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THE EFFECT OF PERFORMANCE APPRAISAL SYSTEM ON EMPLOYEES' MOTIVATION: THE CASE OF ETHIOPIA TOURIST TRADING ENTERPRISE

Bezayet Tekle G/Medhine

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Addis Ababa, Ethiopia

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Declaration

I, Bezawit Tekle, hereby declare that the thesis work entitled **"The Effect of Performance Appraisal System on Employees' Motivation: The Case of Ethiopia Tourist Trading Enterprise"** submitted by me for the award of the Degree of Master of Business Administration atST.Mary'sUniversity,is original work and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution.

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Abbreviation

ANOVA	Analysis of Variance
BSC	Balanced Score card
EM	Employee Motivation
ETTE	EthiopianTourist Trade Enterprise
HR	Human Resource
HRM	Human Resource Management
IBID	Indicates a reference to the same source as the previous one
PA	Performance Appraisal
PAT	Performance Appraisal techniques
PAO	Performance Appraisal Objective
PAS	Performance appraisal system
SPSS	Statistical Package for Social Science
VIF	Variance Inflation Factor

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Abstract

The study aimed to explore the impact of performance appraisal on employees' motivation and performance within Ethiopia Tourist Trading Enterprise (ETTE) in Addis Ababa. Employing explanatory research designs, a sample of 218 staff was selected from a population of 481 using stratified random sampling, with 158 responses ultimately included for analysis. Data were collected through structured questionnaires and analyzed using SPSS Version 22.Findings revealed that respondents perceived their motivation levels as relatively low, with a grand mean score of 2.59, indicating agreement with statements measuring motivation. Correlation analysis demonstrated positive relationships between performance appraisal objectives, standards, and techniques, and employee motivation, with correlation coefficients of 0.682, 0.659, and 0.541, respectively. Regression analysis further indicated a significant effect of performance appraisal on employee motivation, with all three dimensions (standards, techniques, and objectives) serving as significant predictors, accounting for 56.4% of the variation in overall motivation (R^2 = 0.564).In conclusion, the study suggests that performance appraisal practices within ETTE have the potential to influence employee motivation positively. It recommends that ETTE utilize performance appraisal objectives, methods, and standards to appraise employees effectively, thereby enhancing motivation and ultimately improving performance.

Keywords:*Performance Appraisal ,Employee's Motivation, Ethiopia Tourist Trading Enterprise*

CHAPTER ONE

INTRODUCTION

1.1 Back ground of theStudy

Among different resources found in different organizations, human resource is one of the most important assets with the responsibility of managing other resources like financial, material, technological and other monetary or non-monetary resources. The human resource can be considered as the backbone of any organization in coordinating and controlling the whole activities of the organization directly or indirectly to ensure achievements of organizational goal (Elliott, 2008).In this regard, performance appraisal is the most commonly used human resource practice and if it's not properly handled it will affect the job performance levelof employees, if performance appraisal systems are positively and significantly correlated employees performance with organization goal the significant impact will be high for both development and success (Dimba&K'Obonyo, 2009).

The human factor is viewed as a resource to be guided, directed, and managed (Moldovean, 2000). Human Resource Management (HRM) requires continuous improvement of employee activity to achieve organizational goals. In this regard, management must take into account individuality, with his or her specific features. The successful implementation of Human Resource Management implies a system of performance appraisal, as well as a system of incentives and rewards, following the employees' results.

Performance appraisal is a performance measurement toolkit that is used to get performance information of an individual and compares them with the already set standards (Beardwelland Thompson, 2014). De-Nisi (2000) implies the performance of an organizational system in which employees are score to show their performance against their set targets to bring change in job performance. Fletcher(2001)suggested that performance appraisal largely means those activities by which employees are assessed in an organization to grow their competence, raise their performance andgive rewards.Aquinas(2008) statesthatperformance appraisalas amechanism assesses the employee's contribution in all levels of the organization during a certain performance period and they can know their performance strengths and weaknesses.

Performance appraisal is a vital and indispensable human resource management tool. According to (Pinder, 2014), if properly used performance appraisal has many potential advantages such as

deciding the remuneration, advancements, downgrading, and allocations of employees. Performance appraisals are important in providing directions for career paths through the managers which may improve employee obligation and fulfillment in the organization. Performance appraisal is also used to take stock of the skills and knowledge of employees and it communicates and appreciates the level of performance to employees (Walsh, 2006).

According to (Yee & Chen, 2009), Performance appraisal can act as a motivator by providing feedback on employees' performance; encouraging increased productivity, and reducing wastefulness. Through the appraisal process, employees get an opportunity to talk to the supervisor about issues that pertain to them and somewhat affect performance (Grote, 2008). In addition, it provides supervisors a chance to recognize skills gaps for necessary action. The most enthusiastic and productive workforce is the one that understands the value that the organization exerts on it through the achievement of organizational objectives. Motivated employees arelikely to stick around with an organization thus increasing retention and reducing employee turnover which means that increased levels of employee satisfaction lead to increased productivity and profitability while the employee turnover can be contagious making other employees explore other ways opportunities (Honore, 2009). An employee has felt motivated whenshe/heknowsandfeelsthatherperformancehastangibleeffectsontheoverallobjectiveof the organization (Pinder, 2014). Employees who are motivated take the initiative and responsibility of developing action plans to reach the set goals.

At the same time, performance appraisal offers a good opportunity to properly recognize employee's contributions and achievements to the organization and to make sure that a strong relationship is established and maintained between reward and productivity. It is essential in an organization because it helps creates an environment that allows open communication, and also helps in clarifying goals and expectations. It helps bring about progressive feedback and proper counsel to improve employee productivity (Nalla &Viswanatha, 2019).

Generally, performance appraisal is an integral part of performance management because important management practices such as motivation, work performance, rewards, employee performance, internal communication; employee training & development are all based on the performance appraisal. Thus, performance appraisal can serve as a key component ofcompetitive advantage for any organization (Saeed & Shah, 2016). In today's highly competitive business environment, the role of the human resource becomes more vital. Among the HR functions, one of the most critical issues that are believed to bring global success is performance appraisal (Marwat, Qureshi &Ramay, 2004).

Motivation is the process that accounts for an individual's intensity, direction, and persistence of effort toward attaining an organizational goal. Gungor (2011) says motivation is the ability of a person to modifyhis/her behavior. Motivation is thedriven forcethat leads and directed aperson toward some specific goal. Motivation can be viewed in two ways as intrinsic motivation (IM), which refers to doing something because from inherently interesting force or enjoyable agent (Csikszentmihaly, et al. 2005 & Ryan & Deci,2000) and extrinsic motivation (EM), which refers to doing something because it leads to separable out come from the outside.Therefore,from these scholars'concepts,motivation can be summed up as the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal (Robbins and Judge, 2014).

Every organization is comprised of people acquiring their services, developing their skills, motivating them to high levels of performance, and ensuring that they continue to maintain their commitment to the organization are essential to achieving organization objectives. This is true regardless of the type of organization, government, business, education, health, recreation or social action (Bratton & Gold, 2007). The tourism industry has played significant roles in Ethiopian economy and Ethiopia Tourist Trading Enterprise is government owned organization more than having four decades of experience in making noticeable contribution to the promotion of tourism sector in Ethiopia. Therefore, based on the aforementioned background information this research narrows down to one of the Ethiopian public enterprise organizations called Ethiopia Tourist Trading Enterprise (ETTE) to identify the impact of performance appraisal on the employee's motivation.

1.2 Statement of the Problem

In today's business world, performance appraisal of employees or human resources with positive feedback is the key role for an organization's success in the industry in which the company is involved. The reason is that, because of the acquisition of skilled, motivated, satisfied, and committed employees who impact the efficiency and effectiveness of the organization's performance. According to Robert and Jackson (2017), the objective of performance appraisal is to provide a measure of performance for making payments or other administrative decisions about employees such as pay adjustment, promotion, transfer. The other use focuses on the development of individuals which is identifying current training and development needs, as well as planning employees' future opportunities and career directions.

Research on the factors contributing to Performance appraisal satisfaction under lines the key role of performance appraisal criteria. Specifically, Pooyan and Eberhardt (2015) showed that appraisal alternatively based on skills or results achieved by the employees in their jobs are an important predictor of Performance appraisal satisfaction for both supervisory and non-supervisory employees. Performance appraisal satisfaction, in turn, is a key determinant of the acceptance and use of an appraisal system, contributing to its effectiveness. In other words, in the above discussion, if employees are motivated and satisfied by Performance appraisal result then he/she will achieve company's goal by a great deal of effectiveness and efficiency.On the contrary, Armstrong (2009)wrote that: 'Itis widely recognized that there are manythings wrong with most of the performance appraisal systems in use. 'According to him, there are drawbacks that affect the performance appraisal system.In other words, therefore, these drawbacks can affect the motivation of employees directly or indirectly.

However, despite the above emphasis on its importance and the fact that Performance appraisal has been embraced and implemented at Ethiopia Tourist Trading Enterprise (ETTE) since 2003 E.C, no formal evaluation has been done to determine the impact of performance appraisal on employee performance and employee motivation. Currently in ETTE performance appraisal is done twice within a year and all staff is apprised that is from professionals to non-clerical. But, the ETTE appraisal system is not clearly defined which standard and method it uses as well as its objectivity. So, this affects employees' motivation and performance. Hence, this study aims is to see the effects of performance appraisal on employee motivation very deeply.

The implementation performance appraisal system in the enterprise has been encountered different types of challenges like unbalanced goals and targets were assigned for employees at different assignments while they are at the same job grades, non-alignment of appraisal system with benefits packages. While implementing the performance appraisal system, failure in any of the phases will impact the outcome. For instance, in the performance planning stage if an employee is given an unattainable target, conducting ongoing feedback and performance evaluation is pointless; and again, if an employee is given an achievable target but ongoing feedback and coaching have a problem, the employees may not be as expected. The same is true for problems regarding performance data tracking to conduct performance evaluation. According to enterprise annual performance evaluation report indicated the gaps in execution performance appraisal system in the company made the employees less motivated about the work they do and the result shows in their performance. For this reason, the performance appraisal system which the enterprise currently uses is one of the factors affecting employee's motivation and performance in ETTE.

More so, it is observed from previous literatures that there is not enough research made in Ethiopia major tourism industry about the effect of performance appraisal practices. Research on performance appraisal practices in Ethiopia has focused on the public and service sectors like banking and education sectors. More so, from a performance appraisal and its effect perspective, the researcher review reveals that the effect of performance appraisal on employee performance (Bana, 2009; Obisi, 2011, Khan, 2013, Teshome, 2017 and Belay, 2019) is frequentlyresearched, whereas its effect on employee motivation is significantly less researched within the context of tourism Industry. Moreover, there was no earlier study related to performance appraisal practices at Ethiopia Tourist Trading Enterprise (ETTE) in general. Therefore, this study seeks to fill this knowledge gap by clearly identifying the effect of performance appraisal on employee motivation at ETTE.

1.3 Research Questions

On the basis of the problem,the study was framed to answer the following research questions:

1) What are the perceptions of employees to wards ETTE performance appraisal practices?
2) How performance appraisal objectives affect motivation of employee at EthiopiaTourist Trading Enterprise (ETTE)?

3) How performance appraisal techniques affect motivation of employee at Ethiopia Tourist Trading Enterprise (ETTE)?

4) How performance appraisal standards affect motivation of employee at Ethiopia Tourist Trading Enterprise (ETTE)?

1.4 Objective of the Study

1.4.1 General Objective

The main objective of the study was to examine the effect of performance appraisal on employees' motivation in Ethiopia Tourist Trading Enterprise (ETTE).

1.4.2 Specific Objectives

The specific objectives of this study were:

1) To examine the perception of employees'towards ETTE performance appraisal practices.

2) To assess the extent to which performance appraisal objectives affect motivation ofemployee of Ethiopia Tourist Trading Enterprise (ETTE).

3) To examine the effects of performance appraisal techniques on motivation of employee of Ethiopia Tourist Trading Enterprise (ETTE).

4) To examine the effects of performance appraisal standards on employee motivation in Ethiopia Tourist Trading Enterprise (ETTE).

1.5 Significant of the Study

The study findings provide valuable answers to the ETTE's managers for practical problems about performance appraisal and employee motivation so that the enterprise can retrace current gaps regarding the performance appraisal system to enhance the overall employee motivationand performance of employees of the enterprise. Employees benefited from this study to obtain a participatory and procedure appeal performance appraisal system. Subsequently, the study has also assisted the same organizations that operate in a similar industry to obtain a sight of information on performance appraisal with associated employee motivation and performance. Lastly, the research also serves as a reference for researchers who are interested to research the topic and is helpful for others to conduct such practical researches.

1.6. Scope of the Study

The study is delimited on four major areas(conceptual, geographical,methodology, time).

- ➢ **Conceptual Scope**: The scope of this study is how the performance appraisal approach influences employees' motivation performance at Ethiopia Tourist Trading Enterprise (ETTE). Employee motivation can be affected by different variables or factors but the research only addresses or study the effect of performance appraisal on employee motivation and performance

- ➢ **Geographical Scope**: the study focusses only on the Ethiopia Tourist Trading Enterprise whichislocatedinAddis Ababa. Those employees out side the Addis Ababa are omitted in this study as finances and distances are the limiting factors that inhibit collecting the data from all the employees across the country

- ➢ **Methodological Scope**: it will use explanatory research design and use quantitative approach methods.

- ➢ **TimeScope**:to need the required study data was collected in 2023GC.

1.8 Definition of Operational Terms

i. **Employee Performance** - Ability of an employee to reach the measurable goals and standards, effectively and efficiently (Tindara, 2020).

ii. **Performance Appraisal**: "The methods or process of identifying and appraising the job performance of the worker in the company/organization" (Lansbury, 1998).

iii. **Performance appraisal methods** are the techniques through which employee performance is appraised (Armin. 2017).

iv. **Performance appraisal Purposes**: reasons underlying any performance evaluation practice (Tindara, 2020).

v. **Motivation** – "the concept that is related with potency and influence of behavior and the factors that influence people to act or behave or perform in certain ways" (Armstrong & Stephen, 2013).

1.8.Organization of Study

The study is organized into five chapters. Chapter one provides a general background, the statement of the research problems, research questions, objectives of the study, the significance of the study,and the scope and definition of key terms.Chapter two consists of a general review

of the related literature by including both theoretical literatures which is related to performance appraisal. Chapter three provides methodological issues. Chapter four discusses about the data analysis and interpretation of the outputs. Chapter five outlines the summary of the finding, conclusions, recommendations and further research suggestions.

CHAPTERTWO
REVIEW OF RELATED LITERATURE

This chapter provides an overview of performance appraisal concepts, highlighting its process and longstanding trends, as well as examining employees' perceptions of performance appraisal. Subsequently, it conducts a critical analysis of pertinent literature and theories related to employee motivation and performance. This literature review establishes a robust foundation for the study's main objective: to analyze the influence of performance appraisal on employee motivation within Ethiopia Tourist Trading Enterprise (ETTE).

2.1. Theoretical Literature

2.1.1. Performance Appraisal

Performance appraisal is one amongst the strategic approaches of human resource management which combines all the key activities such as reviewing and evaluating employee's performance with organization business policies, and providing them with appropriate feedback; which include reward and results in enhancing performances and competencies of the employees (Wanjala and Kimutai, 2015). However, performance appraisal not only affected aspects. As stated by Sumangala and D'Souza (2012), performance appraisal reviewing and evaluation involves understanding the employees' worth, merits, and capabilities that benefit the organizations, which in turn forms the basis for the rating given to the employees. This evaluation which is based on certain abilities is crucial because the quality and quantity of outcomes of this very task assigned to different people may vary, as humans vary from eachother in their potential and aptitude (Sumangala and D'Souza, 2012). The assessment of thefuture performance of an employee can increase their morale and motivate them to perform better. Thus, it is important to assess the future potential of the employee and not only their past performances during performance appraisal (Bajpai and Soni, 2011).

Performance appraisal is a process of evaluating an employee's performance of the job assigned. Performance appraisal is the step that tells them an arrangement how effective their process of recruitment, selection, and training is basically it involves the estimation of value excellence and quality of the person of the organization (Tindara, et al, 2020).

Performance appraisal is the steps in the course of which supervisor make certain that workers actions, productivities and output contributeto theorganization's objectives. Thesesteps involve identifying what workers actions, productivities and output are desired and giving feedbacks to assist workforce to meet expectations (Raymond et al., 2011).

AccordingtoArmstrong(2009),performance appraisal defined as it is formal,structured system of measuring, evaluating job related behaviors and outcomes to discover reasons of performance and how to perform effectively infuture so that employee,organization and society at a large will benefited. And also, Desseler (2005), define performance appraisals "comparing the employee's present and past performance to his/her performance standards". So from the above definition it can be inferred that performance appraisal is the activity todetermine the extent to which an employee performs work effectively.

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2.1.1.1. History of Performance Appraisal

Performance appraisal has a short history, starting from earth's 20th century where the need for Performance appraisal was felt and a few estimates created. This history shows that (Taylor, 1964) who is the progressive individual in times and motion contemplates brought the real sense of performance appraisal and performance measurement. In any case, in modern human resource management, it can be seen that the thread of performance measurement is connected with the Second World War. This tells the history that it wasn't over sixty years ago. Yet the guru of human recourses says that the craftsmanship and systems of performance measurement and an appraisal are a very ancient art and people of old times had some tools to appraise their employees based on activities and jobs they performed. On these authentic felt notes, it tends to be said that performance appraisal management is the world's second-oldest profession too.

Herriot et al (1989), say that "It is an essential human inclination to make decisions about thoseis working with, as well as about oneself." If the management incorporates a construct and that performance and its appraisal are inevitable, then it'll be wrong that the performance of an employee cannot choose before. In the absence of a structured appraisal system then it'll ultimately affect the performance of staff, the productivity of the organization, and what is more the reputation of the organization in the industry. It'll de-motivate the employees, they will lose satisfaction from their jobs, and loyalty to the organization is presumably finished and labor turnover will increase. One serious offense will be seen in the absence of an appraisal systemthat the organization will go unlawful, harassing the employee and unfair judgments on their performance. Consequently, it helps the management and employees to go lawful, fair, and accurate with the performance over the period (Murphy and Cleveland, 1991).

2.1.1.2. Benefits of Performance Appraisal

Where performance appraisal lets the employees get the financial and non-financial prizes from the management, here it also gives the most important advantage for employees that it provides the chance to get rational time for one-to-one argument on the performance over the period. This dialogue between employee and supervisor consents discussing the main issues that are a hurdle in the performance and work fears addressed. It can detect from all over the world organizations, respond of performance appraisal says that it generates a strong bond between subordinates and supervisor only if the appraisal is a ccompanied properly and fairly.This process also gives the

chance to employees to analyze their performance and discuss the issues and problems they are fronting in the work and also it gives the path to gain the aims and purposes in the future time. This interaction of subordinates and supervisors gives the prospect to helpfuture goals. Hence, it enhances productivity. So, this method gives the best time for employees to have chat with the supervisors without any difficulty and instruction (Orpen, 1997).

The significance of this practice should not be underrated as this is an integral part of the performance appraisal system. Furthermore, this process allows the supervisors and workers to discuss the future marks and, drill and rotation need orientation and development if needed. In this discussion, the supervisors and the subordinates discuss the various difficulties about the existing as well as the absent working skills, career development, and what is to be done in the future (Spencer, Dyke, and Deoskar, 1997). Now, the administrator highlights the important aids ofthesubordinate and marks orplaces forthe upcoming careerbrilliance. This discussion can be useful to ration the productivity of the organization, for the recruitment and orientation process. For example, the feedback can classify how employees are performing those who hired in the past two years and so. Appraisal datacan also tell howwell the recruiting strategies are working, what developmental process is good enough, and what the effectiveness of employees is. The Performance appraisal process could be a data sheet that stresses the overall performance of all employees; telling has productivity improved, remains the same, or falls. Evaluation is the continuing process and its run through the year, but some clashes can be noted in the evaluations and developmental process, but in anutshell, it's aprocedureof assessing, examining, and giving a response to that procedure (Thompson, 2000).

2.1.1.3. Basic purpose of Performance Appraisal

Performance appraisal schemes have two key features; one is the development of the performance and the feedback on the assessed performance. The core impartial of performance evaluation is to describe the gaps in the authentic job and the job performed. This gap creates when the employee is not working on the standard level and doesn't meet the expectation of the organization (Anderson, 1997). The foremost objective of feedback is to notify the worker about his performance and the excellent effort he is making, but this feedback doesn't drift in one course and the supervisor of the evaluator also gets the feedback from the employee to decide the job issues,if have.To get the real sense of the performance appraisal system is to look at the

whole process from different angles so that it can create a meaningful difference in the organization. These different angles could be: from the employees' point of view and the organization's point of view (Anderson, 1997). From theemployee's point of view, it can unfold as:

⇒What does the organization want me to do?

⇒What are my loopholes?And what I have done remarkably well?

⇒What help will be given by the organization for my improvements?

⇒What is the reward for my good performance?

From the organization's point of view, it is mandatory to have accountability and justice within the organization so that all the employees get a fair compensation out of their performance then likewise to create the status of the organization. The research shows that an organization fails when "nonalignment of responsibility and accountability occurs. These failures occur when the employees are given tasks, but there is no check on the tasks and responsibilities and in whatway they are executing their jobs. Occasionally it occurs when the employees are functioning in the form of a group and teams so they permit on the effort to each other, but finally, no one apprehended responsible for any task so the instruction of accountability fails (Townley, 1997).

The performance appraisal system has always been an integral part of HRM and this researchwill highlight the main issues within the systems and the rating of employees. Rating the performance appraisal and giving the reaction is not a stress-free duty of the HR unit, as the measures of appraising is a multifaceted job. There are sure plans underlying to make the old- style methods correct than it had been in the past and consequently the probability of accurate and effective appraisal will be augmented (Townley, 1997). These policies can be measured asan applied drill to the HR bureaucrats. New learning techniques and methods should be true and fair for all sets of employees, transparent, and should be computerized so there are no chances of intermingled results which will remove the chances of favoritism. The central strategy and objective of the performance appraisal are that it ought to be shown for the motivation of the employees without undesirable features related to it, as it will bargain the morale of the employees.There must be some reward or bonus pronounced thus that this will be motivation for other employees and they will try to out shine their performance too. Proper communication and

feedback session should be introduced so that the employees come to know their loopholes (Skinner, er al, 2005).

2.1.1.4. Performance Appraisal Method

There are many schemes and approaches for assessing performance and appraising the employees. These approaches and systems are characterized as traditional methods and modern methods.

i.   Traditional Methods

The traditional technique of dimension Behaviorally Anchored Rating Scale is broadly cast offby numerous organizations across the globe. In this system it focuses on specific behaviors,either affective or Ineffective performance is given by the employee. It comprises criticalincident technique (CIT) and diverse arrangements of the rating scale. Nevertheless, in the GraphicRatingScalesuperiororinspectorsimple'sinstructionstheunlikeblocksintheappraisal form to degree the performance. Though this is an old technique to appraise the employees a broadly used method. Contrasting the scaling system, Theme Evaluation Routine asks the managers, supervisors, and evaluators to inscribe an essay or a descriptive description about the forte and fault of the employees and also the inclusive comportment towards the career. This is a qualitative extent to appraise the employees. Another ranking system is the performance ranking Method in which the evaluator or supervisor ranks the performance of employees from best to worst. This technique varies from further approaches as it equates the employee to employee but not with the values and levels for performance dimension.

In Critical Incident Method (CIT), evaluators appraise the performance depending upon the critical incident and the positives and negatives behaviors that occur in the period to measure the performance (Dessler, 1999). Like other ranking and scaling methods in Weighted Checklist Method evaluator makes a checklist of all the job responsibilities and all the narrative statements about the effective and ineffective attitude or behavior of the job. As the weighted scheme encumbrances, the plot reports, in Paired Comparison Analysis, it weights the relation standingof the diverse selections obtainable and recorded. Every selection is associated with all the preferences itemized (Monday, 2008). After the assessment of all routes, the one with the most weight is the desired choice for the performance depth.In the traditional methods,qualitative

methods and systems have more frequency of usage, here another method of Behavioral Observation Scale evaluates the performance with negatives and positives that happen on the placeofworkand also theacutefrequencytheemployeehas achieved. Inthetraditional method, there is a quantitative process called Forced Distribution or Forced Ranking, contrasting another way it contains theproportions. In thetop classification, it categorized from 10 to 20 percent, the middle category ranges from 70 to 80 percent and it graded workers with worst performance 10 percent in the lowest link (Monday, 2008).

ii. ModernMethods

There are diverse approaches to performance dimensions in modern times, 360 Feedback System and Management by Objectives (MBO).

iii.360-degreefeedback

360 Feedback is a logical method which also identified as the multi-rater feedback scheme. In this process evaluator or the appraiser precedes feedback from all the populaces who are inter-linked with the individual to be appraised. The 360 Feedback can be defined as: the systematic collection and feedback of performance data on an individual or group derived from a number of the shareholders on their performance (Ward, 1997).

This technique of performance appraisal is detailed and broad where the assessor asks from all causes about the performance of the employee. In this method all the sources are involved as: customers, suppliers/ vendors, team members and colleagues, superiors, juniors, subordinates, and all the other parties whohave a link with the particular employee. Thesebases deliver all the evidence that is important in the performance appraisal procedure (Anderson, 1997). There are four central parts of the 360-feedback appraisal scheme:

1. Self-appraisal.
2. Superior's appraisal
3. Subordinate's appraisal
4. Colleagues'appraisal.

The 360 Feedback systems can be an ongoing process throughout the year to keep an eye on the performance and other's perceptions about the employees and also it can be restrained that how well employee is keeping with its necessary tasks and duties(Skinneretal,2005).360 Feedback

is also supportive of the managers and leaders to the understanding of their leadership and decision-making styles. 360feedback systems are extensively recycled across the globe for the actual appraisal of employees (Anderson, 1997).

ivManagementbyObjectives (MBO)

Performance appraisal's history can be traced from the guru of organizational management, Peter Drucker in 1954. He devises assumed the diverse models of management and introduced the key subject of Management by Objectives (MBO). A course whereby the superior and subordinate managers of an organization cooperatively recognize their common goals, define each individual's major areas of responsibility in terms of the result expected of him, and using the procedures as conductor for functioning the component and evaluating the impact of each of its members.

This is a participative technique where the supervisor and subordinate set the goals, different methods to do the job, and most importantly the decision making at the end. Here, the best significant element of MBO is to assess the performance and assessment of actual performance with the standards. Subsequently, this development or technique consents the employees to setup their goals and objectives, their path of tasks in addition to their job responsibilities (Natalie& Ann 2005).

2.1.1.5. Process of Performance Appraisal

Performance appraisal follows the systematic method to appraise the employee so that itbecomes a rationalized and fair process for the employee (Caruth and Humphreys, 2008). It has six key parts to look at, which are: (i) Performance standard; (ii) communicating the standards and expectations; (iii) measuring the actual performance; (iv) comparing the actual performance with benchmarks; (v) discussion on results and (vi) decision making

i. Performance Standard

This is the principal stage in the performance evaluation procedure. It is obligatory to sort or agreed to some principles and aims for the employees so that performance can be dignified and linkedwiththeprinciples.This step allows the supervisor and performance evaluator to make the criteria to judge the employees and keep an eye on the qualifying factors for those set standards.

Setting up performance standards is also mandatory to look at the organization's goals and objectives for the productivity of business (Caruth& Humphreys, 2008).

ii.   Communicating the standards and expectations

After setting the performance standards and expected outcomes, the next integral part of the Performance Appraisal Process is to communicate those standards to employees and educate them as to how to achieve the benchmarks. It is compulsory that employees ought to distinguish the ideals visibly and have the clue on how to encounter those. These criteria will instruct the employee about their core responsibilities and professional roles and what is anticipated out of them. These criteria should be connected at the shock of the year so that employees ought to know what to do in prospect. Management can modify or edit some of the standards from the time to enhance productivity but employees' consent will be taken by the management to do so (Caruth& Humphreys, 2008).

iii.   Measuring the actual performance

Here, the subsequent stage is the contrast of actual dignified performance with the values and standards. This step is sensitive as it is dealing with the yardsticks to compare each task with the set targets, here the employee and supervisors should agree with the process. Contrast displays how employees have realized the set aims and what deviation has been through to the benchmarks. This assessment tells whichever the performance is rendering to criteria, above standards or below the standards. Measuring performance, evaluation, comparison, and analysis are an integral part of this step (Caruth& Humphreys, 2008).

iv.   Comparing the actual performance with benchmarks

The fourth step in the appraisal process is the comparison of actual performance with the standard. This step notes the deviation between standard performance and actual performance. The performance appraisal form should include a list and explanation of the performance standard. It should also include an explanation of the different levels of performance and their degree of acceptability against the performance standard. This provides a valuable feedback tool as the manager moves on to the next step, discussing the appraisal (DeCenzo, et al., 2010)

v.   Discussionon results

As in the process, management sets up standards and communicates those benchmarks to employees similarly after getting the performance appraisal, results should be communicated to the employees and they should be briefed about the standards and the actual performance they have given. There should be a One-to-One discussion on the results. The purpose of thisfeedback or discussion is to make the employees aware of their performance, achievements, and shortfalls over some time but with a positive attitude. This step also contains the notion of motivation and encouragement to employees so that are loyal to the organization and satisfied with the job as well (Caruth& Humphreys, 2008).

vi.   Decision Making

The preceding phase of the performance appraisal course is building the assessment on the pedestals of results reserved from the evaluation step. This decision is about the improvement of employees, training on different tasks which are lagging, corrective actions, promotions, and a raise in salary, rewards, transfers, and demotions (Caruth& Humphreys, 2008).

The selection of Performance Appraisal systems is the main part of performance management and measurement. The literature displays that motivation, job satisfaction, and employee loyalty withtheorganizationisunswervinglyinterconnectedwiththePerformanceAppraisalsystems.In   the chapter, research has thrown light on performance appraisal and its different methods widely used across the globe, performance appraisal process, and linked strategies. Through the cross wise,it has also height ened the,unlike performance appraisal damages that frequently occur in the processor or performance dimension.

2.1.1.6. Performance Appraisal Problems

Performance appraisal may not be perfectly carried out in most organizations; there may be problems that lead to inaccurate and faulty appraisals. Performance appraisals are often retrospective. A typical traditional appraisal usually occurs once or twice a year. There would be extended time gaps of months between establishing goals and reviewing them, and objectivesthat were set upon in the beginning of the year are usually only dragged-out during appraisaltime (Afriyie, 2009). While performance appraisals providethe perfect opportunity for managers and staff to have a one-to-onediscussion,it is unfortunately open to biasedratings (Khan, 2013).

For example, some managers tend to be liberal or strict in their rating of staff. Managers mayalso fall into the trap of the "recent performance effect" where they generally only recall the recent actions of employees at the time of the appraisal and award points based on recent favorable or unfavorable events rather than whole years' worth of activities (Jones & Wright, 2007).

Performance appraisal may not be perfectly carried out in most organizations; there may be problems that lead to in accurate and faulty appraisals.The appraisers assess the individual(either high /low) basing on a single trait while ignoring the other trait Robert (Robert & John, 2017). Leniency or strictness is also problem the value systems of different appraisers are different, some apprise leniently and some are too strict. This distorts the actual performance appraisal (Ivancevich, 2007). Central tendency is another problem most of the appraisers lend to avoid controversies and give average ranking to everyone. Similarity error may occur when the appraisal considers the person to be either similar or dissimilar to him/her. It will affect the way rating is done (Tindara, et al, 2020).

Bias is another common problem associated with performance appraisal that associated with simply a personality-based tendency, either toward or against something. In the case of performance assessment, bias is toward or against an individual employee. All human beings have biases, but supervisors especially cannot afford to allow their biases to enter into their evaluation of subordinates in the firm (Kumbhar, 2011). This is very easy to say, but very difficult to do. Biases make the evaluation process subjective rather than objective, and certainly provide the opportunity for a lack of consistency in effect on different groups of employees (Ali, Mahdi and Malihe, 2012). So, to overcome the bias problem, the appraiser needs to be objective and not let their feelings of liking or disliking the individual influence their assessment (Caruth and Humphreys, 2008).

Stereotypingis anothercommonproblemassociatedwith ismentallyclassifyingaperson intoan affinity group, and then identifying the person as having the same assumed characteristics as the group (Afriyie, 2009). Though stereotyping is almost always assumed to be negative, there are many incidents of positive stereotypes. However, regardless of whether the stereotype is positive or negative,making membership in a group,rather than explicitly identifying the characteristics

of the individuals, creates the potential for significant error in evaluations (Holzer, 2007). Stereotyping can be avoided by getting to know each employee as an individual and objectively evaluating individual employees based on their actual performance (Denby, 2010).

Conflict of interest constantly happens in an organization with respect to performance appraisal practices. One of the reasons is because of the practice of performance appraisal activities. Conflict probably occurs because of disagreement of the rates regarding the implementation of the performance appraisal process (Porter, 2008). It can be categorized into several categories such as conflicting intra-individual goals, which is the desire for honest feedback versus desire for self-concept affirming feedback and recognition. Besides that, there is a conflict onindividual workers with their colleagues' goals, which means that a person's desire for rewards contradicts with other colleague's desire (Skarlicki& Folger, 2007).

A successful performance appraisal system must fit the organization. Organizations need to assess the suitability of performance appraisal systems to their own workforce before implementing one that meets their needs (Skarlicki& Folger, 2007). The primary purpose of an appraisal system is to sieve out those who cannot or would not do the job. It has to be communicated to all involved parties and appropriate support and training should be provided especially to managers conducting such sessions with their staff (Shaw et al., 2008).

Employers should also take note that performance evaluation is a continuous process and not one that happens only once a year. The best appraisals are a two-way discussion and focus on the employee assessing his own performance and setting goals for improvement. And as best practice,organizationsshouldensure KeyPerformance Indicators(KPIs)are well communicated to and clarified with staff, and there are proper benchmarks in place against which staff are assessed. Data collected from appraisals should be used to track the success of recruitment and induction practices (Qureshi et al., 2007).

2.1.2. Concept of Employees Motivation

Motivation is fundamentally meant to facilitate behavioral alteration. It is a force that enables an individual to act in the direction of a particular objective. According to (Grant, 2008) Motivation forced such results as productivity, performance, and persistence. The topic of Motivation is more discussed in the subject of organizational behavior which contains a variety of models and

theories relevant to motivation. The development and growth of employees are significantly focused. According to Maslow, Alderfer, McClelland, Hackman, and Hertzberg; growth is the most influential motivatorforindividuals and exploits thepotential ofemployees. It is foundthat an undeniable link exists among employee motivation and their satisfaction with the jobs andalso to organizational commitment (Basset-Jones and Lloyd, 2005; Chen et al., 2004). Employee motivation is the most important element for all organizations to attain achievement whether these are public or private (Chintallo& Mahadeo, 2013)

Motivation acts as the driving force that leads employees towards their goals (Grant, 2008). Motivated employees are highly involved and engaged in their job and try to make their performance the best (Guay, 2000; Vansteenkiste, 2007). Self-driven and freedom-oriented qualities are mostly found in motivated employees (Grant, 2008). Motivated people are highly committed and have few desires (Kamal et al. 2005)

Motivation can bedescribed as the need ordrivethat incitesapersonto someaction orbehavior. The verb motivates means to provide reasons for action. Motivation, then, provides a reason for exerting some sort of effort. This motivation springs forth from individual needs wants, and drives (Timm & Peterson, 2000). According to (Jones & George 2008) Motivation is the inner power or energy that pushes one toward performing a certain action. Motivation strengthens ambition, increases initiative, and gives direction, courage, energy, and the persistence to follow one's goals. Motivation is usually strong when one has a vision, a clear mental image of a certain situation or achievement, Faith in one's abilities, and also a strong desire to materialize it. In this case, motivation pushes one forward, toward taking action and making the vision a reality.

2.1.2.1. Types of Motivation

Motivation can be classified as intrinsic and extrinsic motivation. Intrinsic means internal motivation and extrinsic means external motivation. The two motivations differ in the source of pressure or pleasure that boosts each of them. Amabile (1993) states in the followings:

- Individuals are intrinsically motivated when they seek enjoyment, interest, the satisfaction of curiosity, self-expression, or personal challenge in the work.
- Individuals are extrinsically motivated when they engage in the work to obtain some goal that is apart from the work itself.

i. Intrinsic Motivation

Intrinsic motivation comes out from an individual pleasure or interest in the task and it does not involve working on activities for the sake of external rewards, it instead necessitates the feeling of inner pleasure in the activity itself. It can be seen as a force that involves doing activities without external incentive. Individuals are intrinsically motivated when they seek enjoyment, interest, the satisfaction of curiosity, self-expression, or personal challenge in the work (Amabile 1993, 185-201).

ii. Extrinsic Motivation

It is the opposite of intrinsic motivation; it regards the carrying out of action to achieve an external reward. The source of extrinsic motivation is an individual physical environment. More job benefits, bigger salaries, incentives, and job promotions are some rewards that lead to extrinsic motivation. (Deci 1972) describes extrinsic motivation as money and verbal reward, mediated outside of a person, on the other hand, intrinsic motivation is mediated inside the person.A person can be intrinsically motivated to do a task if there is no clear reward for the task done except the task itself or the feelings which upshot from the task.

2.1.2.2. Motivation Theories

The performance that employers look for in individuals' rests on ability, motivation, and the support individuals receive; however, motivation is often the missing variable. Motivation is the desire within a person causing that person to act. People usually act for one reason: to reach a goal. Thus, motivation is a goal-directed drive, and it seldom occurs in a void.(Mathis, and Jackson,1999).The words need, want, desire, and drive are all similar to motive, from which the word motivation is derived source. Understanding motivation is important because performance, reaction to compensation, and other HR concerns are related to motivation (Mathis and Jackson, 1999). Content theories of motivation are concerned with the needs that people are attempting to satisfy (Mathis, and Jackson, 1999). The most well-known theories are highlighted briefly next.

i. Maslow's Hierarchy of Needs

One theory of human motivation that has received a great deal of exposure in the past was developed by Abraham Maslow (Mathis, and Jackson, 1999). In this theory, Maslow classified human needs in to five categories that ascend in a definite order.Until the more basic needs are

adequately fulfilled, a person will not strive to meet higher needs. Maslow's well-known hierarchy is composed of (1) physiological needs, (2) safety and security needs, (3) belonging and love needs, (4) esteem needs, and (5) self-actualization needs.

An assumption often made by those using Maslow's hierarchy is that workers in modern, technologically advanced societies have satisfied their physiological, safety, and belonging needs. Therefore, they will be motivated by the needs for self-esteem, the esteem of others, and then self-actualization. Consequently, conditions to satisfy these needs should be present atwork; the job itself should be meaningful and motivating (Robert, 1999).

ii.   Herzberg's Motivation/ Hygiene Theory

Frederick Herzberg's motivation/hygiene theory assumes that one group of factors, motivators, accounts for high levels of motivation. Another group of factors, hygiene, or maintenancefactors, can causediscontent with work.

The implication of Herzberg's research for management and HR practices is that although managers must carefully consider hygiene factors to avoid employee dissatisfaction, even if all these maintenance needs are addressed, people may not be motivated to work harder. Only motivators cause employees to exert more effort and thereby attain more productivity, and this theory suggests that managers should utilize motivators as tools to enhance employee performance (Robert, 1999).

2.2. Review of Empirical Literature

There are different empirical evidences that show performance appraisal on employee motivation. In this regard, Yared's (2016) has conducted study entitled: "The Effects of the Implementation of Balanced Scorecard on Employee Performance Appraisal Practices". The variable he uses is a balanced scorecard and performance appraisal. And in his study, he concludes that the study confirms that BSC implementation has a positive effect on the practices of performance appraisal. In another research Sayed et al. (2018) conducted study entitled: "Performance Appraisal and its Effects on Employees Motivation". The study findings not only do performance appraisal have an impact on employee motivation but also training, financial rewards, decision, satisfaction with appraisal, and working environment.

A study by Robert, et al (2017), found out that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal. Their findings suggested that most employees perceive their performance appraisal as neither accurate nor fair. In general, research which research indicates that perceptions offairness arise from consideration of the outcomes received (outcome fairness); the procedures used to determine those outcomes (procedural fairness); and how the decision-makingprocedures were implemented and explained (interpersonal fairness) (Armin Trost2017).

Chen and Eldridge (2010) conducted a study to examine standardized performance appraisal practices, aiming to clarify the contextual and cultural boundary of standardized appraisal practices in China. It was found out that the implementation of a Western standardized appraisal was far from attaining an optimistic effect in a Chinese business setting: employees were nowhere near being able to be involved in setting objectives and developmental plans; the appraisal was not perceived to be fair enough due to the influence of a seniority-based rewards system, and managers hesitated to take ownership of performance reviews. They recommended that when designing and delivering standardized appraisal to subsidiaries, foreign investors and global human resource practitioners are expected to be more context-focused. Source Distinct cultural values and norms in local contexts should be carefully taken into consideration.

Tindara and Addabbo (2020) conducted a study to investigate the different aspects of performance appraisal, and how performance appraisal can play its role in improving the performance of teachers in higher education institutions of Pakistan. The results show that although employees were aware of the useful outcomes of performance appraisal there are some hindering factors e.g. untrained raters, exclusion of multiple rates, absence of feedback in theway of successful implementation of performance appraisal.

It could be seen from the above explained empirical literatures that the effect of performance appraisal on the employee motivation provides mixed evidences and inconclusive. Thus, it is important to consider that research on performance appraisal and its effect on employees' motivation have no or inadequate systematic evidence with globally accepted results. Therefore, it brings an open ground for the researchers and academicians to know empirically the effect of performance appraisal on the employee motivation.Furthermore,from the reviewed relevant

literature, it was evident that very few studies have been found to empirically examine performance appraisal on the employee motivation in Ethiopia in context of tourism industry. The study therefore aims to fill this gap of literature by studying performance appraisal on the employee motivation with case of Ethiopia Tourist Trading Enterprise (ETTE).

2.3. Conceptual Frame work of the study

A conceptual framework illustrates what you expect to find through your research. It defines the relevant variables for your study and maps out how they might relate to each other (Bas, 2020). So, a conceptual framework is developed based on the literature and theoretical model reviewed. Theframeworkattemptstoconsidertheeffectofperformance appraisalonemployeemotivation, in the case of ETTE. In this study employee motivation is a dependent variable (effect) whereas performance appraisal is an independent variable (cause). In this research performance appraisal is measured by performance appraisal standards, performance appraisal techniques, and performance appraisal objectives.

Figure 2-1 Conceptual Framework

Independent Variable   Dependent variable
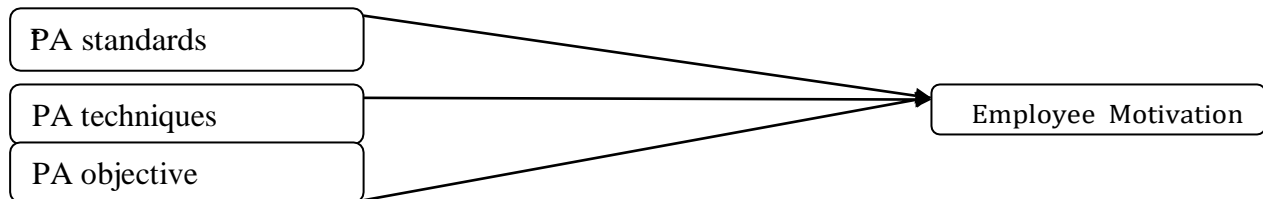
Source:(Developed by the researcher based on literature,2022)

Performance appraisal (PA) techniques are the techniques through which employee performance is appraised (Armin, 2017). And these performance appraisal techniques are measured by Behaviorally anchored rating scale (BARS) form, Management by objectives (MBO), Narrative method or form, Critical incidents performance appraisal Ranking andGraphic rating scale form (Robert & John 2017).

Performance appraisal standards: to achieve organizational goals management must select performance appraisal standards carefully. And these performance appraisal standards are traits, behaviors, competencies (Wayne & Joseph, 2016).

Performance appraisal Objectives:the main objective of an institutionalized evaluation system which aims not only to assess but also to innovate, motivate and differentiate, lies in the following areas: reward policy, the definition of training needs, career, and employment plans, performance incentives, elimination of weaknesses, efficient communication (Herwig &Kressler, 2003).

2.4. Research Hypothesis

H1: There is a positive relationship between performance appraisal standards (including traits, behaviors, and competencies) and employee motivation at ETTE.

H2: There is a positive relationship between performance appraisal objectives (including reward policy, definition of training needs, career and employment plans, performance incentives, elimination of weaknesses, and efficient communication) and employee motivation at ETTE.

CHAPTER THREE
RESEARCH METHODOLOGY

The chapter aims to discuss the methodology that is used in the study and it covers topics concerning research design, research approach, source of data, method of data collection, population, sample size and sampling technique, method of data analysis and presentation, data processing and ethical consideration that was considered in this the research.

3.1. Research Approach

The choice of research approach depends on objectives that the researchers want to achieve (Newing, 2011) and based on the purpose researcher may use quantitative, qualitative, approaches (Kumar, 2012). The primary aim of this study is to assess the impact of performance appraisal on employee motivation in Ethiopia Tourist Trading Enterprise. Based on this purpose, the study employed quantitative approach. Quantitative approach selected mainly because the fact that it allows the researcher used to generate data from questionnaires in quantitative form so that it can be used for analysis.

3.2. Research Design

A research design is the most important step in giving a direction to the research problem. It is the overall plan that deals with the aspects of complete design from the study type, datac ollection approaches, experimental designs, and statistical approaches for data samples(Vinayak 2019). To address the objective, the study employed the explanatory survey research design method. Explanatory research design is focus on an analysis of a situation or a specific problem to explain the patterns of relationships between variables. It helps to understand the nature of the relationship between the independent and dependent variables. Because the explanatory or cause and effect research design explain the variables in detail about the effects of performance appraisal on employee motivation and performance. It is therefore justified in view of the above definitions,descriptions and strengths that explanatory survey is the most suited and appropriate design for this study.

3.3 Data Sources and Types

Data is collected from both primary and secondary sources to analyze the impact of the performance appraisal on employee motivation and employee performance. In this case, the primary tool for gathering primary data for quantitative data is questionnaires. The primary

source data is collected by distributing a structured closed-ended questionnaire among the staffin the form of a self-administered questionnaire. The benefits of questionnaires methods can be found in the fact that they enable the researcher to gather large quantities of data and engage in statistical analysis (Fowler, 2013).

To supplement the primary data, secondary data is obtained by observing documents like HR records and manuals published and unpublished documents, such as books, journals, government publications, newspapers, periodicals, different articles, thesis, and dissertations.

3.4 Population and Sampling Design

3.4.1. Target Population

Target population of survey is the entire set of units for which the survey data are used to make inferences (Smyth, 2004). It is the population that a researcher wants to generalize the results of the study. As the study is geographically delimitated at Ethiopia Tourist Trading Enterprise at Adds Ababa the target population of the study consisted of all employeesand management staffs that are currently employed at Ethiopia Tourist Trading Enterprise. The total number of employees in currently employed at Ethiopia Tourist Trading Enterprise is 481 including the management and expert staffs which constitute the target population.

3.4.2. Sampling Size

Lavrakas (2008) explains a sample in survey research as a subset of elements drawn from alarger population. Obviously, such a sample should be typically identical with the populationthus provide adequate representation. If a sample is not precise and inadequate both in characteristic and size, it may lead to rejection of false null hypothesis, wrong result andtherefore a waste of resources (Gerstman, 2003). Likewise, a study that collects too much data is wasteful. Therefore, it is essential to establish adequate sample size before going on data collection for a study. In recognition of this fact, to determine sample size of the study, the researcher uses a method developed by Taro Yamane's (1967) formula.

That is n=N/1+ N (e)² Where: n is the sample size; N is the population size and e is the error of sampling. For this study the error of sampling is set at 0.05.

N=481/(1+481(0.05)²)

=481/2.2025=218 respondents

We can see from the result above that the sample size was 218 from the total study population of 481 to maintain a 95% confident interval.

3.4.3. Sampling Technique

According to Kothari (2004), if a population, from which a sample is to be drawn, does not constitute a homogeneous group, stratified random sampling technique is generally applied in order to obtain a representative sample. Under stratified random sampling the population is first divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called 'strata') and then we select items randomly from each stratum to constitute a sample.Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts; we get a better estimate of the whole.

In recognition of the above fact, the researcher employed stratified random sampling technique on which the respondents are structured into twelve strata (Departments). This is because the study focus on different groups of respondents (departments) and each group of the respondents is required to have its own representative from the total sample size. Stratified sampling guarantee specific groups within a population are adequately represented in the sample. Samples from each stratum was selected by using the following equation:

nh=(Nh/N)*n

Where;nh is the sample size for stratum h,Nh is the population size for stratum h, N is total population size, and n is total sample size. The lists of the participants or respondents were taken from sample frame of the enterprise. Simple random sampling technique was used to select respondent from each stratum (division and department). Therefore, the sample size for each status   (department   is   presented   in   the   following   table

Table 3-1Population and sample size

S.N	Head Office- Divisions	No. of employees	% of the total employees.	Numbers of sample respondent
1.	Purchasing and General Service Directorate	100	20.79	45
2.	Human Resource Development Directorate	85	17.67	39
3.	Art Production and marketing Directorate	75	15.59	35
4.	Finance Directorate	63	13.10	28
5.	Duty Free Good Sells Directorate	49	10.19	22
6.	Importe and Customs Good Sells Directorate	46	9.56	20
7.	Goods Supplies and Sells	37	7.69	16
8.	General Director Office	8	1.66	4
9	Information Communication Division	7	1.46	4
10	Internal Audit Department	5	1.04	2
11	Planning and Marketing research Directorate	4	0.83	2
12	Legal services Department	2	0.42	1
	Total	**481**	**100**	**218**

3.5. Method of Data Analysis

In this study, the primary data was collected from distributed questionnaire. Once the questionnaires are gathered, the next step is to edit, clean, encode and look for errors in the data. This is the question of data processing. Data processing isa series of actions or steps performed on data to verify, organize, transform, integrate, and extract data in an appropriate output formfor subsequent use. In recognition of this fact, therefore, the data processing of collected questionnaires were rigorously done. This helped in compressing and arranging the data into small sets for easy examination and analysis.

Next, the collected and processed primary data from the questionnaire was analyzed by descriptive statistics, and inferential statistical analysis. Descriptive statistics such as mean scores, percentages, frequency distribution and standard deviations were computed to describe the characteristics of the variables of interest in the study. Besides, inferential statistics such as correlation analysis and multiple linear regression analysis was used to test the hypothesized relationships and to determine the relative importance of each independent variable in explaining the variation motivation and performance of employees.

3.6. Model specification with variables

The objective of the study is to examine if performance appraisal influence employee's motivation in case of Ethiopia Tourist Trading Enterprise. The following multiple linear regression equation is used to examine the influence performance appraisal on employees' motivation.

$$Y_1 = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + e \ldots \ldots (EQ1)$$

While in one case Y_1=dependent variable in this case,employee motivation.

B_0= Constant beta/intercept

$X_1 + X_2 + X_3$ = independent variable, that is, performance appraisal which is measured performance appraisal standards, performance appraisal techniques, and performance appraisal objectives.

3.7. Instrument Reliability and Validity

There is always more than one way to measure any variable, a researcher has to attempt to construct the best measure or measures for each variable. Considering this, data were first analyzed to ensure instrument quality. Reliability and validity are the major criteria used to evaluate measurement. Reliability is used to ensure consistence of data whereas validity is used to test the accuracy of the measurement process.

3.7.1 Instrument Validity

Validity refers to the extent to which the scores from a measure represent the variable they are intended (Gakure, 2010). Itis the extent to which the scores from a measure signify the variable theyareintendedto.Inrecognitionofthisfact,therefore,avaliditytestofthequestionnaireswas done on its content. Content validity measures the extent to which a test acts to measure a concept analysis of the items so as to confirm adequate coverage of the scope of the study by the measuring instrument (Oyerinde, 2011). In order to ascertain the relevance of each question to variables being measured and to ensure that the content of the instrument provide answers to the objectives of the study and the formulated hypotheses, content validity of the pilot questionnaire was tested. This was doneby experts in thefield and then necessary corrections was madeon the instrument.

3.7.2 Instrument reliability

In addition, reliability test was carried out in order to ensure the consistency of the instruments used in main administration. The reliability is consistency of the measurement; that is, to what extent a measuring device is produce the same results when applied multiple times to the same person under similar conditions (Gakure&Ngumi, 2010). The most straightforward method of testing reliability is to replicate; either by asking the same questions to the same respondents at different times and evaluating the degree of correlation, or by asking the same question in different ways at different points in the questionnaire (Johnson & Turner, 2003).

The study employed Cronbachs' alpha to assess reliability of the questionnaire. Cronbachs' co-efficient alpha is the most common way of measuring internal consistency. Cronbachs' coefficient (alpha) may range between 0 to 1, with 0 indicating an instrument full of errors and 1 indicating total absence of error. The closer Cronbach's alpha coefficient is to 1, the higher the internal consistency reliability (Oyerinde, 2011). A reliability coefficient (alpha) of 0.70 is considered acceptable, reliable and recommended for new questionnaire. 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. The results indicated that thequestioners are reliable, as the Cronbach's Alpha values for employee motivation and performance appraisal constructs are greater than 0.70.

Table 3-2Reliability Statistics

Reliability Statistics–variables affecting employee motivation		
Variable	Cronbach'sAlpha value	No. of Items
Performance appraisal objectives	.812	7
Performance standard measures	.754	6
Performance appraisal methods	.714	8
Employee motivation	. 892	10

Source:(Own computation, 2023)

3.8. Ethical Consideration

The ethical issue is among the main focus of research. Before the data collection process all the necessary information about the study like who was conducting the study and for what purpose was the study conducted and other necessary information that respondents like to know was provided to all respondents so that it can help them to decide whether to participate or not in this study and they are not harmed as a result of their participation or non-participation in the study. They were also guaranteed the anonymity and confidentiality of their response.

CHAPTER FOUR
RESULT AND DISCUSSION

This chapter deals with the presentation, analysis and interpretation of data collected from respondents using questionnaires. The data collected were analyzed and interpreted in line with the study's objective, which was to examine the effect of performance appraisal on employees' motivation and employees' performance in Ethiopia Tourist Trading Enterprise (ETTE). Finally, it gives the empirical findings and results following the application of these variables using the techniques indicated in the third chapter.

4.1. Result
4.1.1 Response Rate

Table 4.1 indicates the response rate. The researcher distributed 218 questionnaires to the staff working in Ethiopia Tourist Trading Enterprise (ETTE) in Addis Ababa.

Table 4-1ResponseRate

Category	Frequency	Percent
Responded	158	72.5
Did not respond	60	27.5
Total	**218**	**100.00**

Source:(Own computation, 2023)

From the results shown in Table 4.1, out of a sample of 218 questionnaires distributed, 158 questionnairesappropriately filledwhile60ofthemdidnotreturn.Thisaccountedforaresponse rate of 72.5%. This is a commendable response rate basing on Kothari (2004), who pointed that 50% response rate is adequate, 60% is good, while 70% and above is rated to be very good. In addition, Richardson (2005) avers that an overall response rate for a research questionnaire of at least 60% is both desirable and achievable. As such, 72.5% response rate is regarded as very good response rate warranting the researcher to continue with the analysis and interpretation.

4.1.2 Demography character of respondents

This information was sought to as certain the respondents'demographic characteristics.The result is presented in Table 4.2.

Table 4-2General Information of the respondent

Factorlevel	Frequency	Percentage
1.Gender		
Male	89	56.3
Female	69	43.7
Total	158	100.0
2.Age		
15 -29	24	15.2
30 -39	72	45.6
40 -55	49	31.0
Above55	13	8.2
Total	158	100.0
3.Education		
Secondary	2	1.3
Diploma	5	3.2
First degree	101	63.9
Master'sdegreeandabove	50	31.6
Total	158	100.0
4.Work experience		
Undertwoyears	14	8.9
2 -5	43	27.2
6 -10	67	42.4
Morethan 10 years	34	21.5
Total	158	100.0

Source:(Own computation, 2023)

The gender characteristics are illustrated in Table 4.2 and the result shows that majority of the respondents were male (comprising 56.3%) while 43.7 % were females. This is the reflection of total population structure that the number of male respondents was more in the institution than the female staff. The findings show that both male and female staff were well represented in sample, and the views expressed through the findings could be taken as representative of the opinions of both genders. As can be seen from Table 4.2, most of the respondents, comprising 45.6%,indicated that their ages fell between 30-40 years and 31% were age fell between40-55.About15.2%of the respondents showed that their ages fell between 20-29 years,while the remaining 8.2% were above 55 years. The results demonstrated that the respondents are well distributed in terms of age; hence different views across varying ages are accounted.

Regarding the educational qualification of respondents, the responses show that the majority (63.9%) having first degree holders and masters' qualifications constitute 31% of the respondents, 3.2% of the population were diploma holders and the remaining 2 (1.3%) respondents were had secondary education. This means almost all the participants had attained diploma education and above indicated that respondents who participated in this study werewell informed about performance appraisal practices.

The respondents were requested to indicate the number of years that they had been working in the organization. Work experience is critical since it reviews the respondents' understanding of the issue sought by the researcher. Overall, the study found that 91% of the respondents interviewed had worked for the organization for over two years and 63.9% had worked for the organization for over five years.The study results were explained to mean that most participants had worked in the organization for a significant period, which enabled them to give answers with more precision.

4.1.3 The perception of employees to ward the performance appraisal practice at ETTE

The first specific objective of the study is to examine the perception of employees' towards ETTE performance appraisal practices. Accordingly, the study assessed the perception of employees of Ethiopia Tourist Trading Enterprise (ETTE) towards the performance appraisal practices. This was assessed through descriptive statistics. To understand employees' perception of the ETTE performance appraisal practices, they were asked to give the extent to which they agreed concerning the three performance appraisal dimensions (performance appraisal objectives, performance appraisal standard measures and performance appraisal techniques/method). A five-point Likert scale and then analyzed with descriptive statistics of the composite mean score and standard deviation. Accordingly,the composite mean value shows the average of all respondents' perceptions on each question, while standard deviation shows how diverse respondents' perceptions are for a given question.

The researcher was used Shrestha (2015) guide to interpreting the result. According Shrestha (2015), the mean score below 1.80 was considered as very low, the mean score from 1.81 up to 2.26 was considered low, the mean score from 2.61 up to 3.40 was considered medium, the mean score from 3.41 up to 4.20 was considered high and the mean score above 4.21 was considered very high. A 5-point Likert scale was used to rate the various indicators whereby 1 point was accorded to'Strongly disagree, 2 points as 'Disagree', 3-point as 'Neutral', 4-point as 'Agree', and 5-point as 'Strongly Agree'.

4.1.4 Perception of the respondents about performance appraisal objectives

Performanceappraisalobjectivesarepredictorvariablethatthestudyassessedconcerningperformance appraisal practice. Accordingly, the respondents' view about performance appraisal objectives was collected via the listed item, and the results are presented in Table 4.3.

Table 4-3Perception on Performance appraisal objectives

NO.	Item	Mean	SD
1.	The enterprise use performance appraisal-based payment,such as bonuses and incentives.	2.38	.64
2.	Human resource management decisions for promotion, termination and lay off are purely based on performance appraisal.	2.82	.56
3.	The performance appraisal result uses to reward good performer employees in a better way than fewer performere mployees.	2.58	.86
4.	The purpose of performance appraisal in the enterpriseis basically to identify & prepare individuals for increased responsibilities.	2.61	.77
5.	The HR department follow superviously the training needs identified during appraisals	2.46	.61
6	The HR department uses the appraisal data for other development decisions like job rotation,enrichment,etc.	2.52	.82
7.	In the enterprise performance appraisal is used to develop employee`s knowledge,skill and efficiency.	2.47	.93
	Grandmean	**2.54**	**0.74**

Source:(Own computation, 2023)

The respondents' perception of the performance appraisal objectives is low, with a grand mean score of 2.54, indicating that most respondents disagreed about the statements specified in the 7 items. The total standard deviation aggregate was also found to be 0.74 implying that there is a general agreement among respondents. Among the questions requested about performance appraisal objectives, the item concerning whether the enterpriseuse performanceappraisal-based payment, such as bonuses and incentives gotthe lowest response rate (mean score of 2.38), indicating that the enterprise not used performance appraisal-based payment. Followed by the query presented regarding whether the enterprise performance appraisal is used to develop employee`s knowledge, skill and efficiency which has mean score of 3.58. The means score for the rest of the items also low indicating that the enterprise did not set appropriate performance appraisal objectives.

4.1.5 Perception of respondents on performance appraisal standards measures

Performance appraisal standards are one of the main predictor variables. Therefore, respondents' perceptionconcerningperformanceappraisalstandardsmeasureswascollectedviathelisted item, and the results are presented in Table 4.4.

Table 4-4Perception on Performance appraisal standards measures

NO.	Item	Mean	SD
1.	The supervisor appraises his/her based on job-related criteria rather than others.	3.15	1.15
2.	The organization's supervisors evaluate employee's performance based on his/her behavior.	3.78	.68
3.	The rater appraises employees'performance by their competencies.	2.94	1.16
4.	The organization gives training for performance appraisers to improve the fair appraising evaluation system.	2.16	.84
5.	The employee has sufficient knowledge of traits such as rating scale,appraisal consisted of many dimensions such as volume of work,quality of work,job knowledge,dependability,cooperation, etc.	2.82	.95
6	The appraiser communicates with employees in the appraisal process And any other concerns	3.45	.83
	Grandmean	**3.05**	**.94**

Source:(Own computation, 2023)

The respondents' perception of the performance appraisal standards measures is also medium, with a grand mean score of 3.03 indicating that most respondents indifferent/neutral concerning the statements specified in the six items.The total standard deviation aggregate was also found to be 0.94 implying that there a more or less consensus among respondents when assessing their perception of the performance appraisal standards measures.

In terms of individual items, the questions asked whether the organization gives training for performance appraisers to improve the fair appraising evaluation system,got the lowest response rate (mean score of 2.16), indicating the organization did not provide training for performance appraisers. On the other hand, the query presented regarding whether the organization's supervisors evaluate employee's performance based on his/her behavior got the highest rate (mean score of 3.78), indicating that employees were evaluated based on their behavior. The mean score for statement whether appraiser communicates with employees in the appraisal process and anyother concerns also got mean score of 3.45 which is considered high indicating that appraiser communicates with employees in the appraisal process.

4.1.6 Perception of Respondents on Performance Appraisal Techniques or Method

One of the main determinants that may affect employees' motivation is appraisal techniques ormethods.Therefore,respondents'view about performance appraisal standards techniques was collected via the listed item, and the results are presented in Table 4.5.

The respondents' perception towards the performance appraisal techniques ormethod is medium, with a grand mean score of 2.8 indicating that the majority of respondents neutral about the statements specified in the eight items. The total standard deviation aggregate was also found to be 0.94 implying that there a more or less consensus among respondents when assessing their perception of the performance appraisal methods.

NO.	Item	Mean	SD
1.	The rater uses the graphic rating scale method (excellent,good, average, fair,poor) to appraise.	3.44	1.26
2.	The rater compares every employee with every other employee in the Work group.	2.46	.81
3.	Supervisors use behaviorally anchored rating method that is, a description of each assessment along a continuum(anumeric scale from low to high)	3.64	.93
4.	The rater uses the ranking method(best worker,average worker, and worst)for appraising employees.	3.30	1.21
5.	The rater uses management by objective method(management setting goals with employees then evaluate performance finally reward accordingtotheresult)	2.19	.82
6	Employees are participating in setting standards for performance measure.	2.27	.98
7.	I am satisfied with the current appraisal method	2.32	.59
8.	The rater gives feed back after the appraisal result.	3.46	.94
	Grandmean	**2.8**	**.94**

Source:(Own computation, 2023)

Whereas among the questions requested about performance appraisal techniques, concerning whether the rater uses management by objective method (management setting goals with employees then evaluate performance finally reward according to the result), was got the lowest response rate (mean score of 2.12), indicating that management by objective method of performance appraisal is not applied. The mean value for whether employees participate in setting standards and measuring performance was also gotthe low response rate (mean score of 2.32), indicating that employees did not participate in setting standards. On the other hands, behaviorally anchored rating method and the graphic rating scale method got the highest mean value of 3.64 and 3.44 respectively, indicating the two methods are most commonly applied.

4.1.7 Descriptive Statistics on Employees 'Motivation Level

The respondents' view regarding their motivation level in their current job is illustrated in table 4.6.

Table 4-6 Descriptive Statistics on Employee motivation Level

NO.	Item	Mean	SD
1.	The organization's incentives or bonus motivates me to improve my performance	2.52	1.03
2.	The organization promotes employees based on their performance to Motivate them.	3.29	1.28
3.	The organization allows giving recognition to motivate employees.	3.01	1.14
4.	Employees are motivated for career development or personal growth, competency,sensing achievement	3.38	1.18
5.	I am satisfied and motivated with the Performance Appraisal System Because it is fair.	2.19	.83
6	The organization allows me to participate in the whole performance Appraisal process in ETTE.	2.36	.89
7.	The organization linked rewarding to the performance appraisal system in Enhancing my motivation	2.21	.60
8.	The organization appoints appropriate appraisers that motivate me to Improve my performance.	2.36	.94
9.	The ways ETTE disseminates information regarding the appraisa process Motivated me.	2.29	.74
10.	The ways give feed backs of appraisal motivate me to improve my performance.	2.32	.89
	Grandmean	2.59	.95

Source:(Own computation, 2023)

The respondents 'perception of their motivation level is low,with a grand mean score of 2.59,indicating that most respondents less agree concerning the statements specified in the 10 items

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That measures their motivation level.The total standard deviation aggregate was also found to be 0.94 implying that there is agreement among respondents when assessing their motivation level.

4.1.8 Relationship Between Performance Appraisal and EmployeeMotivation

The second specific objective of the study is to understand the relationship between performance appraisal and employee motivation.Accordingly,the study also assessed the relationship between performance appraisal and employee motivation .This was addressed byusing the correlation analysis.Thus,the study conducted correlation analysis to test the strength of relationship or association between the research variables from the primary data.Pearson correlation coefficients indicate the strength of relation amongs dependent and independent variables. Pearson correlation results range between 1 (perfectly linear positive correlation) to -1 (perfectly linear negative correlation).When the correlation value is 0,no relationship exists between the variables under study.The study used Marczyk,Dematteo,&Festinger(2005) guide to interpreting the result, presented in Table 4.7.

Table 4-7 Correlation result interpretation guide

Correlation value in range	Interpretation
0.00 to 0.19	Weak/ very low correlation
0.20 to 0.39	Low correlation
0.40 to 0.59	Moderate correlation
0.60 to 0.79	High correlation
0.8 to 1.0	Very high correlation

Source:Marczyketal.,(2005)

The above interpretation guide (Table 4.8) developed by Marczyk et al. (2005) becomes handy. Accordingly, this guide has been used to interpret the results, summarized in the coming sections. Finally, the findings of the correlation result of the study are presented in Table 8.

Table 4-8Relationship between performance appraisal and employee motivation

		Performance Appraisal Objective	Performance Appraisal Techniques	Performance Appraisal Standard	Employee Motivation
Performance Appraisal Objective	Pearson Correlation	1	.525**	.613**	.682**
	Sig.(2-tailed)		.000	.000	.000
	N	158	158	158	158
Performance Appraisal Techniques	Pearson Correlation	.525**	1	.553**	.541**
	Sig.(2-tailed)	.000		.000	.000
	N	158	158	158	158
Performance Appraisal Standard	Pearson Correlation	.613**	.553**	1	.659**
	Sig.(2-tailed)	.000	.000		.000
	N	158	158	158	158
Employee Motivation	Pearson Correlation	.682**	.541**	.659**	1
	Sig.(2-tailed)	.000	.000	.000	
	N	158	158	158	158

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

Source:(Own computation, 2023)

In the above Table 4.8, output correlation obtained sig. (2- tailed) of $0.000 < 0.05$, it can be concluded that there is a significant positive relationship between the three performance appraisal dimensions and employee motivation. Performance Appraisal objective is the most related to employee motivation with $r = 0.682$. Performance appraisal standard is also positively related to employee motivation with $r = 0.659$. Performance appraisal techniques is also positively related to employee motivation with $r = 0.541$.

Overall, the findings of this analysis indicated that all three independent variables, i.e., performance appraisal objective, performance appraisal standard and performance appraisal techniques were statistically significant and positively correlated with employee motivation.

4.1.9 Multiple Linear Regression Analysis

The third specific objective of the study is to analyze the extent to which performance appraisal system affect employee's motivation. This objective was address by multiple linear regression. When one decides to analyze data by means of multiple regressions, part of the process involves checking to make sure that the data need to analyze can infact be analyzed using multiple

regression. One could do this for the reason that it is only appropriate to use multiple regressions if the data "passes" those assumptions that are required for multiple regressions to give a valid result. Therefore, in the following sections, necessary diagnostic tests were carried out on the variables

4.5.1. Assumption testing in Multiple Regression Analysis

According to Zikmund, et al. (2009), regression analysis is another technique for measuring the linear association between a dependent and an independent variable. Regression is a dependence a technique that makes a distinction between dependent and independent variables. Thus, with simple regression, a dependent (or criterion) variable, Y, is linked to an independent (or predictor) variable, X. linear regression is usedwhen we want to predict the value of a variableIt is based on the value of another variable. Thus, in this study, to identify factors (independentor predictor variable) that significantly influence employees' motivation (dependent or criterion variable) linear regression test has been performed.

Multiple linear regressions are based on the assumptions of Ordinary Least Square (OLS). When one decides to analyze data using multiple regressions, part of the process involves checking to make sure that the data need to analyze can in fact be analyzed using multiple regression. One could do this because it is only appropriate to use multiple regressions if the data "passes" those assumptions required for multiple regressions to give a valid result. According to Field (2009)the assumptions include:variable types,non-zero variance,linearity,no perfect multicollinearity, independent error, and homoscedasticity must be true. So, in the following section, necessary diagnostic tests were carried out on the variables.

i. Assumption One: VariableType

The predictor variable must be quantitative or categorical, and the outcome variable must be quantitative, continuous and unbounded. By quantitative means that they should be measured at the interval level and unbounded implies that there should be no constraints on the variability of the outcome.This assumption is maintained in this study by changing the ordinal data(originally gathered) to interval by multiplying each mean value by the respective number of questions ofthe instrument.

ii. NormalityTest

The other assumption in the regression analysis is normality.According to Field(2009),by using normality test data can be checked whether it's typically distributed or not so that it can qualify the assumption. Hence, the study used standardized graphical regression plots of standard P-P plots to meet the assumption (i.e., the graph lies down straight diagonal from bottom left to top right). Figures 4.1 show the P-P plots of the regression standardized residuals for employee motivation, respectively. The figure shows the data points lay in a straight diagonal line from

Figure 4-1P-P plots

bottom left to top right, indicating no violation of normality assumption.

Source:SPPSOutput

i. Multi Collinearity

According to Myers (1990), multicollinearity refers to very high inter-correlation among predictor variables. A perfect linear relationship among the independent variables implies the difficulty of unique computing estimates for a regression model. Variance inflation factor (VIF) was used to check the seriousness of multicollinearity among explanatory variables. As a rule of thumb, multi-collinearity is a potential problem when variance inflation factor (VIF) is greater than 4; and a severe problem when it is greater than 10 (Field, 2013). Table 10 present the collinearity statistics of predictor variables. The observed VIF values of all predictor variables wereless than 4, and tolerance values were below 1.0, indicating an absence of multicollinearity.

*Table 4-9 Multicollinearity statistics*

Constructs	Collinearity Statistics	
	Tolerance	VIF
Performance appraisal objectives	.574	1.742
Performance appraisal standard measures	.550	1.819
Performance appraisal techniques or method	.638	1.568

Source*:*(SPPSOutput, 2022)

ii. Homoscedasticity and linearity Test

Homoscedasticity in a study occurs when the error term is the same for all predicated (Tabachnic&Fidell, 2007). On the other hand, heteroscedasticity in a study occur when the errors varies across observation (Long & Ervin, 2000). Furthermore, the linearity assumption of multiple regression analysis assumes that there must be a linear relationship among independent and dependent variables (Asghar & Saleh, 2012). To ascertain the degree to which the data met the assumptions, homoscedasticity and linearity required developing a scatter plot of thestandardized residuals for each of the criterion variables. Figure 4 .2 shows the graph for dependent variable, as exhibited in figure 4.2.The points are randomly and evenly dispersed throughout the plot. According to (Field 2009), this pattern indicates a situation in which the assumptions oflinearity and homoscedasticity have been met.

Figure 4-2Scatter plots

<div align="right">
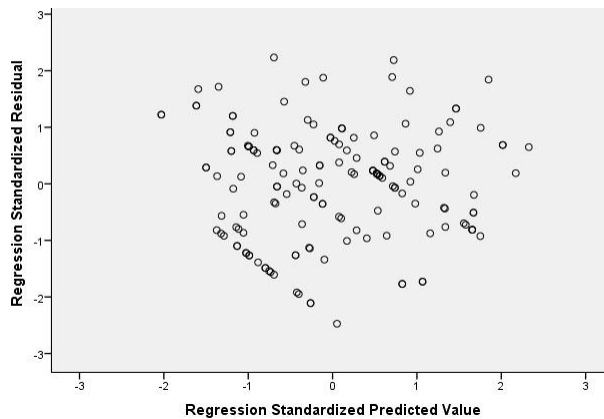
Source:SPPSOutput

</div>

4.5.2. Analysis of Regression Results

The study mainly aimed to evaluate the influence of performance appraisal on employees' motivation of the staff of Ethiopia Tourist Trading Enterprise (ETTE). The multiple linear regression analysis mainly determined this. Thus, regression analysis was undertaken to determinethe effectof performance appraisalon employeemotivation and the result ispresented here after.

i.   The Multiple Coefficient of Determination R²

Coefficient of determination explains the percentage of variation in employees' motivation (the (dependent variable) that is explained by the four performance appraisal dimensions(independent variable) that are: performance appraisal standard, performance appraisal method, and performance appraisal objectives—the table 4.10 below preset the model summary.

Table 4-10Model Summary for performance appraisal and employees'motivationb

Model	R	R Square	AdjustedR Square	Std.ErroroftheE stimate	Durbin-Watson
1	.756ᵃ	.572	.564	3.144	1.907

a. Predictors:(Constant),PerformanceAppraisal Standard,PerformanceAppraisalTechniques, Performance Appraisal Objective
b. DependentVariable:Employee Motivation

Source:(Own computation, 2023)

As indicated in the above table 4.10 R has a value of 0.756, representing the simple correlation between the three independent variables(performance appraisal standards,performance appraisal

methods and performance appraisal objectives) and employee motivation. R^2 on the other hand, explains the percentage of variation in employees' motivation that is explained by the three performance appraisal dimensions. The value of R^2 is 0.564 tells that these dimensions of performance appraisal can account for 56.4% of the variation in the overall employeemotivation. This means having a practice of performance standards, methods and objectives in the organization are the factors that created the 56.4 % of the variance on employee motivation. The remaining 43.6% of the variability in employees' motivation is left unexplained by the explanatory variables used in the study.

ii. ANOVAResult

Theresult in ANOVAtable4.11 showsthat the sum of squares of the regression is 2034.902 at3 degrees of freedom and a mean square of 678.301. The residual sum of squares is 1522.370 with 154 degrees of freedom and mean square value of 9.886. The test for the joint significant whichis given by the F statistic is 68.616, it is statistically significant at p-value =0.00. This impliesthat the three performance appraisal dimensions, namely: performance appraisal objectives, performance appraisal standard measures and performance appraisal techniques or method, considered were relevant in explaining motivation employees of Ethiopia Tourist Trading Enterprise in Addis Ababa.

Table 4-11ANOVA for performance appraisal and employees' motivation a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2034.902	3	678.301	68.616	.000[b]
	Residual	1522.370	154	9.886		
	Total	3557.272	157			

c. DependentVariable:EmployeeMotivation

d. Predictors:(Constant),PerformanceAppraisalStandard,PerformanceAppraisal Techniques, Performance Appraisal Objective

Source:(Own computation, 2023)

iii. Regression Coefficients

The findings in Table 4.12 show the coefficients of the regression.According to the results, three out of four performance appraisal dimensions (fairness of performance appraisal, performance appraisal techniques, and performance appraisal objective) were significant in predicting the motivation of employees since the p values were less than 0.05. The Beta values in Table 4.12

represent the relationship between overall employee motivation and each predictor (i.e., performance appraisal dimensions). Three variables of performance appraisal practice (performance appraisal standard, performance appraisal techniques, and performance appraisal objective) have positive b-values, which are significant at 0.001, which indicates the positive relationships between the performance appraisal practices and overall employee motivation.

Table 4-12Regression Coefficients for performance appraisal and employees'motivationa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	41.532	1.037		40.036	.000
	Performance Appraisal Objective	.441	.076	.402	5.785	.000
	Performance Appraisal Standard	.217	.098	.146	2.218	.028
	Performance Appraisal Techniques	.546	.117	.331	4.662	.000

a.DependentVariable:EmployeeMotivation

Source: (Own computation, 2023)

Using the results of the above multiple regression table, the following regression equation is formulated, and it shows the exact percentage change between predictors and criteria.

Equationformulation$Y=a+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon$

Where,y=Dependent variable,*β*=coefficient so find dependent variable,

$x_1, x_2, x_3 \dots x_n$ = Independent Variable

ε=error terms and a is smoothing constant

Taking in to consideration the results from table 4.12 the regression equation for the Study becomes. $Y = 41.532 + 0.441X_1 + 0.217X_2 + 0.546X_3$

Where,y= Employee motivation

X_1=Performance appraisal objectives

X_2=Performance appraisal standards

X_3=Performance appraisal methods or techniques

As it is shown in the above equation the degree of the effect exerted on performance appraisal practices differs from variable to variable. Therefore, the higher beta value signifies a stronger

correlation with the dependent variable. The equation's interpretation is that holding other factor constant, one unit improvement in performance appraisal techniques results in a 0.546 unit increase in employee motivation, one unit improvement in performance appraisal objectives resulted in 0.441 unit increases in the employee motivation and one unit improvement in performance appraisal standard results in a 0.217 unit increase in the employees' motivation.

4.2. Discussion

The study aimed at establishing the effect of performance appraisal on employee motivation at Ethiopia Tourist Trading Enterprise in Addis Ababa. The study found that the test for the joint significant which is measured by F-statistics significant that implies the set of independent variables: performance appraisal standards, performance appraisal method, and performance appraisal objectives as a whole were contributing to the variance in Employee motivation. This finding has prior empirical support, as demonstrated by Manaye (2017), who discovered a strong and positive relationship between the elements of the performance appraisal process and employee motivation. Furthermore, Abrham (2018) conducted a study to look into how the Ethiopia Tourist Trading Enterprise in Addis Ababa performance appraisal process affected employee motivation. He discovered a significant positive correlation between performance appraisal and employee motivation and came to the conclusion that the ETTE'S performance appraisal system has a significant impact on employee motivation. Further, studies by Fakharyan et al. (2012), Lillian and Mathooko (2011), and Peti Johann et al. (2001) have confirmed the relationship between performance appraisal and employee motivation.

From the performance appraisal dimension the study found that performance appraisal objective has statistically significant effect on employee motivation. This result has prior empirical supports. the performance appraisal objective, according to Williams (2002), has created conditions where employees share organizational goals and allow people to comprehend their input to those goals, which in turn enhances employees' motivation. Furthermore, according to research by Torrington et al. (2013), performance appraisal objective has a statistically significant impact on employees' productivity and motivation,

The study also established that performance appraisal methods have statistically significant effect on employees' motivation. This finding has consistence with Robbins and Judge (2013) found that performance appraisal methods statistically significant effect on employees' motivation and employees' performance. However, unlike the present finding, Mathias (2012) found that performance appraisal methods have not significant impact on employees' motivation.

The present study also found that performance appraisal standard had statistically significant effect on employees'motivation.This finding has consistence with Kandula(2007)who found

that performance appraisal standards and performance appraisal methods have positive and significant impact on employees' motivation. Faris (2016) also found that performance appraisal standard statistically significant effect on employees' motivation.

Perception of Employees Towards ETTE Performance Appraisal Practices

The first specific objective aimed to examine the perception of employees towards Ethiopia Tourist Trading Enterprise's (ETTE) performance appraisal practices. The comprehensive analysis revealed the understanding of employee perspectives on various dimensions of the performance appraisal system.

The examination of performance appraisal objectives showed a noteworthy aspect of employee perception. The mean score of 2.54 indicates a relatively low perception among employees. Notably, the sub-dimensions related to performance appraisal-based payment and the development of employees' knowledge and skills received lower scores. This implies a potential misalignment between organizational goals and employee expectations. The findings suggest a need for targeted interventions to enhance employee understanding of performance appraisal objectives and their linkage to broader organizational objectives.

Assessment of the Impact of Performance Appraisal Objectives on Employee Motivation

The second objective sought to assess the extent to which performance appraisal objectives affect employee motivation at ETTE.

The correlation analysis result showed a significant positive relationship between performance appraisal objectives and employee motivation ($r = 0.642$, $p < 0.01$). This highlights the pivotal role of clear and well-communicated performance appraisal objectives in fostering a motivated workforce. The results emphasize the need for ETTE to ensure that the objectives of performance appraisal are not only aligned with organizational goals but are also effectively communicated to employees to enhance motivation.

Examination of the Effects of Performance Appraisal Techniques on Employee Motivation

The third objective focused on examining the effects of performance appraisal techniques on employee motivation at ETTE. The analysis of performance appraisal techniques revealed a neutral perception among employees. The correlation analysis indicates a significant positive relationship between performance appraisal techniques and employee motivation (r = 0.514, p < 0.01). While the graphic rating scale method and behaviorally anchored rating method received higher scores, the overall neutral perception suggests an opportunity for organizational dialogue to enhance employee understanding and comfort with the chosen techniques. This underscores the importance of selecting and implementing appraisal techniques that resonate with employees, contributing to heightened motivation.

Examination of the Effects of Performance Appraisal Standards on Employee Motivation

The last objective sought to examine the effects of performance appraisal standards on employee motivation at ETTE. The analysis of performance appraisal standards indicated a moderate perception among employees. The correlation analysis demonstrates a significant positive relationship between performance appraisal standards and employee motivation (r = 0.582, p < 0.01). This highlights the importance of clear and consistently applied standards in influencing employee motivation positively. The findings suggest an opportunity for ETTE to reinforce standard measures, particularly by providing training for appraisers, to enhance overall employee satisfaction and motivation.

CHAPTER FIVE

FINDINGS, CONCLUSIONS & RECOMMENDATIONS

This chapter presents a summary of the study findings, conclusions, recommendations, limitation of the study and future research direction. Based on the key findings and results, conclusions are drawn and recommendations were made

5.1 Summary of Key Findings

The study's general objective was to assess the impact of performance appraisal on employees' motivation in case Ethiopia Tourist Trading Enterprise in Addis Ababa. To address the research this objective, a survey was conducted. Specifically, the study has collected primary data from ETTE employees through distributing questionnaire and 158 were duly completed and returned for analysis. The major findings of the study have been summarized as follows.

- The result of the study found that the respondents' perception towards the three dimensions of performance appraisal practice is low, indicating that the majority of respondents less agreed to the performance appraisal practices. The grand mean score for the performance appraisal objectives, performance appraisal standards measures, and performance appraisal techniques or method, are 2.54, 3.05, and 2.8, respectively.

- The respondents' perception of their motivation level is low, with a grand mean score of 2.59, indicating that most respondents less agree concerning the statements specified in the 10 items that measures their motivation level.

- Regarding the relationship among performance appraisal dimensions and employees' motivation, there is a significant positive relationship between the three performance appraisal dimensions and employee motivation. Performance Appraisal Objective is the most related to employee motivation with r = 0.682. Performance appraisal standards is also positively related to employee motivation with r = 0.659. Performance Appraisal Techniques is also positively related to employee motivation with r = 0.541.

- The regression result also indicates that the three predictor variables or performance appraisal dimensions(performance appraisal standards,performance appraisal objectives,

and performance appraisal techniques or method) have statistically significant contribution to the employees' motivation. The adjusted R² of 0.564 indicates that performance appraisal practices can predict 56.4% of the variance in employees' motivation. Therefore, performance appraisal dimensions have a positive and significant effect on employees' motivation.

5.2 Conclusions

Thestudy is conducted to evaluate is to assess theeffect ofperformanceappraisal on employees' motivation with the case of Ethiopia Tourist Trading Enterprise. Accordingly, based on the findings presented in the above section; the researcher makes some conclusions concerning the relationship between the performance appraisal dimension and employee motivation.

The study concluded that the respondents' perception towards the three dimensions of performance appraisal practice is low, indicating that the majority of respondents less agreed to the performance appraisal practices. The respondents' perception of their motivation level is low, with a grand mean score of 2.59, indicating that most respondents less agree concerning the statements specified in the 10 items that measures their motivation level. Regarding the relationship among performance appraisal dimensions and employees' motivation, there is a significant positive relationship between the three performance appraisal dimensions and employee motivation.

The study found that performance appraisal influence employees' motivation significantly at Ethiopia Tourist Trading Enterprise.Therefore,the ETTE's improvement of these performance appraisal practices has a higher potential of improving its employees' motivation. Thus, improved performance appraisal practices are an increasingly important tool to motivate employees. Hence to conclude that employees need to be aware of the actual implementation of performance appraisal practices (performance appraisal objectives, standard measure and methods or techniques) have to be improved for better or to enhance employee motivation. In general, this study concluded that performance appraisal is likely to generate employees' motivation. Effective application of performance appraisal processes is inevitably required in boosting employee motivation.

Overall, the study concludes that while there are positive aspects to the performance appraisal system at ETTE, there exist opportunities for improvement. A more transparent and aligned communication of performance appraisal objectives is critical to bridging the gap between organizational expectations and employee perceptions. The findings underscore the significance of selecting and implementing appraisal techniques that resonate with employees' understanding and preferences. Moreover, maintaining and reinforcing performance appraisal standards is vital for sustaining a positive impact on employee motivation.

5.3 Recommendations

Based on the findings and conclusions of the study, the researcher provides the following recommendations.

- ❖ The management of Ethiopia Tourist Trading Enterprise should influence the performance appraisal dimensions to improve the employees' motivation.

- ❖ The study recommendable that the ETTE mutually set performance goals or objectives that are specific and challenging to boost employee motivation and performance by leading people to focus their attention on specific objectives and increase their effort to achieve these objectives

- ❖ The management of Ethiopia Tourist Trading Enterprise should develop performance appraisal objectives that the staff can easily understand and to the extent to which supervisors or managers can adapt them among their subordinates. Reward supervisors and managers for communicating these objectives by developing employee engagement among their subordinates and peers.

- ❖ The study recommends ETTE to set and applies various performance techniques by using relevant performance measurement tools. More so, the company should choose appropriate performance appraisal methods which satisfy their employees' needs. Like management by objective (MBO) method which managers and employeesjointly set objectives for the employees, periodically evaluate performance, and reward according to the result.

- ❖ Enhance communication of performance appraisal by establishing communication strategyto regularly update employees, through workshops and training sessions to ensure a clear understanding of performance appraisal objectives among employees.

- ❖ The management of Ethiopia Tourist Trading Enterprise should allow the participation of employees in the design, implementation, and evaluation of performance appraisal programs that offers a direct way for compensation professionals to enhance employee motivation.

- ❖ To sum up, the enterprise should enhance their employee motivation by financial and non-financial rewards scheme, should develop learning and career development, create work-life balance, a good working environment, and should develop a fair and proper PA practice.

5.4 Further Research Direction

Although this research provides some significant insights into performance appraisal practices of Ethiopia Tourist Trading Enterprise, there is still a chance to extend the findings to gain a more comprehensive understanding.

- The future researchers should make their researches in different public institutions and other different organizations in order to broaden empirical evidences in the area.

- Further research in the areas of performance appraisal practices would be useful in understanding the impact that the practices have on other performance indicators like employee performance, commitment, employee attitude, and employee job satisfaction.

- In addition, it is recommended that future researchers assess the factors affecting performance appraisal by using other variables.

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APPENDIX-I
RESEARCH QUESTIONNAIRE
ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
<u>Questionnaires to be Fulfilled by Employees of ETTE</u>

Dear respondents;

I would like to express my deepest appreciation for your generous time, honest and prompt responses. This questionnaire is designed to gather data about performance appraisal on employee's motivation and their performance at Ethiopia Tourist Trading Enterprise. The information will be used as primary data for the study entitled "the impact of performance appraisal on employee's motivation and their performance at Ethiopia Tourist Trading Enterprise" which I am conducting as a partial fulfillment of master's degree in Business Administration at St. Mary's University. The data you provide believes to have a great value for the success of this research. I confirm you that the information you provide will be used for academic purpose and analyzed anonymously. Therefore, I would like to assure you that you are not exposed to any harm because of the information you provide.

In advance i thank you very much taking you precious time to complete my questionnaires and your cooperation is greatly appreciated.

GeneralInstruction:-Circle your response or indicate"√"in the box be neath for closed-ended questions among the provided alternatives. You don't need to write your name.

SectionI: Demographic Profile of Respondent

1.Age: A.18-29   B.30-40   C. 41 – 50   D. 51-60

2.Gender:A.Female   B. Male

3.Levelof education

   A. Certificate   C. Degree

   B. Diploma   D. Masters

4. For how many years have you worked at ETTE ?

   A. 1-3years   C.8-11 years

   B. 4-7Years   D.above12 years

SectionII:Performance appraisal system

This part of the questionnaire consists of items concerning performance appraisal system. The main purpose of the instrument is to assess four dimensions of performance appraisal in your organization i.e. Performance Appraisal Objectives (PAO), Performance Appraisal Standard Measures and Performance Appraisal Techniques or method (PAT). Evaluate to what extenteach statement fits the culture of your organization. On the basis of your prior experience regarding performance appraisal system please answer the following on the liker Scale (**1= strongly agree, 2= agree, 3= neutral, 4= disagree, and 5= strongly disagree**)

SN.	Performance Appraisal measurement Scale	Ratingscale				
		SA(5)	A(4)	N(3)	D(2)	SD(1)
	I. Performance Appraisal Objective					
1.	The enterprise use performance appraisal-based payment, Such as bonuses and incentives					
2.	Human resource management decisions for promotion, Termination and lay off is purely based on Performance Appraisal					
3.	The result on performance appraisal uses to reward good performer employees in a better way than other fewer Performer employees.					
4.	The purpose of performance appraisal in the enterprise is Basically to identify and prepare individuals for increased responsibilities.					
5.	The HR department follows up seriously the training needs Identified during appraisals					
6.	The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment, and the like.					
7.	In the organization performance appraisal isused to develop employee`s knowledge, skill and efficiency					
	II. PerformanceAppraisal Techniques(PAT)					
8.	The rater uses the graphic rating scale method(excellent, good,average,fair,poor) to appraise.					
9.	The rater comparese very employee with every other Employee in the work group.					
10.	Supervisors use behaviorally anchored rating method that is, A description of each assessment along a continuum(anumeric scale from low to high)					
11.	The rater uses the ranking method(best worker,average					

	worker,andworst)for appraising employees.					
12.	The rater uses management by objective method (management setting goals with employees then evaluate Performance finally reward according to the result)					
13.	Employees are participating in setting standards and measuring performance?)					
14.	I am satisfied with the current appraisal method					
15.	The rater gives feed back after the appraisa lresult.					
	III. Performance Appraisal Standard (PAS)					
16.	The supervisor appraises me based on job-related criteria Rather than others.					
17.	The enterprise's supervisors evaluate employee's Performance based on his/her behavior.					
18.	The rater appraises employees'performance by their Competencies.					
19.	The organization gives training for performance appraisers To improve the fair appraising evaluation system.					
20.	The employee has sufficient knowledge of traits such as ratingscale,appraisal consisted of many dimension ssuch as volume of work,quality of work,job knowledge, dependability,cooperation,etc.					
21.	The appraiser communicates with employees in the Appraisal process and anyother concerns.					

SectionIII:
Questionnaires on Employee Motivation

In the section below, indicate the extent to which you agree with each of the following statements regarding your motivation level by ticking (✔) that which most closely matches your opinion. Use the following rating scale. 1: *Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree* and 5: *Strongly Agree*

SN.	Items	Ratingscale				
		SA(5)	A(4)	N(3)	D(2)	SD(1)
1.	The enterprise's,incentives or bonus motivates me to Improve my performance					
2.	The enterprise promotes employees based on their Performance to motivate them.					
3.	The enterprise allows giving recognition to motivate employees.					
4.	Employees are motivated for career development or Personal growth,competency,sensing achievement					
5.	I am satisfied and motivated with the performance appraisal System because itisfair.					
6.	The enterprise allows me to participate in the whole Performance appraisal process in ETTE.					
7.	The organization linked rewarding to the performance Appraisal system in enhancing my motivation					
8.	The organization appoints appropriate appraisers that Motivateme to improvemyperformance.					
9.	The ways ETTE disseminates information regarding he Appraisal process motivated me.					
10.	The ways give feedbacks of appraisal motivate me to Improve my performance.					

Thank you for your cooperation