



Ashesi University College

**THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE
MOTIVATION IN TWO PUBLISHING FIRMS.**

BY

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DECLARATION

I hereby declare that this Thesis is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

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ABSTRACT

The purpose of this study is to find the effect of performance appraisals on employee motivation and it influences the output of employees and the potential outcome on the firms. The study employs data gathered from face-to-face interviews from two companies. Data were analysed by categorizing the responses from participants and use them to develop themes to answer the research questions. The results of the study showed that performance appraisals do have effects on the motivation of employees and consequently, the potential productivity of the firm. Upon further analysis the study revealed that intrinsic/personal motivation affects the effectiveness of extrinsic motivation mostly in the form of incentives. The study also showed that perceived fairness and objectivity can affect the effectiveness of performance appraisals in motivating employees. Based on these findings, it is suggested that organizations should put in more effort to improve upon their appraisal systems to boost the motivation of their staff for high productivity.

Keywords: Performance appraisal, Employee motivation, Effects

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CHAPTER 1: INTRODUCTION

1.1 Background of the Study

Performance appraisal is essential to most organizations because it is the most powerful and effective instrument for keeping employees happy and motivated on the job (De Cenzo, & Robins, 1994; Dessler, 2008). Performance is the way someone or something functions. Appraise is derived from the Latin word “pretiare”, which means to value. (Coens & Jenkins, 2000). To value in this perspective means to take good care of, monitor progress to promote growth, and ensure the employee involved is happy and motivated. An appraisal can therefore be described as a process in which employee’s performance is evaluated based on a set boundary, agreed time frame, guidance and a set standard. Combining these definitions, it may be concluded that performance appraisal is the process of evaluating the way in which someone is functioning based on set standards.

Effective performance appraisal has several benefits both to the organization and employees. Examples of such benefits include giving feedbacks in a positive way to enable employees to improve their performance on the job. Results of performance appraisals enable employers to give appropriate rewards and incentives to employees that are hardworking and excelling at their roles. It is used to build a dossier on termination of low performing employees and to select those that need training to improve performance or for promotion and career development. Other benefits of appraising performance are that it helps organizations track the progress of their employees and hold them accountable to the organizations goals. Organizational growth cannot be a reality if the performance of its workers is not appraised for

improvement or reinforcement of performance. Performance appraisals are also crucial for career development of the employee and drawing succession plan for the organization. Performance appraisals provide a recognized, recorded, customary assessment of an individual's routine, and a sketch for potential enlargement. (Panagar, 2009). These benefits show the importance of appraisal to organizations.

According to Donegan (2002), "success will to a larger extent depend on the organization's ability to evaluate progress and hold accountable those charged with executing certain tasks" (pp. 233). Thus, performance appraisals seek to evaluate the performance of an employee against standard or goals set by the organization and even take corrective actions if need be. (Fatma, 2017)

According to Bennet (2002), employees of an organization are vital to the growth and success of the organization and in many cases, employees reflect their organizations. He further explains that people working for an organization, are the most valuable, the costliest, and the most volatile of all the resources that it can use to accomplish its work (Chaponda, 2014).

1.2 Statement of the Problem

The situation in Ghana is that some managers and supervisors do not properly use performance appraisals as the tool or instrument it was designed to be. Objectivity is usually lost when carrying out appraisals because some managers put personal judgements and prejudices held against some employees before carrying out this task. Performance appraisals are also flawed because sometimes the contrast effect comes to play when employees are compared to fellow employees by their managers or

supervisors, without considering personality differences, which affects the morale of the employee. There are various errors such as the halo effect, recency error, horn effect and contrast effect; that affect performance appraisals in many Ghanaian organizations and although a few maybe subtle, many could be avoided_(Gürbüz & Dikmenli, 2007). This generates inaccurate performance appraisals of employees and affects the morale of the employees and the repercussions extend to the business in the long run. Horsoo (2009) highlighted in his work on the Barclays Bank Ghana Limited that employees are with the views that, “The performance appraisal process which is designed to be a developmental tool to enhance performance, had been turned into a discriminatory, punitive and/or judgmental process, where cronyism and biased considerations dominate rather than objectivity” (pp. iv)

From observation a significant number of Ghanaian employees have been displeased with the way some supervisors carry out performance appraisals, because they do not score well on the performance appraisal ratings because some supervisors use performance appraisals as a form of vendetta, to give low scores to employees they have issues with. Some employees in some organizations in Accra have sometimes been threatened with performance appraisals by their superiors to get them to tow the lines of their supervisors. Some employees are also threatened by the mere fact that not being in the good books of their supervisor could get them bad scores for performance during appraisal. On the other hand, not all employees seem to feel the same way about performance appraisal ratings. In some companies especially multinationals like Tullow Oil and General Electric, where appraisals are carried out diligently and well it is noticed that there is a cordial relationship between supervisors

and colleagues unlike other organizations where the relationship between supervisors and colleagues feels like a master-servant relationship.

For an employee to deliver on the job he/she needs a conducive work environment to be able to work productively to deliver results desired from his/her superiors. If performance appraisals are possibly hampering this conducive working environment, then it is worth undertaking and discovering the relationship between performance appraisals and employee motivation to help managers know, appreciate and advise themselves on how to effectively conduct employee performance appraisals. This can be achieved if appraisers have knowledge on theories that throw light on how to effectively conduct appraisals and the consequences on the organization if they fail to do so.

1.3 Theoretical Framework

The theoretical frameworks appropriate for this study are the reinforcement theory, equity theory and the expectancy theory of motivation. the reinforcement theory of motivation which was introduced by BF Skinner; an American psychologist, and his associates states that an individual's behaviour tied in with positive consequences tends to be repeated and improved, but individual's behaviour with negative consequences tends not to be repeated (Skinner, B.F. 1957). It is great for an organization to remain healthy unless these performance appraisals are not carried out as intended. A good performance appraisal should contain constructive feedback, allow the employee to assess themselves and communicate expectations and goals to the employee so they can also track their performance. When these performance appraisals are carried out inaccurately it makes performance appraisals an unfair

measure of an employee's performance. Wrong use of appraisals to settle scores are detrimental to the motivation and morale of employees, which may lead to the employee performing poorly to the detriment of the company.

Likewise, the equity theory which was propounded by Adams (1963), also states that individuals are motivated by fairness and if they identify inequities in the input/output ratios of themselves and their referent group, they will seek to adjust their input to reach their perceived equity (Adams, 1963). This implies that employees are satisfied and even willing to improve their work if they see their hard work, skillset and all they bring to the firm commensurately rewarded by their salary, bonuses and appreciations in the form of awards. It also implies that when an employee does not agree to the level of output he/she is getting from the input they give, they are likely to lower their input to reach a balance with the output they are receiving. The equity theory; in relation to the topic, explains that if performance appraisals do not reflect the input of the employee, he/she is likely to be dissatisfied and it could affect the output of the employee. However individual personalities and abilities to respond to positive or negative criticisms may be a factor in this theory.

The expectancy theory which was propounded by Vroom, Lawler & Porter (1964), suggested that the relationship between people's behaviour and performance at work and their goals is based on factors such as personality, skills, knowledge, experience and abilities. There is a positive correlation between efforts and performance. The theory is based on the assumptions that an employee expects that a favourable performance will result in a desirable reward and the reward will satisfy a

need of the employee. Thus, once the desire to satisfy the need is strong enough, the employee will try to achieve certain performances (Vroom, Lawler & Porter 1964).

1.4 General Objective

The general objective of this study is to find out the effect of performance appraisals on employee motivation in two publishing companies to see if it influences the output of employees and overall firm productivity.

1.5 Specific Objectives

The specific objectives for my research outlined below

There is a general complain by Ghanaian customers/clients about the apathy of employees they interact with whilst purchasing goods or services. This could generally be linked to how motivated an employee is at his/her role. Although motivation comes in different forms, performance review results could be important in this regard. Thus, the specific objectives of this study are to:

1. Identify ways performance appraisals can be used to motivate employees.
2. Unearth the effect of motivated employees on the overall productivity of the two establishments under study.
3. Suggest ways performance appraisals can be used to measure performance of employees.
4. To find out the implications of demotivated employees on the two firms under study.

1.6 Research Questions

1. How do performance reviews impact the motivation of an employee?
2. What impact does employee motivation have on the output of a firm/organization?

3. How can performance appraisals be used to measure the performance of an employee?
4. What are the implications of a demotivated employee to a firm/organization?

1.7 Significance of Study

This study is relevant because employee relations influence the total well-being of an organization and as such an important process like performance appraisals should be scrutinized so that it boosts the well-being of the organization rather than bringing it down. Employee motivation can also be linked to the performance of an organization because basically an organization is made up of employees working together as one organism to achieve their goals and as such if an employee lacks motivation it could reflect on the outcome and productivity of the organization. This is relevant because once managers get to understand the relationship between performance appraisals and employee motivation, it will inform their choice on how to carry out performance appraisals to ensure that they maintain high motivation amongst their employees. Current trends indicate that employees now switch jobs not just because of monetary gain but also due to lack of motivation so it will be relevant to managers to know the relationship and utilise it in their employee retention strategies to obtain high retention rates.

1.8 Organization of Study

This study is presented in five (5) chapters. Chapter one presents the introduction, which contains the background of the research, the problem statement, general and specific objectives to be achieved at the end of the study and the significance of the research study.

Chapter two consists of literature reviews of the research topic. It presents the review of related literature on performance appraisal and employee motivation.

Chapter three discusses the methodology employed for the study. The chapter is broken down into sub topics including procedure, population, sample selection, sample size, data collection methods, analysis and limitations of the study.

Chapter four discusses the results from the responses of respondents of the study.

Chapter five gives the overview and conclusions drawn from the analysis of the study, and recommendations on the findings of the research study

The next chapter provides a context for the study and demonstrates why it is worthwhile and timely. It tries to convince the reader of the validity of the researcher's assertions by providing logical and empirical support (Vanderstoep, S. W., & Johnston, D. D. 2009).

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Effective motivation of employees could have effects on their job satisfaction which also translates into productivity of the firm. Performance appraisals which measure the performance of employees tend to influence the overall motivation of an employee. Understanding the relationship between performance appraisal and the effect it has on employee motivation, could help managers in firms increase the job satisfaction of the employees. Theories that talk about motivation in relation to performance appraisals selected for this study include the reinforcement theory of motivation and the equity theory of motivation. These theories give an explanatory foundation and framework to which this research study can revolve around effectively to be able to derive the relationship I seek to find between performance appraisals and the effect it has on employee motivation. This chapter reviews literature on the theoretical framework and existing work on the relationship between performance appraisals and the effect it has on employee motivation.

The chapter is presented under sub-topics including performance appraisal, equity theory of motivation, reinforcement theory of motivation, expectancy theory of motivation and performance appraisals and employee motivation.

2.2 Performance Appraisal

A performance appraisal is a method by which the job performance of an employee is measured, documented and evaluated by a manager or supervisor.

Performance appraisal is the process of assessing the performance of employees in

comparison to standards set and then giving feedback to the employees (Mathias & Jackson, 2004). Most performance appraisals are a part of career development plan and are made up of periodical reviews of employee performance within organizations. Even though some employees and some managers dread performance appraisals, it is extremely important to the growth and development of employees and the organization. Santa (1990) wrote in her article that performance appraisals help keep employees on target and on goal. Without periodic evaluation, an employee can become stagnant and complacent, losing motivation and enthusiasm. Good work habits can fade away through lack of acknowledgement, and bad habits can become ingrained. She further explained that companies that regularly and effectively review their employees' performance tend to have less employee turnover, and that employees have fewer illnesses and stress-related problems (Santa 1990). Although appraisals help the employee to evaluate their performance and create room for growth, it also has some flaws that sometimes come up in the process and these become challenges to the objectivity of the performance appraisal process.

The challenges found in performance appraisals are because of it being conducted within human institutions. Some of the recurring flaws found usually in performance appraisals are bias; which is a personality-based tendency, either toward or against something (Kumbhar, 2011), and stereotyping; which is classifying a person into an affinity group (Afriyie, 2009). Recency error is a situation where appraisers use only the last few weeks or month of a rating period as evidence of their ratings of others (Qureshi et al., 2007), and lastly the halo error, where the evaluator has a generally positive or negative impression of an individual, and the evaluator then artificially extends that general impression to many individual categories of

performance to create an overall evaluation of the individual that is either positive or negative (Jones & Wright, 2007).

In a related article by Lawler (2012), he explained that performance appraisal systems are effective when they are based on goals that are jointly set by the employee and his manager and are driven by an organization's business strategy. The use of competency models that are based on business strategy is strongly associated with organizational effectiveness. He recommended that keys to effectively carry out performance appraisals are training managers to do appraisals, holding them accountable for how well they do appraisals and using measures of how results are achieved (Lawler III, 2012).

Notwithstanding the fact that performance appraisal is a great tool to be used by organizations, there is a tendency for managers and supervisors to abuse the system by not keeping the integrity of the process. They do so by allowing personal prejudices and personal relations as well as other reasons to affect their objectivity whilst carrying out the performance appraisals. Davidson (1995) opined that the increased use of performance appraisals results as evidence in courts is becoming a great temptation for employers to manipulate performance appraisal results to avoid the growing costs of litigation and compensation of disgruntled employees who may take employers to court. Moreover, due to the nature of performance appraisals, the appraiser can easily manipulate the result of the exercise (Davidson, 1995).

According to Tziner & Murphy (1999), appraisers who showed low levels of confidence in the appraisal system, high levels of discomfort, or high levels of instrumental commitment are more likely to provide ratings that were unusually high

or that did not discriminate well among employees and/or dimensions. On the other hand, appraisers who showed higher levels of attitudinal commitment or who perceive more risks associated with distorting ratings tend to provide lower ratings and to discriminate among employees and/or dimensions. (Tziner & Murphy, 1999). Thus, employees are going to sense and feel discrimination and inequity in the performance appraisal process when comparing their appraisal responses to that of their colleagues or referent group and once they identify such differences it may cause a problem of apathy to the performance appraisal process by the employee and it may also cause the employee to be demotivated.

2.3 Equity Theory of Motivation

The equity theory states that individuals are motivated by fairness and if they identify inequities in the input or output ratios of themselves and their referent group, they will seek to adjust their input to reach their perceived equity (Adams, 1963). This implies that employees would be satisfied and even willing to improve their work if they see their hard work, skillset and all they bring to the firm commensurately rewarded by their salary, bonuses and appreciations in the form of awards. It also implies that when an employee does not agree to the level of output he/she is getting from the input they give, they are likely to lower their input to reach a balance with the output they are receiving.

In a study by Selvarajan and Cloninger (2012) on Mexican employees, they examined the relationship between performance appraisal characteristics (appraisal source, appraisal purpose and feedback richness) and perceived reactions of employees to the appraisal characteristics (perceived fairness and perceived accuracy

of appraisals) and appraisal outcomes (appraisal satisfaction and motivation to improve). The results of the study showed that performance appraisals which the employees perceived as fair had a positive effect on employees' motivation and job satisfaction. Also, employees preferred intangible appreciations such as respect and dignity than rewards that come in the form of non-monetary outcomes, contrary to what Kampkotter (2016) found in his study, that employees are motivated by performance appraisals that are tied to only monetary outcomes. The results here may be unique to Mexican employees because of their culture or history where they place a high regard on the respect for other people. Accordingly, depending on the culture of the people the nature of appraisal outcome rewards may vary (Selvarajan & Cloninger, 2012).

In a related study by Cosier and Dalton (1983) on the equity theory reveals a reverse reaction to inequity where equity theory suggests that an employee who perceives that he/she is not being treated fairly like other employees may reduce his or her inputs. However, the exact opposite may occur where the individual may redouble efforts to gain approval especially when their output is questionable. This is contrary to what Adams (1963) proposed that individuals are motivated by the fairness they perceived equity. However, this result may be as a reaction to intentionally placing inequity in the work place. Some individuals can leverage negative comments by turning them into a source of motivation to prove others wrong and as such, it differs from person to person. This also supports Kuvaas (2006) position on motivation, that the motivation of an employee could possibly be mediated and moderated by the individual. The conception that motivation of an employee could be controlled is also seen in the expectancy theory of motivation where employees are motivated when

they act according to expectation and are rewarded according to what they expect to receive for their input.

2.4 Expectancy Theory of Motivation

The expectancy theory states that employees are motivated to increase their input when they believe that their efforts lead to higher performance, and the higher performance will be rewarded by their organization or firm in a form that is valuable to them (Vroom & Deci, 1983.) Once an employee creates expectations of his or her performance and the reward that goes with it, they adjust their inputs to achieve their expectation and they expect to be rewarded after achieving such performance. The theory suggests that if employees have a strongly perceived connection between their efforts and their outcomes, it will increase their motivation in the workplace. The theory suggests that employees have different sets of goals and they can be motivated when they believe that:

- There is a positive correlation between efforts and performance,
- Good performances will result in a receiving an expected reward,
- The reward will satisfy a need of importance to the individual,
- The drive to satisfy the need is strong enough to make the effort worthwhile.

(Vroom & Deci, 1983.)

Valence here represents to the emotional disposition people have with respect to outcomes (rewards). It can further be explained as level of want of an employee for extrinsic (money, promotion, time-off, benefits) or intrinsic (satisfaction) rewards. (Vroom & Deci, 1983).

Expectancy

Employees have different expectations and levels of confidence about their ability what they can do. Management must discover what resources, training, or supervision employees need to stay motivated (Vroom & Deci, 1983).

Instrumentality

This refers to the perception of employees on what they will receive even if it has been promised by a management. Management must ensure that promises of rewards are fulfilled and that employees are aware of that (Vroom & Deci, 1983.) Vroom suggests that an employee's beliefs about Expectancy, Instrumentality, and Valence interact psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain (Vroom & Deci, 1983).

A study by Lawler and Suttle (1973) showed that expectancy beliefs can predict behaviour but do not show that many of the more complex predictions generated by the theory are valid. In a similar study by Reinharth and Wahba (1975), showed that the theory's ability to explain human behaviour was at best a very limited portion of human behaviour. The theory which based on the basis of rationality, serves as a useful predictor in situations where contingencies between acts and outcomes and between first-level and second-level outcomes are clearly perceived by the individual, whereas ambiguous situations force the individual to develop a choice mechanism not based on the expectancy variables (Lawler & Suttle, 1973). These similar findings point out that the expectancy theory is a predictor of the behaviour of an employee due to perceived outcomes associated with their acts in the work place.

However, these perceived outcomes are mediated by supervisors and managers, thus the perceived outcome of the employee does not always materialise. This according to the expectancy theory could lead to the decrease in the motivation of an employee especially if the employee is denied his or her perceived outcomes although they adjust their inputs to achieve higher performances.

2.5 Reinforcement Theory of Motivation

The reinforcement theory of motivation which was developed by (Skinner 1957) is a theory that describes human behaviour. He explained that an individual's behaviour tied in with positive consequences tends to be repeated and improved, but individual's behaviour with negative consequences tends not to be repeated (Skinner, 1957). LeBoeuf in his best-selling book, *The Greatest Management Principle in the World*, says there are two important lessons that managers must learn if they are going to get the best results from people and one of them is you get more of the behaviour you reward. "You don't get what you hope for, ask for, wish for or beg for. You get what you reward. Come what may, you can count on people and creatures to do the things that they believe will benefit the most" (LeBoeuf, 1989. pp8). Thus what (Skinner 1957) opined was that to get a particular result in the behaviour of an employee you will have to reward or criticize their behaviour to reinforce the results you like to see before you can actually get it since behaviour is as a result of constant action.

2.6 Performance appraisals and Employee Motivation

Exploring the relationship between performance appraisals and employee motivation, there has been some work done in different parts of the world on the

topic. Thus, looking at these studies would help give an idea of how far the existing literature has covered in this area. Kuvaas (2006) in his article showed the relationship between performance appraisal satisfaction and work performance. Both performance appraisal satisfaction and employee outcomes mediated and moderated by employees' intrinsic work motivation. The form of the moderation revealed a negative relationship for employees with low intrinsic motivation and a positive relationship for those with high intrinsic motivation. The article introduced a new variable as a factor in determining the relationship between performance appraisals and employee motivation which is the intrinsic self-motivation of the employee. Although the study was done with 593 employees in the Norwegian banking sector, which is somewhat small to generalize to a larger population across the world; however, it is worth noting that intrinsic motivation could be a lurking factor in determining the relationship between performance appraisals and employee motivation (Kuvaas, 2006).

In another study which analyses the effect of performance appraisals on employees' overall job satisfaction, the article differentiates between appraisals that are linked to monetary outcomes, such as bonus payments and promotions, and appraisals that have no monetary consequences. The results of the study showed a significantly positive effect of performance appraisals on job satisfaction, which is primarily driven by appraisals linked to monetary outcomes. Furthermore, the study explored the moderating effects of personality traits on the relationship between performance appraisals and job satisfaction. The results of this study suggest that performance appraisals combined with extrinsic rewards (monetary and career-related consequences) are a powerful human resource management tool that is appreciated by employees. Hence, it seems to be very important that appraisals are linked to tangible outcomes, such as a bonus, a promotion, or a pay raise. Performance appraisals with

monetary outcomes also come along with a stronger feeling of perceived recognition from superiors. This article reiterates the same findings from, “*What Makes Appraisals Effective?*” by Lawler, Benson, and McDermott (2012), that appraisals which have monetary consequence, and, in this case, career related consequences often tend to be taken more seriously than non-monetary appraisals. The finding also adds on that appraisals with monetary ties tend to increase job satisfaction amongst employees which may probably affect the motivation of the employee at work (Lawler, Benson & McDermott, 2012).

2.7 Conclusion

The literature discussed in the preceding paragraphs, shows various arguments about the relationship between performance appraisals and employee motivation. Looking critically into the literature there are underlying factors that may or may not affect the relationships observed in other studies. Some of these underlying factors could be the geographical location of the study and the prevailing socio-economic conditions in the countries in which the study was conducted. Another factor discovered through the literature review is the personal intrinsic factors of employees and how they react to performance appraisals and negative motivation. This brings to light the fact that doing a qualitative research on the subject would be worthwhile. A qualitative research would unearth the personal factors that affect the relationship between performance appraisals and negative motivation. Also, all the literature reviewed on the subject were done quantitatively. Thus, conducting a qualitative study here would benefit this field of research by bringing a new perspective which is an in-depth understanding of the topic from the knowledge and experiences of

employees and managers on the topic. My next chapter will therefore, discuss the approach to this study, how I will go about it and the reasons behind it.

CHAPTER 3: METHODOLOGY

3.1 Introduction

The purpose for this study is to identify the effect of performance appraisals on employee motivation in two publishing firms namely Kabkork Publication Limited and Winmat Publishers Limited. This chapter describes the research method, data collection and analysis procedure as well as limitations to the research. This chapter is important for research study as it shows the outlay of the procedure for the study to give other researchers the ability to understand the findings as well as use it for further studies if needed.

3.2 Research Design

For this study, an exploratory approach to research is chosen because I will be researching into an idea from my observation, which is based on different theoretical frameworks. An exploratory study is usually done where a researcher wants to understand a behaviour he or she has observed (Vanderstoep, S. W., & Johnston, D. D. 2009) and in this case, this study strives to find out the relationship between performance appraisal process and its effect on employee motivation. The choice of qualitative approach for this research is to bring in-depth understanding to the relationship between performance appraisal process and employee motivation. Exploratory studies are also characterized by introducing a new perspective of looking at the topic from a theoretical lens or a new method of collecting and analysing data. This study looks at a different approach to existing data using a qualitative instead of quantitative. Other researchers who have undertaken similar studies also used exploratory since literature on this topic is less. A similar study such as that of Akuoku (2012) also defined his approach as exploratory.

3.3 Research Scope

3.3.1 Study Population

The study is focused on the population of two publishing companies namely Kabkork Publications Ltd and Winmat Publishers Ltd. The population includes all the employees and management of the two publishing firms.

3.4 Sampling Strategy

3.4.1 Sampling Technique

For this study I will use purposive sampling technique to get my subjects for the study. I would be carrying out my research in two publication firms thus I would have to use purposive sampling to obtain the subjects who are directly related to the research.

3.4.2 Sample Size

My sample consist of 8 employees from both companies; four (4) employees from one company two (2) to make up my total sample and 2 management staff in total.

3.5 Data Collection

3.5.1 Data Collection Instrument

I employed a structured interview guide to conduct interviews with the subjects of the study. This tool allows me to capture in-depth experiences, knowledge and expressions that I wish to obtain to contribute to my study. The structured interview guide consists of the following questions:

- 1) How long have you been with the company?
- 2) How would you describe the performance appraisal method in the company?

- 3) How do you feel after going through the performance appraisal process?
- 4) Have you ever had a negative experience during performance appraisal?
- 5) Do performance appraisals affect your motivation to work?
- 6) Does personal motivation affect your motivation to work?

3.5.2 Data Collection Procedure

I visited the companies on different days and conducted a one-on-one interview session with the employees of the company. Each interview session lasted about 15 minutes per employee.

3.5.3 Data Preparation, Collation and Processing

For data preparation I made notes of the responses I received during the interview process since it is an integral part of the research. I also audio recorded eight (8) respondents who gave me their consent to do so. After the interview sessions, I fed back my recording to participants to find out if they agreed with what is recorded and what they said. I also sought for further explanations to ensure the authenticity of interview results. I came out with memos from participant's responses. Memos are short notes of profound statements you identify from the notes of an interview. I listened critically to the audio recordings of eight (8) respondents who and fully transcribe the interview session. I organized my data by labelling and archiving for easy access and analysis. I labelled and archived my data according to information such as the index of the interviewee, the location of the interview and the date and time of the interview. I created a record archive by developing a filing system to keep my data safe and organized. I also made photocopies of the data and kept the master copy for safekeeping.

3.6 Data Analysis

I analyzed my data using thematic analysis to develop themes from the responses collated from the interviews carried out as a way of answering my research questions and objectives. I also drew patterns and relationships between the responses gathered. I made use of secondary data to form a framework of analyzing the responses I receive from the interviews carried out. Qualitative data analysis involves the identification, examination, and interpretation of patterns and themes in textual data and determines how these patterns and themes help answer the research questions of the study (Vanderstoep, S. W., & Johnston, D. D. 2009).

I went through my interview notes, interview transcripts and memos and made comments about patterns, issues and themes that I came across. I then grouped my data into subject matters based on the pattern, issues and themes I highlighted previously. This helped me analyse my data systematically leading to identification of relationships and patterns. Next, I organized my subject matter into categories and then finally to main themes.

I put my main themes and data collected into focus and perspective by comparing it with existing data and my objectives for the study as well. I then went ahead to summarize my main findings under broad headings. I discussed the analysis, arrived at conclusions and justified the conclusions and lessons learnt from the study.

3.7 Ethical Considerations

I sought the express permission from participants before I conducted the interviews for the study. I sent introductory letters to the management of the selected institutions; Kabkork Publications Limited and Winmat Publishers and sought their approval before the commencement of the interviews and study. I also had a face-to-face meeting with managements of the two companies to schedule the days and periods as well as convenient hours to carry out the interviews in order not to abruptly interrupt their daily work schedules. To go by the ethical principle of anonymity, I omitted names and other forms of identification from the study. I made use of indexes like respondent numbers to represent the participants and eliminated their identity from the research study to prevent any possibilities of victimisation of the participants after the study because of unpopular responses. The respondents were assured of anonymity and that their responses would be aggregated with those of others. Their participation in the research study and interview was voluntary and as such they could stop and opt out during the interview or at any stage of the research process.

3.8 Limitations

The limitations of this study firstly, is that due to the qualitative nature of the study, the findings of this research are not definitively conclusive and therefore cannot be generalized to the entire population. The integrity of the process may be affected by bias on the side of the researcher since he carries working knowledge of both firms as well as on the side of the participants who may try to respond to answers favourably.

Another limitation is that due to the nature of their work it was difficult meeting with the employees of both firms and one of the firms only have a few of their employees in Accra.

CHAPTER 4: FINDING & ANALYSIS

4.1 Introduction

This chapter discusses the findings of the study based on the data received from the interviews of the two (2) publishing firms namely Kabkork Publications limited and Winmat Publication Limited. The two (2) management personnel were interviewed about the process and design of their company's performance appraisals. The analysis includes the responses obtained from the eight (8) interviews conducted amongst the two companies. The responses I obtained, played a central role in addressing the research questions and objectives of the study.

4.2.1 Findings and Analysis from Kabkork Publications Limited

Kabkork Publications Limited offer published learning materials to serve educational and professional institutions and governments in promoting quality education for every level. They are based in Tema and provide custom publishing services for private firms as well.

The performance appraisal method or process being used by the company is their third one, which is an improvement on the previous two. An interview with their human resource manager enabled me to understand what this new method/process is. He explained that the new method is more scientific in nature than previous ones. Here he revealed that the appraisal process is in three (3) fold. The first one is a performance plan where a performance plan is discussed with the staff according to the company's plan of action. The performance plan details an action plan for the four quarters of the year with each activity accorded a percentage which counts towards

your final grade at the end of the year. For every said activity, upper and lower limits of achievement are set by both the supervisor and supervisee and are signed by both parties. This then becomes the working document on which performance appraisals is based on and evaluated. Every employee is expected to score at least 80% of their target set. The second aspect is where the supervisor also looks at behavioural aspect of the staff at the work place and on duty. The supervisor investigates if he/she is friendly to customers or not, especially since most of the staff are marketers and salesmen. In the second aspect there is a quarterly monitoring and assessment system and the performance plan is matched to their actual performance and then the employee is scored based on their actual performance. The third part involves the identification of training needs of the employee. A training program is usually recommended for the staff after the quarterly assessments. In the third part too, promotions can be recommended when an employee is constantly doing well and even exceeding his/her targets. Termination of appointments could also be recommended when employee is seen to be a liability to the company. He also mentioned that they do a three-year appraisal compilation to award hardworking staff to give them incentives, to motivate their colleagues.

4.2.2 How do performance reviews impact the motivation of an employee?

At Kabkork publications the employees all agreed to the fact that indeed performance reviews influence the motivation of an employee. The respondents responded affirmatively through the line of questioning to establish that performance reviews do influence the employee's motivation. However once again all the employees spoke to a positive impact of performance reviews on the company. Each of the employees responded to the interview question of "whether they have ever had

a negative experience during performance appraisal” Each of the employees spoke about how they did not have any problem with the appraisal process or a particular negative appraisal session they had. Staff interviewee 002 responded to the question if he had had a negative appraisal experience by saying, *“No, It rather challenges me to give in better effort. When I go into our weekly appraisal and it doesn’t go well I rather leave challenged to do better.”*

All the respondents/employees from the company had similar responses on how performance appraisals affect their motivation by saying that it actually either challenged them or gives them positive feelings after the performance reviews. In the responses from the employees, most of them seemed to respond on how they felt after the performance appraisal process as being challenged, seeing this theme run through most of the responses. Those who achieve their targets often leave the appraisal process feeling approved and their work validated, and this gives them positive emotions and increases their motivation to work and even work harder. For those who might have fallen short of their targets feel challenged after going through the process to improve their efforts to better achieve their targets. Thus, all the respondents’ affirmed they feel more motivated after performance appraisals/ performance reviews. An example is staff interviewee 001 responding to how he felt after appraisal process saying, *“Personally, I think I was operating at my own level, standard, because over here the environment is such that you can work at your pace but during the appraisal process boss pushed and challenged my standard up, so I believed I could do better.”* *“It makes me challenge myself all the time at work. I was operating at a standard I felt was okay but after that the appraisal I felt like I had to do more.”*

Another staff interviewee also had something similar to say when also asked about how he feels after performance appraisal saying, *“It rather challenges me to*

give in better effort.” This also supports the theme of feeling challenged to do better after going through performance appraisals which keeps the employee being motivated. It also supports the reinforcement theory of motivation where explained that an individual’s behaviour tied in with positive consequences tends to be repeated and improved. Thus, once employees feel positive after a performance appraisal session and feel motivated and validated, they are most likely challenged to repeat their efforts and even improve upon it, which is evident in the responses received from the interviewees of this firm.

4.2.3 What effect does employee motivation have on the output of a firm/organization?

The motivation of an employee should be the concern of every organization and we see that here with how some of the interviewees describe how their motivation affects their work. According to Otley (1999), the performance of an organisation is dependent on the performance of its employees and some other factors such as the environment of the organisation and the organizational culture (Otley, 1999). This author believe that an organization’s output or performance is as a direct reflection of the output or performance of the employees. All the workers spoke to the effect that performance appraisals motivate and challenge them and has led to the improvement of their work output. The employees seem to take up the challenge from the performance appraisal process and challenge themselves to perform better. Staff interviewee 003 in response to how he felt after performance appraisals stated that, “Oh I felt challenged to do more.” He also went on to say that, *“If you check over the years I have been improving my sales percentage so yeah it motivates me to achieve more.”* This shows that at least for that employee, his motivation has a significant

effect on his output and thus the overall output of the firm. This is not limited to only this particular interviewee, but some other interviewees confirmed the same relationship between employee motivation and the output of the firm. The effect is not only positive; once an employee feels demotivated it would still influence the output on the firm. Staff interviewee 002 in a response to whether or not personal motivation may affect your motivation to work, he stated that, *“Assuming you’re coming to work and you do not feel like coming, your output that day will not be the best because personally you’re not motivated so no matter the incentive that will be put in place since it is within you, you will not produce the best.”* Staff interviewee 001 also had a similar response. He stated that: *“oh as for that one dierr, it affects your performance because if there is something on your mind you can’t work well in the office. If you’re happy you will work more faster and well if you’re not you won’t.”* These responses all speak to affirm the assertion that an employee’s motivation influences the overall output of a firm; bringing into consideration the importance of keeping employees motivated. Once employees are not able to work at their best it will hamper the productivity of the firm which in turn affects the output. Using Carter’s and Shelton’s performance formula; $\text{Performance} = \text{Ability} \times \text{Motivation} \times \text{Resources}$ ($2 \times 2 \times 2 = 8$).

Looking at the equation carefully it shows that workers can have as much ability and the necessary resources at their disposal but will still fail to perform if motivation is missing in the equation. From the equation it can halve the performance of an employee. In other words, all that equation is depicting is that without motivation performance is usually below potential (Carter & Shelton, 2009), (Ndure, 2012). An employee’s performance is necessary for an organisation, since its organisation’s success is dependent upon the employee’s creativity, innovation and

commitment (Ramlall, 2008) thus as an organization who aims to have its employees bring out their best, the motivation of the employee must be a priority.

4.2.4 How do appraisal methods impact employee motivation?

From my interview with one of the management staff I found out that Kabkork publications had previously used 2 different but not mutually exclusive appraisal methods. Upon probing further through the interviews conducted with staff/employees, I came to a realisation that the staff had different disposition to previous appraisal methods than the current one the company is running. Most of the staff interviewed described the new appraisal method as fair, which seems to be the themed response for their thoughts on the appraisal system. Staff interviewee 004 described the current appraisal method saying, *“The appraisal method is interactive and fair. It allows everyone to know what is expected of them in every situation throughout the entire year and it leaves room for interaction with the boss to even get advice if any difficulty arise.”* The description of “fair” brings to mind whether they felt like the previous performance appraisal methods were somewhat unfair to them as employees.

Looking at some responses after probing further, staff interviewee 003 was asked to differentiate between the old appraisal system and the new one. His response was: *“Errrm, you know what, the earlier ones sometimes it leaves room for one to be sceptical about some of the results after performance appraisals because we were only judged based on target sales and the judgement of the supervisor but this new one is more scientific and straightforward, so everything is fair.”* *“My appraisal*

score has increased and so has my output.” Staff Interviewee 003 also went ahead to say that under the current performance appraisals being carried out he/she has seen a rise in his appraisal score and output. This could mean that under the previous appraisal system which he/she may have perceived to be unfair, he/she was not motivated enough to improve his/her performance. This could be an example of what the equity theory stipulates; states that individuals are motivated by fairness and if they identify inequities in the input or output ratios of themselves and their referent group, they will seek to adjust their input to reach their perceived equity (Adams, 1963). This may mean that once he/she felt that the performance appraisal score was not equal to the input he/she brings, he/she is likely to adjust his/her performance to suit the score given. Since performance appraisals in this company is tied in with incentives, he/she may sense inequity in the performance appraisal when he/she sees other employees receiving incentives when he perceives they produce about the same output. This may not necessarily mean that there is truly an inequity but once there is no clear cut and objective means to verify that, he/she is left to their perceptions.

This brought to my attention that the type of appraisal system a company runs may influence the level of motivation of the employee. Where employees cannot sense or perceive the objectivity in the performance appraisals, they are left to perceive inequity in any case they receive negative reviews during performance appraisals. This may imply that the reason why all the interviewed staff feel motivated after performance appraisal may be because of their perception of the process to be a fair one because of its transparency and scientific basis. Thus, the method of performance appraisal is likely to influence the motivation of a person.

4.2.5 Incentives

Incentives are one way to keep employees motivated and with the trend of performance appraisals being tied in with incentives, it has become an ever-relevant conversation when talking about employee motivation. Speaking on incentives I found out that at Kabkork publications limited, that there are monetary and non-monetary forms of incentives. An example of the monetary incentives that Kabkork offers is 15% of the total value of your target if you achieve your target. An example of non-monetary incentives they also have is promotions based on performance appraisal scores as well as recognition at the annual business conference the company holds.

Judging from the responses of the employees, monetary incentives are not the only type of incentives appreciated but also the non-monetary ones. In response to whether incentives boost motivation staff interviewee 002 said, *“You see, motivation comes in different ways; even for the fact that you’re mentioned in front of your colleagues that you are the employee of the month is enough. So that alone even without any cash, that feeling alone, to be been adjudged the best amongst my colleagues, it will really motivate me.”* From this response one can experience an inner satisfaction with receiving non-monetary incentives which is emotional. It may point to a relationship which is that, non-monetary incentives help improve particularly the intrinsic motivation of an employee because they give the employee some sort of emotional satisfaction. This is important to note because intrinsic motivation is as important as extrinsic motivation which is the kind of motivation caused by external factors. Thus, it important for organizations to praise their employees where necessary during performance appraisals because it has the potential of increasing their motivation. Reward schemes such which acknowledge hard works

such as citations, employee of the month awards will be instrumental too in motivating the employee. This organization does not have this in place currently but has plans of implementing such schemes soon. This is not to disregard monetary incentives being attached to performance appraisal. As Kampkotter (2016) suggested in his work, performance appraisals combined with extrinsic rewards (monetary and career-related consequences) are a powerful human resource management tool that is appreciated by employees. Thus, an organization that considers the motivation of its employees should have a fair amount of monetary and non-monetary incentives in mind to ensure that their staff stay motivated.

4.2.6 Personal/Intrinsic Motivation

Personal motivation is the same as intrinsic motivation which describes the motivation an individual has within. This kind motivation is driven by internal rewards that are satisfying for individuals. Personal motivation should also be a concern to forward thinking organizations because it influences the output of the organization.

Most of the responses to the interview question, whether personal motivation affects their work, had affirmative responses to confirm that it actually does. Staff interviewee 003 said, *“What do you think? What do you think will happen if you come to work feeling down from home because maybe you had an argument with your wife or your neighbour? Of course, it will affect your motivation at work. In fact, me I personally motivate myself from home but sometimes when I come to work some things really get me angry or put me off, but I try to maintain that motivation I came from home with or else I will not be productive during the day. So yeah it is important*

as well.” Staff Interviewee 002 also had a similar response saying, “When you’re not personally motivated there is nothing that an external person can do to motivate you. You are the one in the job. There will be incentive motivations, appraisal motivations but once you don’t have internal motivation it cannot reflect well in your job.”

Looking at these responses, it is evident how they emphasize the importance of intrinsic motivation themselves. Staff interviewee in his response even implied that it is more important to the employee than even extrinsic motivation like incentives. He/She stated that once you do not have internal motivation, no matter what incentives are put in place for an employee it will not reflect in your output. This is consistent with what Kuvaas (2006) brought out in his article that both performance appraisal satisfaction and employee outcomes mediated and moderated by employees’ intrinsic work motivation. Once the effects of extrinsic motivation can be complemented by intrinsic motivation organizations should make it a point to develop schemes in improving the intrinsic motivation of employees (Fatma, 2017). Unfortunately, the scope of my study does not cover that, but that study could shed new light on improving employee motivation.

4.3 Findings from Winmat Publishers Limited

Winmat Publishers Limited is a publishing firm which started operations from December 1996 and is actively involved in local publishing and the distribution of Winmat publications. The company was formerly Macmillan Publishers but changed their name to Winmat Publishers Limited as part of rebranding efforts. The company is currently involved in the publishing of textbooks, atlases, wall maps, wall charts, globes and supplementary readers for pre-school, primary, secondary, and technical institutions. The company also publishes books for various professions and for general reading. Winmat also markets and distributes books countrywide as well as publish for Sierra Leonean and Liberian markets, through various booksellers/bookshops, libraries and by direct contact with schools and other book users.

In the interview with the general manager of Winmat he explained that majority of the work was outsourced to agents who act as their marketers and sales personnel. Their business model is quite different where unlike the usual publishing firm have their own in-house marketers. However, they manage to put in place an appraisal method for their employees including their sales agents. He explained that at the beginning of every year they have a sales forecast and every representative/agent is given a percentage of the sales forecast. However, this percentage is discussed with the sales representative and a percentage is then agreed upon before finally used in operation. At the end or beginning of every year the sales representatives in the various regions are then evaluated on their ability to meet their sales target which is the percentage agreed upon at the beginning of the year. There is no formal sit-down with the employee to discuss his performance rather the appraiser, who is familiar with the employee's work, such as a department head, will fill the appraisal form

which covers performance based on sales targets and other attributes such as punctuality, hard work and respect for authority. These performance appraisal forms have options for recommendations for increase in commission, which goes with a promotion, or an option. He went on to say these sales representatives are paid by commission on the books they sell.

4.3.2 How do performance reviews impact the motivation of an employee?

Performance appraisals in this firm is unlike how other firms carry out performance appraisals this is because their work is in away outsourced to marketers who are not necessarily part of the firm but work on behalf of the firm. This is unlike traditional firms who have their staff in-house. I could deduce from the interview that performance reviews affect the performance of employees since they can increase their commission based on promotion or could possibly result to their sales contract being terminated. Staff Interviewee A1 said in the interview, *“The performance appraiser can recommend to the CEO to increase your pay, so I am always motivated to work harder because as a sales man I live by my commission, so I have to work hard so that my commission margin can be recommended to be increased.”* When asked whether performance appraisals affect his/her motivation to work, the interviewee said, *“It depends. It depends on what comes out from the appraisal. If it’s good you take it like that, if it’s not then it means you need to work harder.”* Staff interviewee A2 also had similar comments on how performance reviews affect his/her motivation at work. The interviewee mentioned, *“Here we do commissioned work; if you want to make more money you need to push harder so that if they are filling the appraisal form you could be recommended for a raise. Usually when you miss your target it challenges you to work better the next year so that you will be able to get that raise you want.”* This shows that performance reviews in this firm are likely to affect

the motivation because of the incentives attached to it. Incentives being attached to performance reviews may not only be the source of motivation for the employee but from the responses, it looks like a major factor. Other factors may rise for the desire for one to achieve his targets. This result is like findings from, “*What Makes Appraisals Effective?*” by Lawler, Benson, and McDermott, (2012), which states that appraisals which have monetary consequence, and, in this case, career related consequences often tend to be taken more seriously by the employees and such is the case of this company per the responses received from the interview. Thus, in this organization, management of the company ought to pay more attention to their incentives on the appraisal form to keep their staff motivated for the job.

4.3.3 What effect does employee motivation have on the output of a firm/organization?

This organization has a peculiar operations model which sees its salesman employees as an integral part of their operations. Thus, once an employee is not motivated to market and sell their books, it will affect the company even more than the employee although his salary is based off commission on the books sold. This is because the employee can choose to take up another firm's book to sell since there is no an exclusivity clause in their contract. Speaking to their management interviewee, he/she highlighted that one of the risks of operating this business model lies in the fact that these sales people may not sell their books solely but could take up other titles as well. He/she said in the interview, “*It is very risky to not motivate your employees and, in our case, if we do not do so we risk the sales agents concentrating their work on other titles not ours after all they will also be given commission from there too.*” This response highlights the potential outcome the motivation of their staff has on

their output as a firm. Although I cannot show their organizational data to prove this point, it is worth considering a likely outcome based on the response of a member of management. On the positive side once, employee motivation is high it will cause these employees to market and sell more books and even reach their target based on the motivation they have. It is important to note that based on their business model, an employee's motivation is even more important than in traditional firms that pay regular salaries.

4.3.4 Incentives

For this particular firm incentives are a great part in motivating an employee through performance appraisal. The company attaches incentives such as promotions which come in the form of increased commission as well as increased target of sales. Their incentives as a company takes the form of extrinsic motivation, particularly monetary related. This is because the sales employees work individually and on commission in respective regions thus instituting recognition schemes such as employee of the month will not prove much motivation for the sales employees. Hardly do some of these employees even meet or interact since they are stationed in different regions of the country. Staff Interviewee A1 speaking on incentives highlighted in the interview, *"Our whole work is based on commission, the incentives are just an add up to make us push harder and achieve our target because it means the next year if you are promoted you will get a slightly higher commission and you know when working such number of books, any small increase in percentage of commission may come out as a lot of money so yeah."* Aside what is provided through performance appraisal there are no other incentive packages provided for these employees thus by default, these employees are incentivised to work harder to achieve

their targets to earn some of these incentives and that is good for the organization.

Staff interviewee A2 also in response to the question on incentives said the following,

“Incentive to work is the commission, if you don’t work you don’t eat. It’s up to you to work harder and maybe get a promotion at the end of the year so really, it’s up to you the individual.” This response on the other hand shows elements of intrinsic

motivation, where the respondent shows that it is up to the employee to make it or

not. In the phrase, *“if you don’t work you don’t eat”* shows that one must have a level

of personal motivation to succeed in the market. Although the company offers some

extrinsic information through their performance appraisals, one must internally

motivate himself to be able to meet his/her target. The respondent states that it is up to

the individual to make it as well. In this situation there is not much the organization

can do to improve the intrinsic motivation. However due to the model of operation of

the institution works well to keep the employees motivated internally since that’s the

only way they can earn their commission.

4.4 Conclusion

Looking at both companies it is evident that performance appraisals have one

effect or the other on the motivation of an employee, particularly in a positive light. It

is worth noting the motivation of an employee is most likely affect the productivity of

a firm because the productivity of a firm is incumbent on the productivity of its

employees. From Shelton’s performance formula, we see how important motivation is

important in the performance of an employee sine it has the power to reduce the

performance of the employee by half when there is a lack of motivation thus proving

to organizations how important it is.

The first key finding in this chapter is that with one of the organizations namely Kabkork, non-monetary incentives tend to boost the intrinsic motivation of the employee whilst monetary and career related incentives tend to boost their extrinsic motivation. Recognition schemes that tend to praise the employee often lead to satisfaction of the employee emotionally and psychologically, in the process boosting their intrinsic motivation. Likewise, incentives such as increase in salaries and promotions tend to motivate the employee as well, and this is evident also in Winmat Publishers.

The second key finding from Kabkork Publications is that perceptions of fairness and objectivity can affect the effectiveness of the performance appraisal in the role of motivating an employee. Once an employee perceives that a performance appraisal was not done with objectivity or fairness, he or she is most likely to leave the performance appraisal without adding on to their motivation and this can be detrimental to firm, taking into perspective the equity theory, where an employee will adjust his output ratios when he perceives unfairness and especially where performance appraisals do not reflect the input of the employee, he/she is likely to be dissatisfied.

The third finding from this chapter is that between the two companies the employees identified personal motivation or intrinsic motivation as more important than extrinsic motivation. Intrinsic motivation is more likely to affect the performance of an individual than extrinsic motivation because intrinsic motivation not only affects their motivation but potentially their psycho-emotional well-being as well, thus making it very important and integral to keeping an employee motivated.

The findings in this chapter are limited to the two companies and cannot necessarily be generalized to the entire population. The next chapter will put the whole study in summary and go over the objectives for the study, the literature review, the methodology and the finding and analysis.

CHAPTER 5: CONCLUSION

5.1 Summary

This chapter contains the summary of the entire body of work from the introduction, literature review, methodology and findings/analysis. This chapter also consists of key findings and recommendation for future studies.

From the introduction the reason for this study is that there are some issues with how performance appraisals in some companies in Ghana are carried out and this may lead to the demotivation of the employee. In a study by (Horsoo 2009), he discovered that some employees of Barclays bank Ghana felt that performance had been turned into a discriminatory, punitive and/or judgmental process, where cronyism and biased considerations dominate rather than objectivity (Horsoo, 2009). This led to setting the objective of the study, which is to find out the effect of performance appraisals on employee motivation in two publishing companies and to see if it influences the output of employees and the potential outcome on the firms.

Related literature review revealed some work had been done on the topic but mostly on other continents. Kuvaas (2006) in his article revealed that both performance appraisal satisfaction and employee outcomes are mediated and controlled by employees' intrinsic work motivation. Kampkotter (2016) also showed in his work that performance appraisals which are combined with extrinsic rewards (monetary and career-related consequences) are a powerful human resource management tool that is appreciated by employees. Cloninger & Selvarajan (2012) showed that performance appraisals which the employees perceived as fair had a positive effect on employees' motivation and job satisfaction and employees preferred

intangible appreciations such as respect and dignity than rewards that came in the form of outcomes.

The methodology employed by for this research was exploratory since there is not much work on it. The population consisted of the employees of the two companies and the sample was selected by purposive sampling. The mode of data collection was through face-to-face interviews and the findings were analysed based on the research questions and thematic analysis.

5.2 Key Findings

The first key finding in this research is that non-monetary incentives often tend to boost the intrinsic motivation of the employee whilst monetary and career related incentives tend to boost their extrinsic motivation. Appreciation awards that acknowledge the employee often lead to satisfaction of the employee emotionally and psychologically, in the process boosting their intrinsic motivation.

The second key finding is that perceptions of fairness and objectivity of performance appraisals can affect the effectiveness of the performance appraisal in the role of motivating an employee. Once an employee perceives that a performance appraisal was not done with objectivity or fairness, he or she is most likely to leave the performance appraisal without adding on to their motivation and this can be detrimental to firm, taking into perspective the equity theory, where an employee will adjust his output ratios when he perceives unfairness and especially where performance appraisals do not reflect the input of the employee, he/she is likely to be dissatisfied.

The third key finding is that personal motivation or intrinsic motivation have a mediating effect on extrinsic motivation making it very important. Intrinsic

motivation is more likely to affect the performance of an individual than extrinsic motivation because intrinsic motivation not only affects their motivation but potentially their psycho-emotional well-being as well, thus making it very important and integral to keeping an employee motivated.

5.3 Recommendations

For further studies one can consider conducting this study on a different population and a larger sample to get more varied responses. One can also decide to match the responses to organizational data to investigate the outcome of an employee's motivation on a firm empirically.

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APPENDIX

Kabkork Publication Interviews

Interview 001

Interviewer: Hello sir, good afternoon

Management Interviewee 001: Good afternoon and how are you doing?

Interviewer: I am fine by God's grace. I want to conduct an interview with you to talk about the appraisal process in the organization.

Management Interviewee 001: Okay, what do you want to know about it?

Interviewer: Well I will like it if you could run me through the process of appraisal in the company.

Management Interviewee 001: Okay over here we've had three forms of performance appraisal and I'm going to take you through all of them. So in the first one we used to do the supervisor tells the worker about his/her targets that the staff is to reach by the end of the year and scores him at the end of year according to the level of satisfaction of the supervisor on the performance of the staff. You get it?

Interviewer: Yeah.

Management Interviewee 001: Ok. The supervisor then gives the staff an opportunity to respond to the score given him, whether he agrees with it or has a disagreement with the score given him. There is a column on the appraisal form where he lodge his complaints and it ends when it is submitted to the HR person. Did you get that?

Interviewer: Yeah I did.

Management Interviewee 001: So the second one we implemented which was an improvement of the first one was that the supervisor decides targets but gives opportunity to the staff to sit and discuss the feasibility of the target. After reaching an agreement, he shows it to the staff. The staff has the opportunity to agree or disagree and if he has any comments about the performance he can write it in a column on the appraisal form, okay?

Interviewer: Yes please.

Management Interviewee 001: The third and current appraisal process we use has three aspects. The first one is performance plan where a performance plan is discussed with the staff according to the company's plan of action. The performance plan details an action plan for the four quarters of the year with each activity accorded a percentage which counts towards your final grade at the end of the year. Every staff is expected to make at least 80% of their target. For every said activity, upper and lower limits would be agreed on and signed by both parties which will be the working document on which performance appraisals will be based on. The second aspect we look at behavioural aspect of the staff too. Whether he is friendly or not. Every quarter will be assessed and the performance plan would be matched to their actual performance. The third part is that after quarterly assessment training needs may be identified and recommended for the staff. Here too promotions can be recommended as well as demerits. We also do a three year appraisal compilation to award hardworking staff. Is this okay?

Interviewer: Yes it is, thank you for your time.

Interview 002

Interviewer: The first question I'll ask is how long you have been with the company?

Staff Interviewee 001: I have been here for two years.

Interviewer: So you have gone through performance appraisals here before?

Staff Interviewee 001: Oh yeah, once.

Interviewer: So how would you describe the performance appraisal process in the company?

Staff Interviewee 001: I think in terms of grading you can grade the performance appraisal process to about 60%-70% because it is not done continuously so it is a system which is not that effective.

Interviewer: Can you narrate the feeling you had after going through performance appraisals here in the company.

Staff Interviewee 001: Personally I think I've had opportunities to have my performance appraised by boss. Personally I think I was operating at my own level, standard because over here the environment is such that you can work at your pace but during the appraisal process boss pushed and challenged my standard up so I believed I could do better.

Interviewer: So how do you feel after such an appraisal?

Staff Interviewee 001: I feel motivated.

Interviewer: You mentioned that you feel motivated after such a process. Does it affect your performance at work?

Staff Interviewee 001: Yeah it does. It makes me challenge myself all the time at work. I was operating at a standard I felt was okay but after that the appraisal I felt like I had to do more.

Interviewer: So you personally, how much does your personal motivation affect your job performance.

Staff Interviewee 001: Oh as for that one dierr, it affects your performance because if there is something on your mind you can't work well in the office. If you're happy you will work more faster and well if you're not you won't.

Interviewer: Ok so if you look at the performance appraisal in this company are there any incentives to boost the employees' motivation?

Staff Interviewee 001: There is an incentive package that we have at end of every year I think I have tasted one before the sharing of hampers and then I think the marketing team also have an incentive package when you meet your target you are rewarded.

Interviewer: Okay, thank you for your time that will be all.

Interview 003

Interviewer: How long have you been with the company?

Staff Interviewee 002: Just one year

Interviewer: Have gone through performance appraisals here before?

Staff Interviewee 002: Not yet, but at my other workplace.

Interviewer: Can you tell me about it?

Staff Interviewee 002: I have done it to some people and I have also been appraised.

The publishing firm that I was, we do appraisals every week on things like punctuality, dressing, how you carry yourself about as well as performance based on some key performance indexes but the performance based appraisal is done on a monthly basis. The weekly appraisals are compiled at the end of the month as well as the monthly performance appraisals with the view to reward and punish not punish per se but to keep those who are not performing on their toes.

Interviewer: You mentioned that you appraised others and were appraised.

Staff Interviewee 002: Yeah, I was appraised by the CEO based on the performance of those under me. If they did well it means me too I will be appraised well.

Interviewer: Have you ever had a negative experience during or after a performance appraisal?

Staff Interviewee 002: No, It rather challenges me to give in better effort. When I go into our weekly appraisal and it doesn't go well I rather leave challenged to do better.

Interviewer: So what you are saying is that it has an effect on your motivation at work.

Staff Interviewee 002: Yes it does. Positively positively.

Interviewer: Would you say that your personal motivation may affect your motivation to work?

Staff Interviewee 002: Errm it is true. When you're not personally motivated there is nothing that an external person can do to motivate you. You are the one in the job. There will be incentive motivations, appraisal motivations but once you don't have internal motivation it cannot reflect well in your job. Assuming you're coming to work and you do not feel like coming, your output that day will not be the best because personally you're not motivated so no matter the incentive that will be put in place since it is within you, you will not produce the best.

Interviewer: Would you say incentives also boost the motivation of the employee because you said there are incentives in place to boost the motivation of the employees?

Staff Interviewee 002: You see, motivation comes in different ways; even the for the fact that you're being mentioned in front of your colleagues that oh, this person is the employee of the month. So that alone even without any cash, that feeling alone that oh I've been adjudged the best amongst my colleagues, it will really motivate you.

Interviewer: Okay, thank you for your time.

Interview 004

Interviewer: The first question I have is how long you have been with the company?

Staff Interviewee 003: I have been with company for about four (4) years.

Interviewer: Okay, how would you describe the appraisal method of the company?

Staff Interviewee 003: I think basically it's a straightforward process you don't need to bother yourself too much. At the beginning you know what is expected of you to achieve so you can just focus on that and try your best to reach your goals.

Interviewer: Okay so can you describe how you felt after going through one of these performance appraisals.

Staff Interviewee 003: Oh I felt challenged to do more. You see, when you go for performance appraisal because you have already signed the performance plan document, you can't have excuses for not meeting up so it rather encourages me to do better in the next quarter or the next year if it is the yearly one and if you check over the years I have been improving my sales percentage so yeah it motivates me to achieve more.

Interviewer: Have by any chance had any negative experience after going through the appraisal process.

Staff Interviewee 003: Errrm, no. Not that I can recollect. You see I believe it is a process where you get to know where you can improve. You see it's all about how you approach it. If you approach it trying to learn something it will be beneficial for you, you know.

Interviewer: Do you see any difference between the previous performance appraisal methods and the current one.

Staff Interviewee: Errrm, you know what, the earlier ones sometimes it leaves room for one to be sceptical about some of the results after performance appraisals because we were only judged based on target sales and the judgement of the supervisor but this new one is more scientific and straightforward so everything is fair. My appraisal score has increased and so has my output.

Interviewer: Ok, sure. So will you say performance appraisals have an effect on your motivation at work?

Staff Interviewee 003: Of course, I told you that when after performance appraisals I feel motivated to do my better than current state so yeah that's it.

Interviewer: Does your personal motivation affect your motivation to work?

Staff Interviewee 003: What do you think? What do you think will happen if you come to work feeling down from home because maybe you had an argument with your wife or your neighbour? Of course it will affect your motivation at work. In fact me I personally motivate myself from home but sometimes when I come to work some things really get me angry or put me off but I try to maintain that motivation I came from home with or else I will not be productive during the day. So yeah it is important as well.

Interviewer: Thank you for your time.

Interview 005

Interviewer: How long have you been with the company?

Staff Interviewee 004: 5 years now..

Interviewer: How would you describe the performance appraisal method in the company?

Staff Interviewee 004: The appraisal method is interactive and fair. It allows everyone to know what is expected of them in every situation throughout the entire year and it leaves room for interaction with the boss to even get advice if any difficulty arise.

Interviewer: How do you feel after going through the performance appraisal process?

Staff Interviewee 004: I always feel motivated to perform better after going through performance appraisal. It challenges me to go beyond what I'm already doing and that keeps me ready all the time for the challenge because this work is not easy.

Interviewer: Have you ever had a negative experience during performance appraisal?

Staff Interviewee 004: No; not that I can recollect.

Interviewer: Do performance appraisals affect your motivation to work?

Staff Interviewee 004: Yes it does, it does. When you go into performance appraisal you have an idea of what will happen because it is your performance so you have an idea of what will happen. So if you go and you're praised it is plus for you. If you go and it is so great then you will be challenged for the next year.

Interviewer: Does personal motivation affect your motivation to work?

Staff Interviewee 004: Yes it does. How you feel affects how you work. Your personal goals also affect your level to achieve so it's all part of it.

Winmat Publishers

Interview A

Interviewer: Hello sir, can you explain to me how you go about performance appraisals in your organization?

Management interviewee A0: Okay so in the first place, majority of the work is outsourced to agents who act as our marketers and sales personnel or sales representative. However put in place an appraisal method for these sales agent employees. So at the beginning of every year they have a sales forecast and every representative/agent is given a percentage of the sales forecast. However, this percentage is discussed between the sales representative and the general manager and then a percentage of the sales forecast is then agreed upon before finally used in operation. At the end or beginning of every year the sales representatives in the various regions are then evaluated on their ability to meet their sales target which is the percentage agreed upon at the beginning of the year. There is no formal sit-down with the employee to discuss his performance rather the appraiser, who is familiar with the employee's work, such as the department head, will fill the appraisal form which covers performance based on sales targets and other attributes such as punctuality, hard work and respect for authority. These performance appraisal forms have options for recommendations for increase in commission, which goes with a promotion, or an option to axe the employee due to non-performance. These sales representatives are paid by commission on the books they sell so really much work is left to their autonomy.

Interviewer: Ok thank you for your time.

Interview A1

Interviewer: How long have you been with the company?

Staff Interviewee A1: I've been here for 4 years now.

Interviewer: How would you describe the performance appraisal method in the company?

Staff Interviewee A1: Oh it is straightforward and cool. You're judged by how many books you sell so it is cool. They also appraise based on your attitude as well, like how punctual you are and how respectful you are.

Interviewer: How do you feel after going through the performance appraisal process?

Staff Interviewee A1: I feel challenged to go out there to increase my sales margin especially when I feel like I was close to a raise or promotion, it ginger's me to work harder.

Interviewer: Do incentives also come to play here, as in how important are they?

Staff Interviewee A1: Our whole work is based on commission, the incentives are just an add up to make us push harder and achieve our target because it means the next year if you are promoted you will get a slightly higher commission and you know when working such number of books, any small increase in percentage of commission may come out as a lot of money so yeah.

Interviewer: Have you ever had a negative experience during performance appraisal?

Staff Interviewee 004: Not at all. Not at all.

Interviewer: Do performance appraisals affect your motivation to work?

Staff Interviewee A1: It depends. It depends on what comes out from the appraisal. If it's good you take it like that, if it's not then it means you need to work harder. The performance appraiser can recommend to the CEO to increase your pay so I am always motivated to work harder because as a sales man I live by my commission so I have to work hard so that my commission margin can be recommended to be increased.

Interviewer: Does personal motivation affect your motivation to work?

Staff Interviewee A1: Personal motivation works here since it is a commission work. If you do not set your own goals and encourage yourself you will not be able to perform in the market.

Interview A2

Interviewer: How long have you been with the company?

Staff Interviewee A2: For about three years.

Interviewer: How would you describe the performance appraisal method in the company?

Staff Interviewee A2:

Interviewer: How do you feel after going through the performance appraisal process?

Staff Interviewee A2: I feel motivated to say the least. I feel like some fresh energy has come for me to work with so I put in my all to deliver my best so that I can improve on my performance.

Interviewer: Have you ever had a negative experience during performance appraisal?

Staff Interviewee A2: I can't remember going through such before.

Interviewer: Do performance appraisals affect your motivation to work?

Staff Interviewee A2: Here we do commissioned work; if you want to make more money you need to push harder so that if they are filling the appraisal form you could be recommended for a raise. Usually when you miss your target it challenges you to work better the next year so that you will be able to get that raise you want.

Interviewer: Do incentives here motivate the employees?

Staff Interviewee A2: Incentive to work is the commission, if you don't work you don't eat. It's up to you to work harder and maybe get a promotion at the end of the year so really, it's up to you the individual.

Interviewer: Does personal motivation affect your motivation to work?

Staff Interviewee A2: Yeah one way or the other it does because it is the vim, the energy you take to work. Now if you the person, does not have the inner vim to work then master all that you're doing will be difficult for you because sincerely it our own motivation that keeps us going.

Interviwer: Thank you for your time.

Kirk Kabu Caesar

Capstone thesis project

Project topic: The Effect of Performance Appraisal on Employee Motivation: A Study on Two Publishing Firms in Tema

Research Interview Questions

- 1) How long have you been with the company?
- 2) How would you describe the performance appraisal method in the company?
- 3) How do you feel after going through the performance appraisal process?
- 4) Have you ever had a negative experience during performance appraisal?
- 5) Do performance appraisals affect your motivation to work?
- 6) Does personal motivation affect your motivation to work?