objectives and the criteria used for evaluation, they are in a good position to appraise their own performance (Foot and Hook,2011).Armstrong has noticed that self-appraisal is not a part of the system. He further added that in self-appraisal, employees may become more highly motivated. The central advantage of this type of appraisal is the provision of the employee's most important accomplishments to the rater and in turn it also helps the rater or the supervisor from being blindsided when the employee complains.

- **Customer Appraisal**: Customer behavior determines a firm's degree of success. Therefore, some organizations believe it is important to obtain performance input from this critical source. This approach demonstrates a commitment to the customer holds employees accountable and fosters change. Customer-related goals are of a broad, strategic in nature whereas targets for lower-level employees tend to be more specific (Foot and Hook, 2011).

2.1.5 Performance Appraisal Periods

Formal performance evaluations are usually prepared at specific intervals. Appraisal Periods may be based on either anniversary date or under a common review date system. Anniversary date (review of a person with the relation of the date s/he entered the current job where as a common review date system is common evaluation date   for the organization. Even though there is no fixed period for formal appraisal reviews, in most organizations performance appraisal is conducted either annually or semiannually.

But it is advisable that the more the shorter time (three or four months) for appraisal review, the better it will be for organizational effectiveness through appropriate performance appraisal system (Foot and Hook, 2011). Decenzo and Robbins (2010) recommend appraisal period that better if there is flexibility with time geographical location, culture and behavior of the organization especially for international organization.

2.1.6 Performance Appraisal Methods /Appraisal Tools and Techniques/

There are varieties of performance appraisal methods or tools and techniques to rate employees of an organization. Due to its excess number of performance appraisal techniques that are used to appraise employees of an organization, it is not convenient to select a better appraisal tool for appraisal system because each of them has its own advantages and disadvantage .At the same time, different types of business uses different types of performance appraisal techniques

(Aggarwal and Thankur,2013; Baheti and Kumar,2013; Boswell & Boudreau,2000 ;Bullen,2007 ; Chimwemwe, 2014; Decenzo and Robbins,2010; Foot and Hook, 2011;Lunenburg, 2012; Obisi, 2011).

These researchers and different authors have explained that there are different types of performance appraisal tools. They have also described methods of each appraisal tools with their respective advantages and disadvantages.

A. Assessment Center: A system of assessing employees over a period of time for two to three consecutives of days trough observation of behaviors across a series of selected work samples. This method of assessment can result in to useful as well as harmful ways to organizations. The concepts are easy   and highly flexible styles to use are some of the advantages so that HRM easily use it for selection and promotion decisions. Beside this, it assesses multiple attributes of employees. In contrast of its advantages, some scholars such as Aggarwal and Thankur (2013) and Foot and Hook (2011) have argued that assessment center has disadvantages too to the organizations in that it is expensive and difficult to manage as it is cost and time consuming program. Furthermore, there are much cognitive loads to assessors due to the limited number of people can be assessed processed at a time.

B. Behavioral Anchored Rating System/ BARS /: It is a mixed scale approaches of critical incident and graphic rating (Dessler, 2012).The supervisor rates employees based on the items on a numerical scale. According to Dessler (2012) BARS is more highly job related when compared to the other appraisal methods and it has high degree of validity. So that BARS has more acceptances in relation to other assessment methods because it is more activity oriented than result oriented. The contrast idea is that raters may be biased in assessment methods of BARS.

C. Critical Incident: The critical incident method is a PA method that   keeps written records of effective and ineffective behavior of employees (Decenzo and Robbins, 2010; Foot and Hook, 2011).They have noticed that the recorded information about the employees is used during the appraisal period. They further clarify about critical incident in which a manager of an organization writes it down when an action affects the department's effectiveness significantly, either positively or negatively. Here is the essential point that a rater can use these records at the end of appraisal period with other data to appraise employee performance (Ibid). Critical incident is basis for conducting a discussion and it avoids recent bias. This is the advantage of critical incident while its disadvantages are as follow: There are noticeably negative incidents than

positive incidents and there is also inability of loading a series of complaints at review time. Beside this results are from very close supervision and that is hated by employees (Aggarwal and Thankur,2013).

D. Forced Distribution Method: Forced distribution method is the process of as assigning individuals in a work group to a limited number of categories. The major advantage of this assessment method is to keep raters from being excessively lenient (Decenzo and Robbins, 2010; Foot and Hook, 2011). According to Armstrong and Taylor (2014) forced distribution systems is based on three levels. The first top groups, the second middle groups, and the poorest performer groups are placed in   20%, 70 %and 10 % of the total respectively. Sometimes this forced distribution divides the ratio in to six groups. These scholars further elaborate about forced distribution that its disadvantages are leading to low morale and then low productivity, difficult to measure with fact standard while among its advantages are elimination of rater bias, preplanning size of staff.

E. Management by Objectives/ MBO: MBO is an appraisal method that reflects management philosophy which utilizes employees' contribution. It establishes clear cut objectives, the employees are provided with a course to follow and practice their duties and responsibilities properly. Based on the Dessler's (2012) opinion, MBO states a general goal setting and it composes of the following six steps:

1. Set the organization goals

2. Set departmental goals

3. Discuss departmental goals by department needs and Subordinates

4. Defines expected results that managers & their subordinates set employees performance goal.
5 .Performance review: The managers and supervisors compare each employee actual and the expected performance.

6 .Provide feedback the managers and employees discuss and evaluate the result.

Aggrawal and Thankur (2013) and Decenzo and Robbins(2010) analyze that there are easily constructed style, standard form, low personal bias and result focus are some advantages of MBO where as variation of goals interpretation among managers, problem of employees goal agreement are some of the disadvantages of MBO .

F. Graphic Rating Scale: It is a known simple technique for evaluating employees by listing a number of important work dimensions (such as leadership and management) and a performance range for each one. For each work dimension, the evaluation scheme is typically used to assess the important work dimensions: (1) unacceptable, (2) needs improvement, (3) acceptable, (4) commendable, (5) outstanding. The assigned values for each dimension are then added up and totaled (Dessler, 2012).It is possible to illustrate in table form.

Table 2.1: Graphic Rating Scale for managers/Raters/

Work Dimension	Unacceptable	Needs Improvement	Acceptable	Commendable	Outstanding
Leadership	1	2	3	4	5
Management	1	2	3	4	5
Personnel administration	1	2	3	4	5
Administrative teaming	1	2	3	4	5
Budgeting	1	2	3	4	5

G. Ranking Method: It is an alternative method to graphic rating scales involves managers ranking their subordinates in order of their performance effectiveness from best to worst. The usual procedure requires the rater to write the name of the best subordinate on the top of a list, then the name of the worst at the bottom and continue this sequential procedure until all subordinates are listed. Ranking is most frequently used for making decisions such as promotions or the merit salary increase each employee will receive (Decenzo and Robbins, 2010).

H. Paired Comparison: A modification of the ranking procedure that is used to overcome the problem associated with differentiating between subordinates in the middle range of the distribution. On the other hand paired comparison is a variation of the ranking method in which the performance of each employee is evaluation takes place   in the employee's group. A single criterion, such as overall performance, is often the basis for this comparison. The employee who receives the greatest number of favorable comparisons receives the highest ranking.

I. 360^0 PA: A 360-degree PA is a relatively new feature of performance appraisal system (Armstrong, 2014).It relies on the input of idea of an employee's superior, colleagues, Subordinates and customers. It has been explained that 360-degree PA has both advantages and disadvantages. Excellent employee development is one of the qualities of 360^0 PA. Accuracy, reliability, objectivity and a legal defensibility are also the other qualities of 360^0 PA. On the contrast, this appraisal method has its own disadvantages. Namely, time consuming, sensitiveness, damage self-esteem, difficult to implement in team are some of its cons (Decenzo and Robbins, 2010; Foot and Hook, 2011).

J. 720^0 PA: A 360^0 appraisal method is practiced twice, having a good feedback mechanism. In such circumstance, the rater boss sits down with the employee again for the second time and gives him/her feedback. It can be expressed as double bi- communication ways with the ratee having enough information from subordinates, peers, employees, customers and self check assessment situations. This is a double 360^0 assessment method has its own weakness and strength (Aggarwal and Thakur, 2013). Aggarwal and Thakur have described the total characteristics of 720^0 in their research article entitled as' Techniques of Performance Appraisal-Review'.

Among the advantages of 720^0 are development of team spirit, increment of performance, better feedback communication, responsibility increment ,low level discrimination, improved customer quality service and assessment of training needs are observed in this style of assessment. The problems of a 720^0 that are found in most organizations are need of high commitment of top management, faces exceptional expectation, unable to get enough information, lack of sufficient training, failure to continuity, focuses on negatives issues ,low experience & ineffectiveness of ater and work overload to raters an organization.

K. Checklists and Weighted Check list method:

Here is a checklist concerning statements of traits of employees in the form of Yes/No questions are prepared. In this situation, rater only facilitates and reports to HRM. The final evaluation is conducted by HR department (Aggarwal and Thankur,2013). According to Aggarwal and Thankur,the completed check list is sent to HR department to be weighted. The advantages of this appraisal method are its importance in economic value ,ease of administration system, limited training standardized requirement while its disadvantages are the rater's

biasness, use of improper weights by human resource department that do not allow rater to give relative ratings.

L. Essays/Narrative/method: The essay method is a performance appraisal method in which the rater writes a brief narrative describing the employee's performance. It focuses on extreme behavior in the employee's work. Ratings of this type depend heavily on the evaluator's writing ability (Foot and Hook, 2011). According to Foot and Hook there is two contradicting ideas on essay methods of assessment usage that some managers support that the essay method is the most simple and acceptable approach to employee evaluation. But some managers argue that essay has no specific criteria and so that it is very difficult to manage in assessment of employees.

M. HRA: HRA involves accounting for company's management and employees as a human capital in provision of future benefits as it delivers useful information for decision making in organizations. Many authors have expressed with similar views suggesting that people are valuable resources of an organization in providing information in controlling or managing human capital (Aggarwal and Thankur, 2013). Bullen and Eyler (2007) comment on the benefits of HRA related information and note that measuring and measuring human capital has both advantages and disadvantages Advantages of HRA are ascertain of the cost of labor turnover, development of human resources whereas its disadvantages are lack of clear cut guidelines for finding cost and value of human resources, measures only the cost to the organization and ignores value of the employee to the organization.

2.1.7 General Approaches of Performance Appraisal System

The general approaches of the PAS can be viewed in two ways. The first one is the three approach groups and the second one is the two approach groups. Dessler(2012) comments on the first general approaches on PAS and he classifies PAS in to three groups and other authors divide it in to two categories(Aggarwal and Thankur ,2013).The first three approaches of PAS are judgmental(comparative) approaches, absolute approach and result oriented approach. The second two approaches have been described in part II below as traditional and modern approaches of PAS.

✓ **The three Approach of PA**

(For the detail see, 2.1.5)

A. Judgmental (Comparative) Approach:

- Graphic Rating Scale

- Ranking Scale

- Paired Comparison

- Forced Distribution

B. Absolute Approach:

- Check list appraisal Method

- Essay appraisal Method

- Critical Incident Method

- BARS

- Assessment Centre

C. Result oriented Approach:

- MBO

- Rating style and Rating Errors-(see detail,2.1.10)

- Other PA Methods like HRA,360^0 and 720^0

✓ **The two Approaches of PA**

Aggarwal and Thankur (2013) have further reviewed the earlier performance appraisal methods the three approach groups and categorized them in to two types of performance appraisal system. These types of performance appraisal system can be classified as traditional and modern PA types. From these two groups of the appraisal systems can be summarized in similar view but with different approaches that support the idea described in the above section, (I. the first three approach of PA). Table 2.2 below shows the summary of the two approaches in a simple way with their respective categories of PA types. Namely, guiding values, leadership Styles, frequency, formalities and rewards to be operated in a particular organization.

Table 2.2: Modern and Traditional PA tools and techniques with their categories

Traditional methods/tools	Modern methods	Categories	Traditional PAS	Modern PAS
• Confidential report • Check List method • Critical incident method • Essay Method • Field Review method • Forced distribution tool • Grading system • Graphical scale method • Paired Comparison • Ranking method	• Assessment Centers • BARS • HRA method • MBO • 7200 appraisal • 3600 appraisal	Guiding Values	Individualistic, Control oriented, Documentary	Systematic, Developmental, Problem solving
		Leadership Styles	Directional& Evaluative	Facilitative, Coaching
		Frequency	Occasional	Frequent
		Formalities	High	Low
NB. There is no single tool for Standard PAS.		Rewards	Individualistic	Grouped, Organizational

2.1.8 An Effective Performance Appraisal System

Performance appraisals are a vital tool in an increasing accuracy, productivity and engagement in every organization. Organizations utilize performance appraisals correctly acknowledge an employee's strength and win while challenging the employee to continually evolve and improve with employee timely feedback (Grote, 2002).

Organization can avoid failure of PA through effective performance appraisal system (Coens and Jenkins, 2000).Coens and Jenkins have observed that appraisal system to be effective; it should possess the form of standardization, bi-directional communication feedback, comprehensiveness, rating accuracy (reliability & validity), rater accuracy, clear objectives, job relatedness, mutual trust, recognition of differences and honesty. According to Coens and Jenkins, effective performance appraisal can be summarized and described in to two sections

based on their importance of effectiveness criteria as major and minor effective criteria of PAS. The two sections are described below:

A. Major Effective Criteria of PAS

- **Standard:** The appraisal form, procedures and rules should be standardized. There should be well-defined performance criteria and standards. Employees should be made fully aware of these standards as appraisal decisions affect all employees of the group.

- **Bi-directional Communication Feedback**: Supervisors have to share their comments with their subordinates; it's also a great time to receive insight from staff regarding their working conditions, their perception of workplace culture, and their overall engagement and satisfaction. In a busy organization, one-on-one time with employees in every role should be maximized and utilized. In an effective performance appraisal, employees are given the opportunity to set goals for themselves and their departments (Decenzo and Robbins, 2010; Foot and Hook, 2011). Decenzo and Robbins (2010) make a resemblance between absences of two ways communication with that of running   a risk of de-motivating employees. Without proper two-way feedback about an employee's effort one can run the risk of decreasing his or her motivation (Decenzo and Robbins, 2010, p.232).

- **Comprehensiveness of PAS**: Performance appraisals should not be used in response to specific errors, issues; rather it includes general incidents. They should instead be scheduled periodically as specified in policy (most organizations choose to do appraisals annually or twice annually) and reflect upon overall performance over the entire specified period of time.

- **Reliability & Validity/Rating Accuracy**/: Reliable and validity of performance appraisal system should provide consistent, reliable and valid information and date. Appraisals should measure what they are supposed to measure as an effective performance appraisal has a power to provide the right guidance if it is accurate in PAS .For example, if the objective of appraisal is to show potential of an employee for promotion, it should supply the date relating to potentialities of the employee.

- **Rater Accuracy/Rater Assurance**: Evaluators should be given training in procedures and principles of appraisal in order a rater to appraise ratees correctly. Trainers and appraisal designers should be provided with knowledge and skills in designing appraisals, conducting post appraisal interviews. This also helps in correcting rating errors. Based on the size and organization policy, the rater may not know the employee's role, work history, or character.

In these cases, the organization may consider implementation of a 360-degree feedback policy. If the organization has hesitation that 360^0- appraisal system is poor, he or she can use other appraisal mechanism beside this one.

B.Minor Effective Criteria of PAS

- **Clear Objectives:** The objectives of performance appraisal should be clear, specific, timely and open. The appraisal system should be fair and beneficial to both the individual employee and the organization should be linked with other subsystems of personnel management.

   Job Relatedness: The appraisal system should focus attention on job-related behavior and performance. It should provide information on job related activities and areas.

- **Mutual Trust**: Before introducing the appraisal system, a climate of mutual trust, cooperation and confidence should be created in the organization. Under the system, the employees should be treated in a supportive manner.

- **Honest:** Supervisors consistently check the "exceed expectations". Bare-minimum work and ultimately reflects poorly on the supervisor's ability to lead and motivate. Employees appreciate honest feedback and most employees feel energized by new goals and challenges. While choosing "needs improvement" may not be accurate, it's okay to select "meets expectations" and then add in the comments section that the employee has demonstrated through-the-roof potential and you would like to see them work toward a new goal, a new position, or take on additional responsibility.

- **Recognition of Differences**: Organization differs in terms of work, size, resources, needs and environment. Hence, the appraisal system differentiates and recognizes the differences.

2.1.9 Common Challenges and Problems in Appraising Employee's Performance

There are varieties of factors in affecting employees' performance. Some of the related issues that can bring impact on PAS are implementation process, rater's and ratee's interpersonal relationship, psychometric rater accuracy, informational factors and employee attitudes (Ndemo et.al, p.44, 2012). According to Ndemo's observation and his colleagues' idea, these challenges

can be categorized in to three groups, namely rating errors, lack of fixed standard performance tools and implementation problem.

A. Rating Errors

There are various issues of rating Errors that are factors mislead or blind the general system of the appraisal process. Armstrong (2006) comments on rating errors and notices that appraisers must be on guard against anything that distorts reality in either favorably or unfavorably.

Even though there are various issues to be included to affect employees' performance appraisal, HRM and other management bodies have to trust on PAS in that it is a good tool which can bring a positive impact to human resource and performance improvement (Longenecker& Goff,1992).If PAS is designed well and implemented, it can benefit both the employees and the organizations as well (Coens and Jenkins, 2000).In other word, if PAS is not designed properly and implemented in improper way, either of the parties cannot be favored. Performance appraisal is going to be the key for talent retention, a positive work environment, and the overall growth and productivity of your organization.

Many authors and researchers have given explanation and recommendation to 'rater errors' in orders them to be valuable and fit for varieties of business and non-business organizations (Grote, 2002). Based on the idea of these scholars, it is possible to give key ideas to minimize the risk for some common raters' errors with summarized suggestion in the Table 2.3, below (Aggarwal et al., 2013; Pulakos, 2004).

Table 2. 3 Summary of raters' errors with recommended ideas

S.n	Type of rater errors	Key idea	Recommendation
A	Much expectation from one method PA	Expect much out comes from single appraisal plan	Maximize method of PA tools and raters and subordinate must agree on performance expectation in advance.
B	Appraiser Discomfort	Feel less comfort	Proper design of PA & good implementation
C	Lack of Objectivity	Poor design of objectivity	It should possess subjectivity issues
D	Halo Effect	Rater generalizes one positive PA to all employees	thoroughly investigation of PA for each employee
E	Personal Bias	Having discrimination factors like age, gender, color, race, politics	Minimize personal bias
F	Manipulating the evaluation	Favoring one employee than other.	Use standard of organizational PA
K	Employee anxiety	Employee takes the form of discontent, apathy and turnover	Try to minimize resistance of employees through training
G	Untrained Rater	Lacking ability how to appraise staff	Have skilled full raters and provide rater training.
H	One way communication	Flow of information is mono way	Better to have bi- directional communication
I	Horn Effect	letting one negative work factor	thoroughly investigation of PA for each employee
J	Leniency/Strictness/	Giving undeserved high PA	Tie the rules to the standard
K	Central Tendency	Clustering at average level, avoid extremes of good or bad performance; it can be demoralizing good performers.	Avoid clustering at average position unless employee's performance matches
L	Little legal support	Violation of PA in front of law	Follow rules and regulation of law
M	Recent behavior	Due to its high forget ability, rating only recent performance, good or bad	keep data, as it is representative of the entire review period
N	Sun flower Effect	Rating everyone high to be look good	watch out the standard of the organization

B. Lack of Fixed Standard

Traditional and modern appraisal technique viewers emphasized that there are no fixed standard performance tools to appraise employee's performance (Aggarwal and Thankur,2013; Ndemo et al., 2012). Moreover, these scholars have noticed and given comment on the lack of fixed standards that there is no comprehensive team assessment in most organizations. As a result of performance appraisal tool variation and lack of fixed standard it is very difficult to prefer and decide the appropriate tools. Aggarwal and Thankur have further explained that appraisal techniques depend upon the type and size of organization as each technique has its own pros and cons.

It is advisable to understand and use new and emerging trends such as 360^0 appraisal, team appraisals, assessment center, 720-degree feedback and computer-generated appraisals (Pulakos, 2004).

C. Implementation Problem

Many authors and researchers have investigated challenges that are encountered in performance implementations system (Goff & Longenecker). Poorly designed and implemented performance appraisal systems can have a negative result on those who involved in. These issues may lead many organizations fail to execute a useful motivational performance appraisal unless attention is paid.

A friendly use of   performance appraisal manner is a value-adding system to both managers and employees that can benefit them effectively in best utilization of effective appraisal system (Pulakos, 2004). It has been given emphasis by Ahmadi (2009) in his research article and has given comments that good performance appraisal system is not the only action to improve employee performance but motivated and committed employee also plays its part in successful implementation of effective appraisal system through performance development strategy designed by the organization.

2.1.10 Legal Implications of PAS

Law has great impact over performance appraisal system. Negative evaluations of employees may result in lawsuits in an organization (Foot and Hook, 2011, p.254).To maximize the legal defensibility of performance appraisal systems organization must include rules, procedures and policy in PAS. Even though no one can expect a perfect PA, it is advisable to minimize the problems that results in to lawsuit concerning PA problems.

According to the explanation of Foot and Hook, courts normally require the following criteria in an organization for the safety of employee's appraisal:

- giving care to protected groups

- avoid direct controlling of a subordinate's career

- review and approve of PA by some group in the organization

- rater's capacity on employee's personal ASK of the job

- usage of predetermined criteria to limit the manager's discretion

Thus mistakes in PA having wrong decisions can result in serious problems. Foot and Hook notice and comment on legal consequences that costs an organization or a manager by legal action. Due to discriminatory actions taken by manager or organization for payment, courts hold the manager or the organization liable for back pay, and other costs related to training and promoting certain employees in protected classes(Foot and Hook, 2011).

2.2 Motivation

Motivation is a powerful tool that energizes behavior for the power in a person to continue. The concept of the word motivation has been described by so many scholars with different arguments such as Bartol and Martin (1998) have defined that motivation is a force that reinforces behavior, provides direction to behavior, and energizes the tendency for persistency whereas Luthans (2005) has given motivation concept as it is a combination of needs, drives and incentives i.e the process which starts with physiological or psychological deficiency. Similarly, Mullin (2005) has argued motivation as a driving force within individuals by which they attempt to achieve some goal. Others have noted and commented on motivation with their own idea as motivation is naturally happening energy with the indication of direction and persistence that reflects equality in all aspects of activation and intention (Ryan and Deci, 2000).In a similar way Robbins(2003) has defined motivation is an impulse or power in a person that produces the intensity, direction and individual perseverance in the pursuit of goals. Generality of motivation also can be defined as intrinsic motivation, which refers to doing something because from inherently interesting force or enjoyable agent (Csikszentmihaly et al. 2005; Ryan & Deci,2000) and extrinsic motivation, which refers to doing something because it leads to separable outcome from the outside (Ibid).

Thus, from these scholars' concepts, motivation can be defined as a driving force that causes person's willingness to move the power, capability and time in carrying out activities, obligation and responsibilities so that goals can be achieved through reasonable of intrinsic and extrinsic rewards. To sum up motivation is the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal (Robbins and Judge, 2013, p.202).

Human needs of Maslow's theory as cited in Mullins(2005) has given his arguments to extrinsic rewards that are given by others, externally in satisfying lower order needs(Human needs of Maslow's theory)while intrinsic rewards are given from internally called self performance reward. These intrinsic rewards are directly stems from the higher order needs such as self-esteem and self-actualization to an individual him or herself. For this reason it is said to be self rewarding motivation type(Ibid).Maslow's hierarchy of needs explain that People are motivated if lower-level needs are fulfilled before moving on to fulfill higher-level needs such as ego (esteem).

Contrasting ideas rose from Herzberg's two-factor theory of motivation that motivation of employees is conditional that basic need alone cannot motivate them. Example, "a manager may be motivated by a challenging work th an basic needs" (Herzberg, 1987).Herzberg distinguishes between different types of motivational factors based on the different reasons or goals that give rise to an action. Herzberg's findings have revealed in Motivation-Hygiene Theory that certain characteristics of a job are consistently related to job satisfaction like responsibility where as other factors are associated with motivation such as company policies, working conditions, salary, status and security.

After comparative relation between Satisfaction and dissatisfaction factors on employee motivation, Herzberg (1968) has concluded that tangible, monetary reward alone has no value to motivate workers of an organization. Rather, he calls such situations as dissatisfaction to the workers unless the rewards are reasonable ones. Jabeen (2011) has supported this argument in his research article that coinage alone does not motivate employee but make them happy.

2.2.1 An Overview of Motivational Theories

There are different theories that have linkage with employees' motivation of an organization in order to achieve high performance level by well-motivated people who are exercising discretionary effort (Herzberg, 1968; Herzberg, 1987; Mullins, 2005; Robbins and Judge, 2013). Different authors, scholars, practitioners and gurus have different arguments on motivation and

have given their comments to it with different opinions (Robbins and Judge, 2013; Saeed and Shah, 2016).Based on these different opinions there are so many motivational theories are developed. Infarct, motivation can be viewed either in to early theories and contemporary theories (Robbins and Judge, 2013). Early theories such as Hierarchy of Needs Theory, Two factors of Theory X and Theory Y, Mc Clelland's Theory of Needs contribute a lot to motivational analysis. Similarly, contemporary theories such as Goal-Setting Theory as MBO, Reinforcement Theory, Equity Theory/Organizational Justice, Expectancy Theory are also contributes a lot to motivational analysis too.

 Some of these motivational theories are listed and described below.

A. Maslow's Motivational Theory

B. Alderfer's ERG Motivational Theory

C. Herzberg's Motivation-hygiene Theory

D. McGregor's Motivational Theory X and Theory Y

E. Fifty-fifty Motivational Theory

F. Frederick W. Taylor's Motivational Theory of Scientific Management

G. Hawthorne's Studies of Motivational Theory

H. Mc Clleland's Needs of Motivational Theory

I. Vroom's Expectancy Motivational Theory

J. Equity Motivational Theory

K. Goal Setting Motivational Theory

L. Reinforcement Motivational Theory

A. Maslow's Motivational Theory: This type of motivational theory is called Maslow's hierarchy of needs which developed in 1942   and it is one of the first four early theories that integrates the five human needs into a model (Robbins and Judge, 2013, p. 203).The hierarchy starts from the lower need level   in order motivation to take place and then to the most complex need. Maslow expresses his theory as it is cited in (Baure and Erdogan,2012;Mullins, 2005; Robbins and Judge, 2013) it should be used in sequential order to satisfy human needs starting the first basic physiological needs such as hunger, thirst, shelter, sex, and other bodily needs and

then to the next stages of Maslow's need theory called the safety needs of physical and psychological damage (emotional harm). After safety needs the third and fourth Maslow's needs are respectively social needs and esteem needs to be fulfilled. According to Mullins, Robbins and Judge, Maslow's need theory passes through five consecutive stages till self actualization where a man can reach a full potential in order to be led to a high prestige.

Herzberg (1987) notice and comments on Maslow's hierarchy of needs that managers must understand on how to motivate employees using the five stages of Maslow's hierarchy of needs as they have great role on employees' motivation. Here the most powerful employee's motivator is the need which has not been satisfied.

Figure 3: Maslow's Hierarchy Needs (Robbins and Judge, 2013)

B. Alderfer's ERG Motivational Theory: Alderfer's ERG Motivational Theory is developed by Clayton P. Alderfer.This theory is a simplified version of Maslow's hierarchy of needs the five motivational issues to three motivational issues of ERG which the ERG stands for existence, relatedness and growth respectively (Alderfer, 1972).According to Alderfer as it is cited in Armstrong (1991) hypothesizes that individual motivation in organizations can be understood in terms of existence, relatedness and growth needs. Based on the opinion of Armstrong (1991), ERG has linkage with Maslow's theory in that Existence Needs related to safety and physiological needs, Relatedness Needs related to social interaction such as intimacy& love

relationship and the last part Maslow's needs such as esteem needs and self actualization are represented by growth Needs of Alderfer's theory.

Alderfer(1972) notices and comments on ERG and employee relation in that an employee won't be motivated to work unless a manager recognizes the employees multiple physiological needs to satisfy the worker.

A. **Herzberg's Motivation-hygiene Theory/Two-Factor Theory/:**Frederick Herzberg is the owner of Two factor theory using Maslow theory as base foundation to develop his model after dichotomizing the human needs of Maslow theory in to satisfiers and dissatisfies, or motivational and hygiene factors (Adair, 2006). Armstrong (1991) comments on Herzberg's motivation theory that employees' needs can be divided into either as satisfier/ motivators/ or de-motivator. On the hand Armstrong and Taylor(2014) explains Herzberg's motivation theory as intrinsic and extrinsic groups of factors that affect job satisfaction either negatively with negative feelings (the hygiene factors) or positively with positive feelings depending on the degree of the motivating agents the employees need. They conclude that factors giving rise to job satisfaction can be intrinsic motivation and extrinsic motivation that are resulted from work itself and from external factor of employer force respectively.

Figure 4: Herzberg Two-Factor Theory (Bauer and Erdogan, 2012)

D. McGregor's Motivational Theory X and Theory Y: Douglas McGregor theory is one of the early theories. He proposed two theories about employee motivation based on two very different sets of assumptions that managers hold on employees' categorization known as Theory X and Theory Y which are labeled as basically negative and positive respectively(Bauer and Erdogan, 2012,p.528 ;Grote,D.2002,p.3;Robbins and Judge,2o13,p.205).This theory states as emphasized in Robbins and Judge(2013) that managers believe Theory X employees inherently hate work so that they need direct supervision forcing from their boss to perform their duties. In contrast,

there Theory Y employees are assumed by managers that they have positive views toward their work naturally so they enjoy their work and even seek responsibility.

According to the opinion of Robbins and Judge, Maslow's hierarchy theory supports these theory assumptions in that the unsatisfied one motivates employees than fulfilling the satisfied needs to employees. Even though there is no theory recommends using the betterment of one theory of the assumptions than the other theory assumptions. But McGregor himself tilted to theory Y assumptions that they are more valid than theory X so that he recommended important ideas such as employee participation in decision making, responsible and challenging jobs to maximize an employee's job motivation.

E. Fifty-fifty Motivational Theory: Adair (2006) developed a motivational theory named as the Fifty-fifty rule. According to Adair, workers can be motivated by employees' internal factor as well as external factors. He used three intersections of circles to describe his argument through consideration the Pareto Principle and suggested that a substantial part of motivation lies within a person while a substantial part lies outside the person. He further explained that the outer part of motivating agent sometimes it can be beyond its control.

In conceptual argument, fifty-fifty theory as it is cited in Adair (2006) possesses a contrary idea to Maslow and Herzberg in that the total motivating agent 50% is from the inside of a worker himself. In general, employee motivation is influenced by others and by the employee's internal factors to be either motivated or de-motivated.

Figure 5: Interaction of Needs (Adair, 2006)
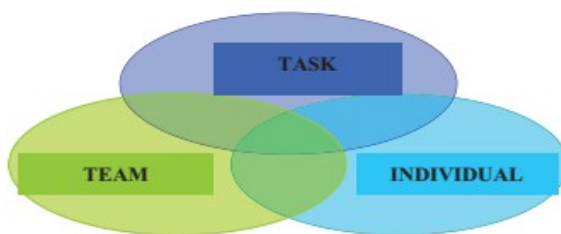
F. Frederick W. Taylor's Motivational Theory of Scientific Management:

Taylor's Motivational Theory is proposed by Frederick Taylor and others call him a fore father of scientific Management as he put a base for other contemporary scientific managements that we used in 21th century. The central issue of scientific management is to secure maximum prosperity to both employees and employer (Taylor, 2003, p.135). He recommends to

organizational misfortune like unemployment, and poverty that curative remedies are very crucial to their con sequences to make situation safe. According Taylor, there conditions to be fulfilled in order workers and employees to be motivated. Some of the motivational issues that fit for remedial action are employee training, rapid advancement of promotion, premium plan for bonus and working condition adjustment to the work system.

G. Hawthorne's Studies of Motivational Theory: From today almost a thousand years ago, Hawthorne studies were conducted on workers of Hawthorne plant of the Western Electric Company by Elton Mayo and Fritz Roethlisberger in the 1920s. The research studies explained that workers were more responsive to group involvement and managerial attention than to financial incentives. In other words it was hypothesized that good working conditions are generally less important than meeting employees' need and desire. Finally, it was concluded that ,although financial motives are important, social factors such as team work, decision making participation ,a sympathetic supervisor and like are equally important in defining the worker motivation to increase productivity (Decenzo & Robbins,2010;Robbins & Judge,2013).

H. Mc Clleland's Needs of Motivational Theory: David McClelland is a psychologist, researcher and a professor who developed Mc Clleland's needs of motivation in 1941.Clleland's needs of motivation theory is based on three types of motivational need namely the need for power (the need to control others), need for affiliation (the need for friendly relationships) and the need for achievement (the need for competitive success). As it is quoted by Bauer and Erdogan (2012), Mullins (2005) and Robbins and Judge (2013), this theory states that human beings are motivated with a variety of needs. Based on these scholars and other gurus' opinions, McClelland's trichotomy needs are the most important to motivate employees based on their need for power, affiliation and achievement.

I. Vroom's Expectancy Motivational Theory/ Valence- Instrumentality Theory/:Vroom's expectancy theory is developed by Victor Vroom in 1964 which deals with motivation and management and it states that behavior results from conscious choices among alternatives to achieve maximize pleasure through minimizing de-motivating agents (Baure and Erdogan,2012). In other words, a person is motivated to the degree that he or she believes. Vroom, Porter and Lawler (1968) as it is emphasized in Armstrong and Taylor (2014, p.179) argue on expectancy theory that employee's motivation depends on the likelihood that rewards will follow effort where the reward is a very valuable to employees. Based on these theorists' opinion Armstrong

and Taylor explained further that there must be a clear cut of sight line between reward and the outcomes.

Baure and Erdogan (2012, p.202) state the general condition of Vroom's expectancy theory is composed of three phrases which are Expectancy, Instrumentality and Reward. This theory has its own rational calculation that matches with the above phrases are effort, performance and reward respectively. It is indicated in the figure 6 below.

Figure 6: Expectancy Theory Model (Baure and Erdogan , 2012,p.202)

J. Equity Motivational Theory:

The equity theory is developed by Adams and it states about the perceptions of people regarding the way they are treated in comparison with others benefits (Robbins and Judge, 2013). In other words equity theory focuses on determining whether the distribution of resources is fair to both relational partners. Actually, the theory states that the people are higher motivated when they are fairly treated and de-motivated if treated inequitably between employees.

K. Goal Setting Motivational Theory:

Go setting can be defined as process of proposing work toward a goal. Goals tell an employee what needs to be done and how much effort is needed. In the late 1960s, as it is cited in Robbins and Judge (2013, p.212), Edwin Locke proposed that intention to work toward a goal is a major source of motivation. Challenging goals need attention and the responsible person works harder to attain goals. This difficult goals struggling leads the worker to discover strategies that help the worker performs the job or task more effectively. In other words simple goal setting acts as less motivating agent when compared to difficult setting goal.

L. Reinforcement Motivational Theory:

This theory is formulated for the first time by Thorndike (1911) as it is cited in Armstrong and Taylor (2014) which states that over time people learn about the relationships between their actions and the consequences and assume that it repeat itself. This is a result of change in behavior and use the past for the future estimation of performance and expects something useful.

Armstrong and Taylor added that Thorndike's formulation used as base for Skinne and Pavlov which states that reinforcement is explanatory for work motivation and job performance justification. Thus, reinforcement theory can be used as a motivating agent to employees.

2.2.2 Approaches of Motivation

From the above (section 2.2) motivational theorists 'perspectives, motivation cab be viewed in to three different approaches; intrinsic motivation, extrinsic motivation and mixed approach of these two motivational groups such as fifty-fifty theory, Taylor scientific management theory. But for the sake of simplicity of this study motivational issues are divided in to two categories (see sections: 2.3.1 and 2.3.2). These two approaches are named as intrinsic motivation, extrinsic motivation (Decenzo and Robbins, 2010; Robbins and Judge, 2013).

It is obvious that well-motivated employees are engaged in a positive discretionary behavior that employees decide to make an effort. Such people may be either self-motivated to go in the right direction or motivated by outside of a self- motivating agent. In fact Armstrong and Taylor(2014,p.171) argue that the development of behavioral scientists in middle year of 20th century results in to three main areas of motivation theory are instrumentality, content and process.

1. Instrumentality Theory: This theory states that rewards and punishments are the best instruments which have power to mould behavior. In such cases both rewards and penalties cannot be placed separating from employees' performance. Taylor supports this opinion as cited in Armstrong and Taylor (2014) that scientific management is a base for instrumentality theory which supports a large and a permanent compensation increment to employees to motivate them and secure to continue in best ability for a longer period.

2. Content Theory/Need Theory/: Content theory is developed by Maslow, Alderfer, McClelland, Herzberg, and Ryan and Deci to mould needs for motivation of workers through unsatisfied need in which it results in to tension. This tension of unbalanced equilibrium state leads to achieve goal and satisfaction. The figure 7 below shows the content and cyclical reality of content theory.

Figure 7: Content theory (Armstrong and Taylor, 2014)
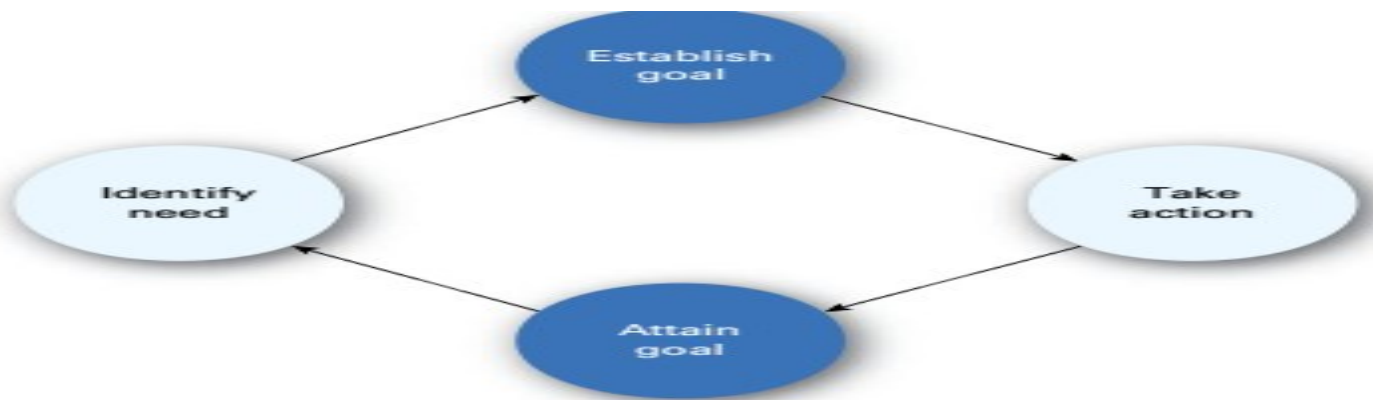
3. Process Theory/ Cognitive Theory/: Process theory gives prior attention to psychological or mental process which has a significant power to affect motivation and basic needs. It is also named as cognitive due to its concern to people's perceptions in relation to their working environment. Some examples of this theory are reinforcement, expectancy, goals and equity. According to Thorndike(1911), Shields (2007) , Skinner(1953) ,Porter and Lawler(1968) as it is emphasized in Armstrong and Taylor (2014) have described the role reinforcement theory plays in motivating employees. Similarly Vroom (1964), Latham and Locke (1979) and Adams (1965) have noted and commented about the importance of expectancy theory, goals theory and equity theory to employees motivation respectively.

 A. Intrinsic Motivation

 Intrinsic motivation is one of the two approaches of motivation which is explained by a number of theorists on intrinsic motivation that it acts as one of general motivating agents. Intrinsic motivation can be defined as the stimulation of internal factors that drives an individual to adopt or change a behavior for his or her own internal satisfaction or fulfillment to maximize the extent to which the important and interesting jobs can be carried out effectively (Armstrong Taylor,2014; Decenzo and Robbins,2010;Deci &Ryan,2000; Robbins &judge,2013).Armstrong and Taylor described and listed five core jobs characteristic that initiates employees intrinsically are skill variety, task identity, task significance, autonomy and feedback. On the other hand intrinsic motivation is "psychological rewards' 'such as opportunity to use one's ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner (Mullins, 2005).

Some theories mentioned above (in section 2.2.1) are at the position to support either directly or indirectly that intrinsic motivation to be held at organization to motivate employees. Maslow's motivation theory supports in lesser degree in that out of the five elements of human needs, esteem needs and self actualization needs reflect intrinsic motivation in that it is used as a motivating agent. The reason that they are grouped under intrinsic is that esteem needs are related to desire of respect, appreciation from others whereas self actualization can be considered in taking of new challenges that make them happy (Baure and Erdogan, 2012; Mullins, 2005; Robbins and Judge, 2013). Alderfer's ERG motivational theory also contributes to the intrinsic motivation rule in that out of the three motivational issues of Alderfer, only relatedness and growth have interaction with Maslow's theory as social need(intimacy& love relationship) lies with relatedness line whereas esteem need and self actualization matches with growth(Alderfer, 1972; Armstrong,1991).

Beside the above theories, there are other theories that support intrinsic motivation implication. For example Herzberg's theory state that motivation-hygiene theory can results in to satisfaction from job were as Mc Gregory's theory Y motivate employees as they enjoy their work and seek responsibility (Robbins and Judge,2o13). Robbins and Judge added further that McGregor himself has given more weight to theory Y assumptions than theory X due to employee participation in decision making and challenging jobs motivate them. Similarly, Adair(2006) describes about fifty-fifty theory as only 50% motivation of employees are from internal and Hawthorne's Studies as quoted by Robbins & Judge (2013) indicates that employees are more motivated in non-instrumental than instrumental or financial gifts of extrinsic motivation(Robbins & Judge,2013).

Mc Clleland's needs motivation and goal setting theory reflect that internally employees are motivated from the internal factors(Baure and Erdogan,2012; Robbins and Judge ,2013).Mc Clleland's trichotomy motivation theory is tied with achievement motivation, authority motivation and affiliation motivation where as summed up employees are motivated with achievement of goal setting in a challenging situation.

B. Extrinsic Motivation

In contrast of intrinsic motivation there is extrinsic motivation which is related to "tangible" rewards such as remuneration, training and others that are related to external rewards to an individual are referred as extrinsic motivation (Mullins, 2005).There are a range of motivational

techniques that can be used to improve morale of employees and in turn to maximize productivity through reduction of workplace stress. Extrinsic motivation is defined as motivation of employee through meaningful extrinsic rewards such as money, promotions and other benefits (Decenzo and Robbins, 2010).

Some scholars argue that extrinsic motivation acts as a motivator to employees. Herzberg's theory states as it is used in the book published in 2006, employees are motivated or work harder due to external factor of employer force applied to employees where as Vroom's expectancy theory puts as to motivate employees externally there must be a balance of resource distribution fairly (Armstrong and Taylor, 2014).In similar manner, Adair(2006) describes about fifty-fifty theory in relation to extrinsic motivation as only 50% motivation of employees are from external factors (Robbins and Judge, 2013).

In respect to theory of Scientific Management, Taylor recommended remedial action in his book published in 2003 about the importance of employee training, rapid advancement of promotion, premium plan for bonus, reward and working condition adjustment to the work system i.e. good leadership (Taylor,2003). Thus, Taylor theory is a combination of both intrinsic and extrinsic motivations to motivate employees.

2.2.3 Techniques to increase Employee's Motivation

In motivating employees tangible rewards such as financial compensation alone cannot make organization fruitful. A variety of techniques are used for motivational purpose. Many intrinsically rewards have been explained as they have power to motivate employees of an organization (Armstrong and Taylor, 2014).

1. Job Design: Job design is analysis of task on the bases of skill variety that form a fundamental system by which people are motivated when they are provided with the means to achieve their goals. Basic sub divisions of job design are job rotation which is the movement of employees from one task to another to reduce monotony by increasing variety and job enrichment is the process of combining fragmented tasks into one job standard to increase the variety as well as quality (Armstrong and Taylor, 2014).

2. Employee ownership: Companies give share to employees to increase the ownership spirit in order to motivate them. In that situation employees' performance is better because they consider the properties as their own. The employees take ownership of work areas and access the resources they need for projects to be successful. Through the ownership approach, there is a

sense of ownership view and control over work outcomes a sense of ownership and control over work outcomes.

3. Self Managing Team: Autonomous work groups who work largely without direct supervision of their bosses. The technical aspects of self team management are interrelated with the social aspect. A self-managing team enlarges individual jobs to operate using multi skill for simplification purpose of planning, scheduling and control of work; distributes tasks among its members. This self team management approach has advantage it monitors its own performance while taking corrective action to the team operation (Armstrong and Taylor, 2014; Baure and Erdogan, 2012).

4. Loyalty from Management: Employees need fair treatment equally regardless of their demographic factors (age, sex, ethnicity and color), religion and their position too. Organization policy must work on good policy design of loyalty to increase their employees' motive to maximize the output of an organization.

5. Employee Empowerment: Employee empowerment is the process of having capability to participate in decision making. Organization has to use employee empowerment as a motivating agent to increase its profit output. As it has been discussed earlier, employees get the opportunity of intrinsic motivation from their work such as achievement of and feeling of their importance. Thus, the importance of employee empowerment is great in maximization of production output.

6. Open Book Management: The practice of sharing financial and performance information is often referred to as open-book management. On the other hand, open book management is the controlling of openly and widely discussed issues among employees of the organization. In such system, organization trains all employees and interprets key performance measures that affect firm's profit. Management delegates on taking of employees' decision making (Greer, 2003).

2.3 Empirical Literature Review

There are some empirical studies in relation to the impact of PA and employees' motivation system, but very limited in the form of intrinsic and extrinsic issues. Therefore, in this section the most selected and related empirical finding of related literatures to PA and around PA were presented.

Abraham et.al (2014) have conducted a study at University of Gondar on the effect of employees' perception of PA on their work out comes in ANRS (Amharic National Regional

State office of the auditor general) office. A total of 134 questionnaires were distributed to the seven sampled strata. The study finding indicates that there is a significant positive relationship between employees' perception of PA and employees' work out comes with correlation coefficient of 0.411.

The study conducted by Berhanu (2014) entitled with the impact of performance appraisal on employees' motivation in private commercial banks in Ethiopia revealed that there is high correlation between predictors of performance appraisal system (procedural justice ,employee participation, goal setting, job classification, performance base pay, instrument validity, training and development, performance feedback and distributive justice) and motivation of employees on the significance level of $p \leq .05$(r=.692,sig=.001) with employees response rate 93.3%.This implies that increment of PA there is an increment of employee's motivation to their works. The research also explains that goal setting and performance feedback are the most significant predicators of employment motivation while the rest are not the significant predicators.

Jabeen (2011) has conducted an empirical study on the impact of Performance appraisal on employee's motivation the case of Department of Management Science in Islamic University of Bahawalpur, Pakistan. The finding of the study uses qualitative method approach and indicates that there is complete impact of performance Appraisal on Employees motivation with direct relationship of PA and employee's motivation. However he recommends further study the title to be investigated or explored.

2.4 Conceptual Framework

Based on the above conceptual literature reviewed the variables under the study have been represented diagrammatically to show the relationship between them by illustrating the impact of independent to dependent variables. Thus the conceptual framework of this study is as follows.

Figure 8: Conceptual Framework showing relationship between dependent and independent variables.

(Independent Variable)   (Dependent Variable)
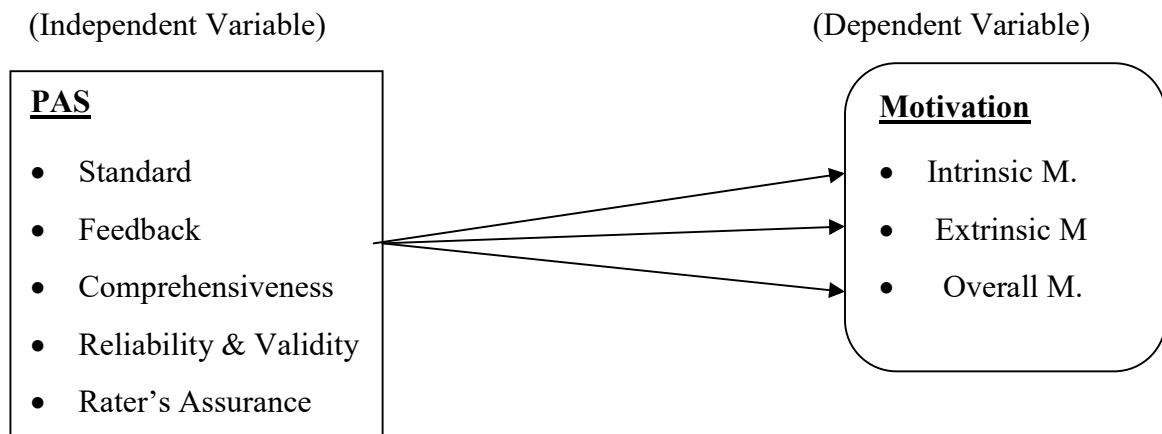
2.5 Hypothesis

H_1: There is a significant and positive relationship between performance appraisal system and

intrinsic motivation of employee's of Moha Soft Drinks Industry S.C.

H_2: There is a significant and positive relationship between performance appraisal system and

employee's extrinsic motivation of Moha Soft Drinks Industry S.C.

H_3: PAS has a significant and positive impact on employee's motivation of Moha Soft Drinks Industry S.C.

CHAPTER THREE

RESEARCH METHODOLOGY

Thesis methodology is used to collect and analyze the data required to describe the participants and answer the research questions. The discussion includes the research design, population/sample, variables of the study, instrumentation, measurement of variables, reliability and validity test and data analysis according to the objectives and hypothesis of this study.

3.1 Research Design

This study is a survey in the form of a cross-sectional study in which data are collected once across the population through sampling. According to Kothari (2004), research design is essentially a statement of the object of the inquiry and the strategies for collecting the evidence, analyzing the evidences and reporting the findings. With the view to address its objectives, the study employs mixed method approaches. Kothari has further explained that quantitative survey research design is vital to create quantifiable causes and effects relationship between the variables of the study. He noted that quantitative survey is the most appropriate one to use if the purpose of an investigation is to describe the degree of relationship which exists between the variables.

Therefore the quantitative method was used by considering 200 employees of the organization and questionnaires were distributed to these respondents. Qualitative data were used through conducting interview to human resource manager of the organization.

In the quantitative research design the statistical methods employed includes: *descriptive statistics* to count the frequency of response, *Reliability analysis*-to test the internal consistency of the instrument, *factor analysis* to test the validity of the instrument especially with sampling adequacy of the study (**at section 3.4.3.2**), *correlation analysis* to assess the relationship between variables of the study and *Simple regression analysis* to assess the extent of influence of independent variable on dependent variables. After the required data were collected, they had been analyzed by using statistical package for the social sciences (SPSS).

3.2 Study Area and population, Source of Data and Method of Data Collection

3.2.1 Study Area and Total population

The study was conducted in Moha Soft Drinks Industry S.C Nifas Silk Plant. This organization has ten business departments that are GM Office, HR department, Finance, Purchase, Technical section, Sales, Production department, Quality Control & food safety, Vehicle maintenance and CO_2 plant. Therefore, as per the data obtained from human resource department of Moha Soft Drinks Industry S.C Nifas Silk Plant in December 2017, the total target populations of the study were 398 from all departments.

3.2.2 Source of Data Collection

To address the research objectives primary and secondary sources of data are utilized. To organize the primary data, the researcher used structured questionnaire and interview techniques. Whereas, secondary data was obtained by investigation of related document from publications i.e. books, journals, articles, and abstracts, and from unpublished source i.e. website, annual and quarterly report of the organizations under consideration and other material found.

3.2.3 Method of Data Collection

To address the research objectives the main data collection method that was employed in this study are mainly focused on the primary source of data. Basically, the data were collected through self-administrated survey questionnaires and interview with human resource manager of the organization.

3.3 Sampling Method and Sample Size of the Study

3.3.1 Sampling Method

The sampling method that was employed in this study is both stratified and simple random sampling. To ensure that as much as possible biasness is removed or minimized and a fair representation is obtained, the population of the study is stratified in to ten major target group based on the existing business process structure of the organization. To select respondents from each stratum simple random sampling design is employed; in doing so, the existing employee list was obtained from human resource department of the organization and then the proportional weight was assigned to each stratum in order to properly represent the population from which the stratified sample of existing employee was drawn**.**

3.3.2 Sample Size

It was impossible to collect data on the whole population, considering the size, as well as the time, available to the researcher. Thus, to avert such constraint the researcher was forced to draw sample from the whole population. According to Field (2005), whenever it is possible to access the entire population, it is possible to collect data from sample and use the behavior within the sample to infer things about the behavior of the population. Field also states that the bigger the sample size, the likely it reflect the whole population. Accordingly, in this study to make the sample more representatives, the sample size of the study is determined using the formula of Slovin which is stated by Yamane (1970). Thus, the formula used to calculate the sample size is

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

Where, N= the total population size

n= Sample size

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

Using the above formula, the sample size of the study would be as follow:

$$n = \frac{398}{1+398(0.05)^2} = 199.5; \text{ So it becomes}$$

n=   200

      Therefore, based on the above formula, the sample size taken from each department as stratum is depicted in table 3.1 below, which is 3 respondents from the GM office, 7 respondents from HR department, 15 respondents from Finance, 9 respondents from Purchase, 20 respondents from Technical section, 48 respondents from Sales, 71 respondents from Production department,9 respondents from Quality Control & food safety, 9 respondents from Vehicle maintenance and 9 respondents from CO_2 plant. Thus, the total sample size of the study 200, which is % of the total population (200/398= 0.503).

Table 3.1 Stratified Random Sampling Design

S.N	Department as types of strata	Population in each department	Sample size in each department,n' $n' = (n*P) / (N)$
1	GM Office	6	3
2	HR department	14	7
3	Finance	29	15
4	Purchase	19	9
5	Technical section	38	20
6	Sale	95	48
7	Production department	142	71
8	Quality Control & food safety	19	9
9	Vehicle maintenance	19	9
10	Co_2 plant	19	9
	Total	**398**	**200**

Source: Own survey data, 2017

3.4 Instrument

3.4.1 The Research Instrument

The research instruments that used to collect primary data are both a structured questionnaire and as a supplement to the questionnaire, the interview method is also adopted to decode some of the information that could not be accessed using the questionnaire. To assure the reliability and validity of the instruments used; the researcher adopted standardized instrument from two previous studies by Biranu (2014) and Jabeen (2011), which had reported an acceptable reliability and validity of the instrument but Jabeen. To ensure the practical applicability of the instrument in the study area, the researcher made some few wording modification for simplicity of understanding of term of the adapted instrument. Overall, the designed instrumental questionnaire includes three main parts:

- Part one is aimed to collect data on demographic variables
- Part two is aimed to collect data on independent variable
- Part three is aimed to collect data on the dependent variable

In the first part of the questionnaire, 5 items with different label are included to deal about different demographic characteristics of the respondents such as gender, age, level of education, employment position and work experience in current position. The second and third part of the questionnaire consists of question statement aimed to measure the variables of the study using five-point Likert Scale.

3.4.2 Pilot Reliability Test of the Instrument

Reliability has to do with the accuracy and precision of a measurement procedure i.e. it is reliable if a reliability coefficient of greater than 0.70 (Kothari, 2004). The reliability measures to the extent the instrument is without bias (error free) and offers consistent measurement across time and across the various instruments. To confirm whether the partially adapted instrument is understood or not by the respondent, a pilot reliability test was conducted. A total of 20 questionnaires were distributed to the respondents. The participants for this pilot test to be selected from each department based on their easily accessibility to the researcher. Then the returned pilot instrument is coded based on a Cranach's coefficient Alpha test to be employed by SPSS version 22. Thus, the SPSS output was summarized to check the reliability test for variable. Finally, all variables were put in one table.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.949	.950	36

Source: Own Survey data, 2017

It is shown in table 3.2 below, the inter item internal consistency for employees attitude of performance appraisal system instrument indicated that the Cronbach's alpha value ranged from .907-.922, the Cronbach's alpha value for general motivation instrument ranged from .907-.922, the Cronbach's alpha value for intrinsic motivation instruments ranged from .813 - .877, and the Cronbach's alpha value for extrinsic motivation is ranged from .908 to .935. The overall reliability score of 36 scaled items is ranged .946 to .951.

Table 3.2 Reliability Statistics for pilot test of Instruments

No.	Variables	No, of respondents	N of items	Overall Cronbach's Alpha for Variable	Inter item Cronbach's Alpha
1.	PAS	20	20	.916	.907-.922
2.	Intrinsic Motivation	20	6	.865	.813 - .877
3	Extrinsic Motivation	20	6	.932	.908 - .935
4	Motivation	20	4	.806	.907-.922
Over all item			**36**	**.949**	**.946 - .951**

Source: Own survey data, 2017

The results from analysis indicates that the Cronbach's Alpha values on PAS, General Motivation, Intrinsic Motivation, Extrinsic Motivation and overall items are .916, .806, .865, .932 and .949 respectively. This suggests that the internal reliability in this study for pilot test is **acceptable**.

Thus, the researcher decided to proceed to the final data gathering after the reliability test has taken place.

Scale: ALL VARIABLES

Table 3.3 Case Processing Summary and reliability
statistics for the total data

		N	%
Cases	Valid	177	100.0
	Excluded[a]	0	.0
	Total	177	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.801	36

Source: Own Survey date of SPSS, 2017

Further after final data is gathered, the researcher has tested the Cronbach Alpha coefficient for the final one too. Its Cronbach's Alpha values is.8o1.So, the next researcher can use it without test for the same item.

3.4.3 Validity

Validity is the extent to which data accurately meant to reflect. There are some factors which can affect the validity of data, for example, if a respondent is in a haste to complete the questionnaire, the validity of this response could be affected; also misinterpretation of questions by the respondents also affect validity. According to Kothari (2005) there are certain techniques to measure validity standard: (1) face validity (2) content validity .Thus, at least these two criteria should be tested to measure validity of the instrument. Even though the adapted instrument is partially valid by itself, to further re-examine, the researcher tested the face and content validity in the following manner.

- **Face Validity (logical validity)**

Face validity also known as logical validity, typically because it is the easiest form of validity to apply in social studies. Face validity can measure surface validity or appearance validity since it is merely a subjective, superficial assessment of whether the measurement procedure one uses in a study appears to be a valid measure of a given variable**.** The items were seen by experts. Beside this, the researcher used some the previous items used by Biranu (2014). Therefore; the instrument employed in this study is considered as valid.

- **Content Validity**

In content validity, one must checks the operation against the relevant contented domain for the construct. Thus the content validity of the study was tested using factor analysis through KMO (Kaiser-Meyer-Olkin) Bartlett's test result using the SPPS version 22.It indicates that the sampling adequacy of the study must be with value should be above the bare minimum KOM of .50 for all variables. Thus, sampling adequacy was measured in similar way. The Bartlett's test also indicates the test of sphericity and significance level of the measurement instrument at p<.50. Thus the KMO and Bartlett's test result is as follow.

Table 3.4 KMO and Bartlett's test for (PAS, EM, IM and GM)

NO	Variables	Item	KMO (Measurement of Adequacy)	Adequacy percentage	Sig.
1	PAS	20	.840[a]	84.00%	.000
2	Extrinsic Motivation	6	.807[a]	80.70%	.000
3	Intrinsic Motivation	6	.774[a]	77.40%	.000
4	Motivation	4	.793[a]	79.30%	.000

a. Measures of Sampling Adequacy(MSA)

Source: Own survey data, 2017

As it is shown in table 3.4 above, the KMO value of all variables is above the proposed cut-off level KMO>.50 (i.e. for PAS =0.840, EM= 0.807, IM=.774, and OM=.793) and the Bartlett's test of all variables of the study are .000, which are highly significant at P<.001. Therefore, it is considered as sample of the study is suitable and to be accepted in line with content validity.

3.5 Data Analysis and Presentation

In this study, both qualitative and quantitative techniques was used in analyzing data, the qualitative data is obtained through interview, whereas, the quantitative data is obtained through structured questionnaire administered to employees of the Moha Soft Drinks S.C Nifas Silk Plant. The data gathered through questionnaire was coded, entered into computer and analyzed and presented in the form of tables using SPSS version 22 software. The data was analyzed according to the objective and hypothesis of the study. In general three types of statistical analysis were used i.e. descriptive statistics, correlation and simple regression analysis.

- **Descriptive Analysis:**

It is used to summarize the demographic characteristics of the respondent and to know the level of employee performance appraisal based on the response for each item and analyzed by comparing the "mean" and "standard deviation" score of each variable. According to Zaidaton & Bagheri (2009) the mean score below 3.39, 3.40 up to 3.79 and above 3.8 are considered as low, moderate and high respectively.

- **Correlation Analysis:**

It is to show the strength of the association between the variables involved. Inter-correlations coefficients (r) are calculated by using the Pearson's Product Moment.

The principle of the correlation coefficient(r) ranging 0.10 to 0.29, 0.30 to 0.49 and 0.50 to 1.00 are regarded as low, moderate and a high degree of correlation between the variables. Beside this coefficient(r) output -1 indicates a perfect negative relationship, 0 indicates no linear relationship and+1 indicates a perfect positive relationship between variables.

- **Simple Regression Analysis:**

It is the third statistical analysis used in this study. Regression is the determination of a statistical relationship between two or more variables. In simple regression, there is only two variables, one variable defined as independent is the cause of the behavior of another one defined as dependent variable. Since the correlation result provides only the direction and significance of relationship between variables, simple regression analysis is done to examine the contribution of employees' performance appraisal system to their motivation and to assess the extent of relationship between independent and dependent variable of the study.

3.6. Data Quality Assurance

Quality of a research related to sound measurement of its standard. Sound measurement must meet the tests of validity and reliability (Kothari, 2004). In fact, these are the two major considerations one should use in evaluating a measurement tool; 'Validity' refers to the extent to which a test measures what we actually wish to measure. 'Reliability' has to do with the accuracy and precision of a measurement procedure. To check the reliability of the instrument, reliability test was conducted using Cranach's Alpha method after distribution of tools to 20 respondents and its collection from these respondents. After the pilot test, the researcher decided to use the instruments.

Validity test was also assessed using KMO (Kaiser Meyer) analysis and Bartlett's test of SPPS output. This indicates the sampling adequacy would be better if it is above the bare minimum of 0.5 for all variables.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

This chapter is emphasis on the analysis of data and discussion on the findings of the study in relation to employee's attitude of performance appraisal system and its impact on their motivation. The findings of the study are analyzed based on the specific objectives and hypotheses of the study.

4.1 Descriptive Analysis

4.1.1 Response Rate

Survey data was collected from Moha Soft Drink S.C. Nifas Silk Plant. It is indicated out in table 4.1 below that out of 200 questionnaires distributed to the ten sampled strata, 177 responses are returned. From the total 200 questionnaires, 23 of them are unreturned. Thus, only the 177 completed responses are employed in the analysis, which represent the response rate 88.50 percent (177/200=. 8850).

Table 4.1 Response Rate Review

No	Strata	Distributed Questionnaires	Returned Questionnaires	Unreturned Questionnaires	Response Rate
1	GM Office	3	3	0	100%
2	HR Department	7	6	1	85.71%
3	Finance Department	15	14	1	93.33%
4	Purchase Department	9	9	0	100%
5	Technique Department	20	18	2	90%
6	Sales Department	48	40	8	83.33%
7	Production Department	71	63	8	88.73%
8	Quality and Safety Department	9	8	1	88.88%
9	Vehicle and Maintenance Department	9	8	1	88.88%
10	CO_2 Production Department	9	8	1	88.88%
	Total	**200**	**177**	**23**	**88.50%**

4.1.2 Demographic Characteristics of Respondents

As it is shown in table 4.2 below, 57.1percent (n=101) of the respondents were male. The remaining 42.9 percent (n=76) of the respondents were female. Regarding to the age composition of the respondents, the largest number of the respondent 88 (49.2 percent) was in the age group of 26 to 36 years; the second largest group 44 (24.90 percent) those aged between 37 to 47 years, of the total respondents 39 (22.0 percent) indicated that they were in the age range of 18 and 25 years old. A very small proportion of the respondents 5 (2.80 percent) and a respondent (.6 percent) were between 48 and 58 and above 58 years old respectively. Thus, the majority respondents of this study were male and their ages ranging between 26 to 36 years old.

The educational background of respondents as shown in table 4.2, the largest group of respondents67 (37.9 percent) are high school certificate holders, the next largest group 57 (5.5 percent) are first degree holders and following this, the holder of the TVET is 47 (26.60 percent) and the remaining 6 (3.40 percent) had had master degree program. Therefore, the majority of the respondents had a high school certificate as their highest level of education.

Table 4.2 Sex, Age and Educational level of respondents

Demographic Factors	Frequency	Percentage	Cumulative Frequency
Sex			
Male	101	57.1	57.1
Female	76	42.9	100.0
Total	177	100.0	
Age			
18-25 Years	39	22.0	22.0
26-36 Years	88	49.7	71.8
37-47 Years	44	24.9	96.6
48-58Years	5	2.8	99.4
>58 Years	1	.6	100.0
Total	**177**	**100.0**	
Educational level			
High School	67	37.9	37.9
TVET	47	26.6	64.4
1ST Degree	57	32.2	96.6
2nd Degree	6	3.4	100.0
Total	177	100.0	

As it is shown in table 4.3 below, the larger group of respondents 145 (81.9 percent) in the employment position are categorized under either non managerial or non supervisor. The remaining 32(18.1percent) are within the minimum position of supervisory level in the organization of Moha Soft Dirnks S.C.Nifas silk Plant.

Regarding to the experience, most of the respondents' portion is 51 (28.8 percent) that indicates they had been employed within the range of elapsed time between 6 and 10 years. Following this, the maximum number of experience which employees have elapsed their   time are more than 10 years with number of employees 45(25.4 percent) and within range of 4 to 5 years with number of employees are 42 (23.7percentage).The remaining 39 employees with percentage rate 22.0 with in experience years of 2 to 3 are relatively lower in number when compared with other full experienced employees in the organization.

Table 4.3 Respondents' Position and Experience in the Organization on their Current Job

Respondents situation/valid	Frequency	Percentage	Cumulative Percentage
Position			
Manager/Supervisor	32	18.1	18.1
Non manage/Supervisor	145	81.9	100.0
Total	**177**	**100.0**	
Experience with current position			
2-3 years	39	22.0	22.0
4-5 years	42	23.7	45.8
6-10 years	51	28.8	74.6
>10 years	45	25.4	100.0
Total	**177**	**100.0**	

Source: Own Survey data 2017

4.1.3   Level of Employee Perception /Attitude/ of the PAS and Motivation

A. Level of Employee Perception /Attitude/ of the performance appraisal System (PAS)

In this part the descriptive analysis is performed to assess the attitude of the respondents with regard to the performance appraisal system. In doing so; the items for measurement of employee attitude of performance appraisal system practice are summarized to give clarification level about overall PAS situation in Moha Soft Dirnks S.C.Nifas Silk Plant in this study.

In this analysis the response for each specific statement, each independent variable group is compared using the mean and standard deviation score. The degree of agreement or

disagreement of the respondents for each statement are also analyzed by summarizing with the use of the five point likert scale response in to three by consolidating the strongly agree and agree response in to one positive response (i.e. Agree) and the strongly disagree and disagree response in to one negative response (i.e. Disagree) and the neutral response is taken as it is.

To point out the level of employees' performance appraisal system practice, the twenty items of the instrument were analyzed with the help of descriptive statistics of SPSS version 22.0. Thus, the views of the respondents on twenty items of their attitude on performance appraisal system practice are presented in Table 4.4 below.

Table 4.4 Employees perception/Attitude of the performance appraisal System (PAS)

No	Items used for measurement of employees' Perception /Attitude of Performance Appraisal System	Mean	Standard Deviation
	Setting Performance Appraisal Expectation/Standard/	**2.34**	**1.103**
1	Employees have awareness on what to be expected from performance appraisal in my organization.	2.37	.981
2	MY appraiser clearly and regularly explains to me what s/he expects from my performance.	2.21	.969
3	Employee appraisal results are based on reasonable expectations from employee's work performance.	1.82	.946
4	My supervisor has reasonable expectations from my work.	2.94	1.514
	Communication/Feedback/level	**2.35**	**1.247**
5	Employee has been given a chance of self check a head of performance appraisal period.	2.10	1.080
6	There is training concerning performance appraisal awareness in my department.	2.68	1.284
7	My appraiser provides me with a fair feedback in my organization.	2.24	1.315
8	There is a dual communication between appraiser and appraisee on one to one basis for performance appraisal.	2.37	1.309
	Comprehensiveness of Performance Appraisal System	**2.56**	**1.442**
9	My appraisal results in my organization adequately reflect my performance.	2.94	1.427
10	There is an effective performance appraisal system in my department.	2.22	1.451
11	Performance appraisal system identifies staff potential in Moha.	2.28	1.477
12	There is a formal performance appraisal system in my department.	2.79	1.414
	Rating Accuracy/Reliability and Validity	**2.43**	**1.220**
13	I set performance appraisal standard in my department with my supervisor for fairness.	2.38	1.238
14	The appraisal system manages me better in my organization.	2.74	1.173
14	In my department there is overall performance appraisal system without bias.	2.33	1.209
16	Different and valuable performance appraisal methods are used in my org.	2.25	1.260
	Rater Assurance /Rater Accuracy/	**2.65**	**1.315**
17	My organization uses outsider raters to appraise employees.	2.70	1.372
18	Employee assessment in my organization is bias free of raters.	2.80	1.193
19	My organization has a qualified rater.	2.69	1.360
20	I have a confidence up on my appraiser's assessment.	2.40	1.336
	Overall PAS	**2.46**	**1.265**

Source: Own Survey data, 2017

According to Table 4.4 above, mean and standard deviation score specification, the respondents level of PAS satisfaction (attitude) for the items of Rater Assurance /Rater Accuracy/ with its mean indication 2.65 is relatively the highest but it is below the neutral level of the score '3' so that rater problem is one of the forces that cause employees to be de-motivated due to lower level of rater's skill, attitude and unable to use outsiders' rater to appraise employees of Moha. This is the indication of raters that are tied with unfairness rope of the different situations that put in poor performance of the rater of the organization. The other remaining items of PAS are within the range of mean score 2.34 to 2.56 and the overall standard deviation of PAS is 1.103 to 1.442 respectively.

It was summed up that there is low level of employees PAS in Moha that the employees are not happy in the system. Employees are at lower level satisfaction with setting performance appraisal standard and communication of feedback level that is indicated with their mean scores 1.34,2.35 and standard deviation scores 1.103 and 1.247 respectively .In similar manner, comprehensiveness of performance appraisal system and rating accuracy/reliability and validity/ with their mean scores 2.56 and 2.43 respectively. The overall level of PAS in Moha Soft Drinks S.C Nifas Silk Plant can be condensed to reflect the attitude of the employees with the **overall PAS** mean score and standard deviation are **2.46 and 1.265** respectively**.** The lower the mean score, the less that respondent disagreed with the statement and vice versa. The figures for standard deviation (SD) also indicate the degree to which responses varied from each other; the higher the figure for SD, the more variation in the responses.

Interview method that was held with the department head of Human Resource Manager of Moha Soft Drinks S.C Nifas Silk Plant, he replayed that there is low awareness of PAS in the organization so that our employees i.e rater and rates reflect personal biasness in the involvement of appraisal system. He further explained that because of the system they may not happy so they can be de-motivated. Thus, an interview is used as a primary data collection technique which supported that employees have low level of attitude/practice/ toward PAS. The interviewee added that there was plan the organization to adjust the system.

In general , mean score of the respondents for the twenty items and interview held with HR manager which indicate that there is **low level** of satisfaction towards the current performance appraisal practice, that implies, the respondents are '**dissatisfied**' with the overall performance appraisal system of Moha Soft Drinks S.C Nifas Silk Plant **.** Thus; from this finding it can be generalized that, the respondents are dissatisfied concerning with the current performance

appraisal system of the organization due to poorly standardized performance appraisal setting, poor communication feedback between rater and ratee and unfair treatment of raters in performance appraisal. Similarly, partiality of comprehensiveness of performance appraisal system and rating accuracy/reliability and validity/ are among the problems that make PAS poorly standardized one. This research has been supported by other two empirical reviews conducted by Abraham et al. (2014) and Berhanu (2014) on work out comes and motivation by PA respectively. Therefore, such remarked areas of dissatisfaction are the good indicators and the root causes for employees' negative attitude regarding to the performance appraisal system of their organization. In turn, it has its own impact on the employees' extrinsic motivation and intrinsic motivation.

B. Level of Employees Motivation

1. Level of Employee's Intrinsic Motivation

In order to assess the current Intrinsic motivational level of employees of Moha Soft Drinks Industry S.C, six items were included in the questionnaire concerning with the intrinsic motivational issues of employees.

Table 4.5 level of employees' Intrinsic Motivation

No	Items used for measurement of employee's level of Intrinsic Motivation	Mean	SD
1	There is appreciation in my organization which motivates employees.	2.06	1.244
2	Employees receive recognition for a job well done in my organization.	1.84	.934
3	Employees have clear job responsibilities in our organization.	1.82	.860
4	There is employees' participation in decision making that has a positive effect on their work performance.	2.09	.949
5	I perform my duty with full autonomy and freedom.	2.90	.911
6	My organization used sound reward policy using performance appraisal extrinsically.	1.84	.952
	Group	2.09	.975

Source: Own survey data, 2017

As it is shown in table 4.5 above, out of the six items, the respondents level of intrinsic motivation on one item is relatively moderate satisfaction when compared with the other remaining five items, with a mean of 2.90 and SD .911 i.e. 'I perform my duty with full

autonomy and freedom'. The overall intrinsic motivation mean and SD are 2.09 and .975respectively.Two items, 'My organization used sound reward policy using performance appraisal intrinsically' and 'Employees receive recognition for a job well done in my organization' unfortunately have the same mean, 1.84 indicating that employees are de-motivated intrinsically with the same level.

The other three items i.e. 'There is appreciation in my organization which motivates employees', 'Employees have clear job responsibilities in our organization', and 'There is employees' participation in decision making that has a positive effect on their work performance' including the other items have the overall mean 2.09 and SD is .975.Generally, the employees are not satisfied with the current situation of intrinsically motivating agents. Thus, the overall level of satisfaction of employees with these items is low in with the current intrinsically motivating issues in the organization. But the interview held with HR manager of the organization is in contradiction with the responses obtained from questionnaires that there is high appreciation and self autonomous to employees on their jobs those who perform well.

2. Level of Employees Extrinsic Motivation

In order to measure the current level of employees' motivation extrinsically of Moha Soft Drinks S.C Nifas Silk Plant, six items concerning with the extrinsic motivation of employees were included in the questionnaire.

Table 4.6 level employees' Extrinsic Motivation

No	Items used for measurement of employee's level of EM	Mean	SD
1	There is fairness of performance appraisal in my organization.	2.32	1.094
2	I am satisfied with performance appraisal in my organization.	1.094	1.154
3	Monetary rewards alone motivate employees.	2.07	.896
4	I am satisfied with my organization remuneration system for holyday package gifts.	3.84	.978
5	My organization has sound extrinsic reward policy using performance appraisal.	1.88	.834
6	There is training for performance appraisal upgrading to motivate employees.	1.93	.870
	Group	2.189	.971

Source: Own survey data, 2017

As it is shown in table 4.6 above, out of the six items, the respondents level of extrinsic motivation on one item is **strong**, i.e. ' I am satisfied with my organization remuneration system

for holyday package gifts' with mean 3.84 and standard deviation is .978. Even though, there is strong extrinsic motivational relation with the item 'I am satisfied with my organization remuneration system for holyday package gifts' to the employees, all the other items have mean score below 2.32 on the Likert's scale in which employees are de-satisfied about the extrinsic motivation. The group mean and SD are with 2.189 and .971 respectively. The response which was obtained from interview part supported that the organization give focus on extrinsic motivation than intrinsic motivation, especially on holyday gift like drink package and incentives to motivate employees. He added that there are other facilities like lounge, transport, medical aid to treat the staff of the organization.

Thus, the finding of the overall response from questionnaire indicates that there is a **lower level** extrinsic motivation issues to employees of Moha Soft Drinks S.C. Nifas Silk Plant were as the interview parts in contradict to this in that employees are motivated with extrinsic issues .

3. Level of Employees overall Motivation

In order to understand the current motivational level of individuals of Moha Soft Drinks Industry S.C., four items were included in the questionnaire concerning with the overall motivation of employees.

Table 4.7 level of employee's Motivation

No	Items used for measurement of level of employee's Motivation	Mean	SD
1	I am satisfied with the standard of the performance appraisal system.	2.66	1.132
2	Monetary reward motivates me more than non monetary reward.	3.11	1.172
3	There is regularity in reward decision based on performance appraisal.	2.98	.980
4	There is promotion in my organization based on standard performance appraisal.	2.44	1.445
	Group	**2.80**	**1.183**

Source: Own survey data, 2017

As it is shown in table 4.7 above, out of the four items, the respondents level of general motivation on one item is relatively strong, with a mean of 3.11 and SD 1.172 i.e. 'Monetary

reward motivates me more than non monetary reward'. The other items are with mean ranges of 2.44 to 2.98.The overall motivation mean and SD are 2.80 and 1.183 respectively. Generally, the employees are not satisfied with the current situation of motivating agents or issues, especially, with the three items i.e. 'There is promotion in my organization based on standard performance appraisal', 'I am satisfied with the standard of the performance appraisal system' and 'There is regularity in reward decision based on performance appraisal'. Thus, the level of satisfaction i.e. overall motivation of employees is low in relation with the current job within the organization.

Generally there is low level of satisfaction on the over all of employee motivation in the organization were the interview held with HR manager has contradicted in that employees have high level of motivation in the organization.

4.2 Correlation Analysis

Correlation refers to synonym for association or the relationship between variables and it measures the degree to which two sets of data are related. Higher correlation value indicates stronger relationship between both sets of data. When the correlation is 1 or-1, a perfectly linear positive or negative relationship exists; when the correlation is 0, there is no relationship between the two sets of data (Kothari, 2004).

As shown in the conceptual framework of this study, to test the relationship between employees' attitude of performance appraisal system and their motivation, the following correlation analysis is performed for each hypothesis based on table 4.8.

Correlations

Table 4.8 Correlation Analysis for variables(PAS,IM,EM,OM)

		Over all PAS.	Over all IM mean	EM, Extrinsic Motivation.	Over all Motivation.
Over all PAS.	Pearson Correlation	1	.265**	.341**	.450**
	Sig. (2-tailed)		.000	.000	.000
Over all IM mean.	Pearson Correlation	.265**	1	.149*	.253**
	Sig. (2-tailed)	.000		.047	.001
EM, Extrinsic Motivation.	Pearson Correlation	.341**	.149*	1	.281**
	Sig. (2-tailed)	.000	.047		.000
Over all Motivation.	Pearson Correlation	.450**	.253**	.281**	1
	Sig. (2-tailed)	.000	.001	.000	

**. Correlation is significant at the 0.01 level (2-tailed).
 *. Correlation is significant at the 0.05 level (2-tailed).

4.2.1 The Relationship of Employees' Attitude of PAS and Intrinsic Motivation

Hypothesis 1: There is a significant and positive relationship between performance appraisal system and intrinsic motivation of employees' of Moha Soft Drinks Industry S.C. To test this research hypothesis, the result of the correlation is analyzed to show the strength of the association between the variables involved to indicate the direction and the significance level of the relationship between these two variables.

Table 4.8.1 Pearson Correlation of PAS and IM

Variables		Employees' PAS	IM
Employees' PAS	Pearson Correlation	1	.265
Intrinsic Motivation	Pearson Correlation	.265	1
	Significance	.000	.000
Correlation is significant at the 0.01 level (2- tailed)			

Source: own survey data, 2017

As it is indicated in table 4.8.1 above, the result of Pearson's correlation coefficient r= .265 and p=.000. From this analysis it is noted that, employee's attitude of PAS had significant and

positive relationship with their intrinsic motivation. This positive value of the correlation coefficient shows that the higher the level of employees' attitude of PAS result to the higher the level of their intrinsic motivation and vice versa. The significance level of .000 shows the relationship is significant at p<.01, 2-tailed. Thus, the correlation coefficient r= .265 is within the low association. From the analysis, it is noted that employees' attitude of PAS was positively associated with intrinsic motivation (r=.265, p<0.01), which indicates that there is a significant and positive relationship between performance appraisal system and intrinsic motivation with a low correlation coefficient. There is positive and significant relationship between employees' attitude of performance appraisal system and intrinsic motivation. Therefore, the **first hypothesis** of the study is **accepted**.

4.2.2 The Relationship of Employees' Attitude of PAS & Extrinsic Motivation

Hypothesis 2: There is a significant and positive relationship between PAS & employees' Extrinsic Motivation

Table 4.8.2 Pearson Correlation of PAS and EM

Variables		Employee's PAS	EM
Employees' PAS	Pearson Correlation	1	.341
Extrinsic Motivation	Pearson Correlation	.341	1
	Significance	.000	.000
Correlation is significant at the 0.01 level (2- tailed)			

As it is indicated in table 4.8.2 above, the result of Pearson's correlation coefficient r = .341 and significance level is .000, it shows that employees' attitude of PAS had significant and positive relationship with their extrinsic motivation (r=.341, P<0.01), that is, the higher the level of employees' attitude of PAS result to the higher the level of their extrinsic motivation and vice versa. The significance level of .000 also shows the relationship between employees' attitude of PAS and extrinsic motivation is significant at p<.01, 2-tailed. The correlation coefficient r= .341 indicates that there is moderate association between the two variables i.e. employees' attitude of PAS and extrinsic motivation. Therefore, the **second hypothesis** of the study is also **accepted**.

4.2.3 The Relationship of Employees' Attitude of PAS and Overall Motivation

Hypothesis 3: There is a significant and positive relationship between performance appraisal system and employees' overall motivation of Moha Soft Drinks Industry S.C.

To test this research hypothesis, the result of the correlation is analyzed to show the strength of the association between the variables involved to indicate the direction and the significance level of the relationship between these two variables.

Table 4.8.3 Pearson Correlation of PAS and OM

Variables		Employees' PAS	Overall Motivation
Employees' PAS	Pearson Correlation	1	.450
Overall Motivation	Pearson Correlation	.450	1
	Significance	.000	.000
Correlation is significant at the 0.01 level (2- tailed)			

Source: own survey data, 2017

Table 4.8.3 present the inter-correlations among the variables being explored. From this analysis, it is noted that employees' attitude of performance appraisal system is significantly and positively correlated (r = .450, p < 0.01) with employees' overall motivation. The positive value of the correlation coefficient indicates the higher the level of employees attitude of PAS results in to the higher the level of overall motivation and vice versa. The significance level of .000 also shows the relationship between employees' attitude of PAS and overall motivation is significant at p<.01, 2-tailed.Therefore; the correlation coefficient r= .450 is within the moderate association. From this analysis, it is noted that employees' attitude of PAS is positively and have moderate association with motivation (r=.450, p<0.01).

Among the empirical findings of previous related studies reviewed on the relationship of employees attitude of performance appraisal system and motivation; the study conducted by Berhanu (2014) found that there is positive and significant relationship between performance appraisal system and employees' satisfaction or motivation (r=.692, and sig=.001).The finding of Berhanu (2014) shows that performance appraisal system is positive and strongly correlated (r=.692, p<.01) with motivation.

Even though, there is difference in strength of relationship, this study finding is supported by the Berhanu (2014), previous study in the context of **positive** and **significant** relation between

employees' performance appraisal system and motivation. Therefore, the **third hypothesis** of this study is **accepted**.

4.3 Simple Regression Analysis (The Impact of PAS on Employee's Motivation)

Attitude of employees' performance appraisal system influences significantly employees' general motivation, intrinsic motivation and extrinsic motivation. Basically, regression analysis was carried out in order to test the extent of impact of independent variables on dependent variable. Thus, this (simple regression) analysis is performed to address all the three hypothesis of this study, that is, to find out whether the employees attitude of performance appraisal system has a significant impact on employee's motivation (Intrinsic Motivation, Extrinsic Motivation & Overall Motivation) or not.

4.3.1 Employees' Attitude of PAS and Intrinsic Motivation

(Employees' Intrinsic Motivation is significantly influenced by their attitude of performance appraisal system).

To assess the level of impact of employee attitude of performance appraisal system on their motivation (in the form of intrinsic motivation), simple regression analysis was carried out.

Table 4.9 Simple Regression Result of Employees Attitude of PAS & Intrinsic Motivation

1. Model summary					
Model	R	R^2	Adjusted R^2	F	Sig.
1	**.265ᵃ**	.070	.065	13.243	.000ᵃ
2. Beta coefficients					
Model	Un-standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Err	Beta		
(Constant)	**1.597**	.141		11.336	.000
Employee's attitude of PAS	.203	.056	**.265**	3.639	.000

Source: Own Survey data from SPSS, 2017
 [a]. Predictors: (Constant), PAS
 [b]. Dependent Variable: IM, Intrinsic Motivation

The result of the regression model in table 4.9 shows the value of the regression coefficient R= .265, R- square = .070 and adjusted R- square = .065. From this result the extent of effect of

employees' attitude of performance appraisal system on their intrinsic motivation is clarified by the value of the R square. The R- square value denotes 7.00 % of employee intrinsic motivation is accounted definitely by their attitude of performance appraisal system.

The beta coefficient in table 4.9 indicates the beta value of the constant is 1.597 whereas, the beta value for the employees attitude of PAS is .265.The t- value of 3.639 and the significance level of .000 shows the model is significant at p<.001 and infers that employees attitude of performance appraisal system as predictor variables had significantly explained the 7.00 % of the variance in intrinsic motivation. Thus, the Beta= .265, characterizes the level of employees intrinsic motivation increase by 26.50 % if their attitude system of performance appraisal (satisfaction with PAS) increases by one unit.

Cause and Effect relationship Equation for Intrinsic Motivation and PAS:

IM=Constant PAS+ PAS (.265); it becomes IM=1.597 + PAS (.265)

Therefore, the idea of this hypothesis of this study is accepted, which implies, the intrinsic motivation of employees is significantly (positively) influenced by their attitude of performance appraisal system.

4.3.2 Employees' Attitude of PAS and Extrinsic Motivation

(Employees' Extrinsic Motivation is significantly influenced by their attitude of PAS)

To assess the level of impact of employee attitude of performance appraisal system on their motivation (in the form of Extrinsic Motivation), simple regression analysis was carried out based on the table 4.10 below.

Table 4.10 Simple Regression Result of Employees Attitude of PAS & Extrinsic Motivation

1. Model summary					
Model	R	R^2	Adjusted R^2	F	Sig.
1	.341[a]	.116	.111	22.953	.000

2. Beta coefficients					
Model	Un-standardized		Standardized	t	Sig.
	Beta	Std. Err	Beta		
(Constant)	1.869	.127		14.667	.000
Employee's attitude of PAS	.242	.050	.341	4.791	.000

[a] .Predictors: (Constant), Over all PAS .

[b.] Dependent Variable: EM, Extrinsic Motivation

Source: Own survey data, 2017

The result of the regression model in table 4.10 shows the value of the regression coefficient R= .341, R- square = .116 and adjusted R- square = .111. From this result the extent of effect of employees' attitude of performance appraisal system on their extrinsic motivation is clarified by the value of the R square. The R- square value denotes 11.60 % of employee extrinsic motivation is accounted definitely by their attitude of performance appraisal system.

The in table 4.10, it is indicated the beta value of the constant is 1.869 whereas, the beta value for the employees attitude of PAS coefficient is .341.The t- value of 4.791 and the significance level of .000 shows the model is significant at p<.001 and infers that employees attitude of performance appraisal system as predictor variables had significantly explained the 11.60 % of the variance in extrinsic motivation. Thus, the Beta= .341, characterizes the level of employee's extrinsic motivation increases by 34.10 % if their attitude system of performance appraisal (satisfaction with PAS) increases by one unit.

Thus, the relationship Equation for Extrinsic Motivation and PAS as follow:

EM=Constant PAS+ PAS (.341); it becomes EM=2.933+ PAS (.341).

Therefore, the idea of this hypothesis of this study is accepted, which implies, the intrinsic motivation of employees is significantly (positively) influenced by their attitude of performance appraisal system**.**

4.3.3 Employees' Attitude of PAS and Overall Motivation

(Employees' Overall Motivation is significantly influenced by their attitude of PAS).

To assess the level of impact of employee attitude of performance appraisal system on their motivation (in the form of overall motivation), simple regression analysis was carried out in similar manner as above.

Table 4.11 Simple Regression Result of Employees Attitude of PAS & overall Motivation

1. Model summary					
Model	R	R^2	Adjusted R^2	F	Sig.
1	**.450**[a]	.202	.198	44.413	.000[a]
2. Beta coefficients					
Model	Un-standardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Err	Beta		
(Constant)	**1.346**	.224		6.003	.000
Employee's attitude of PAS	.592	.089	**.450**	6.664	.000

a. Predictors: (Constant), PAS
b. ˙ Dependent Variable: OM, Overall Motivation
Source: Own survey data, 2017

The result of the regression model in table 4.11 indicates the value of the regression coefficient R= .450, R- square = .202 and adjusted R- square = .198 and the model F= 44.413 and significance level of P=.000 indicates that the model is significant at p<.001, 2-tailed. Thus, the aggregated effect of employees' attitude of performance appraisal on general motivation is explained by the value of the R square, which indicates that 20.2% of employee overall motivation in Moha Soft Drinks S.C Nifas Silk Plant is accounted specifically by their attitude of performance appraisal system.

The beta coefficient of the model in table 4.11 indicates the beta value of the constant is 1.346 whereas; the beta value for the predictor variable (employees' attitude of performance appraisal system) is .592. The t-value of 6.664 and the p-value of .000 indicates the model is significant at p<.001. Therefore, the beta coefficient (Beta= .450) implies the level of employee general motivation is increase by 45.00% if their attitude of performance appraisal system (satisfaction with PAS) increases by one unit.

Cause and Effect relationship Equation for General Motivation and PAS:

OM=Constant PAS+ PAS (.450); it becomes OM=1.346 + PAS (.450)

Among the empirical findings on the regression analysis between motivation and employee attitude towards performance appraisal system reviewed in chapter two includes: The study conducted by Berhanu (2014), at private commercial banks revealed that there is a positive significant impact on motivation of employees by employees' implementation of PAS in the bank. Therefore, the idea of the **hypothesis** of the study is **accepted**, which implies, the overall motivation of employees is significantly (positively) influenced by their attitude of performance appraisal system.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the study obtained through the questionnaire distributed to 200 employees of Moha Soft Drinks S.C Nifas Silk Plant, the following summary, conclusions and recommendations were made:

5.1 Summary

The aim of the study is to investigate the performance appraisal system and its impact on employee's overall motivational issues at Moha Soft Drinks Industry S.C. The impact of PAS could be reflected on employees' motivation, in the form of intrinsic motivation and extrinsic motivation as well. On the review of theoretical, conceptual and empirical related literature of the study, attitude of employees on performance appraisal practice had a significant relationship with their motivation.

In conducting this study, the required data is obtained through structured questionnaires and interview. The Instrument (structured questionnaires) was partially adopted from two prior related studies, in order to measure all variables of the study. To check the validity and reliability of the adopted instruments validity and reliability test was also carried out. To determine the sample size from the total population of the study, the researcher uses formula based-sample size determination. The target population was also stratified in to ten categories. To select respondents from each stratum simple random sampling technique was also used. Basically, a total of 200 questionnaires were distributed to the sampled employee, among these 177 were returned, of which, 23 responses were unreturned. Thus, 177 returned questionnaires are analyzed using statistical package for social science (SPSS version 22). In the analysis descriptive statistics, correlation analysis and simple regression analysis was performed.

The descriptive finding of the study shows that in Moha Soft Drinks Industry S.C, employees have low level of attitudes toward performance appraisal system satisfaction. Currently, it reflects that level of employee's intrinsic and extrinsic motivation is at low level. The overall motivation is low too. The finding of the correlation analysis result also indicates employees' attitude to performance appraisal system have positive and significant relationship with intrinsic organizational motivation, extrinsic motivation and overall motivation. In similar manner, simple regression analysis was checked and it indicated that employees' attitude toward

PAS have positive and significant influence on employee's intrinsic, extrinsic & overall motivation as well.

5.2 Conclusion

PAS has a major impact on the employee's motivation so that this study has accomplished all the three research objectives. It reveals not only the impact of PAS on the overall motivations of employees but also it describes its relation to the employee's motivational issues in the organization. In turn the motivation can determine the organizational performance. Hence, the research makes contribution to the literature. Thus; based on the finding of the study the following conclusions are drawn:

First, in this part of the descriptive finding the researcher has been able to present the attitudes of the Moha Soft Drinks S.C Nifas Silk Plant employees with regard to the PAS, employees express that they have low level of motivation with the performance appraisal system being practiced by the organization with mean and standard deviation values 2.46 and of 1.265 respectively. The result of interview also supports this fact. Relatively with some of the items reflected that employees are satisfied with the performance appraisal system of the organization and a few items of motivation too. But the overall assessed PAS from respondents and interviewee have indicated that there is low level of satisfaction especially on the following statements of attitude of performance appraisal system of employees:

C. **Setting Performance Appraisal Expectation/Standard/:** 'Employees have awareness on what to be expected from performance appraisal in my organization'.

D. **Communication/feedback/level**: 'There is a dual communication between appraiser and appraisee on –one- to one basis for performance appraisal'; 'There is training concerning performance appraisal awareness in my department'.

E. **Rater Assurance /Rater Accuracy/:** Employee assessment in my organization is bias free of raters.

F. **Rating Accuracy/Reliability and Validity**/

G. **Comprehensiveness of Performance Appraisal System**

Therefore, the above commented areas are the core causes for employees' de-motivation on the operation of attitude toward PAS in the organization. The negative attitude of employees towards PAS has its own impact on the employees' motivation. From the interview finding it is noted that

employees poor attitude towards PAS was caused by the above mentioned elements. The interview section has also recommended solution to the problems in that PAS can be enhanced through; setting of PAS standard by rater and ratee as it helps to reduce communication barriers through participation of ratees, rater qualification upgrading through training provision on how to assess to reduce personal biasness to reach the highest ladder level of PAS in the organization.

Second, the researcher has tried to assess the relationship between employees' attitude of PAS and its expectation to motivation. By using correlation analysis result employees' attitude of PAS has significant and positive relation with motivation.

Thirdly, the researcher has been able to study and analyze the variable (employees' attitude of performance appraisal system) that had impact on the employees' motivation, in the form of intrinsic motivation, extrinsic motivation and overall motivation. Thus, from the simple regressions analysis it can be concluded that: Among the three dependent variables there exist, relatively moderate relationship between employees' attitude of performance appraisal system with overall motivation and PAS has weak association with both intrinsic motivation, and extrinsic motivation in the organization.

5.3 Recommendation

For employees of an organization, sound and effective PAS must be put in to practice, to use fruitfully employee's maximum ability towards reality of organizational objectives. In situation with lower standard setting of PAS, poor communication feedback system of rater and ratee on one to –one basis, lower qualification level of rater in reflection with personal bias results in unclear vision to an effective PAS of an organizational. Without effective PAS it is difficult to expect better motivated employees either intrinsically or extrinsically rather they can be de-motivated unless readjustment to be done in the system. Therefore, On the basis of the findings and conclusions reached, the following recommendations are made in order to change the attitude of employees through improvement of the PAS to its effective performance appraisal system in Moha Soft Drinks S.C Nifas Silk Plant for enhancement of employees' motivation:

The finding on the descriptive analysis indicates that, employees are not satisfied with the current PAS of the organization and the following areas are also identified as a major causes for employees low level of attitude toward PAS, (dissatisfaction) about the existing performance appraisal system are setting performance standard, feedback communication system, comprehensiveness of PAS, rating accuracy for fairness of the system (validity with reliability of

PAS), rater qualification. Generally, it is better to follow an effective performance appraisal system to reach at the required level of employee's motivation standard.

Thus, the findings have serious advice to HR manager to practice the implementation issues in order to create better employees' attitude towards PAS in to their mind. In doing so; the organization, especially HRM should have implement performance appraisal system in the best possible ways to bring employees with their mind to the motivated region. In general, to have effective PAS, HRM and other managerial bodies must give attention to it in order to motivate employees and then to step forward the organizational output. To do this the following recommendations to be applied on the following major effective PAS:

H. **Setting performance appraisal standard**: Setting performance appraisal expectation appropriate to the standard level, so that employees have awareness on what to be expected from them in line with PAS in their organization.

I. **Bi-directional communication:** communication enhancement /feedback/level on one- to-one basis i.e. creation of a dual communication between appraiser and appraise and conduct training to disclose performance appraisal awareness to employee and to appraiser.

J. **Rater Assurance /Rater Accuracy/:** Evaluators should be given training in procedures and principles of appraisal in order a rater to appraise ratees correctly. It helps to minimize bias.

K. **Rating Accuracy/Reliability and Validity**/: PAS should provide consistent, reliable and valid information.PAS should reveal potential of an employee for promotion and others.

L. **Comprehensiveness of PAS:** Performance appraisals not in response to specific errors, issues; rather it includes general incidents; reflect upon overall performance over the entire specified period of time. The finding on the simple regression analysis indicates relationship between employee's attitude of performance appraisal system and motivation indicates that employees who are unsatisfied with the low performance appraisal system are in the situation of de-motivation.

In order to obtain positive motivation in the employees, organization should have to practice and implement a better performance evaluation system as a whole to enhance employees' attitude towards performance appraisal system and to increase the expected motivation outcome.

5.4 Suggestion for Further Research

1. The study recommends for further, research to be conducted on the alignment of PAS with Moha Soft Drinks S.C with clear vision and effective PAS to make more comprehensive with a large population of employees of an organization beside Nifas Silk Plant. This will assist in unlocking the abilities of the PAS in the realization of the company's 21st century vision.

2. Further research should also be conducted to determine the influence of the intrinsic and extrinsic motivation outcomes on employee performance. This will help in determining whether the PAS is needed in various organizations in improving service delivery.

3. Further research should also be conducted on the suitability of the rating tool.

4.Finally, this investigation recommends that further research be undertaken to determine whether these the five same sub variables of Independent variable of PAS (performance appraisal standard, dual communication, comprehensiveness of PAS, reliability & validity, rater's assurance) have effect or not on motivation line issues in other plants of Moha Soft Drinks S.C.

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APPENDIX

ADDIS ABABA UNIVERSITY BUSINES AND ECONOMICS FACULITY

SCHOOL OF COMMERCE

My name is Lamesa Bulto. I am carrying out a research project entitled 'Impact of Performance Appraisal System on Employee's Motivation the case Study of Moha Soft Drinks Industry S.C. for the partial fulfillment of MA in HRM. For this purpose, I am kindly looking for your cooperation to share your moment of truth and experience about the overall relation of performance appraisal and motivation. I assure you that all answers remain confidential will be used only for the proposed research study so that no need to write your name.

I kindly request you return the questionnaire as much as possible at your earliest time. If there is any ambiguity, please contact me:

Mobile: 09 13 25 95 93

E-mail: lamesabulto@gmail.com

Thank you in advance!

General Instruction:

➢ Answer with a tick mark (√) please.

Annex : PERSONAL DATA

1. Your gender: Male   ☐   Female   ☐

2. Your responsibility/position in your organization:

    Manager / Supervisor   ☐   Non-supervisor   ☐

3. Your age:

    18- 25   ☐   26-36   ☐   37-47   ☐   48-57   ☐   58 and above   ☐

4. Year of service you provided in this organization:

    2-3   ☐   4-5   ☐   6-10   ☐   above 10   ☐

5. Your educational level is at

    High School graduate   ☐

    Technical school graduate   ☐

    First degree   ☐

    Second degree   ☐

    PhD   ☐

Questions on Performance Appraisal System:

S.N	Use Strongly disagree=SD, Disagree=D, Neutral=N, Agree=A Strongly agree =SA, (represents with 1,2,3,4, and 5 respectively)	SD	D	N	A	SA
	Setting Performance Appraisal Expectation /Standard/					
1	Employees have awareness on what to be expected from performance appraisal in my organization.					
2	My appraiser clearly and regularly explains to me what he or she expects from my performance.					
3	Employee appraisal results are based on reasonable expectations from employee's work performance.					
4	My supervisor has reasonable expectations from my work.					
	Communication /Feedback/					
5	Employee has been given chance of self-check a head of performance appraisal period.					
6	There is training to increase performance awareness in my department.					
7	My appraiser provides me with fair feedback.					
8	There is a dual communication between appraiser and appraisee on one to one basis for performance appraisal.					
	Comprehensiveness of Performance Appraisal System					
9	My appraisal results adequately reflect my performance.					
10	There is an effective performance appraisal system in my department.					
11	Performance appraisal system identifies staff potential in Moha.					
12	There is a formal performance appraisal system in my department.					
	Rating Accuracy/Reliable and Validity					
13	I set performance appraisal standard with my supervisor for fairness.					
14	The appraisal system manages me better.					
15	The overall performance appraisal system is without bias.					
16	Different and valuable performance appraisal methods used in my organization.					
	Rater Assurance/Rater accuracy					
17	My organization uses outsider raters to appraise employees.					
18	Employee assessment in my organization is bias free of raters.					
19	My organization appraiser is a qualified rater.					
20	I have confidence up on my rater's assessment.					

QUESTIONS ON EMPLOYEE:

S.N	Use Strongly disagree=SD=1, Disagree=D=2, Neutral=N=3, Agree=A =4 and Strongly agree =SA=5	SD	D	N	A	SA
	Intrinsic Motivation Related Questions					
1	There is appreciation in my organization that motivates employees.					
2	Employees receive recognition for a job well done in my organization.					
3	Employees have clear job responsibilities in our organization					
4	There is employees' participation in decision making that has a positive effect on their work performance.					
5	I perform my duty with full autonomy and freedom.					
6	My organization used sound reward policy using performance appraisal intrinsically.					
	Extrinsic Motivation Related Questions					
7	There is fairness of performance appraisal to all employees.					
8	I am satisfied with my performance appraisal in my organization.					
9	Monetary rewards alone motivate employees.					
10	I am satisfied with my organization remuneration system for holyday package gifts.					
11	My organization has sound extrinsic reward policy using performance appraisal.					
12	There is training for performance appraisal upgrading to motivate employees.					
	Overall Motivation Related Questions					
13	I am satisfied with the standard of the performance appraisal system.					
14	Monetary reward motivates me more than non monetary reward.					
15	There is regularity in reward decision based on performance appraisal.					
16	There is motivation in my organization based on standard performance appraisal.					

INTERVIEW ON PAS TO HUMAN RESOURCE MANAGER:

1. Are there two way feedback systems of performance appraisal in your organization regularly?

2. Are there challenges (bias) at the time of performance appraisal system?

3. How often your organization conduct performance appraisal for employees in a year?

4. Do you have a plan to change your organizational appraisal system?

INTERVIEW ON MOTIVATION TO HUMAN RESOURCE MANAGER:

1. How do you motivate your employees in case of extrinsic and intrinsic motivation (Eg salary level and its fairness, financial reward for bonus, appreciation or appraise for work performed well)?

2. Do you have holyday package gifts in your organization that motivate your employees?

3. Are there employees who enjoy only tangible rewards?

4. Which one has more power to motivate employees (A. Extrinsic rewards   B. Intrinsic reward C. Reasonable rewards)?