ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEES

MOTIVATION: THE CASE OF ETHIOPIAN CONSTRUCTION WORKS

CORPORATION

BY

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DEC, 2019

ADDIS ABABA, ETHIOPIA

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ID: SGS/0034/2010B

A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER'S OF BUSINESS ADMINISTRATION

DECEMBER, 2019
ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY
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APPROVED BY BOARD OF EXAMINERS

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LETTER OF DECLARATION

I, Alazar Anetneh Moges, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Goitom Abrham. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other learning institution for the purpose of learning any degree.

Alazar Anetneh Moges

_____   _____

      Signature   Date.

St. Mary's University, Addis Ababa

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Goitom Abrham Asst. Professor

_____

      Signature

St. Mary's University, Addis Ababa

ACKNOWLEDGEMENTS

I wish to wholly dedicate this project first and foremost to almighty God whose grace, wisdom and endless care, I treasure.

I also dedicate this project to my family for spiritual, psychological and other forms of support accorded to me that largely contributed to the successful conduct of this study to completion. I am particularly grateful to my advisor Goitom Abrham Asst. Professor, for the moral support that saw me through the challenges encountered while undertaking my MBA degree course especially in the research process.

I further dedicate the work to my dad; Eng. Anteneh, my mom; Anguach, my brother and my friends for their extraordinary and exemplary effort in guiding and shaping my academic progress since childhood.

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LIST OF ABBREVIATIONS AND ACRONYMS

ECWC   Ethiopian Construction Works Corporation

PA   Performance Appraisal

SEPAP   Satisfaction of Employees on the Performance Appraisal Practice

PAP   Performance Appraisal Purpose

PAE   Performance Appraisal Errors

EPAEM   Effect of Performance Appraisal on Employee Motivation

ANOVA   Analysis of Variance

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ABSTRACT

The study intended to investigate the effect of performance appraisal on employee motivation of ECWC. Therefore, the study sought to investigate the current practice, the satisfaction of employees towards the method, the purpose and the effect of performance appraisal on employee motivation of ECWC. The study adopted both descriptive and explanatory research design. The population of the study was all the professional staffs of ECWC working in the study period. The study conducted a sample on the selected sector office. The study used primary and secondary data. Descriptive analysis, Bivariate Pearson correlation coefficient analysis and an ordinary linear regression model was used. The correlation and regressions were conducted using statistical package for social sciences (SPSS) version 20. The study findings indicated that there is a negative and significant relationship between performance appraisal method and employee motivation. The relationship between satisfaction and fairness and also performance appraisal purpose and employee motivation were found to be positive and significant. Based on the findings, the study concluded that performance appraisal on employee motivation had a significant effect in the selected sector offices of ECWC. The study recommended that ECWC should take effective performance appraisal strategies that won't increase their operational risks which in turn affects employee performance and productivity. The study also recommended that ECWC should focus more and invest more in both training and development programs as the two will lead to better employee performance and productivity.

Key Words: *Performance Appraisal, Employee Motivation, Employee performance, productivity, ECWC.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements (Michael, 2006).

It is sometimes assumed that performance appraisal is the same thing as performance management. But there are significant differences. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at or after a review meeting. It has been discredited because too often it has been operated as a top-down and largely bureaucratic system owned by the HR department rather than by line managers (Michael, 2006). Performance appraisals are used to assess an employee's performance and to communicate that performance to the employee. Performance appraisal is variously called employee rating, employee evaluation, performance review, performance evaluation, or results appraisal (Robert & John, 2008).

Performance appraisal has been considered as the most significant tool for an organization. It provides information which is highly useful in making decisions regarding various aspects such as promotions and merit rating. It is helpful in preventing grievances because it is a definite aid to management in promoting fairness to employees. It provides accurate information which plays a vital role in the organization as a whole. If valid performance data are available, i.e. timely, accurate, objective, standardized and relevant, management can maintain consistent promotion and compensation policies throughout the total system (Manmohan, 2013).

Motivation is defined as the internal and external factors that lead an individual to engage in goal related behavior. Motivation can affect the intensity, direction, and persistence a person shows in working toward a goal. Motivation theorists talk about intrinsic motivators and extrinsic motivators. Extrinsic motivators come from outside the person and include such things as pay, bonuses, and other tangible rewards. Intrinsic motivators come from a person's internal desire to do something, motivated by such things as interest, challenge, and personal satisfaction (Stephen & Timothy, 2013).

The enterprise's central goal must be accomplished through the elite of inspired workers in the association. The dimension of worker execution must be resolved through compelling execution evaluation through which the association constantly surveys representative execution with the goal of disposing of execution insufficiencies and to energize better execution.

1.2. Background of the Organization

The Ethiopian Construction Works Corporation (ECWC) is a new public enterprise which is established on December 18/2015 based on Council of Ministers Regulation No. 366/2015 with the authorized capital of Birr 20,313,608,143.90. Of which Birr 7,743,333,613.80 is paid up in cash and in kind. The corporation amended by council of Ministers Regulation No. 390/2016, on September 28/2016.

ECWC is governed by the Public Enterprises Proclamation No.25/1992. Its supervising authority has given to the Ministry of Public Enterprises and its policy-making body is the Board of the Corporation whose members are appointed by the government selected from different organizations.

Ethiopian Construction Works Corporation has six different sectors which take different operational activities and responsibilities. The head office of the corporation is located in Addis Ababa, around Gurd-shola. It is headed by a Chief Executive Officer (CEO) and six Deputy Chief Executive Officers and department and project heads.

The corporation is a result of the amalgamation of three formerly independent public enterprises, namely the Ethiopian Road Construction Corporation, the Ethiopian Water Works Construction Enterprise and the Ethiopian Prefabricated Building Parts Production Enterprise.

1.3. Statement of the Problem

Currently management of organizations are putting extended emphasis upon the need to improve and put into higher use of the experiences, skills and knowledge of their workers at all levels. As a result of this, the accountability for enhancing both the modern overall performance and career feasibility of subordinate is assuming larger significance in the practice of management. In spite of the fact that evaluation execution is still a difficult approach to be put into a beneficial practice through the whole organization, but numerous organizations have taken the advantage. In effect, appraisal practices can also do far extra damage than good; therefore, it is vital to take a look at the methodology of performance appraisal (Arthur, 2008).

Performance appraisals primary objective is to assure that every employee's skill and knowledge is exploited at the maximum. The secondary objective of performance appraisal combines the enhancement of employee employer relationship the enrichment of the HR activities in performing key tasks and the motivation of employees to strive for goals that are in congruent with the goals of the organization (Arthur, 2008)

The first step in the process is to determine how often performance appraisals should be given. Please keep in mind that managers should constantly be giving feedback to employees, and this process is a more formal way of doing so. Some organizations choose to give performance evaluations once per year, while others give them twice per year, or more. The advantage to giving

an evaluation twice per year, of course, is more feedback and opportunity for employee development. The downside is the time it takes for the manager to write the evaluation and discuss it with the employee. If done well, it could take several hours for just one employee. Depending on your organization's structure, you may choose one or the other (Unknown, 2016).

Many of the studies that have been done on the performance appraisal system and its effect on employees' motivation are at different organizations but there are no studies which examine Performance appraisal system and its effects on employee's motivation conducted at Ethiopian construction works corporation (ECWC) as it is a newly established organization. Thus, the study aims at joining the existing knowledge gaps by undertaking to provide an answer to the inquiry; the effect of performance appraisal practices on employee motivation at ECWC.

1.4. Basic Research Questions

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

1. How is performance appraisal practiced in ECWC?
2. What is the level of employee satisfaction to the methods of performance appraisal in ECWC?
3. What is the purpose of the performance appraisal practice?
4. What is the effect of performance appraisal practice on employee motivation?

1.5. Objective of the Study

1.5.1. General Objective

The main objective of this study was to investigate on the effects of performance appraisal on employee's motivation at ECWC.

1.5.2. Specific Objectives

The specific objectives of the study were as follows:

1. To assess how the performance appraisal is practiced in ECWC.
2. To examine the level of employee satisfaction to the methods of performance appraisal method.
3. To identify the purpose of performance appraisal practice.
4. To establish the extent to which the appraisal practice affects employee motivation.

1.6. Significance of the Study

The results of this study were important in numerous aspects. Firstly, on the premise of the findings of the study, the study was draw some conclusions and suggestions that may inform the

management of ECWC that the interaction between performance appraisal method and employee's motivation and show the ways in what manner performance appraisal process completely impact employee motivations which successively have an effect on their performance. Secondly, it offers extra insight to researchers and professionals the link between performance appraisal method and employees' motivation.

1.7. Scope of the Study

The researcher has delimited the scope of the study to Ethiopian constriction Works Corporation (ECWC) sectors where there exist variations in socio economic status and also because it is the residential area of the researcher where close observation indicated the existence of the problem under study. The findings of the study are limited to this population and therefore generalizations of the findings were made with caution.

This study mainly looks at the effect of performance appraisal on employee's motivation in selected ECWC sectors in Addis Ababa. The study was conducted with time frame of four month. The findings of the study would indicate the effect and degree of relationship between performance appraisal and employee's motivation. The finding helps to understand the effect of performance appraisal on employee's motivation.

1.8. Organization of the Research Paper

Chapter 1 starts with the introduction of performance appraisal and the research issues attached to it. It also explains the aims and objectives of the research and the probable outcome. In it introduces the company, its history and its background and also its sectors.

Chapter 2 gives a review of literatures review on performance a management, performance appraisal and the link between performance appraisal and motivation. It also talks about the critiques of performance appraisal.

Chapter 3 gives brief information on the research methodology that was used for this thesis and the data collection methods.

Chapter 4 shows the findings of the data collected through surveys and interviews. This chapter summarizes with the analysis of the findings and show the results gathered from the analysis.

Chapter 5 give summary of findings, conclusions and recommendations on how ECWC can improve their performance appraisal systems.

1.9. Definition of Terms

Performance management: Series of activities designed to ensure that the organization gets the performance it needs from its employees. (Robert & John, 2008).

Performance appraisal: Process of determining how well employees do their jobs relative to a standard and communicating that information to them. (Robert & John, 2008).

Motivation: The internal and external forces that lead an individual to work toward a goal. (Stephen & Timothy, 2013).

Intrinsic motivators: A person's internal desire to do something, due to such things as interest, challenge, and personal satisfaction. (Stephen & Timothy, 2013).

Extrinsic motivators: Motivation that comes from outside the person and includes such things as pay, bonuses, and other tangible rewards. (Stephen & Timothy, 2013).

CHAPTER TWO

REVIEW OF LITERATURE

2.1. Theoretical Literature

2.1.1. Performance Management Defined

Performance management is a strategic and integrated process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams.

Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements (Michael, 2006)

2.1.2. Performance Appraisals

Performance appraisals are used to assess an employee's performance and to communicate that performance to the employee. Performance appraisal is variously called employee rating, employee evaluation, performance review, performance evaluation, or results appraisal. Performance appraisals are widely used for administering wages and salaries, giving performance feedback, and identifying individual employee strengths and weaknesses. Most U.S. employers use performance appraisal systems for office, professional, technical, supervisory, middle management, and non-union production workers (Robert & John, 2008).

2.1.3. Purpose of Performance Appraisal

Performance appraisal is an important tool of HR management, and is used for a variety of purposes.

- It is used to appraise the quality of performance of different employees. It includes knowledge of the work, ability to do the work efficiently, spirit of coordination, dependability, punctuality, enthusiasm, self-confidence, leadership qualities etc.
- Through this method, the appraisal procedure is standardized so that the management may rate all the employees on the same qualities by the same method of measurement.
- It may be used for training of employees.
- It is also useful in deciding the type and nature of training programs for employees. It helps in the placement of employees properly and also in finding out the 'misfit' who may be transferred to the right place (Manmohan, 2013).

2.1.4. Performance Appraisal and Performance Management

It is sometimes assumed that performance appraisal is the same thing as performance management. But there are significant differences. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. In contrast performance management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges and focuses on the future. (Michael, 2006)

2.1.5. Objective of a Performance Appraisal

The primary objective of a performance appraisal is to ensure the maximum utilization of every employee's skills, knowledge, and interests. At first glance, this deceptively simple statement appears to be completely employee directed. In truth, organizations that focus on the full use of each individual's abilities and areas of interest have a more motivated workforce; this, in turn, positively affects productivity, thereby increasing the company's competitive edge. In the end, everyone benefits. Secondary performance appraisal objectives include enhancing employer employee relations; permitting HR to perform key tasks more effectively; and motivating employees to pursue goals that are compatible with organizational goals. (Arthur, 2008)

2.1.6. Uses of Performance Appraisals

Organizations generally use performance appraisals in two potentially conflicting ways. One use is to provide a measure of performance for consideration in making pay or other administrative decisions about employees. This administrative role often creates stress for managers doing the appraisals and employees as well. The other use focuses on the development of individuals. In this role, the manager acts more as a counselor and coach than as a judge, a perspective that can change the overall tone of the appraisal process (Stephen & Timothy, 2013).The most effective performance-appraisal programs are those that are beneficial to managers, employees, and the organization as a whole (Arthur, 2008).

Administrative Uses of Appraisals Three administrative uses of appraisal impact managers and employees the most: (1) determining pay adjustments; (2) making job placement decisions on promotions, transfers, and demotions; and (3) choosing employee disciplinary actions up to and including termination of employment (Stephen & Timothy, 2013).

Developmental Uses of Appraisals For employees, a performance appraisal can be a primary source of information and feedback that builds their future development in an organization. By identifying employee strengths, weaknesses, potentials, and training needs through performance appraisal feedback, supervisors can inform employees about their progress, discuss areas in which

additional training may be beneficial, and outline future developmental plans (Stephen & Timothy, 2013).

2.1.7. Performance Appraisal Methods

Under this section (Lloyd & Leslie, 2004) discussed each of the following performance appraisal methods:

1. Goal setting or management by objectives (MBO).
2. Multi-rater assessment (or 360-degree feedback).
3. Work standards approach.
4. Essay appraisal.
5. Critical-incident appraisal.
6. Graphic rating scale.
7. Checklist.
8. Behaviorally anchored rating scale (BARS).
9. Forced-choice rating.
10. Ranking methods.

1. **The goal-setting approach** to performance appraisal, or **management by objectives (MBO)** as it is more frequently called, is more commonly used with professional and managerial employees.

   Other names for MBO include management by results, performance management, results management, and work planning and review program.

   The MBO process typically consists of the following steps:

   i. Establishing clear and precisely defined statements of objectives for the work to be done by an employee.

   ii. Developing an action plan indicating how these objectives are to be achieved.

   iii. Allowing the employee to implement the action plan.

   iv. Measuring objective achievement.

   v. Taking corrective action when necessary.

   vi. Establishing new objectives for the future.

2. One currently popular method of performance appraisal is called **multi-rater assessment**, or **360-degree feedback**. With this method, managers, peers, customers, suppliers, or colleagues are asked to complete questionnaires on the employee being assessed.

3. The **work standards approach** to performance appraisal is most frequently used for production employees and is basically a form of goal setting for these employees. It involves setting a standard or an expected level of output and then comparing each employee's

performance to the standard. Generally, work standards should reflect the average output of a typical employee.

4. The **essay appraisal method** requires that the evaluation describe an employee's performance in written narrative form. Instructions are often provided as to the topics to be covered. A typical essay appraisal question might be "Describe, in your own words, this employee's performance, including quantity and quality of work, job knowledge, and ability to get along with other employees".

5. The **critical-incident appraisal method** requires the evaluator to keep a written record of incidents as they occur. The incidents recorded should involve job behaviors that illustrate both satisfactory and unsatisfactory performance of the employee being rated. As they are recorded over time, the incidents provide a basis for evaluating performance and providing feedback to the employee.

6. With the **graphic rating scale method**, the rater assesses an employee on factors such as quantity of work, dependability, job knowledge, attendance, accuracy of work, and cooperativeness. Graphic rating scales include both numerical ranges and written descriptions.

7. In the **checklist method**, the rater makes yes-or-no responses to a series of questions concerning the employee's behavior.

8. The **Behaviorally Anchored Rating Scale (BARS)** method of performance appraisal is designed to assess behaviors required to successfully perform a job. The focus of BARS and, to some extent, the graphic rating scale and checklist methods is not on performance outcomes but on functional behaviors demonstrated on the job. The assumption is that these functional behaviors will result in effective job performance.

9. Many variations of the **forced choice rating method** exist. The most common practice requires the evaluator to rank a set of statements describing how an employee carries out the duties and responsibilities of the job.

10. When it becomes necessary to compare the performance of two or more employees, ranking methods can be used. Three of the more commonly used **ranking methods** are alternation, paired comparison, and forced distribution.

2.1.8. Steps in Performance Appraisal

The process of performance appraisal follows a set pattern, viz., an employee's performance is periodically appraised by his superiors. The following usually form the main steps of an appraisal program (Manmohan, 2013):

- **Step-1: Establish performance standards:** At the time of designing a job and formulating a job description, performance standards are usually developed for a position. These standards should be clear, and objective enough to be understood and measured. Weights and points are to be given to each factor of these standards and should be indicated on the appraisal form. These are used for appraising the performance of the employees.

- **Step-2: Communicate performance expectation to employees:** It is difficult for employees to guess what is expected of them. Hence the standards of performance should be communicated to the employees. To make communication effective, 'feedback' is necessary from the subordinates to the manager. Satisfactory feedback ensures that the information communicated by the manager has been received and understood in the way it was intended.

- **Step-3: Measure actual performance:** To determine what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure. Four sources of information are frequently used to measure actual performance: personal observation, statistical reports, oral reports and written reports.

- **Step-4: Compare actual performance with standards:** The employee's appraisal is done and he/she is judged in terms of potential for growth and advancement. Attempts are made to note the deviations between 'standard performance' and 'actual performance.'

- **Step-5: Discuss the appraisal with the employee:** The results of the appraisal are discussed periodically with the employees where strong points, weak points, and difficulties are indicated and discussed so that performance is improved. The information that the subordinate receives about his/her assessment has a great impact on his subsequent performance. Conveying good news is easy for both manager and subordinate but it is considerably difficult when performance has been below expectation.

- **Step-6: Initiate corrective action, if necessary:** Corrective action can be of two types. One is immediate and deals mainly with symptoms. The other is basic and looks deep into the causes. Immediate corrective action is often described as "putting out fires," whereas basic corrective action gets to the source of deviation and seeks to adjust the difference permanently. Counseling may be done or special assignments may be set, people may be deputed for formal training courses, and decision-making responsibility and authority may be delegated to the subordinates. Attempts may also be made to recommend for salary increases or promotion, if it is required in the light of appraisals (Manmohan, 2013).

2.1.9. Potential Errors in Performance Appraisals

Several common errors have been identified in performance appraisals.

Leniency is the grouping of ratings at the positive end instead of spreading them throughout the performance scale.

Central tendency occurs when appraisal statistics indicate that most employees are appraised as being near the middle of the performance scale.

Recency occurs when evaluations are based on work performed most recently-generally work performed one to two months prior to evaluation.

Leniency, central tendency, and recency errors make it difficult, if not impossible, to separate the good performers from the poor performers. In addition, these errors make it difficult to compare ratings from different raters. For example, it is possible for a good performer who is evaluated by a manager committing central tendency errors to receive a lower rating than a poor performer who is rated by a manager committing leniency errors. Another common error in performance appraisals is the halo effect.

Halo effect This occurs when a rater allows a single prominent characteristic of an employee to influence his or her judgment on each separate item in the performance appraisal. This often results in the employee receiving approximately the same rating on every item. Personal preferences, prejudices, and biases can also cause errors in performance appraisals. Managers with biases or prejudices tend to look for employee behaviors that conform to their biases.

Appearance, social status, dress, race, and sex have influenced many performance appraisals. Managers have also allowed first impressions to influence later judgments of an employee. First impressions are only a sample of behavior; however, people tend to retain these impressions even when faced with contradictory evidence (Lloyd & Leslie, 2004).

2.1.10. Overcoming Errors in Performance Appraisals

As the preceding discussion indicates, the potential for errors in performance appraisals is great. One approach to overcoming these errors is to make refinements in the design of appraisal methods. For example, one could argue that the forced-distribution method of performance appraisal attempts to overcome the errors of leniency and central tendency. In addition, behaviorally anchored rating scales are designed to reduce halo, leniency, and central tendency errors, because managers have specific examples of performance against which to evaluate an employee. Unfortunately, because refined instruments frequently do not overcome all the obstacles, it does not appear likely that refining appraisal instruments will totally overcome errors in performance appraisals.

A more promising approach to overcoming errors in performance appraisals is to improve the skills of raters. Suggestions on the specific training that should be given to evaluators are often vague, but

they normally emphasize that evaluators should be trained to observe behavior more accurately and judge it more fairly.

More research is needed before a definitive set of topics for rater training can be established. However, at a minimum, raters should receive training in the performance appraisal method(s) used by the company, the importance of the rater's role in the total appraisal process, the use of performance appraisal information, and the communication skills necessary to provide feedback to the employee (Lloyd & Leslie, 2004).

2.1.11. Motivation

Motivation can affect the intensity, direction, and persistence a person shows in working toward a goal. *Intensity* is concerned with how hard a person tries. This is what most of us focus on when we talk about motivation. However, high intensity is unlikely to positively affect job performance unless the effort is channeled in a *direction* that is useful. Finally, the effort requires *persistence.* This is a measure of how long a person can maintain his or her effort. Motivated individuals stay with a task long enough to achieve their goal (Manmohan, 2013).

2.1.12. Changes in Management Attitudes

1. **Scientific management**

In the early to mid-20th century, there was a theory of scientific management advocated by F.W. Taylor. It was based on the following principles:

- All activities should be prescribed and controlled.
- Employees should be told only what they need to know.
- Work measured job times should be set.
- Work should be simplified for semi-skilled and unskilled workers.
- Labor should be reduced through automation.
- There should be short-term rewards based on direct work output.
- There should be no encouragement for feedback from subordinates.

2. **Contemporary attitudes**

Contemporary attitudes were developed in the mid-1970s and are continuing till date. Most important of these attitudes is the "Human Relations Movement" attributed to Elton Mayo. These attributes are based on the following principles:

- Employees should be encouraged to organize their own work.
- There should be increased communication.
- Employees should be accountable for their own targets.
- There should be flexibility.
- Emphasis should be on team work.

- Rewards should be long-term and based on whole job performance.

- There should be participative management.

- Feedback from employees should be encouraged.

2.1.13. Contributors and Theorists

Some theorists have significantly contributed to the development of modern-day management attitudes.

1. Mayo: The Human Relations Movement

By following the principles of scientific management, managers realized that this system did not achieve optimum efficiency. They found that people did not conform to predicted patterns of behavior. That led to an increase in interest in the 'people' aspect of organizations. Several theorists tried to understand the workplace psychology. Among them, Professor Elton Mayo conducted experiments to ascertain and record human behavior within organizations. The study conducted by him and his colleagues at Western Electric Hawthorne plant in the USA also known as Hawthorne Experiment revealed that the most significant factors in optimizing productivity were related to:

- Workers being organized in small social groups;

- Workers feeling important through participation;

- Workers having some freedom from strict supervision.

Though this study was production-based research, the findings and conclusions of this study can be related to other departments. For example, the HR manager can:

- Organize the layout of the workplace to allow social interaction among staff;

- Allow staff some sort of participation in departmental decision making;

- Allow staff to organize their own priorities and activities within the framework of overall direction.

2. Maslow: The Hierarchy of Human Needs

Abraham Maslow proposed that there is a 'hierarchy' or scales of human needs which must be satisfied. Some of these needs are more powerful than others. Maslow argues that until these most powerful needs are satisfied, other needs have little effect on an individual's behavior. In other words, we satisfy the most powerful needs first and then progress to the less powerful ones. As one need is satisfied, and is therefore less important to us, other needs come up and become motivators of our behavior.

Maslow represents hierarchy of needs in the shape of a pyramid. The most powerful needs are shown at the bottom, with powerful ones decreasing as people progress upwards.

Figure 1: Maslow Hierarchy of needs
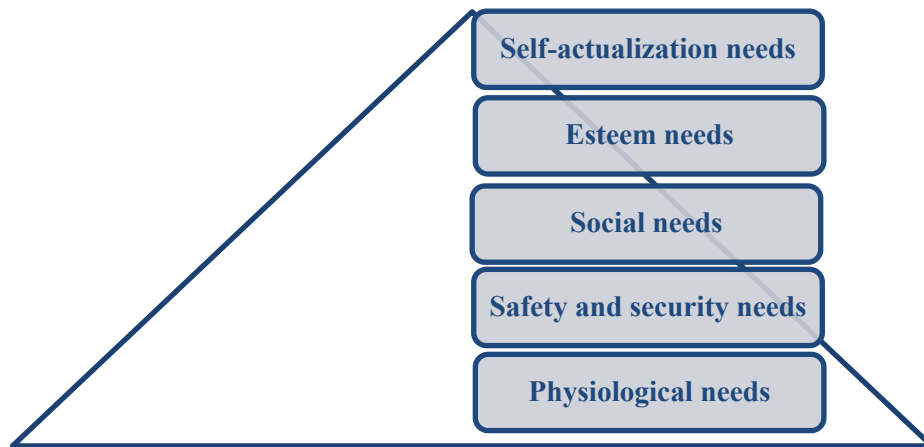
- **Physiological needs**: These include all the basic needs such as food, clothing, shelter, rest.
- **Safety and security needs**: People want a safe and organized environment. They want physical safety and psychological security.
- **Social needs**: Generally, people prefer to live and work in groups which are often larger than their families. They want to be accepted and be part of something.
- **Esteem needs**: People want respect from others, and to achieve status in the workgroup.
- **Self-actualization needs**: At this stage, people want to reach their maximum potential, and like doing their own best thing.

An important aspect of Maslow's theory is that it provides for constant growth of the individual. There is no point at which everything has been achieved. Having satisfied the lower needs, one is always striving to do things to the best of one's ability, and best is always defined as being slightly better than before.

3. Hertzberg: Motivation Hygiene Theory

Frederick Hertzberg argued that certain factors lead to job satisfaction while others lead to dissatisfaction. He identified these as "motivator" and "hygiene" factors respectively.

- Motivators: According to Hertzberg, typical job motivators are:
  - ➢ The degree of career achievement;
  - ➢ The intellectual challenge of work;
  - ➢ Recognition by others as being successful;
  - ➢ The actual value of the work;
  - ➢ The actual level of job responsibility;
  - ➢ The opportunity for promotion.
- Hygiene factors: Hertzberg identified hygiene factors as:
  - ➢ The restriction of management policies and procedures;

- ➢ Technical/administrative aspects of supervision;
- ➢ Salary structures;
- ➢ Job conditions;
- ➢ Relationship with management;
- ➢ Work environment.

Hertzberg's motivation hygiene theory is generally well received by practicing managers because of its relatively simple distinction between factors inducing positive job satisfaction or those causing reduced job satisfactions.

4. McGregor: Theory X and Theory Y

Douglas McGregor advocated that there are two extremes of management attitude towards employees in the workplace, and these have a strong influence on the level of employee motivation.

- ▪ **Theory X**: Characteristic assumptions of managers behaving in this "mode" are:
  - ➢ The average person is basically lazy and dislikes work.
  - ➢ People at work need to be forced, controlled, directed and threatened.
  - ➢ The average person avoids responsibility and prefers to be directed.

McGregor states that this style of management is no longer suitable in the modern organizational setting.

- ▪ **Theory Y**: Characteristic assumptions of managers in this "mode" are:
  - ➢ Work is as natural as recreation and rest.
  - ➢ People will exercise "self-direction and control" to achieve objectives to which they are committed.
  - ➢ Commitment to objectives is related to the satisfaction of achievement.
  - ➢ If the conditions are right, the average person at work will seek and accept responsibility.

In a way, Theory Y is related to what we nowadays call 'participative management.' Theory Y principles are now generally recognized as being more likely to achieve optimal employee performance. (Manmohan, 2013)

2.1.14. Performance Appraisal and Employee Motivation

The reward system of many organizations depends on performance appraisals done by Managers.PA is the process of setting standards, assessing employee performance against the set standards, giving employee feedback on their performance and making plans for performance improvement (Lloyd & Leslie, 2004)

In most organizations the performance of individual employees determines success of that organization. Performance appraisal and motivation are important for organizations to make the most out of the effectiveness of individual employees. Performance of each employee is affected by

a number of factors such as their capability, the support they receive from the organization and expanded efforts. For competitive organizational and individual performance, human resource management activities should be developed, evaluated and changed when necessary (Robert & John, 2008).

To a certain extent an employee's motivation and satisfaction can be caused due to performance appraisal for better as well as for worse. Recognition for the work efforts of employees is provided by performance appraisal. It has been noted for long that social recognition is an effective incentive for employees. It has been proved, that individuals would be ready to even accept the negative feedback or recognition rather than having no recognition. A performance appraisal signifies to an employee that the company he works for is really interested in their personal development and work-related performance. This will make them feel belonging and sense of worth and will be more committed towards their department and the company. The human desire for individual recognition should not be overlooked; it may help in reducing absenteeism and attrition rates in some organizations. Organizations must make a good start by introducing regular performance appraisal (Ambily, 2011).

2.2. Empirical Review

A number of studies reached numerous conclusions with respect to the effect of Performance appraisal on employee's motivation. [Arvinder, 2014] has shown the relation of employee motivation and performance appraisal in Cooperative Banking Sector. This study showed the negative relation between this two. Hence, it is necessary for the bank officials to try to establish the relation between this two by adopting other methods of Performance Appraisal which gives stimuli to bank official to get motivated by it and perform well in the Organization. (Ambily, 2011) the conclusion of this research explains that in AE Group, majority of employees do not get motivated with performance appraisal and the main reason is because the managers do not now the right way to conduct an appraisal and no feedback is given to the employees to know if they have performed well or not and no action is taken if they require any further work related training. Based on the above finding the study was able to confirm that there is a correlation between the extent to which employees at the National Housing Corporation (NHC) perceive performance appraisal system as fair and motivation (Margaret, 2018).

A study by Arabic, Subramanian and Akeel (2013) that deals with the relationship between motivational factors and job performance of employees in Malaysian Service Industry indicate that job performance as dependent performance while payment, job security, promotion, freedom, friendly environment and training were considered as independent variables of motivational factors. The results showed that both training and promotion variable were found significant contributors to job performance (40.4% and 43%) respectively, in addition, the research findings show that

intrinsic motivators were considered more important than extrinsic motivational factors (Payment, Job Security, Friendly environment). But freedom an intrinsic variable was not found significantly related to job performance.

2.3. Hypothesis

The study was guided by the following hypotheses:

H1: There is a positive relationship between performance appraisal fairness & satisfaction and employee's motivation in ECWC

H0: There is a negative relationship between performance appraisal fairness & satisfaction and employee's motivation in ECWC

H1: There is a positive effect of performance appraisal method on employee motivation.

H0: There is a negative effect of performance appraisal method on employee motivation.

H1: The use of performance appraisal brings significant enhancement in employee's motivation.

H0: The use of performance appraisal brings insignificant enhancement in employee's motivation.

2.4. Conceptual Framework

The theoretical framework of this study was premised based on the concept that the characteristics of an effective performance appraisal could influence motivation. Generally speaking, the basic purpose of the performance appraisal is to improve productivity of individuals, team, and the entire organizations. The scheme can furthermore aid in making administrative decision regarding pay rise, promotion, transfer or termination. These factors are necessary for one performance appraisal to be called an effective performance appraisal process. These important factors are, fairness and satisfaction, methods, and purpose of performance appraisal.
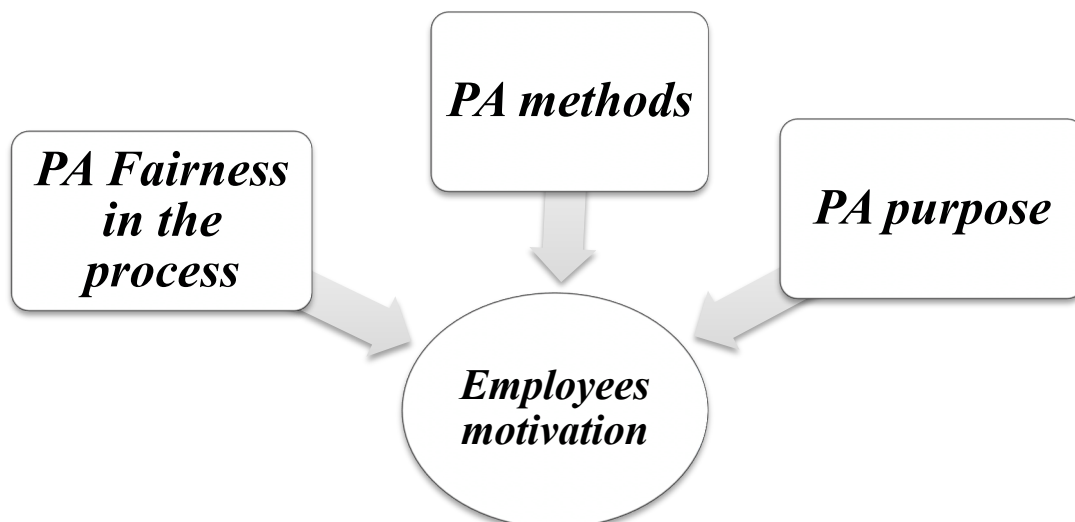
Figure 2: conceptual framework

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design and Approach

There are three different research techniques and those are qualitative research technique, quantitative research technique and mixed technique. Since the fundamental target of the researcher is to study Performance Appraisal and its impact on Employee Motivation at ECWC. The proper kinds of research were used to accomplish the goal of this research are descriptive and explanatory research design and the researcher basically used quantitative and qualitative research i.e. mixed research approaches to conduct the study.

Explanatory research is more profound as in it shows occurrences and endeavors to clarify why behavior is how it is. At the end of the day, it empowers us to comprehend the very idea of what we are really taking a glimpse at. So as to address the research questions and the issues, the researcher has utilized explanatory research design.

Descriptive study was also used as the study approach in which a data was applied to describe / investigate about the what, who and how of the topic at hand: awareness level of employees regarding to performance appraisal principles, operating view point, compliance, practices and factors that account for its practice, as the census needs more time and cost to address all the parts of the study. Moreover, the nature of the study also allows this method, since part of the respondent provides precise and sufficient data.

Quantitative research technique enables the researcher so as to utilize target estimation, to evaluating the connections between factors, gather information as numbers and utilize factual instruments for information examination. Quantitative approach is dominantly utilized in information gathering strategy frequently gotten by utilizing a questioner to a sample; this information is controlled, permitting simple comparison. It likewise permits information investigation technique, for example, charts or measurements that produces or uses numerical information that was supportive to accomplish the target of this study. All these attributes of quantitative technique made it desirable over this investigation.

3.2. Population and Sampling Technique

The sampling frame is sources materials from which the sample is selected. In this research the participants of the study are more of professional employees and management staff of these selected sectors of ECWC who are working around Addis Ababa area. The sampling frame from which

participants selected is professional staff position level employees and managerial position. ECWC Addis Ababa area sectors are categorized into four (head office, water infrastructure, transport infrastructure, building construction). Because of financial, time and data management problem for this study the ECWC Addis Ababa sector offices is selected to be investigated on this study. The respondents were selected from the sectors of ECWC are located under Addis Ababa. The respondents were chosen proportionally from each sector to minimize respondent's selection bias. Simple random sampling method was used to select those individuals who had participated in the study by responding the questionnaire from the given sectors.

3.3. Sample Size

The larger sampling size of research the more accurate data generate but the sample size was different due to different situation as stated by (Malhotra and Peterson, 2006). Due to time and financial limitation and the nature of the population sample determination method developed by (Carvalho, 1984), was applied to determine a sample Size.

Table 1: Sample Size

No	Population size	Small	Medium	Large
1	51-90	5	13	20
2	91-150	8	20	32
3	151-280	13	32	50
4	281-500	20	50	80
5	501-1,200	32	80	125
6	**1,201-3,200**	**50**	**125**	**200**
7	3,201-10,000	80	200	315
8	10,001-35,000	125	315	500

Source: (Carvalho, 1984)

For this study the researcher has taken tests from the overall population due to lack of materials, time and for the appropriate organization of the data. Since the scope were restricted to Addis Ababa the samples from the chosen sectors with in Addis Ababa (head office, water infrastructure, transport infrastructure, building construction,); these sectors were chosen randomly.

Sample size determination has been done from the diverse methods accessible, the one, which was created by (Carvalho, 1984) was utilized in this paper. In a position to supply better chance for the heterogeneous groups and proportionality designated between proficient staff and administration representatives, surveys were distributed to staff individuals within the chosen divisions utilizing proportionate stratified sampling method. 95 and 30 surveys were dispersed among proficient staff and administration representatives separately. As per the proposal of Carvalho, 1984 a population

size within the range of 1201 to 3200 might be marked to be 125. Since the general population estimate for the current study is about 1552 a test estimate of 125 was considered.

3.4. Data Collection Method

Both primary and secondary data was collected. There are various tools for data collecting but the main ones are questionnaires as argued by (Mugenda & Mugenda 2003). The research instruments in this study was questionnaires. Both open and closed ended questions were functional in collecting primary data. Kothari (2004) stated that, data collection methods for primary data include: structured and semi-structure questionnaires, mailed questionnaires, structured and semi-structured (personal and telephone interviews), observation and focus group discussions. The most frequently used methods when respondents can be reached and are willing to co-operate are questionnaires. These methods can reach a large number of subjects who are able to read and write individually.

3.5. Source of Data and Data Collection Tools

In a way to address the questions about objective both primary and secondary source of information was utilized. To organize the primary information as actual fact in connection to statistic factors and issues related to factors of the study, self-administered organized questionnaire was utilized as information collection method and was carried randomly to test workers of Head Office and sector offices. secondary information was acquired by examining related reports shape distributions that are books, articles, journals, and abstracts and from unpublished source that are site, yearly and quarterly reports of the organizations to organize concepts and issues related performance appraisal, motivation, the relationship between the two of them.

3.6. Data Analysis Method

The data analysis technique involves both descriptive and inferential statistic techniques. The data were analyzed by means of descriptive statistics such as mean scores, frequencies, and percentages. Statistical Package for Social Sciences (SPSS) was used to support in the quantitative analysis in this study. The researcher has reviewer the completed questionnaires. The information for each item on the questionnaire were processed and reported through a descriptive statistic. This was practiced by the use of frequencies. The results were presented both by tables and figures.

The Inferential statistics includes Pearson's correlation coefficient which was used to determine the relationships between performance appraisal application and employee motivation. Regression analysis was also used to investigate the effect of performance appraisal application (independent variable) on employee motivation (dependent variable).

3.7. Reliability and Validity of Techniques/Measures

3.7.1 Validity of measures

The questionnaire was subjected to a pilot test. The study has carried out a pilot test to test the validity and reliability of the questionnaires in collecting the data required for purposes of the study. Kombo and Tromp (2009) and Kothari (2004) describe a pilot test as a replica and preparation of the main survey. Dawson (2002) positions that pilot testing assists researchers to see if the questionnaire will obtain the required results. According to Polit and Beck (2003), a pilot study or test is a small-scale version, or trial run, done in preparation for a major study. Polit and Beck (2003) says that the purpose of a pilot test is not so much to test research hypotheses, but rather to test procedures, data collection instruments, sample recruitment strategies and other aspects of a study in preparation for a larger study. The questionnaire was validated by discussing it with two randomly selected senior managers of the corporation. Their views have been weighed and integrated to enhance content and construct validity of the questionnaire.

3.7.2 Reliability of measures

Reliability was tested by using ten questionnaires which was piloted with randomly selected sector employees who would not be included in the final study sample. This is meant to avoid response bias in case they would to complete the same questionnaire twice. The rule of the thumb suggests that 5% to 10% of the target sample should constitute the pilot test (Cooper and Schilder, 2011; Creswell, 2003; Gall &Borg, 2007). The ten questionnaires were coded and feed into Statistical Package for Social Sciences (SPSS) version 20 for running the Cronbach reliability test. The reliability of the questionnaire was tested using the Cronbach's alpha correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS) software. Therefore, the result was equal to 0.889 which is between the range of 0.7 and 1 which meant that no need for erasure or removal of data instrument was needed.

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.889	.923	55

3.8. Ethical Considerations

Ethical Considerations can be expressed as one of the most important parts of a research. Thesis may even be unsuccessful if this part is absent. In order to address ethical consideration aspect of this paper in an effective manner, the researcher discussed points to consider.

Voluntary participation of respondents in the research is important. Moreover, reassuring participants have rights to withdraw from the study at any stage if they wish to do so. Respondents should participate on the basis of informed consent. The principle of informed consent involves researchers providing sufficient information and assurances about taking part to allow individuals to understand the implications of participation and to reach a fully informed, considered and freely given decision about whether or not to do so, without the exercise of any pressure or coercion. (Bryman, & Bell, 2007). The use of offensive, discriminatory, or other unacceptable language needs to be avoided in the formulation of Questionnaire/Interview questions. Privacy and anonymity of respondents is of a paramount importance. (Saunders, Lewis & Thornhill, 2012)

CHAPTER FOUR

DATA ANALISIS AND INTERPRETATION

4.1 Response Rate

In this part of the research, the data that were collected using questioner and related literature review are presented and an effort is made to show the results and findings of the study bestowing to appropriate issues and concurring to the objective set above. The study targeted a population size of 125 respondents from which all filled in and returned the questionnaires making a response rate of 99.9%. This response rate was satisfactory to make conclusions for the study.

4.2 Demographic Profile of the Respondents

The first part of the questionnaire consists of five items about demographic information of the respondents. It covers the personal data of respondents such as: Gender, Age, Educational Background, working experience and marital status in ECWC. The following tables will indicate the total demographic profiles of the respondents.

Table 3: General Demographic Statistics of respondents

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	77	61.6	61.6	61.6
	Female	48	38.4	38.4	100.0
	Total	*125*	*100.0*	*100.0*	
Age Category	Below 25	11	8.8	8.8	8.8
	25-35	79	63.2	63.2	72.0
	36-45	25	20.0	20.0	92.0
	46-55	7	5.6	5.6	97.6
	Above 55	3	2.4	2.4	100.0
	Total	*125*	*100.0*	*100.0*	
Educational Level	Diploma	9	7.2	7.2	7.2
	Degree	96	76.8	76.8	84.0
	Masters	20	16.0	16.0	100.0
	Total	*125*	*100.0*	*100.0*	

Marital Status	Single	64	51.2	51.2	51.2
	Married	58	46.4	46.4	97.6
	Widowed	3	2.4	2.4	100.0
	Total	*125*	*100.0*	*100.0*	
Years of Experience	1-5	80	64.0	64.0	64.0
	6-10	28	22.4	22.4	86.4
	11-15	11	8.8	8.8	95.2
	Above 15	6	4.8	4.8	100.0
	Total	*125*	*100.0*	*100.0*	

Source: own survey result (2019)

The researcher intended to find out the gender of the target respondents involved in the study. The findings on *Table 3* established that 77(61.6 %) of the respondents were male as compared to 48(38.4%) who were females. Thus, the findings indicate that majority of the respondents were male.

The study anticipated to determine the age of the target respondents involved in the study. The findings on *Table 3* demonstrates that 11(8.8%) of the respondents were between Below-25 years of age, 79(63.2%) between 25 to 35 years of age, 25(20.0%) were between 36 to 45 years of age, 7(5.6%) of the respondents were between 46 to 55 years of age, and 3(2.4%) were above 55 years of age. Thus, the findings shown that majority of the respondents were young as they fall in the age bracket between the age of 25 to 35 years of age.

The study sought to determine the education background of the respondents from those involved in the study. *Table 3* indicated that 0% of the respondents had certificates, 9(7.2%) had college diploma and 96(76.8%) had first degree and 20(16.0%) had Master's degree and above levels of education. The findings showed that most of the respondents had first degree level of education this means the majority of respondent were well educated to provide responses on performance appraisal process.

The study sought to determine the marital status of the respondents from those involved in the study. *Table 3* indicated that 64(51.2%) of the respondents were single, 58(46.4%) were married, 3(2.4%) were widowed and 0% divorced. The findings showed that most of the respondents were single in their marital status.

As per the outcome on *Table 3*, respondents who were involved in this study by year of experience: 80(64.0%) have worked between 1 to 5 years, 28(22.4%) between have worked 6 to 10 years,

11(8.8%) have worked between 11 to 15 years and 6(4.8%) have worked above 15 years Thus, the findings indicated that majority of the respondents were relatively experienced.

4.3 Data Analysis

4.3.1 Descriptive Analysis

In this section the descriptive analysis was presented, the researcher used frequency, percentage, mean and standard deviation to show the result obtained from the primary source.

4.3.1.1 Performance Appraisal Practice

Table 4: Respondents Opinion on Frequency of Performance Appraisal

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Monthly	9	7.2	7.2	7.2
	Semi Annually	96	76.8	76.8	84.0
	Quarterly	12	9.6	9.6	93.6
	Yearly	8	6.4	6.4	100.0
	Total	125	100.0	100.0	

Source: own survey result (2019)

The study intended to know the response of the respondents those involved in the study by asking how frequently the performance appraisal was conducted in ECWC. *Table 4* indicated that the major appraisal period of ECWC was Semi-annually that measures 96(76.8%). For other appraisal period which were provided as an option such as monthly 9(7.2%), quarterly12(9.6), and yearly 8(6.4%) were recorded. The finding indicated that ECWC don't have frequent performance review policy.

Table 5: Respondents Opinion on Who Appraise Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Supervisor	93	74.4	74.4	74.4
	Subordinates	13	10.4	10.4	84.8
	Peers	8	6.4	6.4	91.2
	Customers	3	2.4	2.4	93.6
	Self	8	6.4	6.4	100.0
	Total	125	100.0	100.0	

Source: own survey result (2019)

The study intended to know the response of the respondents those involved in the study by asking who is the appraiser of performance in ECWC. *Table 5* indicated that the dominant appraiser of employee's performance in ECWC are the supervisors that take up to 93(74.4%). For other appraisers which were provided as an option such as subordinates 13(10.4%), peers 8(6.4%),

customers 3(2.4%), and self 8(6.4%) were also recorded from respondents. The finding indicated that in ECWC only supervisors have the chance to appraise the employee's performance.

Table 6: Respondents View on Method of Performance Appraisal

		Frequency	Percent	Valid Percent	Cumulative Percent
	Ranking Method	47	37.6	37.6	37.6
	Graphical Rating Method	15	12.0	12.0	49.6
Valid	Face to face discussion	32	25.6	25.6	75.2
	Written statement method	31	24.8	24.8	100.0
	Total	125	100.0	100.0	

Source: own survey result (2019)

The study intended to know the response of the respondents those involved in the study by questioning the methods of performance appraisal employed in ECWC. *Table 6* showed that the dominant appraisal method of ECWC was ranking method that accounts for 47(37.6%). For other appraisal method which were provided as an option such as Graphical Rating Method 15(12.0%), Face to face discussion 32(25.6%), and Written statement method 31(24.8%) were recorded from respondents. The finding indicated that ECWC don't have frequent performance review policy.

4.3.1.2 Satisfaction of Employees on the Performance Appraisal Practice (SEPAP)

Table 7: Employees Satisfaction on the performance Appraisal practice

No.	Statements		SD	D	N	A	SA	Total	Mean
1	I am evaluated fairly according to the set standards without subjectivity and biasedness.	Freq.	24	42	11	24	24	125	2.86
		%	19.2	33.6	8.8	19.2	19.2	100	
2	The performance appraisal process is free from appraisers' errors.	Freq.	18	46	15	28	18	125	2.86
		%	14.4	36.8	12.0	22.4	14.4	100	
3	The performance appraisal result provides me with a fair reflection of my actual performance.	Freq.	4	16	22	43	40	125	3.8
		%	3.2	18.4	28.0	28.8	24.8	100	
4	The performance appraisal process is free from discrimination and favoritism.	Freq.	0	23	35	36	31	125	3.60
		%	0	18.4	28.0	28.8	24.8	100	
5	Appraisers treat all employees fairly and reliably during performance appraisal process.	Freq.	3	35	25	38	24	125	3.4
		%	2.4	28.0	20.0	30.4	19.2	100	
6	There is a feeling of equity and fairness among employees regarding provision of performance-based rewards.	Freq.	12	62	8	27	16	125	2.8
		%	9.6	49.6	6.4	21.6	12.8	100	

Source: own survey result (2019)

The above *Table 7*, shows feedback to performance appraisal reports. When the respondents were asked to indicate either "strongly agree", "agree", "neither", "disagree" and "strongly disagree" to the statements regarding their satisfaction of the performance appraisal practice.

To star with the first statement they were asked if they are evaluated fairly according to the set standards without subjectivity and biasedness, their response were 49(39.2%) indicated strongly agree, 49(39.2%) indicated agree, 10(8.0%) indicated disagree, 15(12.0%) indicated neutral and 2(1.6%) indicated strongly disagree'. This result shows that majority of the respondents understand they are evaluated fairly according to the set standards without subjectivity and biasedness. This is a healthy to the performance appraisal system.

The second statement they were asked was that if performance appraisal process is free from appraisers' errors, their response was 18(14.4%) indicated strongly agree, 28(22.4%) indicated agree, 46(36.8%) indicated disagree, 15(12.0%) indicated neutral and 18(14.4%) indicated strongly disagree. This result shows that majority of the respondents does not agree that the performance appraisal process is free from appraisers' errors This is not beneficial to the performance appraisal system.

The third statement they were asked was that if performance appraisal result provides them with a fair reflection of their actual performance, their response was 40(32.0%) denoted strongly agree, 43(34.4%) denoted agree, 16(12.8%) indicated disagree, 22(17.6%) indicated neutral and 4(34.4%) indicated strongly disagree. This result shows that majority of the respondents apprehend that The performance appraisal result provides them with a fair reflection of their actual performance; This is useful to the performance appraisal system.

The fourth statement they were asked was that if performance appraisal process is free from discrimination and favoritism, their response was 31(24.8%) denoted strongly agree, 36(28.8%) denoted agree, 23(18.4%) indicated disagree, 35(28.0%) indicated neutral and 0% indicated strongly disagree. This result shows that majority of the respondents positively apprehend that the performance appraisal process is free from discrimination and favoritism. This is advantageous to the performance appraisal system.

The fifth statement they were asked was that if appraisers treat all employees fairly and reliably during performance appraisal process, their response was 24(19.2%) denoted strongly agree, 38(30.4%) denoted agree, 35(28.8%) indicated disagree, 25(20.0%) indicated neutral and 3(2.4%) indicated strongly disagree. This result shows that majority of the respondents does not concur that appraisers treat all employees fairly and reliably during performance appraisal process This is not advantageous to the performance appraisal system.

The sixth statement they were asked was that if there is a feeling of equity and fairness among employees regarding provision of performance-based rewards, their response was 16(12.8%)

denoted strongly agree, 27(21.6%) denoted agree, 62(49.6%) indicated disagree, 8(6.4%) indicated neutral and 12(9.6%) indicated strongly disagree. This result shows that majority of the respondents does not agree that there is a feeling of equity and fairness among employees regarding provision of performance-based rewards. This is not advantageous to the performance appraisal system.

4.3.1.3 Performance Appraisal Purpose (PAP)

Table 8: Performance Appraisal Purpose

No.	Statements		SD	D	N	A	SA	Total	Mean
1	Information generated through performance evaluation strongly determines pay decisions	Freq.	4	11	18	56	36	125	3.87
		%	3.2	8.8	14.4	44.8	28.8	100	
2	Information generated through performance evaluation strongly determines promotion decisions	Freq.	5	12	22	63	23	125	3.7
		%	4.0	9.6	17.6	50.4	18.4	100	
3	Information generated through performance evaluation is used as a basis to warn subordinates about unsatisfactory performance.	Freq.	16	61	12	19	17	125	3.8
		%	12.8	48.8	9.	15.2	13.6	100	
4	Information generated through performance evaluation is used to help supervisors make discharge or retention decision	Freq.	5	19	32	38	31	125	4.1
		%	4.0	15.2	25.6	30.4	1.6	100	
5	My organization uses evaluations to provide constructive feedback to improve performance.	Freq.	7	61	13	27	17	125	3.4
		%	5.6	48.8	10.4	21.6	13.6	100	
6	The organization provide you with adequate training that enables you to do your job well	Freq.	16	64	9	25	11	125	2.8
		%	12.8	51.2	7.2	20.0	8.8	100	
7	Information generated through performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop their respective potential.	Freq.	2	25	34	46	18	125	3.4
		%	1.6	20.0	27.2	36.8	14.4	100	
8	Information generated through performance evaluation in is used to motivate subordinates through recognition and support.	Freq.	6	24	34	41	20	125	3.36
		%	4.8	19.2	27.2	32.8	16.0	100	
9	Appraisal outcomes have given you opportunity for self-development.	Freq.	7	19	29	43	27	125	3.7
		%	5.6	15.2	23.2	34.4	21.6	100	
10	Appraisal outcomes have given you opportunity to eliminate weak areas in performance.	Freq.	4	21	30	47	23	125	3.56
		%	3.2	16.8	24.0	37.6	18.4	100	

Source: own survey result (2019)

The above *Table 8*, shows feedback to performance appraisal reports. When the respondents were asked to indicate either "strongly agree", "agree", "neither", "disagree" and "strongly disagree" to the questions regarding their satisfaction of the performance appraisal practice.

For the first statement according to the survey result approximately 56(44.8%) have agreed that information generated through performance evaluation strongly determines pay decisions, 36(28.8%) have strongly agreed, 18(14.4%) have neutral, 11(8.8%) have disagree and 4(3.2%) have strongly disagreed that information generated through performance evaluation strongly determines pay decisions. From this survey, majority of the respondent's replied that information generated through performance evaluation strongly determines pay decisions during the performance appraisal process of employees. But this does not mean that all information's are used for the purpose of the performance appraisal process.

For the second statement according to the survey result approximately 63(50.4%) have agreed that information generated through performance evaluation strongly determines promotion decisions, 23(18.4%) have strongly agreed, 22(17.6%) have neutral, 12(9.6%) have disagree and 5(4.0%) have strongly disagreed that information generated through performance evaluation strongly determines promotion decisions. From this survey, majority of the respondent's replied that information generated through performance evaluation strongly determines promotion decisions. during the performance appraisal process of employees. But this does not mean that all information's are used for the purpose of the performance appraisal process.

For the third statement according to the survey result approximately 61(48.8%) have disagreed that information generated through performance evaluation is used as a basis to warn subordinates about unsatisfactory performance, 16(12.8%) have strongly disagreed, 12(9.6%) have neutral, 17(13.6%) have agreed and 19(15.2%) have strongly agreed. From this survey, majority of the respondent's replied that information generated through performance evaluation is used as a basis to warn subordinates about unsatisfactory performance. But this does not mean that all information's are used for the purpose of warning subordinates about their unsatisfactory performance.

For the forth statement according to the survey result roughly 36(28.8%) have agreed that information generated through performance evaluation is used to help supervisors make discharge or retention decision, 31(24.8%) have strongly agreed, 32(25.6%) have neutral, 19(15.2%) have disagree and 5(4.0%) have strongly disagreed that information generated through performance evaluation is used to help supervisors make discharge or retention decision. From this survey, majority of the respondent's replied that Information generated through performance evaluation is used to help supervisors make discharge or retention decision during the performance appraisal process of employees. But this does not mean that all information's are used for the purpose of the discharge or retention decision.

For the fifth statement according to the survey result roughly 61(48.8%) have disagreed that their organization uses evaluations to provide constructive feedback to improve performance, the rest have replied 7(5.6%) have strongly disagreed, 13(10.4%) have neutral, 27(21.6%) have agreed and 17(13.6%) have strongly agreed that their organization uses evaluations to provide constructive feedback to improve performance. From this survey, majority of the respondent's replied that their organization does not uses evaluations to provide constructive feedback to improve performance during the performance appraisal process of employees. But this does not mean that all information's are only used for the purpose providing constructive feedback to improve performance.

For the sixth statement according to the survey result roughly 64(51.2%) have disagreed that the organization provide them with adequate training that enables them to do their job well, the remaining number of respondents replied 16(12.8%) have strongly disagreed, 9(7.2%) have neither, 25(20.0%) have agree and 11(8.8%) have strongly agreed that the organization provide them with adequate training that enables them to do their job well. From this survey, majority of the respondent's replied that the organization does not provide them with adequate training that enables them to do their job well during the performance appraisal process of employees.

For the seventh statement about 46(36.8%) of the respondents have agreed that information generated through performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop their respective potential, whereas 25(20.0%) replied disagree,34(27.2%) can't decide that Information generated through performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop their respective potential. From this we understand that majority of the respondents responded they agree that information generated through performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop their respective potential.

For the eighth statement about 41(32.8%) of the respondents have agreed that Information generated through performance evaluation in is used to motivate subordinates through recognition and support, whereas 24(19.2%) replied disagree,34(27.2%) can't decide that information generated through performance evaluation in is used to motivate subordinates through recognition and support. From this we understand that majority of the respondents responded they agree that information generated through performance evaluation in is used to motivate subordinates through recognition and support.

For the ninth statement Based on the above *Table 8*, 34.4% of the respondents agreed that appraisal outcomes have given them opportunity for self-development, 15.2%, 23.2%, 21.6% and 5.6% disagree, can't decide, strongly agree and strongly disagree respectively. This explains that most of the employees agreed appraisal outcomes have given them opportunity for self-development.

For the tenth statement Based on the above *Table 8*, 37.6% of the respondents agreed that appraisal outcomes have given them opportunity to eliminate weak areas in performance, 16.8%, 24.0%, 3.2% and 18.4% disagree, can't decide, strongly disagree and strongly agree respectively. This explains that most of the employees agreed performance appraisal outcomes have given them opportunity to eliminate weak areas in their performance.

4.3.1.4 Performance Appraisal Errors (PAE)

Table 9: Performance Appraisal Errors

No.	Statements		SD	D	N	A	SA	Total	Mean
1	The rater gives better mark to employee who are similar to him.	Freq.	16	9	32	45	23	125	3.4
		%	12.8	7.2	25.6	36.0	18.4	100	
2	The rater compares you with other employees rather than measuring your performance.	Freq.	15	17	25	49	19	125	3.32
		%	12.0	13.6	20.0	39.2	15.2	100	
3	The rater always rates to the positive end of the scale.	Freq.	10	24	42	38	11	125	3.13
		%	8.0	19.2	33.6	30.4	8.8	100	
4	The rater always rates to the negative end of the scale.	Freq.	15	35	40	22	13	125	2.86
		%	12.0	28.0	32.0	17.6	10.4	100	
5	The rater always rates to the middle part of the scale.	Freq.	15	30	43	24	13	125	2.92
		%	12.0	24.0	34.4	19.2	10.4	100	
6	The rater only considers one performance measure to generalize about the entire performance of the employee.	Freq.	18	26	32	28	21	125	3.06
		%	14.4	20.8	25.6	22.4	16.8	100	
7	The rater only considers performances near to the evaluation period regardless of past performance.	Freq.	14	32	42	23	14	125	3.4
		%	11.2	25.6	33.6	18.4	11.2	100	
8	The rater only considers performances done in the past to evaluate employees regardless of current performance.	Freq.	17	40	34	26	8	125	2.63
		%	13.6	32.0	27.2	20.8	6.4	100	
9	The rater has negative attitude towards employees while rating regardless of performance.	Freq.	27	27	38	20	13	125	3.7
		%	21.6	21.6	30.4	16.0	10.4	100	
10	The rater concludes the whole evaluation based on the first impression of the employee.	Freq.	30	34	28	29	4	125	3.56
		%	24.0	27.2	22.4	23.2	3.2	100	
11	The rater bases his evaluation on race, religion, sex, appearance and social status regardless of their performance.	Freq.	40	27	28	23	7	125	3.76
		%	32.0	21.6	22.4	18.4	5.6	100	
12	The rater sees every employee as they are all the same regardless of their performance.	Freq.	32	25	35	17	16	125	3.82
		%	25.6	20.0	28.0	13.6	12.8	100	

Source: own survey result (2019)

The above statements were presented to the respondents in order for them to determine the common errors in performance appraisal which they have replied and their responses are explained below.

For the first statement which they were asked about the rater gives better mark to employee who are similar to him (similar to me error), 45(36.0%) of the respondents have agreed, whereas, 23(12.8%) replied they strongly agree, 32(25.6%) can't decide, 16(12.8%) replied they strongly disagree and 9(7.2%) replied disagree. From this we understand that majority of the respondents responded they agree that similar to me errors occur in the performance appraisal process.

For the second statement which they were asked about the rater compares you with other employees rather than measuring your performance (contrast error), 49(39.2%) of the respondents have agreed, whereas, 19(15.2%) replied they strongly agree, 25(20.0%) can't decide, 15(12.0%) replied they strongly disagree and 17(13.6%) replied disagree. From this we understand that majority of the respondents responded they agree that contrast errors occur in the performance appraisal process.

For the third statement which they were asked about the rater always rates to the positive end of the scale (leniency error), 38(30.4%) of the respondents have agreed, whereas, 11(8.8%) replied they strongly agree, 42(33.6%) can't decide, 10(8.0%) replied they strongly disagree and 24(19.2%) replied disagree. From this we understand that majority of the respondents responded they agree that leniency errors occur in the performance appraisal process.

As result illustrated on the above table, concerning statement four of the rater always rates to the negative end of the scale (severity error); 40.0% of the respondents have strongly disagree and disagree, while 28.0% were in the agreement level. The rest 32.0% were neither. Regarding with the question five which was the rater always rates to the middle part of the scale (central tendency error); 36.0% strongly disagreed and disagreed, while 29.6% were agree level and 34% were neutral.

For the sixth Most of the employees 39.8% replied agree level which they replied that the rater only considers one performance measure to generalize about the entire performance of the employee (halo effect error), and 35.2% have disagreed with the statement, the rest 25.6.3% were neither.

For the seventh statement majority of the respondents disagreed (36.8%) with that the rater only considers performances near to the evaluation period regardless of past performance (primacy error) 18.4%, 11.2%were agree and 33.6 were neutral.

For the eighth most of the employees replied 45.6% disagree level which they replied that the rater only considers performances done in the past to evaluate employees regardless of current performance (recency error), and 27.2% have agreed with the statement, the rest 27.2% were neither.

As outcome presented on the above table, concerning statement nine of the rater has negative attitude towards employees while rating regardless of performance (negativity error); 43.2% of the

respondents have replied strongly disagree and disagree, while 26.4% were in the agreement level. The rest 30.4% were neither. Regarding with the statement ten which was the rater concludes the whole evaluation based on the first impression of the employee (first impression error); 51.2% strongly disagreed and disagreed, while 26.4% were agree level and 22.4% were neither.

For the eleventh statement which they were asked about the rater bases his evaluation on race, religion, sex, appearance and social status regardless of their performance (stereotype error), 32.0% of the respondents have strongly disagreed, whereas, 21.6% replied disagree, 22.4% can't decide, 18.4% replied they agree and 5.6% replied they strongly agree. For the last statement most of the employees replied 45.6% disagree level which they replied that the rater sees every employee as they are all the same regardless of their performance (attribution error), and 26.4% have agreed with the statement, the rest 28.0% were neither.

From the above illustration it is inferred that three (similar to me error, contrast error and leniency error) of the errors are considered repetitive in the performance appraisal process by the respondents.

4.3.1.5 Effect of Performance Appraisal on Employee Motivation (EPAEM)

Table 10: Effect of Performance Appraisal on Employee Motivation

No.	Statements		SD	D	N	A	SA	Total	Mean
1	I know the end to end process of my performance appraisal	Freq.	4	23	11	63	24	125	3.64
		%	3.2	18.4	8.8	50.4	19.2	100	
2	I take part in the setting of the performance goals.	Freq.	6	9	30	57	23	125	3.65
		%	4.8	7.2	24.0	45.6	18.4	100	
3	The standards are not beyond my expectation.	Freq.	7	25	28	40	25	125	3.41
		%	5.6	20.0	22.4	32.0	20.0	100	
4	When I took up my current position, I knew how my performance would be periodically measured.	Freq.	7	15	25	49	29	125	3.62
		%	5.6	12.0	20.0	39.2	23.2	100	
5	I have clear understanding of how appraisal method is used to measure my performance.	Freq.	6	17	30	52	20	125	3.06
		%	4.8	13.6	24.0	41.6	16.0	100	
6	The ratings reasonably reflect my performance.	Freq.	5	24	32	46	18	125	3.38
		%	4.0	19.2	25.6	36.8	14.4	100	
7	The result of the evaluation is openly discussed to me.	Freq.	10	22	39	31	23	125	3.28
		%	8.0	17.6	31.2	24.8	18.4	100	
8	I am provided with the opportunity to expresses my feeling when my performance is evaluated.	Freq.	11	29	26	35	24	125	3.25
		%	8.8	23.2	20.8	28.0	19.2	100	

#	Statement		1	2	3	4	5	Total	Mean
9	I thought that the performance appraisal system objectively recognizes the level of my achievement.	Freq.	7	9	22	64	23	125	3.7
		%	5.6	7.2	17.6	51.2	18.4	100	
10	I am often provided with feedbacks that identify my strength and weakness.	Freq.	4	13	24	55	29	125	3.73
		%	3.2	10.4	19.2	44.0	23.2	100	
11	Mutual set of goals for each rating period make me committed to achieve them.	Freq.	7	31	27	39	21	125	3.28
		%	5.6	24.8	21.6	31.2	16.8	100	
12	I feel proud and triumph whenever I attained the goals.	Freq.	4	25	19	39	38	125	3.65
		%	3.2	20.0	15.2	31.2	30.4	100	
13	Measurable standards are helpful to me in order to be effective in my performance.	Freq.	2	24	17	35	47	125	4.06
		%	1.6	19.2	13.6	28.0	37.6	100	
14	My performance appraisal result is accurate so I am satisfied with it.	Freq.	7	17	31	50	20	125	3.47
		%	5.6	13.6	24.8	40.0	16.0	100	
15	I perform my work with motivation expecting that my performance is valued with reliable measures.	Freq.	8	14	21	53	29	125	3.64
		%	6.4	11.2	16.8	42.4	23.2	100	

Source: own survey result (2019)

Table 10 for the first statement indicated that majority of the respondents 69.6% strongly agree and agree, another 21.6% strongly disagreed or disagreed, 8.8% were neither, which they know the end to end process of their performance appraisal. For the statement if they take part in the setting of the performance goals the majority 64.0% of the respondents agree and strongly agree, 12.0% were disagree, and 24.0% were neither. 49.6% the respondents agree with presence the of clear set of standards for their performance, while 28.8% of the respondents strongly disagree and disagree, the rest 20.8% were neither. For the statement of the standards are not beyond their expectation, and 52.0% agree, 25.6% disagree and 22.4% of the respondents were neither.

For the statement of when they took up their current position, they knew how their performance would be periodically measured, and 62.4% agree, 17.6% disagree and 20.0% of the respondents were neither. 57.6% the respondents agree with presence the of having clear understanding of how appraisal method is used to measure their performance, while 18.4% of the respondents strongly disagree and disagree, the rest 24.0% were neither. For the statement if they the performance appraisal has appropriate measures of job-related activities, the majority 56.0% of the respondents agree and strongly agree, 23.2% were disagree, and 20.8% were neither. For the statement indicated that majority of the respondents 51.2% strongly agree and agree, another 23.2% strongly disagreed

or disagreed, 25.6% were neither, the performance appraisal ratings reasonably reflect their performance. For statement which the participants replied 43.2% of respondents have said the result of the evaluation is openly discussed to me, the other 25.6% of the respondents disagree and strongly disagree, and 31.2% were neither. 47.2% the respondents agree with being provided with the opportunity to expresses their feeling when their performance is evaluated, while 32.0% of the respondents strongly disagree and disagree, the rest 20.8% were neither.

For the statement indicated that majority of the respondents 69.6% strongly agree and agree, another 12.8% strongly disagreed or disagreed, 17.6% were neither, thought that the performance appraisal system objectively recognizes the level of their achievement. For the question indicated that majority of the respondents 67.2% strongly agree and agree, another 13.6% strongly disagreed or disagreed, 19.2% were neither, they are often provided with feedbacks that identify their strength and weakness. As for this question response shows majority of the respondents 48.0% agreed that mutual set of goals for each rating period make them committed to achieve them, 30.4% of them strongly disagree and disagree and the remaining is 21.6% were neither.

For statement which the participants replied 61.6% of respondents have said the they feel proud and triumph whenever they attained their goals, the other 23.2% of the respondents disagree and strongly disagree, and 15.2% were neither. For statement which the participants replied 65.6% of respondents have said the measurable standards are helpful to them in order to be effective in their performance, the other 20.0% of the respondents disagree and strongly disagree, and 13.6% were neither. 56.0% the respondents agree that their performance appraisal result is accurate so they are satisfied with it, while 19.2% of the respondents strongly disagree and disagree, the rest 24.8% were neither. For the statement if they perform their work with motivation expecting that their performance is valued with reliable measures; 65.6% agree, 17.6% disagree and 16.8% of the respondents were neither. Thus, the findings indicated that majority of the respondents agree with that performance appraisal has a motivational factor.

4.3.2 Correlation between the independent and dependent variables

Correlation analysis is used to describe the strength and direction of the linear relationship between two variables Pallant (2010). For this analysis, Bivariate Pearson Product- Moment Correlation Coefficient (r) has been used to see the relationship between the independent and dependent variables. Question under each sections of performance Appraisal (fairness of the process, purpose and method) are categorized, evaluated and outcomes are presented in the respective table to show "the effect of performance appraisal system on employee motivation" using correlation coefficient of the two variables.

Table 11: Descriptive Statistics

	Mean	Std. Deviation	N
Employee Motivation	63.6716	10.25054	125
Methods of Performance Appraisal	.6640	.40493	125
Satisfaction and Fairness	16.9280	3.37131	125
Performance Appraisal Purpose	29.9592	4.97400	125

Source: own survey result (2019

Table 12: Correlations between the independent variable and dependent variable

		employee motivation	methods of performance appraisal	Satisfaction and fairness	performance appraisal purpose
Employee Motivation	Pearson Correlation	1	-.240[**]	.536[**]	.424[**]
	Sig. (2-tailed)		.007	.000	.000
	N	125	125	125	125
Methods of Performance Appraisal	Pearson Correlation	-.240[**]	1	-.113	.033
	Sig. (2-tailed)	.007		.211	.719
	N	125	125	125	125
Satisfaction and Fairness	Pearson Correlation	.536[**]	-.113	1	.312[**]
	Sig. (2-tailed)	.000	.211		.000
	N	125	125	125	125
Performance Appraisal Purpose	Pearson Correlation	.424[**]	.033	.312[**]	1
	Sig. (2-tailed)	.000	.719	.000	
	N	125	125	125	125

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

Source: own survey result (2019)

Correlation results presented in the above *Table 12* shows that there is significant negative relation between methods of performance appraisal and employee's motivation (sig=.007, r= .240).

There is significant positive relation between satisfaction & fairness and employee motivation (sig=.000, r= .536).

There is significant positive relation between performance appraisal purpose and employee motivation (sig=.000, r= .424).

As shown in *Table 12* above, of the total of three descriptive variables tested in this analysis, there is a meaningful correlation between the independent variables (methods of performance appraisal, satisfaction and fairness, and purpose of performance appraisal) and the dependent variable i.e.

employee motivation of ECWC. The correlation between methods of performance appraisal and motivation has a weak value. Based on the results in *Table 12* shows there are positive relationships between employee motivation and all of the independent variables except methods of performance appraisal.

4.3.3 Regression Analysis

This analysis shows and predicts how one independent variable predicts another dependent variable. The researcher used linear regression as an extension of correlation in which independent variable (performance appraisal) used to predict dependent variable (employee motivation).

Table 13: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633[a]	.400	.385	8.03564

a. Predictors: (Constant), methods of performance appraisal,
performance appraisal purpose, satisfaction and fairness
Source: own survey result (2019)

The analysis of variance ANOVA was used to find out whether there was a regression relationship between the variables in the study. The F-ratio in the ANOVA table tested whether the overall regression model was good and fit for data. The results obtained are presented in *Table 14*.

Table 14: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5215.989	3	1738.663	26.926	.000[b]
	Residual	7813.144	121	64.571		
	Total	13029.132	124			

a. Dependent Variable: effect of performance appraisal on employee motivation
b. Predictors: (Constant), methods of performance appraisal, performance appraisal
purpose, satisfaction and fairness
Source: own survey result (2019)

In the above *Table 14* It shows how much variance of dependent variable is captured. In this case the F value is 26.926 at sig. f change = 0.000 exhibiting that model is good fit. The outcome of regression analysis made accessible as performance appraisal significantly predicts employee motivation. To sum up, the above result shows that the relationship articulated between independent variables and dependent variables in this particular research are in agreement with their respective theories. Nonetheless, the relationship is moderately significant which require other researchers to re-check it in similar or different organizations.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

The objective the study was to identify the effect of performance appraisal on employee's motivation in Ethiopian Construction Works Corporation (ECWC). Accordingly, this part of the research summarizes the major findings of the study from the encounters and possibilities standpoints.

- The respondents have agreed that performance appraisal is conducted semiannually additionally had indicated that their performance is appraised by their supervisors also the respondents indicated that they use ranking method for performance appraisal.

- Whereas, a majority of the respondents with a mean of 3.58 have indicated that they are satisfied with the fair reflection of their actual performance, the absence of favoritism and discrimination and being treated fairly and reliably during their performance appraisal process.

- The respondents have not been satisfied with lack of subjectivity and biasedness, that the appraisers are free from error and also lack of equity and fairness among employees regarding performance-based rewards. These indicates that even if people are satisfied with the performance appraisal process, they still have doubts on the subjectivity, equity, biasedness and the appraiser errors.

- The result obtained from descriptive statistics show that majority of respondents have agreed to the purpose of performance appraisal but they had reservation about the information is not used to warn them about unsatisfactory performance and also they have doubts that constrictive feedbacks are not given to them to improve performance; in addition they were dissatisfied being provided with trainings to help them do their jobs well.

- The process ought to enhance motivation of the employees and improves their performance. While the process has its own flaws and wants a lot of enhancing to get it to where it wishes to be, it is going in the exact direction and has some high-quality results.

- The majority of the respondents have agreed that the performance appraisal have errors committed by the appraiser which are like similar to me error, contrast error and leniency

error; which they have dis agreed that the rest of the errors occur in the performance appraisal process. Thinking in mind that these existing errors could create loss of motivation and decrease in performance.

5.2 Conclusions

The report justifications for the study of effect of performance appraisal on employee's motivation of Ethiopian Construction Works Corporation (ECWC) sector offices Addis Ababa, Ethiopia. The researcher therefore presents findings based on the outcomes in the above section and makes conclusions regarding the effects of performance appraisal on employee's motivation of ECWC. These are as presented below;

Overall the performance appraisal is carried out by the supervisor semiannually using are ranking method which implies that the appraisal process is done systematically and the information generated are also advantageous. The result also showed that the employees are satisfied with the methods currently in place which creates motivation. The purpose of the performance appraisal indicated by the organization are not clearly articulated and addressed.

In general, the effects of performance appraisal in ECWC sector offices influence employee's motivation positively. This has a significant effect on the productivity of the organization which also influence their quality of deliverables and cost of production. This is in agreement with the argument of several studies including: on employee's motivation Ambily (2011); Manaye (2017); Maimona (2011) and Arvinder (2014). These in their findings indicate that performance appraisal has positive impact on employee's motivation. Their findings also support significance of the performance appraisal method on employee's motivation, performance and operational efficiency.

Results from the data collected revealed that performance appraisal of ECWC had a positive and significant effect on employee's motivation of organization. From these findings, it is obvious that performance appraisal dimension of ECWC significantly affect employee's motivation and performance of ECWC.

The findings confirm that an increase in the performance appraisal dimension (fairness, process and purpose) level results to increased employee's motivation and performance. Specifically, the study findings give the weight of the satisfaction and purpose in order to meet employee motivation as well as of those productivity in order to improve the overall performance. This was the case from the findings as the performance appraisal of the organization have been evaluated to be significantly related to the employee's motivation of the organization which determines the ECWC's productivity and quality of works.

5.3 Recommendations

Based on the study summaries and conclusions that have been originated from those findings, the researcher gives recommendations to be able to adopted for the benefit of the ECWC sector offices through formation of more motivational environment for the employee's performance. These include;

- The organization should ensure to the employees that they are being evaluated fairly based on set standards by clearly stating the standards and making the process transparent for the employees.
- The organization should work to minimize the appraisal errors committed by the appraiser by creating a clear measurement standard and a supportive database system to help them identify the employee's performance history. Minimizing was intended as human beings could not eliminate errors.
- The organization should create a fair and reliable environment for the performance appraisal process so that the employees feel that they are being treated fairly and have confidence in the process.
- A system has to be established and applied to bring about performance-based rewards. Sector offices and individuals should adapt the system so that it can create equality among employees.
- Appraisers who committed rating errors should become accountable for their mistakes they have made and corrective measures should be taken.
- Trainings must be scheduled by professional and experienced trainers, and be administered in small size members for better result.
- The performance appraisal process should have an outcome on giving out feedback to the employees in order for them to maintain or improve their performance level.
- Employees participation in the designing of the performance appraisal system should be raised; it helps the appraisal process to reach its purpose and to be beneficial to all participants which should be to a greater level of employee contribution in the system than the current system. Hence, specifying different opportunities for employees to contribute in the performance appraisal process and providing training to support them to understand about the performance appraisal process, so they could have better know how of the process.

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Appendix 1: Questionnaire Filled by Employees of (ECWC)

St MARY'S UNIVERSITY
SCHOOL OF BUSINESS ADMINISTRATION GENERAL MBA PROGRAM
QUESTIONNAIRE

Informed consent

I am a graduate student in the department General MBA, St Mary's University. Currently, I am undertaking a research entitled "the effect of performance appraisal on employee's motivation a case study of Ethiopian construction works corporation (ECWC) ". You are one of the respondents selected to participate on this study. I would like to express my warm appreciation in advance for your cooperation in completing the questionnaires. Your identity will be maintained strictly confidential and your response will be merged and analyzed with the other respondents for better result. Your support in answering the questionnaire is helpful for doing the right and meaning full problem-solving research. This study is purely for academic purpose. Thank you in advance!

GENERAL INSTRUCTIONS: -

I. Please answer all questions

II. In all questions you are required to put / ✓ /or circling on the option of the letters or as instructed

III. All information given would remain confidential and to maintain anonymity no names are required.

Part I- Demographic Profile of the Respondents

Kindly requested to make a (✓) mark where applicable and do not indicate your name.

1. Gender:　Male 　☐　　　　Female 　☐

2. Write your actual age: _____

3. Educational background:　Certificate 　☐　　　Diploma ☐

　　　　　　　　　　　　First Degree ☐　　　　Master's degree and above ☐

4. How long have you been working with ECWC? _____

5. Marital status:　　Single　　　☐　　　Married　　☐

　　　　　　　　　Widowed　☐　　　Divorced　☐

PART II - Questions on performance appraisal

Section I: Performance Appraisal Practice

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

    Monthly ☐   Semi-annually ☐

    Quarterly ☐   Yearly ☐

    Others (specify): _____

2. In your performance appraisal system, who is the appraiser? Please tick (✓) in the box below:

    Supervisor ☐   Subordinates ☐

    Peers ☐   Customers ☐

    Self ☐   Others (specify): _____

3. Which of the method(s) is used for appraising your performance? Please tick (✓) in the box below:

    Ranking method ☐   Graphical rating method ☐

    Face to face discussion ☐   Written statement method ☐

    Others (specify): _____

Please read each statement in this part carefully and show the extent of your agreement on the statements by putting "✓" or "✗" mark in the boxes using the following rating scales (Likert-Scales): **Strongly Agree (SA) = 5, Agree (A) = 4, Neither (N) = 3, Disagree (D) = 2, and Strongly Disagree (SD) = 1.**

Section II: Satisfaction of Employees on the Performance Appraisal Practice (SEPAP)

S/N	Questions	5	4	3	2	1
1	I am evaluated fairly according to the set standards without subjectivity and biasedness.					
2	The performance appraisal process is free from appraisers' errors.					
3	The performance appraisal result provides me with a fair reflection of my actual performance.					

		5	4	3	2	1
4	The performance appraisal process is free from discrimination and favoritism.					
5	Appraisers treat all employees fairly and reliably during performance appraisal process.					
6	There is a feeling of equity and fairness among employees regarding provision of performance-based rewards.					

Section III: Questions Related to Performance Appraisal Purpose (PAP)

S/N	Questions	5	4	3	2	1
1	Information generated through performance evaluation strongly determines pay decisions					
2	Information generated through performance evaluation strongly determines promotion decisions					
3	Information generated through performance evaluation is used as a basis to warn subordinates about unsatisfactory performance.					
4	Information generated through performance evaluation is used to help supervisors make discharge or retention decision					
5	My organization uses evaluations to provide constructive feedback to improve performance.					
6	The organization provide you with adequate training that enables you to do your job well					
7	Information generated through performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop their respective potential.					
8	Information generated through performance evaluation in is used to motivate subordinates through recognition and support.					
9	Appraisal outcomes have given you opportunity for self-development.					
10	Appraisal outcomes have given you opportunity to eliminate weak areas in performance.					

Section IV: Performance Appraisal Errors (PAE)

S/N	Questions	5	4	3	2	1
1	The rater gives better mark to employee who are similar to him.					
2	The rater compares you with other employees rather than measuring your performance.					
3	The rater always rates to the positive end of the scale.					
4	The rater always rates to the negative end of the scale.					
5	The rater always rates to the middle part of the scale.					
6	The rater only considers one performance measure to generalize about the entire performance of the employee.					
7	The rater only considers performances near to the evaluation period regardless of past performance.					
8	The rater only considers performances done in the past to evaluate employees regardless of current performance.					
9	The rater has negative attitude towards employees while rating regardless of performance.					
10	The rater concludes the whole evaluation based on the first impression of the employee.					
11	The rater bases his evaluation on race, religion, sex, appearance and social status regardless of their performance.					
12	The rater sees every employee as they are all the same regardless of their performance.					

Section V: Effect of Performance Appraisal on Employee Motivation (EPAEM)

Set measurable goals		5	4	3	2	1
1	I know the end to end process of my performance appraisal					
2	I take part in the setting of the performance goals.					
3	There are clear set of standards for my performance.					
4	There standards are not beyond my expectation.					
5	When I took up my current position, I knew how my					

	performance would be periodically measured.					
6	I have clear understanding of how appraisal method is used to measure my performance.					
7	The performance appraisal has appropriate measures of job-related activities.					
8	The ratings reasonably reflect my performance.					
9	The result of the evaluation is openly discussed to me.					
10	I am provided with the opportunity to expresses my feeling when my performance is evaluated.					
11	I thought that the performance appraisal system objectively recognizes the level of my achievement.					
12	I am often provided with feedbacks that identify my strength and weakness.					
13	Mutual set of goals for each rating period make me committed to achieve them.					
14	I feel proud and triumph whenever I attained the goals.					
15	Measurable standards are helpful to me in order to be effective in my performance.					
16	My performance appraisal result is accurate so I am satisfied with it.					
17	I perform my work with motivation expecting that my performance is valued with reliable measures.					
18	I have great value to performance feedback that highlighted my developmental need.					
19	I feel satisfied whenever I have through discussion about my evaluation result with my appraiser.					

THANK YOU FOR YOUR COOPERATION!!!!!!!

Appendix 2: Organizational Structure of ECWC

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                                    ┌──────────┐
                                    │  Board   │
                                    └────┬─────┘
                                         │              ┌──────────────────────┐
                                         │              │ Corporate Audit Service │
                                         │              │     Department         │
                              ┌──────────┴──────────┐   └──────────────────────┘
                              │ Chief Executive officer │
                              └──────────┬──────────┘

  ┌───────────────────────────────┐          ┌───────────────────────────────────────┐
  │ Corporate Legal Service Department │      │ Corporate Communication Affaiers Department │
  └───────────────────────────────┘          └───────────────────────────────────────┘

  ┌────────────────────────────────────────┐  ┌──────────────────────────────────────┐
  │ Corporate Strategic Managemenet and Planning Department │  │ Corporate Business Development Department │
  └────────────────────────────────────────┘  └──────────────────────────────────────┘

  ┌──────────────────────────────────────┐    ┌────────────────────────────┐
  │ Corporate Information Technology and Database │  │ Corporate Ethics Department │
  │       Development Department          │    └────────────────────────────┘
  └──────────────────────────────────────┘

  ┌─────────────────────────────────────────────┐  ┌─────────────────────────────────────────┐
  │ Corporate Change Management and Organizational Development │  │ Corporate Women and Youth Affaiers Department │
  └─────────────────────────────────────────────┘  └─────────────────────────────────────────┘

  ┌───────────────────────────────────┐        ┌─────────────────────────┐
  │ Corporate Project Development Center │       │ Corporate service sector │
  └───────────────────────────────────┘        └─────────────────────────┘

  ┌───────────────────────────────────────────────┐
  │ Corporate Training and Competency Assurance Department │
  └───────────────────────────────────────────────┘
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| Building Technology and Construction Sector | Water infrastructure Construction Sector | Dam and Irrigation Network development Management sector | Transport Infrastructure Construction Sector | Construction Equipment and machines |

Branch Offices