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"IS PERFORMANCE APPRAISAL AN EFFECTIVE TOOL FOR EMPLOYEE MOTIVATION?"

MBA THESIS

Pınar KARAHAN

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Department of Business

Business Administration Program

Thesis Advisor: Asst. Prof. Dr. Bekir Emre KURTULMUŞ

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1)Tez Danışmanı: Yrd. Doç. Dr. Bekir Emre KURTULMUŞ

2) Jüri Üyesi : Yrd. Doç. Dr. Çiğdem ÖZARI

3) Jüri Üyesi : Yrd. Doç. Dr. Murat OCAK

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Pınar KARAHAN

FOREWORD

During my school life, I was always wondering how people motivate themselves to work. In my opinion, work was something monotonous. As a student, your life is much easier and multifaceted. You meet new people, take new courses and can broaden one's horizon. In the fifth semester of my Bachelor, I took a course that concerned about business ethics. The course was dealing with several issues, employee motivation included. Since then I was obsessed with the thinking that organizations play a big role in motivating their employees. Working life seemed so boring; I could not image to work my entire life. Therefore employee motivation has a big importance for me. Employees have to be motivated to work effectively and to contribute for the sake of the organization. Organizations cannot require intrinsic motivated employees, if they do not offer appropriate working conditions. The managers have to share the belief that employees are the most important commodities for the organization. Business can only function smooth, if employees and managers work in harmony.

This study is an opportunity to analyse the motivational effect of performance appraisal, which actually promises a motivational effect. Apart from this, it is an opportunity to analyse the opinion of the managers.

The accomplishment of this study was a challenge for me. During that time, my family supported me and motivated me. Special thanks to my supportive family. Furthermore, I want to thank my friends specially Nur-selin and Başak, who helped me to conduct my Interviews.

<u>**May, 2017**</u>   **Pınar KARAHAN**

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ÖZET

Birçok organizasyonun ödül sistemleri, yöneticilerin yaptığı performans değerlemelerine bağlıdır. Bir çalışanın performansını değerlendirmek, sanıldığından daha zordur. Yöneticiler sübjektif bakış açısıyla çalışanının farkındalığını göz önünde bulundurarak performans değerlendirmesi yaparlar. Performans değerleme sitemleri, çalışanların güçlü ve zayıf yanlarını tespit etmek ve zayıflıklarının üstesinden gelmek için yararlı önlemler sağlayan bir araçtır. Motive edilmiş çalışan, daha etkin ve verimli olmak için çalışmalarını iyileştirir ve bu şekilde kuruluşun amaçlarına da etkin bir şekilde katılmış olur. Ayrıca yöneticilerin çalışanlarını motive ederek daha adil bir sistem oluşturmak için sağlıklı bir çalışma ortamı sağlamak ve için mevcut sistemlerini geliştirmek veya yeni performans değerleme sistemleri oluşturmak zorundadır. Bu nedenle bu tez, performans değerlemesi ile çalışan motivasyonu arasında doğru orantılı bir ilişki olduğunu savunan ve bunu analiz eden tezdir.

Anahtar Kelimeler: *Motivasyon, Halka İlişkiler, Işçi Güdülemesi, Performans Değerlendirmesi, Iş Değerlendirmesi*

"IS PERFORMANCE APPRAISAL AN EFFECTIVE TOOL FOR EMPLOYEE MOTIVATION?"

ABSTRACT

The reward system of many organizations depends on performance appraisals, made by the managers. Certainly, appraising an employees performance is often more difficult than people think. The manager gives a performance appraisal with a subjective view, which affects the self-awareness of the employee and the perception of the manager's ability to evaluate performance. It is a tool to appraise the employee's strength and weaknesses and provide helpful measures to overcome weaknesses. Motivated employee will improve his workings to be more effective in terms of quality and quantity, so he can participate efficient to achieve the objectives of the organization. This thesis is going to analyse the relationship between performance appraisal and employee motivation. It will also expand performance appraisal systems and the challenges of designing a fair system that can prove to be a beneficial tool for managers to retain employees and simultaneously to provide a healthy work environment in order to motivate employees.

Keywords: *Performance Appraisal, Employee Motivation, Motivation, Human Resources, Motivation, Employee Performance*

1 INTRODUCTION

In our lives, we are confronted with evaluation of our performance. It begins with school life and continues with our work life. At school, students take exams in order to be tested and evaluated in knowledge. They face the same situation after graduation. The supervisor evaluates the performances by giving tasks and appraising them by using different performance appraisal tools. That means evaluation is a continuing process. The process of evaluating employees is a crucial part in today's business life. Theorists have developed different methods and tools to evaluate employees. The evaluation is important for supervisors to understand the progress of each and every employee, but also to analyse the job sequence. From the employee's point of view, the evaluation is also of great significance too. Firstly, it is a review of their performance. Secondly, it is an opportunity to see the strengths and weaknesses of oneself and that contributes in making an effort to perform better in the next business year. To put it in a nutshell, it is of big importance for both sides.

From the organizational point of view, the topic evaluation is defined as a method called 'Performance Appraisal'. This method enables to evaluate the performance of employees and to guide the employee in the right direction (oxforddictionaries.com).

The evaluation has one main target audience*: The Employees*. Therefore all efforts are done for (Olson, p. 33):

- Motivate employees and increase their commitment
- Appropriate measurement of performance and skills
- Appropriate reward and incentives
- Provision of career opportunities (Olson, p.33,1981)

Another field of application is for motivational causes. The idea is to conduct the evaluation and communicate the results to the employees to help them encourage and improve themselves.

According to a statistic concerning the employee motivation, a lot of people are unsatisfied and demotivated at work. They represent different opinions and reasons for this issue. The motivation problem causes 10% absence at work, which is a huge problem for work organizations. Furthermore, 34% of the employees justify their absence at work by claiming it is due to a lack of appreciation. For instance, a study in the United States conducted with 1000 employees, says that 63% of their discomfort is due to the same reason (Statistics regarding employee motivation, greatify.com).

In the light of the fact, some organizations believe evaluation has a motivational effect. For example, Google has developed a system tailored for their organization that offers them the possibility to evaluate and encourage the employees to perform better. The idea behind the evaluation system is that employees contribute for the sake of the organization – not for the prospect of pay rise (Performance reviews at Google, Lebowitz, 2015).

Nevertheless, the motivational effect of performance appraisal is a controversial discussed topic. The issue is, as Shana Lebowitz also said, that many organizations and manager believe performance appraisals are costly, time consuming and ineffective (Performance reviews at Google, Lebowitz, 2015). Measuring performance is a constant process of communication between the employee and the employer to achieve the objectives of the organization. To signify the relevance of this topic, the popular industrialist Andrew Carnegie emphasizes the importance of the employees for an organization. He said once: "Take away my factories, my plants; take away my railroads, my ships, my transportation, take away my money; strip me of all of these but leave me my key people and in two or three years, I will have them all again." (Bartolomei, p.76, 2011).

To come to a conclusion, whether performance appraisal is an effective tool for employee motivation or not will be researched in this study.

1.1 Significance of the Problem

Managing and measuring performance is a process that presumes a well-designed work environment in which employees can give their best.

Performance appraisals are a challenge for managers, because it is an annual or semi- annual review that evaluates the skills of employees, their achievements, growth, but also their strengths and weaknesses (Performance Appraisal, investopedia.com). The whole process of performance measuring is under the spectrum of performance management that focuses on developing issues. Feedback, training, workshops and seminars are included in the system of performance measuring process. However, the performance management as a whole is not only about giving feedback, but also about observing in a broader sense.

It includes:

- Defining clear job descriptions
- Provide training and education
- Select appropriate employees
- Set clear requirements
- Provide career development opportunities
- Analyse turnover rates and reasons (Bach, Sisson, p.45, 2000)

Most organizations are confronted with motivational issues. The reason for this issue is, that the expectations of employees have changed due to global and cultural differences. Organizations are forced to search for strategies and theories to learn how to motivate their employees. The commitment and contribution of employees is important for every manager. As Aristotle once said: 'The whole is more than the sum of its part.' (Importance of Human Resource Management, 2017). It is important for organizations to meet the employees expectations; therefore an appropriate method is needed. Performance appraisals are mostly being perceived as useless, since managers are overwhelmed by to amount of work in today's business life.

In order to answer the question of this study: 'Is performance appraisal an effective tool for employee motivation?' we are going to analyse the methods of performance appraisals and compare them with motivation theories to find a connection of the motivational impact of performance appraisals.

1.2   Statement of Purpose

The motivation of the employees is of big importance, because demotivated employees work inefficient and that causes costs. The reason for this is that they are paid even though their work is inefficient. According to another study of McLean & Company, employees with less commitment towards the organization cost estimated 3400 Dollar for 10.000 Dollar annual salary (Satistics regarding employee motivation, greatify.com).

These statistics again prove that the motivation of the employees is of big importance and hence the impact of performance appraisals on employee motivation will be analysed in the following study.

As mentioned above, performance appraisals have advantages of motivating employees, increasing commitment and developing skills. The purpose of this study is to analyse the meaning and the advantages of performance appraisal and if it delivers what it promises – motivating employees.

1.3   Statement of Problem

The previous part of statement of purpose described the causes of demotivated employees. That means motivation issues have to be taken seriously. The issue is, that organizations do not believe in methods that contribute to motivation. Managers tend to motivate by material incentives such as money. They perceive theories and methods for motivating employees as ineffective. Therefore the main problem is, that mostly the methods are not used appropriately; hence the attitude towards performance appraisal is negative.

1.4   Aims and Objectives

The main aim of this study is to identify the relationship between performance appraisal and employee motivation. Therefore, following objectives are elaborated:

- To evaluate the differences between employees actual performances compared to the desired performances
- Helping the management to implement an effective appraisal system

- Improving the relationships and the communication between the employees and managers

- Analysing an individual's strengths and weaknesses in order to understand the future needs   for training and development

- To learn how to give constructive feedback to employees concerning their performances

- Providing employees with clear information of the organizations expectations and responsibilities

- To listen to the complaints and desires of the employees

- To meet individual needs

1.5   Research questions

Some of the key research questions that will be answered in this thesis:

- How is the difference between the actual performance and the desired performance like?

- How can managers implement an effective performance appraisal?

- How can the communication between managers and employees be improved?

- How can a manager find out the needs of the employees?

- How can managers learn to give feedback?

- How can managers provide employees with clear information about their expectations and responsibilities?

- How can managers learn to listen to the desires of their employees?

- Are organizations meeting individual needs?

2   LITERATURE REVIEW

Perhaps the most significant evidence for the effectiveness of performance appraisals is that almost every manager appreciates the strategy and there is no organization without their own appraisal system. One can compare it with school report cards or grading systems. All of them have survived, despite their negative influence on learning. When it comes to performance appraisals, organizations have to face the same situation despite the increased concern about their unintentional effect on employees and managers (Zander, p.25, 1963). Performance Appraisal has been viewed as a measurement problem. It is not a wrong approach to think that way, because in the past researchers focused more on scale development, scale formats, reducing tests et cetera. But nowadays the main research focuses on more precise, more cost-efficient strategies to measure the job performance of employees. More importantly, there are two views of performance appraisal. Some view performance appraisal as a measurement tool and some as a social and communication process (Murphy, Cleveland, p.17 1991). Regardless to that extent, performance appraisal as a measurement tool has improved the understanding of the functionality of appraisals. The advantage of considering performance appraisal, as a social psychological perspective is, that the status of the context receives more attention (Murphy, Cleveland, p.17-18, 1991).

2.1   Performance Management

Before explaining performance appraisal, it is important to understand the difference between performance management and performance appraisal. In many cases, people tend to use both for the same term, but in fact, there is a clear difference.

Performance Management is a goal- oriented process that targets to assure the performance and productivity of employees, teams and also the whole organization.

It is also responsible for the processes and that everything is in place. Performance management plays a big role in achieving the organizational strategy and also improving the workforce. Also, performance management emphasizes the incentive goals and values. Thus, the relationship inside the organization can be clearly communicated (Pulakos, p.62, 2004). The linkage between incentives and performance is an important characteristic. Nowadays, performance management is one of the most important focuses of every organization. Although the human resource conduces to performance management, development, training and performance appraisals play a more crucial role within the organization. At first sight, performance management and performance appraisal seem to be the same, but performance appraisal occur at a specific time, whereas performance management is an continuous process (Mondy, p.37, 2010). Performance management is a system that includes every person within the organization. As said before, the performance management system consists of different parts, such as training, reward, appraisal etc., each part contributes to the purpose of achieving a continuous effectiveness of the organization. The success and effort of every employee is linked to the performance management (Mondy, p.37-38, 2010). The performance management know the success of every employee and provides training if needed. The reason for that is the performance management the systems have an impact on the organizational effectiveness. Hence, payment and performance have an impact on achieving the goals (Pulakos, p.65, 2004)

Table 2.1: Characteristics of Performance Management (Mondy, p.38, 2010)

Characteristics of Performance Management
- Strategic   - Ongoing review   - Flexible procedure   - Collective   - Future oriented   - More communicative

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2.2 Performance Appraisal: History

The usage of performance appraisals increased over the past 30 years. Long before the existence of 'Performance Appraisals', formal systems were used to appraise the performance of employees. Managers had the idea to rate their employees to capture their competences (Olson, p.43, 1981). They started using the system as far back as the industrial revolution when it was used as a tool for organizational efficiency. The first application of that system was in the cotton mills of Robert Owen. He used coloured wood cubes to measure the performance of his workers at the end of the working hours (Murphy, Cleveland, p.27, 1991). During that time, appraising systems were utilized as a process for punishing poor performance (Kellogg, p.19, 1965). The results of using the appraisal tool for that purpose was a negative image of the appraisal system, which turned out to be defied by the appraiser and the appraisal. A theorist says: "*performance appraisal is a yearly rite of passage in organizations that triggers dread and apprehension in the most experienced, battle hardened manager*" (Mondy, p.44, 2010). The quote summarizes the extent to which the appraisal system is unpopular in the eyes of the evaluators. Following to that, organizations tried to elaborate the methods conjunctive to other administrative affairs including reward, promotion, training et cetera, and reasoning that employees performance should not only be measured but evaluated and managed (Kellogg, p.24, 1965). Despite the historical perspective, appraisal is both unavoidable and universal. There has been several analysis and critical review of the effectiveness and use of performance appraisal within the organizational context. Lately, the issues are still being debated between academicians and professors and no system has been successful in meeting the requested goal (Olson, p.45, 1981).

2.2.1 Definition of Performance Appraisal

Performance appraisal is an instrument for measuring employees performance within a stated period of time using criteria's to measure the employees and to provide information for managers. With this information, managers can recreate a new system to improve the performance and effectiveness of employees (Murphy, Cleveland, 1991).

Nowadays, there is a lot of literature about performance appraisal systems. The concept of performance appraisals has been synonymous with performance management. In the book "Strategic performance management" the author defined Performance appraisal as "*a systematic & holistic process of work, planning, monitoring and measurement aimed at continuously improving the teams and individual employee's contribution to achievement of organizational goals*" (Akata, p.56, 2003). This definition shows that performance appraisal is used as a option for establishing future objectives, monitoring employees progress based on specific job description, and measuring performance, teamwork and accomplishments based on specific tasks that can be combined with organizational goals and objectives. Furthermore, performance appraisal is used to determine employees' effectiveness and participation (Armstrong & Baron, p.37-39, 2005). Additionally, Bach (2005), said that performance appraisal is an option by which organizations can develop competency, improve employee motivation and achieve effective allocation of their resources (Bach, Sisson, p. 52, 2005). The core statement is that, performance appraisal achieves multiple purposes from measurement to motivation and resource allocation. Also noticed by Cleveland and Murphy (1991), performance appraisal systems can be used to motivate employees through reward systems, promotions, incentives, salary and further education opportunities (Murphy & Cleveland, p. 38, 1991).

Performance evaluation can be considered as a process of measuring employee's participation, which can be advantageous for both, to the staff and the organization, if implemented out in proper form.

Another theorist believed that the most suitable objective of an evaluation procedure is adapting individual objectives with organizational objectives and priorities while monitoring individual performance in how they participate to organizational growth and development (Olson, p.50, 1981). According to Armstrong and Baron (2005), performance appraisal system is an option for examining employee accomplishments over a period of time for achieving organizational goals (Armstrong& Baron, p.40, 2005).

Hence, performance appraisal is an option for sharing information and knowledge among supervisors and subsidiary to measure the progress of the employees which might support the decision making process of the human resources department. In Bach, and Sisson (2000) agrees that performance appraisal is a good method to appraise the competencies and abilities of the human resource department. It is also a good opportunity to identify weak points and areas (Bach & Sisson, p. 55-57). Armstrong and Baron (2005) noticed that in order to be effective, a clear job description is an absolute must, hence every employee wants to know his role in the organization (Armstrong & Baron, p.42-43, 2005). It can be derived that performance appraisal is an action by which an organization gathers information of every individual referred to their strengths and weaknesses. Based on the gathered information the organization is able to analyse the abilities and potentials of every individual for further education and self-improvement. Meanwhile it is also crucial, to determine risks and threats that can be hazardous for an individual's career and the organization. These kind of issues are directly associated with company communication (Armstrong & Baron, p. 46-49, 2005).

Table 2.2: Characteristics of Performance Appraisal (Mondy, p.61, 2010)

Characteristics of Performance Appraisal

- operational
- at specific periods
- strict structure
- individual
- retrospective
- top-down

2.2.2   Objectives of Performance Appraisal

Performance appraisals can be used for a various reasons. It is an evaluation factor for making decisions about employees. Therefore a lot of objectives exist. The next paragraph will reach clarification.

Salary increase

Salary increase is an important decision for a manager. Firstly, the relationship of the employee and the manager can be damaged. Secondly, the profit of an organization also depends on that kind of decisions. As a result the managers have to decide whether the employee is worth a salary increase or not. That is the reason why managers tend to accept an administrative system that decides or a system, which automatically increases the salary after reaching a certain level (Kellogg, p.28, 1965). When employees reach a certain level of income, the salary increase has a symbolic effect. It is a response for a well-done job, good performance and thank-you gift. Beyond the salary increase is also an absence of income. In that case, employees tend to feel unsecure. The positive symbolic effect of a salary increase turns into a dissatisfaction with the performance of the employee (Olson, p. 59, 1981). This may affect the relationship between the manager and the employee and also causes dissatisfaction and demotivation.

Promotion

Promotion is the advancement of an employee within a position in an organization or a job task. A promotion may happen as a result of efforts or as a reward for good job performance (What is promotion, businessdictionary.com). In most cases, managers feel overwhelmed by the task of creating a new job position. The reason is that no employee fulfils manager's expectations. On the other hand, a new employee might improve and contribute old fixed habits of the organization. He could increase the output of the organization. Nevertheless, a new employee involves high efforts in teaching him the working structures, rules and the organizational culture. For that reason, a manager will consider candidates within the organization. The problem is to make an appraisal of their qualifications and competences and choose the one who fulfils most of the requirements (Kellogg, p. 32, 1965). In such circumstances, factors like skills, work requirements compared to employees requirements, priority of work, knowledge, personal skills, etc. play a crucial role (Murphy & Cleveland, p.41-42, 1991). Crucial factors for a clear job requirement (Murphy & Cleveland, p.41-42, 1991:

- ➢ Job Requirements

  Short-term results, long-term-results, problems

- ➢ Employee Requirements

Technical knowledge, products knowledge, customer knowledge, financial knowledge, managerial knowledge, working methods and communication skills (Kellogg, p.34-35, 1965)

- ➢ Situational Factors

The next step is to analyse the environment and the department. A manager has to consider the situation, in which the employee will find himself. Is there any pressure? Does the new position require special situational skills? Are there any limitations? What is the level of the work? Is he going to start with new projects or just start midway? In order to decide, whether an employees abilities are adequate or not, a manager has to clarify these questions.

- ➢ Qualifications

Besides situational factors, the qualification of an employee is also crucial. The manager has to appraise step-by-step the educational background, experiences and also past performances. Mostly, organizations allocate this step to another third person. Since not every organization allocates this step to a third person, a good source of data is needed to appraise the candidates (Kellogg, p. 46-48, 1965). By appraising the educational background of each candidate, a manager can identify the weaknesses and strengths. Furthermore, it is an easy way to guess the purposefulness of each candidate. Naturally, there are certain skills which have not yet been issued, but a personal interview is an effective tool to analyse the candidate. Finally, the manager has to compare the requirements of the certain position and the competences of the candidates to make a decision. This is a way to motivate people to work harder and make use of career opportunities (Murphy & Cleveland, 52-55, 1991).

Development

Performance appraisals give information about the performance of each employee. By this, it also gives information about the strengths and weaknesses.

With the aid of the performance appraisal, a manager can arrange workshops, seminars, or educational opportunities as help for their employee (Murphy & Cleveland, p. 56, 1991) . Every organization is responsible for their employees. Considering that finding a new candidate is more complicated and time-consuming, training opportunities are more cost-effective. A good example is the German bank Sparkasse. They offer their trainees after graduating training opportunities at their own academy and universities (Finanzgruppe Sparkasse, karriere.sparkasse.de).

Feedback

The newest trend is to control your life, make your own decisions and the fight for human rights. This movement has an impact on international relationships as well as on organizational relationships. In that case, the idea is to involve employees in their own appraisals in order to motivate them. According to John Dewey, every idea has to be tested against experience and reconstruction according to the results (Olson, p. 72-74, 1981). Since performance appraisals are a continuing process, its is a good opportunity to involve employees. This implies that, for example employees with certain tasks allocated by their manager should ask for feedback. Due to the fact that the morale of the employee is essential for the long-term and should not be confused for short-term profits (Olson, p.72-75, 1981).

Recruitment and Selection

Before hiring a new employee, it is useful to do a performance evaluation first. This approach may be helpful in assessing the performance of the applicants. It is easier to predict that successful employees, who are detected by performance evaluation, perform better in managing certain tasks. At the same time, this approach can be useful in creating benchmarks of applicants. Furthermore, employee evaluations or ratings can be used for selection tests. It is easier to compare rating scores and make a decision afterwards. Also, in validating selection tests, employee ratings may be used as the variable against which test scores are compared. In this case, the validity of the selection would depend on an accurate appraisal system (Mondy, p. 82, 2010).

2.3   Performance Appraisal and the environment

Performance Appraisal can be influenced by environmental factors. An evaluation itself has to be non-discriminatory and objective. There are certain cases that show that selections and performance appraisals were done in an inappropriate way. For that reason, there is a basic rule that says to avoid any method that is disproportional and has a negative effect on a percentage group (Pulakos, p.69, 2004).

A further external factor is the labour unions. Labour unions traditionally have the rule that the older generation or seniority that participates in an organization for years will be preferred in cases of pay increases or promotions. This is the rule of the known tradition. The disagreement is that the seniority in labour unions is not content with the new way of appraising employees.

Nowadays, you can be promoted if you have the highest sales or are the best ranked salesman. Besides external factors, there are some internal factors, which also can affect the performance appraisal. The culture of an organization can influence the appraisal. In todays organizations people often work in teams to perform a job, in that case, managers have to evaluate the teams results as well as individual performance. The problem occurs, if there is no trust within the organization. In such an environment, the validity and creditability of a performance appraisal will be impeded (Mondy, p.86, 2010).

2.4   The Process of Performance Appraisal

Before doing a performance appraisal, it is important to know the steps and the process, to have a valid appraisal.
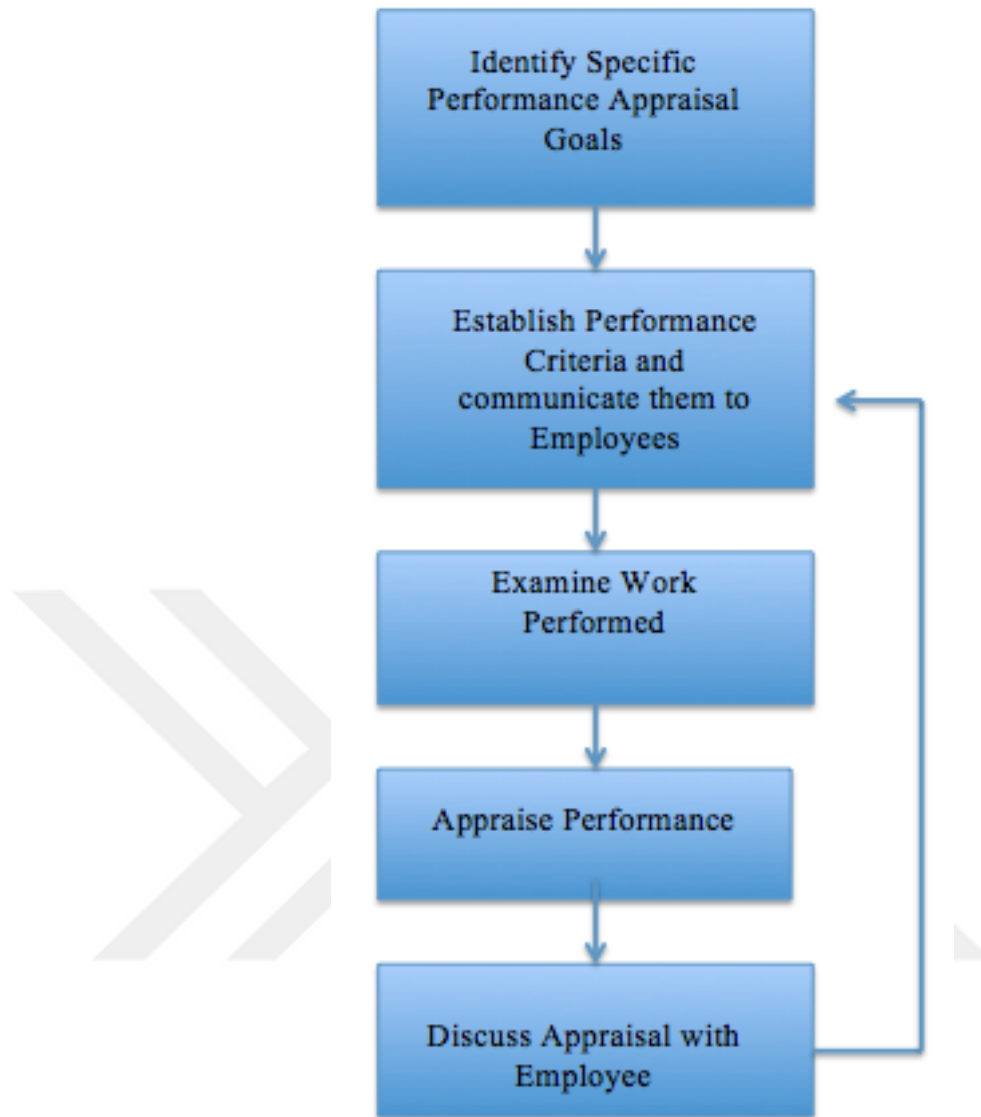
Figure 2.1: Process of a Performance Appraisal **(own illustration Mondy, p. 88, 2010)**

As you can see in the figure, the most important step is to identify a clear goal. Most of the performance appraisals fail, because of the high expectations of an appraisal. An appraisal cannot provide you information on every desired purpose. Some organizations want information about specific topics, to determine the pay increase and some need information in order to promote employees. The key is to know what you are looking for. After identifying a specific goal, it is important to develop criteria's and standards. These criteria's has to be discussed with the employee in order to be content. Furthermore, the work has the to be done in order to be appraised.

Once the work is done and appraised by the manager, both sides can meet to evaluate the performance and the appraisal together. This step provides information about any deficiencies, weaknesses or even strengths. During this meeting, goals for the next period will be discussed too (Mondy, p. 89-90, 2010).

2.5 Developing Performance Standards

The management of an organization need standards in case of performance appraisals. Standards are important to be guided by something. Once the standards are set, it is easier to conduct the performance appraisal. There are already some criteria's such as behaviour, traits, competencies or skills, goal accomplishment and also improvement (Mohrman, p. 35, 1989).

Traits

Human beings in general are very different. Traits such as attitude, appearance, et cetera are important to differentiate between employees. Although it is a very subjective point of view and has nothing to do with the job performance, it is the basis to appraise someone. It is also true that it may lead to imprecise evaluations and might cause legal problems for the organization. Therefore, managers have to be aware of these kinds of problems and appraise in a right and objective way (Pulakos, p.78, 2004).

There are cases that show the problem of performance appraisals and objectivity. The key of a performance appraisal is to appraise someone, but it is always difficult to stay objective. The reason for that is for example, if you evaluate someone, in some cases it is good to know about general characteristic such as leadership skills, personal attitude and also attitude towards people, appearance, ethical factors, mental strength and loyalty to the organization. Even though, these factors are important to appraise your employee, it is quite difficult to be aware of this information and to evaluate objective at the same time (Pulakos, p. 80, 2004).

Despite everything, some traits can be seen as job-related and used for the performance appraisal.

If there is a real linkage between the trait and the influence on the job performance of an individual than it is acceptable (Pulakos, p.80, 2004).

Behaviours

Generally it is difficult to analyse an individual. Human beings are so different and unique in their own way. In case of appraising and evaluating an individual, it might be difficult to analyse only the job performance or the outcome of one specific task. It is easier to evaluate an individuals task related behaviour and skills. For example, a manager can be analysed by his leadership style. An appropriate way to analyse an employee is to evaluate his behaviour while working in teams, teamwork, helpfulness, collaboration etc. These behavioural characteristics can be used as criteria's in evaluation the employees. If certain behavioural characteristics repeat or result in certain evaluation areas, it can be used in the appraising process (Pulakos, p.82, 2004).

Competencies

Competencies is not only knowledge about a certain area in business, it is an interaction of knowledge, traits, behavioural characteristics. There are competencies that are job related and some that are interpersonal competencies. Different jobs require different competencies, for this reason managers have to set competencies that are associated with job success in order to evaluate the employees (Pulakos, p.84, 2004). According to the University of Michigan Business School, there are some specific competences that are necessary for the success of the Human Resource:

- Strategic contribution: Coordinating employee behaviour to organizational necessities
- Business knowledge: Knowledge about business in theory and using this in practice
- Personal credibility: Being valued for know how and working in an executive team
- Human Resource delivery: Supporting the employees with efficient and effective services in areas such as performance management, development and analysis
- Human Resource technology: Provide value for employee by using the newest technology and also web based technology

Goal Achievement

Goal achievement outcomes become more important, if organizations value goals and targets more than the methods used within an organization. The build outcomes are controlled by the individual or a team and should provide the organizational success. Other departments or levels have other goals and outcomes such as financial aspects or customer satisfaction (Pulakos, p.86, 2004). The managers have to provide examples and opportunities for employees, so they can develop themselves and achieve personal goals. Managers and employees have to meet up in order to agree on the employees' goals for the next period and also the needs, which has to be provided by the manager. This process is very important for the appraisal, because it help the employee to focus on his behaviour and competences to achieve the result required (Mondy, p.103, 2010).

Improvement Capability

A huge problem is that in most cases organizations use criteria's, which focus on the past. If you think about the performance of an individual, it is not always a valid evaluation to use criteria's which focus on the past, because people can change, improve themselves and achieve personal goals. Therefore, organizations have to be aware of the future. By considering the future, the behaviour and the past results, managers can develop employees during the process and lead to success and goal attainment (Mondy, p.103-104, 2010). Although the future is important you should include the past and combine the information with the future goals in order to credibly (Mondy, p.104, 2010).

2.6 Obtaining Information

However, performance appraisal is a tool to analyse the performance of the employee, managers perceive it as difficult. The reason is, that some managers do not like to give low rankings; they tend to rank higher than the actual performance. Therefore obtaining information about the actual performance is necessary. The information about the performance can be gathered by observing the work behaviour; reports form colleagues or team members, also from examination of the results of job performance (Murphy & Cleveland, p.89, 1991).

A different way to obtain information is to analyse the previous evaluations of the employee. Once, the information is obtained, the manager has to use a strategy to assess the performance. The judgment system is crucial for obtaining the information needed precisely. For instance, a manager who believes that the characteristics of a good salesperson are to sell a fridge even to an Eskimo prioritises other information, than a manager who believes in the effect of a firm handshake. The benefit of having a judgment system is to know the needed information in advance (Olson, p.98, 1981).

Defining Job Performance
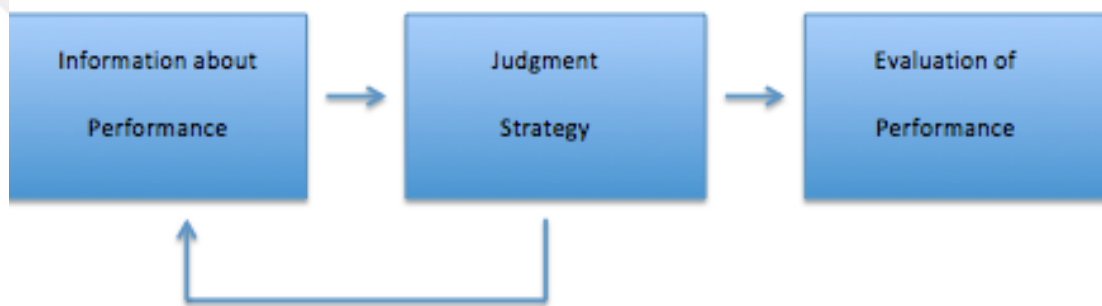
Figure 2.2: Procedure of Defining Job Performance (own illustration, Murphy & Cleveland, p.92, 1991)

In order to obtain information about performance, managers have to determine whether job performance can be defined in the sense of behaviour or in the sense of the results of behaviour (Murphy & Cleveland, p.92, 1991). If performance is defined by the outcomes, then the employee will be motivated to increase the outcomes at the cost of the organization. Furthermore, results are more complex and inflexible than behaviours and it depends on the situation the employee stands.

Therefore, it is difficult to specify what is being measured, when job performance is defined only in terms of results. Murphy and Cleveland claim, that the scope of performance is best defined as a scope of behaviours, than as a set of results (Murphy & Cleveland, p.92-93, 1991).

Conception of Job Performance

The previous section has mentioned the importance of defining job performance, in terms of behaviour and results. These facts are relevant for the goals of the organization. In order to have a clear view about the job performance, Borman defined dimensions of job performance:

- Initiative and hard work
- Maturity and responsibility
- Organization
- Technical proficiency
- Assertive leadership
- Supportive leadership (Murhpy & Cleveland, p.95, 1991)

These dimensions illustrate the perception of the managers in terms of job performance. They have to be considered in two ways. Before explaining the two views of these dimensions, it is important to know that some of the dimensions refer to 'global traits', than behaviours. Borman is claiming that performance appraisals are done in terms of 'global traits' rather than behaviours. He also asserts, that some of the methods imply his suggestion. In addition, he indicates that the majority of these dimensions, for example technical proficiency or responsibility, require certain traits. Whereby dimensions such as assertive/supportive leadership requires strong interpersonal relationships. In conclusion, managers have to be aware of their perceptions and expectations to lead the performance appraisal in the right direction (Murhpy & Cleveland, p. 95-97, 1991).

2.7   Designing Performance Appraisal

All managers make appraisals of employees, and they make them frequently. Since managers and supervisors rely on getting work done by others, they are compelled to review the tasks done by their employees. Managers are responsible for the workflow and also for the work stand in order to re-plan the procedure, if needed. Hence, the tasks are under his ward, managers have check employees and listen to their complaints. On the basis of their complaints, the manager has to decide whether to interfere or not.

The purpose of his work is not only about his organization, but also on the ability of his employees. (Kellog, p. 65, 1965). A manager has to give clear job descriptions, at the same time he has to be aware of the differences between each individual. The outcome of every task he gives is linked to the experience and the competences of the employee with whom he is dealing. In addition, a manager is also responsible for pay rise. In that case, he has to analyze and weigh if an employee is worth a pay rise or not. In remaining cases like new job offers, an appraisal of qualifications is needed to decide among employees. All of these cases are usual for every manager. Each of them involves appraising of individuals (Mohrman, Resnick-West & Lawler III, p.51, 1989). In other words, it is one of the basic tasks of a manager's work. Needless to say, not every manager is doing a good job, some are to sensitive, some are to strict and some have difficulties in giving feedback, but at the end the appraisal is made.

2.7.1 Appraise equals to

Before designing an appraisal, it is important to understand the special meaning behind the 'Appraisal' system. When you appraise something or someone, you set e certain value on it. An explanatory example is buying a house. There are different categories you have to consider in buying a house. The value of a house will depend on insurance purposes, tax purposes, the costs spend to design, materials and labor. Another aspect is the neighborhood, the distance to public transportation or any other environmental influences (Kellogg, p.82, 1965). Form this appears that one has to consider a lot of aspects, before appraising. Naturally, you cannot compare things with human beings. The point is that, the most difficult thing is to appraise human beings. People have no price or quoted figures to put a value on these kind of criteria's. The criteria might be 'how worth is his work?'. Even tough, this question is an easy one, it is controversy among managers. Therefore, a manager has to recognize, that his appraisal is a subjective judgment based on information, which is not complete or precise. He can specify his appraisal by stinting his planned purposes (Mohrman, Resnick-West & Lawler III, p.58, 1989). At the end, his subjective valuation of the information will affect his projects and purposes. For example, a manager who reached a leading position the hard way, will overvalue someone with a Master's degree or Ph.D.

In contrast, a manager with an educational background will have other expectations from his employees, therefore he might appraise more severe. As a consequence, subjectivity automatically limits the validity of a manager's appraisal (Murphy & Cleveland, p.107, 1991).

2.7.2 Who benefits from Performance Appraisals?

Managers often do appraisals, in order to influence his employees. His intention is to push his employees to a certain direction, to help them making certain decisions or steps. Some academician's believe that the tool for doing this is the discussion about the appraisal with the employee. Consequently, the question appears: 'Is the appraisal helpful for the employee?'. Unfortunately, there is no accurate answer. A manager who makes appraisals, thinks that he needs it to make important further decisions. An employee may ask for an appraisal, in order to improve himself or make decisions about his further actions, but only if he trusts his manager's judgment. Mostly, appraisals are made without asking for the need. In these cases, no one can predict or know whether an employee feels a need for an appraisal or if he trusts or not. Depending on the results, the employee can decide whether to heed the appraisal or not. The result of an appraisal is only an input from manager's, the heed of the information depends on several factors like, whether the employee trusts or not, the relationship between them and the validity of his appraisal (Kellogg, p.104, 1965). For example, Susan who is stressed, because of the production of a certain product with a deadline, will not welcome the well-intended discussion about her career prospects. On the other hand, Ann, an inexperienced newcomer, will be grateful for any constructive feedback. As said before, the information every manager gives, will only be a part of an employees decision about his further career prospects (Olson, p.109, 1981).

Appraisal is a necessary managerial task. It is a subjective value-based judgment of a person's abilities and competences to fulfill given tasks. It requires a well defined purpose, precise and relevant information. A professional appraisal serves as guideposts for a manager's own actions and plans and also as a small footnote for an employee to review his actions (Olson, p.110, 1981).

2.8 Importance of Performance Appraisals

The human resource department is responsible for the performance appraisal. The department is responsible to design and also align of the appraisal. Besides the human resource department, also the managers play a big role, because they perform the appraisal. That means, that it is also important to include the managers, in order to succeed (Rue & Byars, p.82, 2005). Indeed, there are several people to conduct the appraisal and evaluate the performance of the employee.

Direct Supervisor

Traditionally, the direct supervisor is the most suitable person to appraise the employee. The supervisor knows about the job, tasks and the given responsibilities and is able to evaluate all aspects. But is also might happen, that in that case, the supervisor is too subjective and disregards other important aspects. In some cases, managers or supervisors, can manipulate the appraisal in order to vindicate a pay increase or promotion. In order to prevent this, subordinates can be brought into the appraisal system. As mentioned before, performance appraisals and employee development are related to each other. That implies, that subordinated can also be trained in order to be able to conduct performance appraisals (Rue & Byars, p. 84, 2005).

Subordinates

Although, evaluation of subordinates was seen as inappropriate, nowadays this perception has changed. Organizations consider the importance of evaluation by subordinates as crucial (Rue & Byars, p.85 2005). For example, in Universities, it is common, that students evaluate their lecturer. Fact is, that subordinates, as well as students are in the best position to evaluate their supervisors or lecturers. This system leads managers to include the results of the appraisal in order to fulfil the needs of the employees in terms of distribution of work and teamwork (Bach & Sisson, p.92, 2000).

However it is a common strategy, it is important and advisable to conduct the appraisal anonym.

Colleagues and Team Members

Appraisals conducted by colleagues and team members are another way of evaluating the performance. An advantage is, that the employees work with each other and have a genuine perspective. Fact is, organizations tend to use teamwork to get work done (Beach & Sisson, p.94, 2000). Appraisals of colleagues have several advantages:

- Team members and colleagues know each others work and performance better, thereby the appraisal is more precisely
- The pressure of the colleagues is a motivator for employees
- Employees will show more commitment and participation in order to have a positive appraisal
- The appraisal includes more than one opinion (Beach & Sisson, p.94, 2000)

Self-Appraisal

Employees have to be aware of the goals and understand the aspects used in the appraisal system. If they are able to understand this fact, they are able to appraise themselves (Bach & Sisson, p.97, 2000). Actually, human beings are good in evaluating their own performance and their own work. Mostly, they are more self-critical. Nickelodeons vice-president of Human Resource said: "*The fascinating thing is that employees are usually tougher on themselves than you will ever be*" (Pulakos, p.115, 2004).

Self- Appraisal can lead to motivation, because employee development is, from the view of an employee, self-improvement. However self-appraisal is not a part of performance appraisals, managers can include the self-appraisal as an additional information about the work done by the employee (Pulakos, p.115, 2004).

Customer Appraisal

The consideration of customer appraisal shows the commitment to the customer.

The idea behind this appraisal is that, customer satisfaction shows the success of the organization. So, customer appraisal can be used to set new goals and participate the employees in defining new objectives.

This strategy can motivate employees, in order to perform better and satisfy the customer and the manager at the same time. Retroactively, this means that the employee is motivated and has a higher degree of performance (Pulakos, p.118, 2004).

2.9 Periods of Performance Appraisals

Performance appraisals or in general evaluations are made in intervals. There is no specific date or interval for every organization, but it is common to do it annually or semi-annually. It also depends on the organization. For example in an organization, which is specialized on technology, the performance can be appraisal more often than in other branches. The speed of the environment and of the work, which needs to be done, is very important. These organizations might have periods of three or four months (Rue & Byars, p.90, 2005). Despite everything, managers have to bear in mind that managing and appraising performance is a continuous process, besides the general performance appraisal periods. However, it is advisable to do a performance appraisal on a specific date, in order to have viable and credible results to compare the performance of employees (Rue & Byars, p.90, 2005).

2.10 Methods of Performance Appraisal

Different Methods have different purposes that means, managers have to decide what their purpose is. Depending on the purpose, it may be helpful to use traditional methods like rating scales or collaborative methods, in order to have input from other for example for employee development purposes (Mondy, p.122, 2010).

360- Degree Feedback Method

The 360- Degree methods is a way of appraising people with the input of team members, colleagues, managers, supervisors as well as external sources. So, this method provides numerous of opinions about one employee. Besides using this method for applications, it will also be used for planning, training and development. An advantage of these methods is that the errors can be reduced, because of the number of participants (Mondy, p.125, 2010).

A disadvantage is that, because of the high number of participants, it takes more time and is costly at the same time. Even though, the 360 method is a common used method, is has some bad properties. Employees who are not able to give constructive feedback may evaluate the colleague positive and it can end up in only good results. On the other hand, employees who are competitors when it comes to promotions or pay increases can distort the appraisal in order to 'win' (Pulakos, p.126, 2004).

Rating Scale Method

The rating scale method is way to appraise performance based on a scale. Traditionally, the scale includes about 5-8 categories such as outstanding, expectations or development. This method will be used often and provides more than one performance criteria. Another reason, that it is simple and timesaving. After appraising every employee, the rating scale method provides you results which helps to compare employees (Mondy, p.127, 2010). Mostly, the questions are either job-related or characteristic oriented. The key is to define precise scales and rating systems, otherwise the appraisal will not be credible. For example if there is a scale with 'above expectations' and another with 'below expectations', the rating will not be useful, because the employee can not learn anything from that sort of appraisal. It is important to be clear, so the employee can see the rating and try to improve him or herself (Mondy, p.127, 2010).

On the next page, there is an example of a rating scale, which shows the basic foundation of a rating scale. Obviously, every organization has to adjust the rating scale for his organization.

Employee Performance Appraisal
XYZ Company

Employee's Name _____

Title _____

Department _____

Please put an X in the area which best describes this employee's performance.

Attribute	Above Average	Average	Below Expectations
Dependable			
Shows problem solving ability			
Works well in a team			
Takes initiative			
Produces high quality work			
Shows leadership within department			
Communication ability			

Please provide specific comments which describe the ratings for each category.

_____

_____

_____

_____

_____

_____

_____

_____

_____

Date _____

Signature of employee _____

Signature of manager _____

Figure 2.3: Rating Scale Method Example (Rating Scale Method, University of Minnesota)

Critical Incident Method

The critical incident method is a way of appraisal, which is based on written notes about any positive or negative actions of the employees. Any action, which affects the working routine of the department or the effectiveness, can be categorized, as 'critical incident' and will be noticed. This method is a continuous way of appraising employee, not only annually or semi-annually (Pulakos, p.130, 2004).

Essay method

The essay method is, as its name implies, a method in which the manager writes an essay about the employees' performance. This method focuses more on the behavioural characteristics of the employee by doing his job, than the day-to-day performance (Mondy, p.131, 2010). The essay method is an easy way to appraise, but it depends on the writing skills of the manager. If the manager is not able to describe the performance of the employee, he can be misunderstood. Another problem is that there is no common criterion, to compare or analyse the appraisal (Bach & Sisson, p.141, 2000).

Work Standards Method

The work standards method, is appraising by the output of every employee. The management has to set a standard or a level and depending on the output of every employee, the appraisal will be conducted. Mostly, this method can be used in the production, because the output of that kinds of job is more clear (Bach &Sisson, p.143, 2000).

The advantage of the method is, that the appraisal will be more objective than other methods, because it depends on the output, not on personal characteristics or knowledge (Mondy, p.133, 2010).

Ranking Method

The ranking method is as the work standards method a very easy method. The method ranks all employees of a group, to have an overall performance. Out of these employees, the method ranks all of them, the best employee and the poorest employee. This method is comparing employees of a group and ranks them depending on the performance (Mondy, p. 134, 2010). The ranking method will be used, when managers have to make human resource decisions, such as pay increase or promotion. The way of their thinking is, that the best out of a

group can be promoted, because he is the best, not because of his remarkable performance (Bach & Sisson, p.144, 2000).

Result-Based Method

This method conforms the management by objectives. At the beginning of a period, the manager sets a goal, such as cutting cost in XY area, and at the end of the period, the appraisal criteria will be this goal and how well the employees have achieved this goal (Pulakos, p.137, 2004).

Forced Distribution Method

The forced distribution method is an appraisal system, which puts employees in work groups with a certain number of categories. The reason for such a system is to prevent a big number of employees in a superior group (Mondy, p.143, 2010).

This method is a famous and known method in many organizations such as General Electric, Cisco, HP, Microsoft etc. (Rue & Byars, p.109, 2005). Supporter of this method believe that they are working more effectively and honest with their employees. They also argue that it is a good method for managers, who are too shy to dismiss employees.

Despite of the successful organizations, which use the method, according to a survey of a Human Resource department, 44 percentages believe that this method damages the morale of the working environment and causes competition between employees. They also argued that this method can cause mistrust of leadership skills (Mondy, p.152, 2010). Critic of this method also argues that this method is a way to justify job cuts.

Forced distribution has three levels, one group has employees with a high performance, they are ranked as 20 percentage, the next level are average employees with almost 70 percentage and the poor employees represent 10 percentage of the whole. The 'poor employees' have a change to improve their performance to be upgraded to another level, if not they are going to be sort out (Pulakos, p.151, 2004).

Behaviourally Anchored Rating Scale Method (BARS)

The behaviourally anchored rating scale method is an appraisal method, which combines the critical incident method and the traditional rating scale method.

The appraisal is based on several categories, in other words scales, which describe the job behaviour of the employee (Mondy, p.154, 2010). Although, this method conform the rating scales, it is quit different, because it is not using scales such as high, medium or low. The BARS method has rating scales, which is based on behavioural anchors related to the criteria measured (Pulakos, p.153, 2004). By using this strategy, managers can reduce bias and errors, because the BARS method has clear descriptions of each scale, based on the job information and the criteria measured. This method allows discussion, because of specific behaviours and characteristics. Despite everything, the BARS method has two important disadvantages. The behaviour, which is being appraised is activity oriented, instead of result oriented. At the same time, is costly, because the BARS method has to be adapted consistently for every job category. However, the BARS method is the most acceptable method, because it observes actual and justifiable job behaviours (Rue & Byars, p.111, 2005).

BEHAVIORAL ANCHORED RATING SCALES

Performance	Points	Behavior
Extremely good	7	Can expect trainee to make valuable suggestions for increased sales and to have positive relationships with customers all over the country.
Good	6	Can expect to initiate creative ideas for improved sales.
Above average	5	Can expect to keep in touch with the customers throughout the year.
Average	4	Can manage, with difficulty, to deliver the goods in time.
Below average	3	Can expect to unload the trucks when asked by the supervisor.
Poor	2	Can expect to inform only a part of the customers.
Extremely poor	1	Can expect to take extended coffee breaks & roam around purposelessly.

Figure 2.4: Example of BARS method (Performance Appraisal BARS , hrzone.com/bars)

The Figure shows different scales with different points, which describe certain behaviour. It is easier for managers to analyse and justify the behaviour of the employees in terms of job performance.

2.11 Failure in designing a performance appraisal

Although, there are many methods of performance appraisal the whole concept of appraisals is always beneath criticism. There are often problems in designing an appraisal, because of the inadequate implementation. Most of the time, the problem is that managers are not objective, instead, they are too subjective or the criteria's are not job-related (Mohrmann, Restnick-west & Lawler, p.81, 1989).

The following part will explain the different problems of performance appraisals.

Rater Discomfort

In the Human Resource, performance appraisal is not an exciting task (Mondy, p.160, 2010). The management expert Edward Lawler says that the performance appraisal is not motivating an individual or supports to develop themselves, instead it causes conflicts between manager and employee. The reason is, the wrong implementation of the appraisal, inadequate design, and inadequate administration and sometimes, lack of time. According to Lawler, managers perceive performance appraisals as paperwork, too many choices, time-consuming and discomfort. They have to make a cut while working and have to spend their time to analyse and appraise their employee. The real problem makes itself felt when the result of the appraisal is not good. The employee will be unhappy and frustrated (Mohrman, Resnick-West & Lawler, p.85, 1989).

Lack of Objectivity

Lack of objectivity is a huge problem in performance appraisals. Actually, every task related with evaluation of people has a problem with objectivity. Mostly, the rating scale method causes problems of objectivity, because it analyses the attitude, behaviour or personality. However, subjectivity will always exist in appraisals, important is to keep it within bounds (Mohrmann, Resnick-West & Lawler, p.87, 1989).

Halo Effect/ Horn Error

The halo effect/ error occurs when the manager generalizes one positive/negative aspect to al aspects of the performance appraisal (Mondy, p. 163, 2010).

For example, if the manager of a hospital pays attention to neatness, he will automatically give a high ranking for neatness. When the manager evaluates nurse Emily, who is a very neat and clean person, she will get high ranking in this factor. Due to the halo error, the manager will perceive her as a very good nurse in every aspect, just because of one factor. This error will lead to higher rankings in every aspect. That is called the horn error, if a manager generalizes the evaluation positive or negative due to one factor (Mondy, 2010; Mohrman, Resnick-West & Lawler, p.92, 1989).

Leniency versus Strictness

Managers are different, some are strict, and some are soft and lenient. This fact can cause problems in appraisals. The reason is if some managers are too lenient to evaluate, the employee will get a good ranking and also a positive appraisal. On the other side, strict managers will evaluate critical and this will cause, that employees are being evaluated unfair. In addition too strict and too lenient managers will prevent effective evaluations in order to recognize deficiencies and development opportunities (Pulakos, p.170, 2004).

Central Tendency

This error is caused by an evaluation of employees near the average (Mondy, p.168, 2010). Some managers want to prevent the system of rating too high or too low, but the rating near the average will cause problems when it comes to incentives, promotions or pay increases. Central tendency error will cause the problem of selecting an employee. The results of the performance appraisal will not give accurate information about the real performance of the employees, which can cause demoralizing (Baker, p. 51, 1988).

Recent Behaviour Bias

The recent behaviour bias is typical for human beings. If an individual knows, he or she will be evaluated in a few weeks; he will try to behave different, work harder and more disciplined in order to perceive a better evaluation. It is helpful for managers to record good performance during the period, in order to have a more credible appraisal (Mondy, p.171, 2010; Baker, p.53, 1988).

Stereotyping

This error of stereotyping occurs, if managers are not able to evaluate objective without considering age, race, gender or nationality.

The probability of this error should be very low, because it can cause real problems in organizations. This error can cause mistrust of the organization and the manager, discrimination and also conflicts between the employees. Stereotyping is an error, which should be avoided. This error can have affects on the motivation and also participation of employees within the organization (Pulakos, 2004; Mondy, p. 174, 2010).

Manipulation

In every aspect of life, manipulation can happen everywhere. For instance, if a manager want employee X to get a pay rise or promotion, he can arrange the appraisal for the benefit of the employee X. At the same time, the manager can arrange the dismissal of an employee of he want to (Mondy, p.175, 2010). In both cases, the performance appraisal would be used for other benefits and useless for every employee.

2.12 Performance Appraisals and Motivation

Performance appraisal is a process, which will be described as tool for determining and communicating the performance of employees. It provides information about the workflow, stand of the work and how employees handle responsibilities (Rue & Byars, p.124, 2005). The evaluation is essential for the administrative part of the organization to make future plans, because it identifies training needs and plans for employee development (Kellogg, p.121, 1965).

Furthermore, the appraisal is an important tool that seeks for better, more accurate, more cost-effective ways for apprising job performance and employee motivation (Murphy & Cleveland, p.120, 1991). At the same time, it is a demanded system with a significant technique targeted to improve the performance of the employee within the organization (Rue & Byars, p.130, 2005). Additionally, an effective performance appraisal is an integral part of organization's human resource management effectiveness (Bach & Sisson, p.161, 2000).

The process of the performance appraisal system can be categorized into four steps.

Performance appraisal systems include performance standards, methods for determining individual performance, adjustment between standards and evaluations of performance. First step of arranging performance standards constitutes the responsibilities of the job description. The job standards are set against the worker performance. The second step is to determine the employee performance (such as traits, behavioural approach, ranking methods, results methods, 360 degree evaluation and management by objectives (MBO). After determining the employee performance, ensues an adjustment of the standards. That means, the adjustment of the documented appraisal and the standards, settled in the job description (Bach & Sisson, p.168, 2000). Nevertheless, according to the literature and todays business some organizations are not satisfied with their performance appraisal system. This means that the performance appraisal system is not an appropriate method to increase employee motivation within the organization (Rue & Byars, p.147, 2005). Although performance appraisal is considered to be crucial to create a better work environment and improve the output of employees, issues such as mismanaged appraisal design, lack of knowledge, lack of giving feedback, time pressure also performance pressure of the top management can lead to ineffectiveness (Arbor, p.34, 1970). Therefore a well-designed performance appraisal is of big importance for the positive effect on employee. At the same time, organizations have to be aware of different motivation theories, in order to prevent failure in performance appraisal.

2.13 Theories of Motivation

Motivation is a mental event of human beings, which determines the course of action. Motivation does not arise from what someone says about his or her own experiences or their behaviour. It is not an innate problem. Fact is that motivation is not a behavioural problem. There is no behaviour from which you can assume that motivates. The theoretical dedication upon something in the behaviour itself will be assumed as motivated. Any definition to how motivated people look and what kind of behaviour we see as motivated depends on the explanation of how we regard behaviour in general and how we explain it in general.

Therefore we can assume, that motivation is neither a fact of experience nor a fact of behaviour, but a concept we use when we explain behaviour (Bolles, p.24, 1975).

Definition of Behaviour

Behaviour can be observed as a result of stimulus conditions, but it is not always the same theory. In these cases behavioural responses can almost be predicted as any behaviour of a physical system. In most cases it is not easy to identify the stimulus of an organism of a human being (Bolles, p.26-27, 1975). One can say that it is the result of stimuli that has been effective in the past or reacted because of an experience made in the past. Stimulus is "*a thing or an event that evokes a specific functional reaction in an organ* (…)" (Definition of Behaviour, en.oxforddictionaries.com).

If there were a virtue that explains all causes of behaviour, the efforts of creating motivational theories would be simplified (Bolles, p.31, 1975). Therefore, the most persistent motivation theory is the one that assigns the mental processes.

2.14 Needs based Theories

These theories are based on classifications of human motives. They deal with the content of motives and constitute incentives, which cause and perpetuate behaviour in the individual or in his environment (Beck, p.32, 1978).

2.14.1 Maslow's Theory of Needs

Maslow has a theory about the needs of human beings. He found a hierarchy of five categories, which are consecutive. Before explaining the content of his theory, it is important to understand Maslow's mind-set. His criticism is that most theories are based on researches from animal extrapolation. Researchers are able to control animals in laboratories and use them for motivation studies. Maslow's says that these studies are in relation to animal motivation instead of human motivation. These studies are restricted and cannot be applied for human motivation. The reason for his mind-set is that these studies are not considering the social needs of human beings.

Maslow did clinical observations and found that the satisfaction of social needs is important for the motivational forces and builds the basis for goal-directed human beings (Arbor, p.41, 1970). He includes also psychological needs, but he sees them as the initial set of needs of every human being. Moreover, he admits that psychological needs are powerful and have to be satisfied before other needs. Maslow's hierarchy is build by needs; every level has a higher priority than the next level. According to Maslow, behaviour is depending on the satisfaction of needs and it changes from individual to individual by time. Every individual can prioritise another level as more urgent. Hereafter, Maslow's different level of needs will be described in detail (Arbor, p.41-42, 1970).
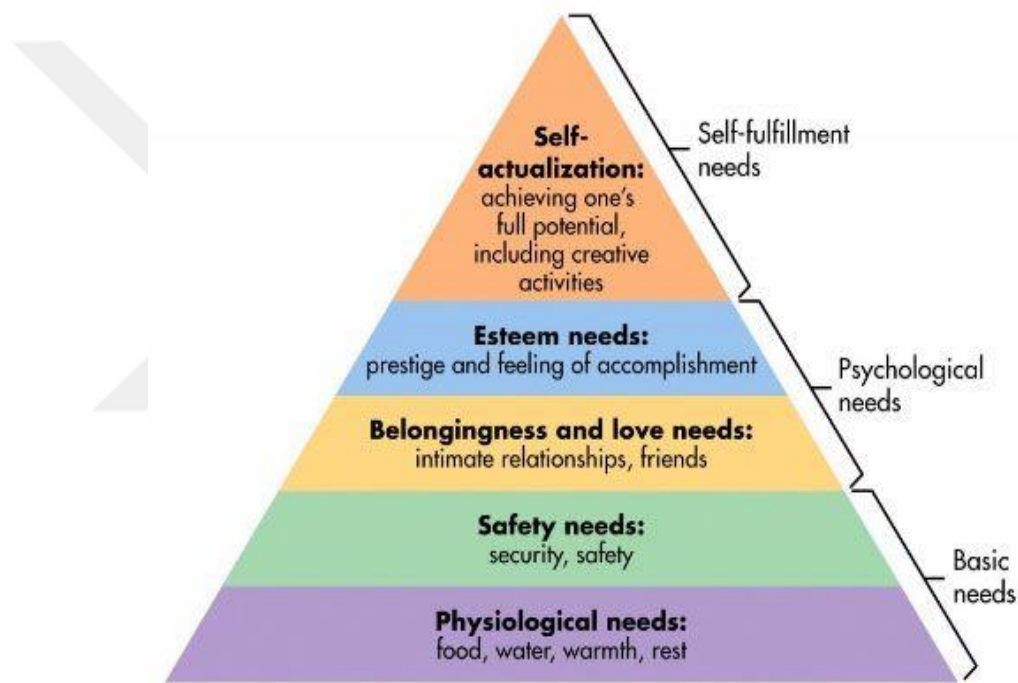
Figure 2.5: Maslow's Hierarchy of Needs (Maslow's Hierarchy of Needs, simplypsychology.org)

Psychological Needs

The psychological needs are the first level in Maslow's hierarchy. This level includes means of existence such as food and water. Despite of food and water, a human body needs also to rest and other maternal needs. This level is a part of the basic needs of every human being; it is the foundation of everything that follows (Beck, p.36, 1978).

Safety Needs

After fulfilling the psychological needs, Maslow's next 'higher' level is safety needs. These are also a part of the basic needs. Safety needs includes security and safety. Humans are seeking for safety until they are satisfied. The meaning of safety needs is simple, every individual want to live in a safe environment, far away from any threat. At the same time they want to have a simple life. Some include work to safety needs, in terms of not being noticed to leave and also a safe income (Beck, p.38, 1978).

Belongingness and Love

The third level 'Belongingness and Love' consists of love, affection and concealment. Once psychological needs are satisfied and environmental safety is achieved, humans need love. As every individual, even baby's need love, to feel safe, beloved and for the ease of mind (Beck, p.40, 1978). Maslow describes that an individual with these needs will "*hunger for affectionate relations with people in general*" (Arbor, p.47, 1970). In addition, Maslow says that this level has a huge impact in our society, in terms of maladjustment and other psychological diseases (Arbor,p.47, 1970). Belongingness and love is categorized as psychological needs (See Figure Maslow's Hierarchy of Needs).

Esteem Needs

After love follows esteem needs. Individuals in today's society have a desire for self-respect, respect by others, and also a higher evaluation of themselves within an organization or in private life. People have different kinds of desires. Maslow classifies them as desire for strength, for success, for superiority and competence, for confidence and also for interdependence (Beck, p.43, 1970). He assumes that people need to be satisfied in these areas to be happy as well as motivated. These kinds of needs are categorized as psychological needs (See Figure Maslow's Hierarchy of Needs).

Self- Actualizing Needs

Since every level is satisfied, there is still another level named 'Self-Actualizing'. Maslow says that people want to fulfill certain capabilities, such as being what you capable of being (Arbor, p.51, 1970). The satisfaction of self-actualizing needs is also a very important level for people, because it leads to a sense of responsibility and achievement.

That is the reason why Maslow categorizes this level, as 'Self-Fulfillment needs'. According to Bolles, although Maslow found a hierarchy of needs to explain the needs of people to be satisfied and motivated, he wished to intimate that there is no primary need, which has to be satisfied before a higher level need occurs. In Addition, Maslow says that actually people are satisfied in all level at the same time, but not completely. In other words, every level is partially satisfied (Bolles, p.44, 1975).

Satisfaction is every individual's goal and the direction towards the goal differs from individual to individual. Summarizing Maslow's hierarchy, there are three major levels of an individual: Work environment, family and the society. Satisfying all three areas will lead to the fulfillment of the hierarchy.

Table 2.3: Maslow's Hierarchy of Needs with examples (Maslow's Hierarchy of Needs, Ball)

Need	Example
Psychological	Cafeterias (Vending machines, Drinking fountains)
Security	Economic (Wages and salaries, Fringe benefits, Retirement benefits, Meidcal benefits)
	Psychological (Provide job descriptions, Aviod abrupt chnages, Solve employee's problems)
	Physical (Working conditions, Heating and ventilation, Rest periods)
Belonging	Encourage social Interaction (Create team spirit, Facilitate outside social activities, Use periodic praise, Allow participation)
Self- esteem	Design challenging jobs (Use praise and awards, Delegate responsibilites, Give training, Encourage participation)
Self- actualization	Give Training (Provide challenges, Encourage creativity)

As you can see in Figure above, there are some advices for each level a manager can implement in his strategy. Every need has different stimuli to be effective and every individual has different behavioral and character traits to get motivated.

2.14.2 Alderfer's ERG Theory

Alderfer's ERG Theory was found in 1969 and ensued after Maslow's hierarchy of needs. He uses the idea of Maslow, but at the same time, he formulates a critique of the model of the need pyramid. According to his opinion, a clear distinction of needs is difficult, the hierarchization has no validity in his theory (Alderfer, p.27, 2010).

Existence

The existential needs include psychological and material needs, such as food, water, safety, love and affection. This level of Alderfer is similar to Maslow's first two levels (Shanks, p. 11, 2017).

Relatedness Needs

This level comprises social and esteem needs, such as relationships with others, such as family and friends and colleagues. In addition to that, this level means also to be recognized and feel secure as a part of a family or society (Shanks, p.12, 2017). This level of Alderfer is similar to Maslow's third and fourth level.

Growth Needs

The inner esteem and the self-actualization force an individual to be creative and productive to contribute for the environment, but also for self-development. To be capable, an individual has to be creative and the desire to contribute. This level is similar to Maslow's last level (Shanks, p.14, 2017).

As said before, the priority of levels differ from individual to individual. A need becomes more dominant the less it has been fulfilled. Therefore:

- A satisfied need triggers a different need
- If the individual does not succeed in satisfying a need, he draws himself up lower level
- Accuracies can cause growth (Shanks, p.16, 2017)

Overall, the theory of Alderfer is much more open than Maslow's need pyramid, taking into account that people can react differently to need satisfaction and non-satisfaction (Hungenberg & Wulf, p.64, 2011).

2.14.3 Herzberg's Two Factor Theory

Herzberg differentiates two stimulants: motivators and hygiene factors. Motivators, such as the work itself, recognition or responsibility refer only to work. They have to provide an incentive to work with passion and interest in an organization. The opposite are hygiene factors. These are working factors that do not provide an incentive, but need to exist to prevent dissatisfaction of employees. These include, for example, salary, interpersonal relations or appropriate working conditions.

Initially, it is important to ensure the self-comprehension and then to find the appropriate motivators in order to inspire the employees to be more willing to perform (Shanks, p.21, 2017). Motivation does not mean the continuous introduction of new motivators, but rather the creation and establishing of concrete working conditions. The incentives have been designed both tangibly and intangibly (Summary of Motivation Theories, Ball).

Critical is the distinction of the two factors. Motivators and hygiene factors are variable sizes and the desires and needs of employees are very individual.

2.15 Management Theories of Motivation

Within the management theories, there is no information about what the person who is activated in his motives, strives. The intention is to explain the cognitive processes, which are responsible for leading to the decision for a goal of action. It tries to explain how a particular behaviour is produced, directed, obtained and abandoned. Processes of motivation determine the relationship between variables that influence behaviour and explain how an action is performed. A human being is seen as a rationally calculating being. The management theories are useful in the first line for the explanation of the real decisions, secondly for the explanation of habitual behaviour, but not for the impulsive behaviour. They explain only the variance proportion of the behaviour, which is determined by a rational calculation (Bolles, p.62, 1975).

2.15.1 Vroom's Expectancy Theory

The expectancy theory of Vroom differs effort from performance and outcomes. It describes perceptions, and assumes that behaviour is the result of conscious choices between alternatives (Beck, p.72, 1978). He explains the concepts of Expectancy (higher efforts will lead to higher results), Instrumentality, that means, if you perform well you will obtain a valued outcome and also Valence, value posed on the expected outcome (Beck, p.75, 1978). The main idea of this theory can be explain in few steps:

1. The subjectively probability that an action outcome as required corresponds to the availability.

2. The reward is depending on the performance. The instrumentality shows the degree of correlation between the outcomes of the action and the success of the action.

3. The valence means in that case the abandonment of a prospected reward. This is the outcome of certain behaviour.

The greater the availability of a performance outcome, so much better the success of the performance. Motivation is achieved when the performance and the outcome, which is considered as appreciable for the satisfaction of needs, are related (Hungenberg & Wulf, p.71, 2011).

2.15.2 Adam's Equity Theory

Equity theory assumes that people strive to sustain a balance between their inputs and the outcomes they receive, by considering the relation to the outputs of others. Fairness creates motivation. It encloses a crucial perspective to the motivation theory, of comparison with referents, meaning that people we consider to be in a same or similar situation (Valle, p.34, 1975). In other words, this theory can be described as a interpersonal comparison, a social relationship will only entered if there is a fair allocation. The reward of having a good social interaction has to be allocated fairly. Otherwise it will cause a feeling of inequality, the motivation will decrease, and consequently the performance will decrease too (Bolles, p.74, 1975).

2.16 Employee Motivation and Performance

Motivating employees in order to generate higher performance is difficult. A manager has to understand the employees, establish empathy and understand the motives, which lead to motivation. If an organization is aware of his employee's motives, they can work on certain incentives to apply them at the proper time. Motivation, commitment and performance cannot be enforced; you can achieve it by communication, participation, fairness and constructive feedback. In the following part, we will discuss motivators with effective contribution to employee motivation.

### 2.16.1 Goal- Setting Theory of Locke

The psychologist Edwin Locke developed the goal theory of motivation in 1960. Locke argues that goals, which are precisely formulated and challenging, as well as feedback on goal achievement, have a major influence on motivation and performance. His theory is based on the Zeigarnik effect. Thus, the goal has to create excitement that is reduced to the goal by acute movement. Locke assumes that there is a differentiated relationship between goals, motivation, performance and feedback. He argues that goals have a positive influence on the motivation of employees, in terms of direction, intensity and durability of their actions and also contribute to higher performance. According to Locke, the effectiveness of the motivation depends on two main characteristics (Hungenberg & Wullf, p.81, 2011).

1. Goal difficulty: The goal difficulty reveals how challenging a goal is. Locke assumes that the more challenging the goals, the more employees strain themselves.
2. Goal specificity: The goal specificity refers to the clarification or precision of a goal. For example, the goal of "increasing sales" is much less specific compared to the goal of "increasing sales in the next 12 months by 30 percentages". Locke argues that specific goals have a higher motivational effect than unspecific goals (Hungenberg & Wulff, p.83, 2011).

Apart form these two goal characteristics of Locke; he also assumes that giving feedback is an effective motivator for motivation.

2.16.2 Feedback

A feedback is a response to achievements (Definition of Feedback, duden.de). It is quasi an 'answer-back' of a manager or supervisor for services rendered. By giving constructive feedback managers are able to communicate with their employee on a joint basis. Locke assumes that, he assumes that feedback on the achievements increases the motivation, because it allows a targeted and professional correction of the behaviour. Empirical studies show that foreign feedback is less effective than self-generated feedback (Valle, p.38,1975).
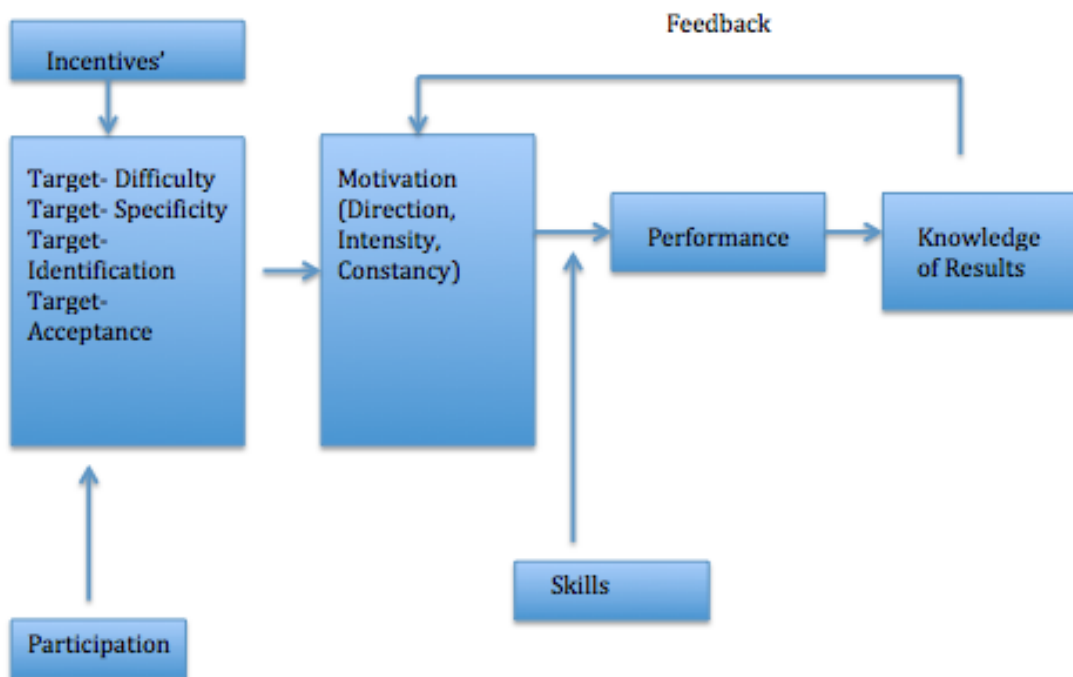
Figure 2.6: Positive effect of giving feedback (own illustration, see Hungenberg & Wulf, p.84, 2011)

Feedback has been emphasized in empirical studies. The corresponding requirements for the processes of goal formulation as well as the design of incentive and appraisal systems, has to be taken into account by the management of the organization (Valle, p.42, 1975).

2.16.3 Extrinsic and Intrinsic Motivation

Intrinsic motives are in this context such motives, which are satisfied by the work itself. The intrinsic motives include the performance, the competence and the sociability-motives (Frey, p.41, 1997).

Performance Motive

People with an intrinsic motive are motivated by the work itself. The main motivator for them is to have an influence on the success of an organizational goal. People with these characteristics do not need any reward. Money or their salary is on the second rate for them. The monetary bonus is only a tool to compare themselves and their performance with others.

Competence

Motives like 'competence' is the desire of creative unfolding. People with these kinds of intrinsic motivation want to change the environment also achieve something with their work.

Sociability Motive

Sociability in terms of intrinsic motivation is the pleasure to be surrounded by people and to be integrated in a community. Events or work party's within the organization brings joy to these employees (Hungenberg &Wulf, p.87, 2011).

On the contrary to intrinsic motives, extrinsic motives are those, which are not satisfied by work alone, instead only through the consequences of a work performance or its surrounding circumstances. The extrinsic motives include, the money, safety and prestige (Frey, p.52, 1997).

Monetary Motives

For some employees, money is the only extrinsic motivation. Their desire is to work and earn more money for a better status. The emotional part of this motive is the value of things you can buy or do with that money. Especially, young employees, who just entered the business world, are focused on money motives.

Safety

Safety in terms of work environment means, to have a safe employment. Especially people in Germany are afraid of loosing their jobs. That is the reason for the strict employment law system. Having a job is an existential basis.

Prestige

In this category, people have the desire of prestige, respect and glory. They want to have a job with a high income, a glorious career and a high educational level.

Most of these people are professors, doctors, lawyers, and business consultant. In other words, people who are independent (Hungenberg & Wulf, p.92, 2011).

2.16.4 Fairness as a Motive

Beside the equity theory of Adam, fairness plays a big role in organizations. Employees put a high value on fair conditions. The literature has a lot of theories based on Adams theory and the effects of fair conditions. According to Frey, there are two categories in being fair. Firstly, the fairness of allocation. Allocation means, if the employees perceive the allocation of reward and awards as fair. The amount or the value is not important, but rather the amount/value ratio compared to the colleagues. Secondly, the fairness of the procedures. This part controls the fair judgment of the result for precision, impartiality and consistency. This is important for the goal- setting and the performance appraisal. Mostly, the fair principles are less crucial, than the fair treatment by the manager itself. Theorists of this area assume, that fair treatment leads to motivated employees. In summary it can be said, therefore, that fairness is a enforcement mechanism (Frey, p.58, 1997).

2.16.5 Communication and Participation as Motives

If managers can have an individual impact on decision making about the workplace within an organization, then the employees do too. Bolles says that, participation leads to motivation. Experienced managers have to be aware of the effectiveness of participation. Employees who feel themselves as a part of the organization, instead of an obscure employee, they will do their best to contribute to the success of the organization. Moreover, the communication is also crucial within the organization. Communication is a tool for interpersonal actions. Pronounced communication skills are essential in the business life. Friendly, precise, clear communication methods lead to a more positive atmosphere and motivates (Bolles, p.83, 1975).

3   RESEARCH METHODOLOGY

This chapter of the study describes the research method and processes that was followed in order to conduct this research. The first part of this chapter will start with the research approach, followed by the research strategy. In addition to that, follows the data collection methods, to explain how and which methods will be used to gather and analyze the data. After that, the validity, reliability, ethics and limitations will be discussed.

First of all it is important to understand the chapter of research. A research is a process, in which information will be collected from different sources, in order to help understanding certain topics or information. In other words, in some cases it helps to understand right or wrong or in other cases it represents different opinions or it helps to filter out problems (Welman, Kruger & Mitchell, p.31, 2005).

Some theorists believe, that research has different qualities. In research the data will be collected and interpreted. Moreover, research has a clear purpose to find answers to a certain problem or issue. There are two main parts in the research. Firstly, it is important to work 'systematic'. Second, there has to be always something ' to find out' Waethington; Cunningham; Pittenger, 2012). The systematic part is important, because in research, it is important to work analytical and justifiable relationships, not based on perception or belief (Welman, Kruger & Mitchell, p.33-34, 2005).

In this study, the purpose is to understand and analyze, whether a performance appraisal motivates employees or not. As mentioned at the beginning of the study, the research objectives are (Welman, Kruger & Mitchell, p.33-34, 2005):

- To evaluate the difference between employees actual performance compared to the desired   performance.
- Helping the management to implement an effective appraisal system
- Improving the relationships and the communication between the employee's and manager's

- Analyse an individual's strengths and weaknesses in order to understand the future needs   for training and development.

- To learn how to give constructive feedback to employee's concerning their performances

- Providing employees with a clear information of the organizations expectations and the responsibilities

- To listen to the complaints and desires of the employee's

- To meet individual needs

3.1   Research Design

The design of a research is like a guideline, which will be followed to conduct the research. A right method and design eases the researcher to achieve the set goals and objectives. At the same time, it is comprehensible for the reader, why a certain method is used or steps followed (Weathington, Cunningham & Pittienger, p.50, 2012). Besides, it is very important to apply the appropriate method, in order to have reasonable results. If the design of the study is inappropriate, the design can be faced as inadequate (Presser, Lessler & Martin et al., p. 47, 2004).

3.2   Research Approach

Research approaches are divided into three approaches. The first approach is the deductive research.

Deductive research approach

The main difference between the deductive and the inductive approach is the hypotheses. In the case of deductive research, the researcher analyses the validity of assumptions or theories (Welman, Kruger & Mitchell, p.48, 2005). This study is also a deductive research, because it is going to answer the research question. Furthermore, the reason for using a deductive research is that several answers and opinions of managers are needed, in order to have an idea about the topic. The study is not researching patterns or generalizing issues.

THEORY	HYPOTHES	TEST	VALIDATIO
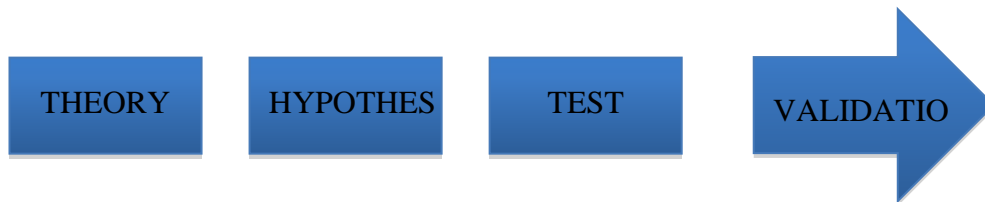
Inductive research approach

As said before, the difference between deductive and inductive is the importance of the hypotheses. The inductive research contributes to develop new theories or generalizations (Welman, Kruger & Mitchell, p.52, 2005).

TEST	PATTERN	THEORY
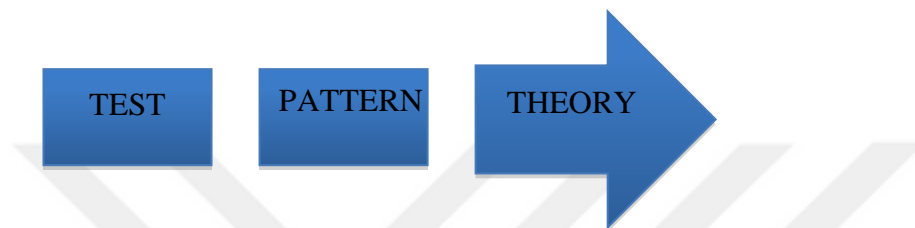
Quantitative Method

The quantitative method is a way of collecting data and transforming it into a statistical chart, in order to come to a conclusion. The procedure of the whole method starts with hypotheses. The hypotheses are the foundation of the study. These hypotheses are the questions they want to answer. In order to do this, reasonable relationships have to be found between the research areas (Gomm, p. 75, 2004). The researchers can use different instruments, such as computer tests, observation, surveys, experiments etc. to get answers (Gomm, p.75, 2004).

In quantitative methods, it is very important to be objective. The researcher should be careful not to influence the behaviour of the participants or changing the situational conditions (Welman, Kruger & Mitchell, p.57, 2005). The main focus of the quantitative method is on deductive reasoning which shows the moving of general to specific. This method is also called top down approach. The validity of this method is dependent on the validity of one of the assumptions (Gomm, p.82, 2004).

Qualitative Method

The qualitative method is mostly related to facts of the reality. This method analyses data, gathers information, answers questions or shows relationships to human behaviour, beliefs, experience etc. It researches circumstances, the relation to each other and the cause of certain happenings.

Qualitative research is a deeper research, with using new data and not information, which can be generalized (Gomm, p.86, 2004).

The qualitative method is inductive, because it researches certain pattern by using their collected data. Unlike the quantitative method, the qualitative method is kinda a bottom-up approach. Another difference is, that it is not based on hypotheses. The method of collecting information is also different. Researcher can interview people, have a closer interaction with the participants. The result of the method shows not statistical or numerical charts (Weathington, Cunningham & Pittenger, p.54, 2012). Caused by the better interaction with participants and data collection, the method used for this study is a qualitative method. The interviews with participants show better and clear information about their thoughts.

Mixed Methods

The mixed method is, as the heading says, the mix of different methods. Normally, researchers decide to use the most suitable method for their own issue. Nevertheless, in some cases researcher believe, that every method can have limitations and therefore, they decide to mix suitable methods for their research. An example for this case is, they can start with interviews to collect information and continue by draw on statistical conclusions (Welman, Kruger & Mitchell, p. 65, 2005). The advantage of this method is data triangulation (usage of different sources), researcher triangulation (usage of more than one researcher), theory triangulation (usage of different sources and perspectives and results in order to have variety of interpretations) and methodological triangulation (the usage of more than one method to conduct the research). Triangulation means the advantage of using different methods for research (Gomm, p.93, 2004).

3.3   Data Collection Methods

The data collection methods are divided in two parts. There are opportunities to collect secondary data and primary data.

Primary Data

The new information, which is collected for the purpose of a research, is called primary data. The reason why it is called primary is, that the data is new and collected independent and not based on any information from books, articles or any resource. There are different types of primary data such as observation, questionnaire, and structured, unstructured and semi- structured interviews (Bergh & Ketchen, p.63, 2009).

➢ Observation

This method is useful, when information about behaviour, certain issues and discussions, or to assess the performance of employees. The implementation of this method is to listen or to watch the participants. Observation is also useful, if the collected information is not revealing. In that case, the researcher can ask the participants directly (Bergh & Ketchen, p.63-64, 2009).

➢ Questionnaire

A questionnaire is an easy and fast method to collect information in a short time from a large group of participants. The questionnaire is composed of structured and predetermined questions, asked by the researcher in order to collect information for a research of a study. In that case, an interviewer is not needed. The participants can answer the questions on their own (Berg & Ketchen, p.66, 2009).

➢ Unstructured Interview

The unstructured interview is not premeditated and has no structure. The researchers have a certain topic they want to analyze, and with that as a foundation, they come up with questions during the interview. This method is for used, when the research has a certain focus or to get detailed information about the participant (Presser, Martin & Lessler et.al, p.57, 2004).

➢ Structured Interview

The structured interview is in contrast to the unstructured interview predetermined and has a format. The participants get the same questions with answer options such as 'strong' to 'weak', 'score 1 to 5' or 'true or wrong' etc.

This method is easy to analyse and easier to have result about opinions (Presser, Martin &, Lesser et. al, 2004; Bergh & Ketchen, 2009).

➢ Semi- Structured Interview

The semi- structured interview is similar to the structured; it has a format and is also predetermined. The difference is that the answer options are open- ended, that means that the participants can write their own feeling and opinions. The reason why researcher uses this method is, when they have no opportunity to interview the participant. By using the semi- structured interview, the researcher has time to prepare questions to get detailed information about certain issues. As a result, the researcher can analyse different opinions and find a solution for certain business issues (Bergh & Ketchen, p. 73, 2009).

Secondary Data

In contrast to the primary data, the secondary data is based on information from other sources, instead of own research. The secondary data, which has been collected from other people. There are two types of secondary data. First, the data is collected by educational institutions such as universities, which can be published and non-published. Second, the data can be in the form of a book, journals or newspaper. Secondary data is useful for researchers, if they want to have reliable data (Presser, Martin & Lessler et. al, p.62, 2004).

3.4 Validity and Reliability

The participant private, without any influence of others, answered the interviews. Besides, the participants were asked to write their own opinion and ideas for every question. The advantage of semi- structured interview is that, it has a set of questions and clear guide, so it provides reliable, comparable and qualitative data (Presser, Martin & Lessler et. al, p.64, 2004). In addition, the interview guide made clear, that the interview will be anonym, so there was no risk for the participants.

3.5 Ethics

The questions were semi-structured; besides, every participant had the same questions with the same basis.

At the beginning of the interview, the purpose of the study made clear why this interview is made and for which purpose it is been conducted. Thereby, it was ethically fair for every participant.

3.6   Limitations

The problem by conducting of the interview was, that not every manager had time to give detailed information about their performance appraisals. Several questions were answered too short to analyze certain parts of the interview. Additionally, it was really difficult to find managers, because every organization has other data privacy regulations. As mentioned before, every research and every method has limitations. In every research, the researcher faces these kinds of problems.

3.7   Sample

The companies selected for the research were from different areas, in order to have a wide spectrum of opinions. In this research, the questions were prepared to answer the question 'Is performance appraisal an effective tool for employee motivation?'

The interview was sent to 30 executives and leaders of organizations from the German chemical concern BASF, Baum Retec AG, Heidelberger Druck, DHL Freight GmbH (Mannheim), Pelikan (Pharmacies), Caritas (Care Home), albw Handels GmbH, Baktat GmbH. These areas are a few of the mainly represented organizations in the area of Mannheim (my residence, in Baden- Württemberg, Germany). The aim was to pick medium sized organizations and also organizations of sectors, which are mainly represented in Mannheim, in order to have a realistic analysis of the actual situation.

The participant rate was because of the data privacy regulations low. The data privacy in Germany is very strict, but still 11 people have successfully participated. These 11 participants are all in leading positions, due to the purpose of this study, only executives were asked, not employees.

The most appropriate method for this research was the semi- structured interview method as a qualitative method. The semi- structured method with

open- ended questions is a good alternative to ask questions, which may digress from the interview, but still provide important information about the topic. Moreover, this method allows to be prepared for a certain topic and eases the preparation of the interview. Also, from the participants point of view, this method is a, which allows to feel free in writing their opinion in their own conditions. The reason for this decision was, that I wanted to have a discussion with managers and to understand their opinion about performance appraisals and also their opinion about employee motivation. The interviews are appended in the Appendix.

4   DATA ANALYSIS AND FINDINGS

This chapter will discuss and analyze the findings of the interviews. The qualitative method has been used for this research. The interview consists of 11 questions about the effects of performance appraisal on the motivation of the employees. As mentioned above, the interviews were sent to eight different organizations.

In addition, the participants are all in leading positions, such as managers, executives or team leaders. Summarizing, the research material of this study are 11 interviews.

All of these organizations have a performance appraisal system, even if it is only a team meeting to discuss the success of the period. There is a huge difference between organizations and their attitude towards performance appraisals and employee motivation. These details will be discussed in the following part.

4.1   Qualitative Semi- structured interview

The participants of the interview were from different departments and different organizations. Due to data privacy regulations, the participants are anonym because of different regulations, so it was important to gain trust and promise them, not to publish their names.

1. Anonym, Head of Global Production, BASF
2. Anonym, Head of Pigments Global Operational Controlling, BASF
3. Anonym, Head of Sales, Retec Baum AG
4. Anonym, Team Leader of Distribution, Retec Baum AG
5. Anonym, Team Leader of Distribution, albw Handels GmbH
6. Anonym, Head of Production, Heidelberger Druck
7. Anonym, Head of HR, DHL Freight GmbH
8. Anonym, Head of Distribution, Baktat Handelsgesellschaft mbH

9. Anonym, Team Leader, Caritas Care Home
10. Anonym, Manager, Pharmacy Pelikan
11. Anonym, Team Manager, Pharmacy Pelikan

The interview was only for managers, head of departments and other leading positions of the organizations. The answers were quite different, but at the same time it was able to find similarities. Furthermore, the answers of the managers reflect their working style and the atmosphere in their organization. It was obvious to see, that every organizations has issues concerning the performance appraisals and also motivation of employees. Another fact is that, the different sectors have different perspectives on that topic. Almost every organization is conducting a performance appraisal, but not in the right manner. This fact was noticeable pattern in several interviews. The interview questions and the filled interviews are appended in the Appendix.

Question 1: What stands performance appraisal for?

The first question was a general view of performance appraisal, in order to understand their purpose of doing a performance appraisal. The opinion about this question divided into two parts. Almost half of the managers believe, that the performance appraisal stands for motivating their employee, whereby the other half of the managers believe, that it is just an evaluation of their employees. The result of this question is surprisingly positive. The reason for this statement is, that some of the managers who said it is an evaluation of the employees still make an effort to support their employees. So the attitude towards performance appraisals is mostly positive and constitutes motivational support for the employees. This is very important for the effectiveness of the appraisal. As mentioned in the theoretical part 'Who benefits from the performance appraisals', the purpose of the manager for conducting this appraisals is crucial. In the case of this study, the purpose of the appraisals is mostly to motivate and support the employees.

In addition, it is surprising to see, that only one or almost no manager said that is stands as a tool for promotions, pay increases or job satisfaction. The theory and the literature describes, that the operating condition of performance appraisals is often for promotions and pay increases.

Due to the result of this research, we can say that managers use appraisals as motivational tool and other tools to give a pay increase or promotions.

Question 2: Which method do you use for your performance appraisal?

The method is quasi the strategy an organizations follows. That means, the manner in which performance appraisals are conducted is important to get valuable results. The research of this study shows, that about 50% of the participants use the rating scale method. In order to analyze the result it is important to understand the strategy of rating scale method. As previously mentioned in the literature review, the rating scale method is a method, which provides more than one performance criteria. The reason why most of the organizations choose this method is, that it is time saving and simple, it is also easier to compare employees. The direction of this method is either job- related or character oriented. In consideration of these facts, it is important to formulate precise scales to get effective results. Most of the participants justify their decision of using the rating scale method is, that it is simple and timesaving. Due to this fact, it is difficult to say, how effective their method is and whether their purpose is to support and motivate their employees. Another method used by the participants is the essay method. The essay method is a simple method, but it depends on the writing skills of the appraiser. BASF uses this method to appraise the performance, but in their case they use it to evaluate the core tasks, targets and personal competencies in other words 'soft skills'. The positive aspect of their method is, that they include the opinion and view of their employees. This is a good strategy to reach higher employee commitment and better cooperation. In one case, the pharmacy for example, uses performance appraisals adapted for each employee. This is also another method to evaluate employees more detailed and specific. The method of adapting an appraising method for each employee is more individual and prevents the risk of comparison.

Besides the rating scale method, feedback is a method, which is often used in this sample. The feedback method is a good method, because the managers get the input of their employees, colleagues and managers. This method is often used for planning and development. BASF, albw Handels, GmbH use 'oral feedback' to discuss the performance of their team.

Specially, BASF is using feedback, in order to review their accomplishment as a team, by considering the opinion of the employees. Additionally, they also give annually feedback, by rating the performance of each team. This is done by their supervisor. The sample shows, that big organizations with a strict hierarchy has set regulations, in order to conduct their appraisals. Furthermore, the integration of the whole team is a motivational factor for the employees.

Question 3: Who conducts the performance appraisal?

There are different strategies in conducting performance appraisals. As mentioned in chapter three, methodology, this study focuses on performance appraisals conducted by the manager or direct supervisor in order to analyze whether performance appraisals can be used as employee motivation. In the case of this study, the appraisal done by the supervisor has advantages. He is the one, who knows everything about given tasks and responsibilities. But in some cases, the accomplishment of the performance appraisal by the manager itself can be at a disadvantage. The problem is, that managers can be too subjective and they can also manipulate the appraisal in order to prevent a promotion or pay increase.

The interviews show, that mostly, the head of departments, functional leaders or disciplinary leaders conduct the performance appraisal. BASF includes his employees at his meetings, whereby others only evaluate the employee.

In general, there are different methods of conducting a performance appraisal. Apart from direct supervisors, subordinates as well as colleagues and team members can evaluate employees. The advantage of colleagues and team members is that colleagues know each other and can be used as a motivator. For instance, the pressure of getting evaluated by the colleagues can cause motivation, in order to get a positive appraisal or feedback. At the same time, it is better to have more opinions about an employee.

As mentioned, the performance appraisal conducted by the managers or supervisors has to be professional, without any ulterior motives; therefore new ways of conducting performance appraisal can be considered, in order to have effective appraisals with relevant information for employees.

Question 4: How often do you conduct performance appraisal?

Performance appraisals are done annually or semi- annually, but it might change in different organizations. For instance, an organization working in a global sector, which is working and changing very fast, it is required to conduct it frequently. The interviews show, that performance appraisals are mostly done annually. Only three prefer to do it twice a year. But organizations such as BASF, who conducts once a year, has also mid term meetings and additionally, reviewing tasks with their employees in order to check the actual situation. On the other hand, Baum Retec AG has a 1-2-1 method. They have meetings with their supervisors every week; whereas other departments in their organization conduct performance appraisals two times monthly and additionally long meetings every quarter. The results of the interviews show, that every organization has different regulations. Mostly, the interval depends on their sector and business culture. In general, performance appraisals and the performance of every employee is a continuing process, which is difficult to analyze by annual performance appraisals.

Question 5: Does performance appraisal provide an atmosphere of encouragement and closer cooperation in your organization?

The objective of the study is to analyze the effect of performance appraisals on the motivation of the employees. Due to this objective it is interesting to analyze the answers of question number 5 and the opinion of the managers. The opinion of the managers is quite spilt, but the majority believes that performance appraisals provide more clarity, transparency and also safety for the employee. Baum Retec AG has a different opinion, compared to the global organization BASF. It is interesting to see the different views of managers. Baum Retec AG believes partial, that performance appraisals is a method to show that the manager cares and supports the tasks of their employees and provides a feeling of safety, at the same time another manager in the same organization interpret performance appraisals as something for an organizational and tactical approach, than encouraging or motivating. This answer shows, that even in organizations split opinions can appear. On the other side BASF has another more positive view.

Their organization and also the managers believe that it depends on the respect employees receive, but also the openness of the employees. Furthermore, they hold the opinion, that performance appraisals shows that the work of the employees will be appreciated and conduces as support to improve themselves. In addition, they organization emphasizes the topic of giving feedback. The managers learn and attend trainings to learn how to give specific feedback. This information shows, that certain organizations value performance appraisals and try to improve not only their strategy, but also to tutor their managers, in order to conduct effective appraisals.

The pharmacy sector, despite of their size, performance appraisals are valued very high. The manager takes time to discuss with every individual employee, in order to evaluate the employee. Apart from this, they try to find out the desires and expectations of the employees, for the purpose of the satisfaction of the employees. That means, that they include both parties. The purpose is, to analyze the strengths and weaknesses of each employee, in order to be able to deploy them for the right tasks. Due to their opinion, this strategy leads to satisfaction, encouragement and appreciation.

The other participants believe partial, that is leads to encouragement, without further explanation, and some believe that it will not lead to encouragement.

Question 6: Do you think that performance appraisal helps your employees to set and achieve new goals?

This question is one of few, which delivered positive answers. Most of the organizations and managers believe that performance appraisal helps to set and achieve new goals. They argue, that the quality of the feedback plays a big role in setting new goals, but at the same time they believe that the current situation of the business plays also a big role in setting goals. It is also helpful, because the performance appraisal conduces as a tool for self- reflection and self-improvement. For that reason it is positive viewed method to help employees to set and achieve their goals.

Despite of the opinion of the majority, a manager of the Baum Retec AG states that, his previous experiences about performance appraisal shows misapplication. He experienced that performance appraisals were used as tools for promotions and 'political correctness' instead of objective evaluation.

This shows, that as the application of performance appraisals have to be ethically correct and fair. Moreover, it has to be used for the manner of evaluating employee and their current performance.

Question 7: Do you think that performance appraisal is a good method to give constructive criticism in a friendly way?

The participants argue that, performance appraisal is a good method to give constructive criticism in a friendly way, but they also indicate, that there are also other methods to give criticism/feedback. The managers also indicate that, criticism has to be given in portions and has to be combined with proper training. Due to the fact that some managers are not able to give constructive criticism and feedback, the criticism might end up in harsh criticism and lead to demotivation of the employee.

A recommend of the managers is, to give more frequent feedback and criticism, to show respect towards employees.

The manager of the pharmacy indicates a very important point. In his opinion, performance appraisal is a good method, because the manager can give constructive criticism, without handicapping the employee in front of other employees.

The manager of the Baum Retec AG, disagrees in that point, similar to question 6.

His experiences show, that performance appraisal, which are documented in the HR,

were falsified and were not representing the actual situation. Instead, they were written by considering further promotions.

This experience confirms, that performance appraisals have to be fair, ethical, and also used for the right manner, without other purposes than evaluating employees.

Question 8: Do you discuss your performance appraisal with your employee and give them feedback?

The previous questions described the strategy of the managers about giving feedback and discussing the results of the performance appraisal with their employee.

The managers mostly discuss the performance appraisal with their employee and give feedback. A manager answered, that he uses this opportunity to discuss the actual situation and also to tell his employees where improvement is needed.

Another manager said, that despite discussing the performance appraisal, she is trying to give feedback in the moment, when she sees need for improvement.

All in all, every manager discusses the performance appraisal, expect one manager.

So, we can say that the majority values feedback.

Question 9: Did your see any performance improvement of your employee after the appraisal?

This question is crucial, when it comes to the effect of performance appraisals. To improve oneself after being appraised shows the degree of motivation and the incentive to change something. The analysis of the interview and this certain question shows, that it is true that performance appraisal motives. The managers see the impact on the motivation too, but the answers and experience of the managers show, that appraisals at frequent intervals, is more effective than to wait for the next annual performance appraisal to tell the employee what they did well.

This fact is argumentative, if we consider that, a whole year is too long to tell exactly what they did well or where to improve.

The manager of the pharmacy described his opinion very well. He says that, performance appraisals lead to more harmonized cooperation, solidarity within the team, which also will be noticed by the customers too.

Summarily, the effects of performance appraisal is mostly positive, if applied correctly

Question 10: Do you think that performance appraisal is a good method to motivate and satisfy employees?

As the purpose of the study states, the motivation of the employees and the effect of the performance appraisal is the question to be answered.

The opinions of the managers are mostly positive, yes it does motivate employees, but this is not very convincing. Motivation and motivating people is a very hard responsibility, when it comes to do business with them.

There is a whole bunch of educational material about motivation and the methods of motivation. So, that means, managers have to be aware of, what motivates the employees today? The reason for questioning this is, that the last question, about their opinion of motivating methods is paradoxical.

In spite of everything, the managers believe, that is motivates to there is room to improve the implementation of the performance appraisal. The managers believe, that the employees feel safe, respected and taken seriously. By considering these positive effects, observed by the managers and their own experience, performance appraisals do have a positive effect on the employees.

Question 11: In your opinion, what motivates employees most?

As mentioned in question 10, motivation is a big issue in organizations. There are different methods to motivate employees, because every human being is different. Employees might have different beliefs, culture, humor, expectations towards their job or supervisor, but still there are methods to reduce to a common denominator.

In this study the method is performance appraisals. The questions were all specific about performance appraisals and their effect on employees. But, it is also important to find out what managers think about motivation in general, in order to analyze and conclude this study.

It is very interesting and surprising in a good sense to see that managers believe that promotions, pay increases or status symbols are not motivators. The managers are mostly on the same denominator.

For the majority, it is more important to show respect, appreciation, flexible working hours, good working atmosphere, recognition form the supervisor and support is crucial when it comes to employee motivation. There are also other factors, which lay a role, naturally. For instance, organizational culture, individual needs, different beliefs and expectations. Nevertheless, the view of the managers shows, that performance appraisals can be used to motivate the employees, because implementing the right strategy and right layout for the appraisal can fulfill the named facts.

The same applies to every method; it is only effective, when it is applied correctly.

5   CONCLUSION

The research survey was conducted with ten managers, supervisors and team leaders. Although the interview was sent to 30 different managers from different organizations, 11 managers responded, resulting in a 36.66 percentage response rate.

The main reason were limitations caused by the strict data privacy regulations, which need to be approved by the top management. This procedure mostly ends with a long waiting period and strict rules about anonymity.

The research method of the study was only a qualitative method, with semi-structured interviews with open- ended questions. In addition, this method is a good strategy to analyze the opinion of the managers about that certain issue.

At the beginning of this study, research questions were formulated to come to a conclusion and represent a viewpoint.

The research questions were:

- How is the difference between the actual performance and the desired performance like?
- How can managers implement an effective performance appraisal?
- How can the communication between managers and employees be improved?
- How can a manager find out the needs of the employees?
- How can managers learn to give feedback?
- How can managers provide employees with clear information about their expectations and responsibilities?
- How can managers learn to listen to the desires of their employees?
- Are organizations meeting individual needs?

To answer these questions, the results of the interviews have to be taken into debate. The results of the interviews show that except for the occasional one, most of the managers believe that performance appraisal has a positive and motivational effect on their employees.

They observed, as they described in their interviews, that employees are motivated after appraisals, try to set new goals and achieve them. In addition, they observed a stronger commitment and closer cooperation within the teams. Most of the participants value the performance appraisal and see room for improvement.

Despite the positive effects of the performance appraisal, from the results of the interviews, will be clear, that managers have to be aware of certain facts, in order to conduct an appropriate performance appraisal. There are still managers, who perceive performance appraisal as time consuming and ineffective. Mostly, the cause of this opinion is the incorrect and misapplication of the performance appraisal. A supposable reason for these issues is the wrong implementation of the method into their business.

The literature and the results of the interviews, show that feedback is a very important point in case of performance appraisals. One of the research questions was also to learn how to give feedback. Some organizations train their managers to give constructive feedback in an appropriate way, but the business environment shows, that not very organization is aware of this fact. Feedback will be defined as: "A reaction to a product or a person's performance of a task, etc. which is used as a basis for improvement." (Definition of Feedback, oxforddictionaries.com). The definition of the word contains a very important point, 'improvement'. That means, in order to have effective results, managers have to discuss the result and give feedback. Since results are not explaining the expectations of the managers, they have to communicate them to their employees. Of course, there are different methods of giving feedback, such as 360-Degree Feedback etc. Managers can educate themselves in this area, in order to give constructive and useful feedback.

Another important fact is to include employees. Whether it is a team meeting about reviewing the business year or planning new goals. The employees feel more respected and appreciated if their managers/supervisors include them to discussions and decisions. By including employees in meetings, managers can communicate the expectations and responsibilities towards their employees.

Besides, respect, commitment, loyalty and solidarity of the employees towards the organizations gets stronger and closer. This strategy, can lead to fulfilment of the desired performance of the employees.

Apart from this, the right method for performance appraisals is crucial, when it comes to effectiveness of the appraisal. Organizations are different in their beliefs, culture, scope and structure. Therefore managers have to rethink their performance appraisal and optimize their appraisal with regards to their needs and expectations, but also to meet the needs of each individual. Furthermore, managers have to be aware of the effects of their evaluation. The results can affect employees in a positive, but also negative way. For that reason, managers have to appraise employees ethically correct, honest and with the aim of supporting the employees to improve them. It is not uncommonly, that managers misuse performance appraisals for the wrong manner with ulterior motives, such as promotions and pay increases of their favored employee. According to Pulakos it is not unusual that employee lawsuits are caused by negative and incorrect appraisal systems. Falsified performance appraisals with incorrect results can have serious consequences. For instance, unfair allocation of money such as pay increases can cause problems (Pulakos, p.165, 2010).

All in all, the basic attitude of the managers is positive and their employees feel motivated by performance appraisals. The answer to the question "Is performance appraisal an effective tool for employee motivation?" it is appropriate to assume that performance appraisal motivates employees.

This attitude is also represented in other studies such as Google as well as in the literature. Performance appraisals are a part of business strategies, which aim the motivation of employees. Based on the information discussed in the literature review, and the result of the interviews, performance appraisals are kind of incentive for employees, which has positive impact on employees, when applied correctly.

6 RECOMMENDATIONS

It is not sorcery to conduct an effective performance appraisal. There are rules, methods, guidelines and many samples of 'how to design a performance appraisal'.

Due to the researches made, there are few steps, which can be followed in designing an effective performance appraisal, which concurs to employee motivation.

Here are some advices:

➢ Method

The right method is crucial and the foundation of every successful performance appraisal. The literature shows different methods and strategies, which can be followed to establish a proper performance appraisal. Due to the fact that, the right method delivers right information, employees can be motivated by the results of the performance appraisal.

➢ Include Employees

In respect of the research, it has a positive impact, when managers include employees to appraisals. That means managers conduct the appraisal with employees together and vice versa. Through the evaluation of both sides, employees will feel respected, appreciated and taken serious. Besides, the cohesion of the team and the organization will be stronger. It is a win-win situation for both parties, with positive and motivational side effects. As Richard F. Olson said: "Motivation and a sense of responsibility come with participation." (Olson, p.71, 1981). According to Olson, employees conceive it positive, when they are being involved. Olson also claims, that the complexity of todays business makes it difficult for the employees to see their contribution on the final product. Therefore, involvement bears participation and partnership

(Olson, p.71-72, 1981). He also gave some advices about including employees in their appraisals:

Table 6.1: Risks and Benefits of Involvement (own illustration, Olson, p.72, 1981)

What do your give up?	What do you gain?
Some authority	Expanded power because subordinates are assuming more responsibility
Some direct control	Employees with more self- control, who operate when you are not around
Some efficiency	Greater effectiveness
The image of "management mastery"	Substance and credibility
One- way communication	Negotiations against the backdrop of organizational objectives
Some surface comfort	Fewer frustrated subordinates

The table shows, that involving and to compromise has positive effects. In spite of everything, every manager has to decide the level of compromises he can agree.

➢ Biases

Managers have to be careful in conducting employees. They have to avoid biases such as, ranking their favorite employees higher and the others lower. Performance appraisal is not about personal matter, it is based on business and performance. It is not reasonable to appraise employees with that opinion, further; it is not an appraisal about the recent behavior of the employee. Managers have to think logically, they have to be aware of the purpose of the appraisal and the consequences of the appraisal.

➢ Errors

Despite biases, managers have to avoid errors, too. The frequent error that occurs is the 'halo effect'. This happens, when managers rank employees higher because of the positive appearance, which is not always the truth. It means in effect that, managers tend to rank employees higher because of status, appearance, clothing style, relationship, communication, etc.

For these reasons, it is crucial to be aware of these errors, in order to avoid these kind of mistakes. These kinds of mistakes fool the perception and the performance appraisal, which leads to unusable results.

➢ Performance Appraisal Periods

According to the interviews, organizations tend to conduct performance appraisals once or twice year. Some managers tend to give feedback, when they see a problem, but all in all the periods are annually or semi-annually. The fact that, a business year is full of happenings and new experiences, on day out of 365 year is not always appropriate to analyze the performance of an employee. Managers have to be aware that, performance appraisal is a continuing process as well as the business year. Based on this matter of fact, it is more effective to set continuous periods, with predetermined dates, in order to have a set routine.

➢ Purpose of Performance Appraisal

The operating site of performance appraisal is not only for motivation; it is also used for promotions, job transfers and also pay increases. Therefore it is important to define a purpose for conducting a performance appraisal. Due to the research, performance appraisal is a good too to motivate employees, but not combined with pay increases, job transfers or promotions. This purpose, might lead to competition, unfair conditions, discrimination and misunderstandings. A lot of managers believe, that money, status and other political incorrect purposes combined with performance appraisals, do not motivate employees, or more precisely, it is not being perceived a motivator.

These are advices assumed by the results of the data and the literature available. Of course, everyone has a different opinion and perception, but the research approved, that performance appraisal do motivate employee, depending on the right application of the method. In order to answer the question of this study ' Is performance appraisal an effective tool for employee motivation', yes, according to the results, it is appropriate to confirm the motivational effect of performance appraisal.

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APPENDICES

Appendix 1: İnterview

Pinar Karahan
Istanbul Aydin University
pinarka92@gmail.com
Tel: 0176 28950939

Interview

This interview is made for a Master Thesis about 'Performance Appraisal and Employee Motivation'. The main question of this Thesis is: "Is Performance Appraisal an effective tool for Employee Motivation?"

I assure, that this Interview will be anonym and used for an academic research.

Question 1: What stands performance appraisal for?
- Motivation for employees
- Evaluation of employees
- Evaluation for promotions/ pay increases
- Evaluation for job satisfaction

Question 2: Which method of performance organization do you use in your organization?

Question3: Who conducts the performance appraisal?

Question4: How often do you conduct a performance appraisal?

Question5: Does performance appraisal help to provide an atmosphere of encouragement and closer cooperation in your organization? (Please explain)

Question6: Do you think that performance appraisal helps your employees to set and achieve new goals? (Please explain)

Question7: Do you think that performance appraisal is a good method to give constructive criticism in a friendly way? (Please explain)

Question8: Do you discuss your performance appraisal with your employees and give feedback? (Please explain)

Question9: Did you see any performance improvement of your employee after the appraisal? (Please explain)

Question10: Do you think that performance appraisal is a good method to motivate and satisfy employees? (Please explain)

Question11: In your opinion, what motivates the employees most?

Appendix 2

T.C.
İSTANBUL AYDIN ÜNİVERSİTESİ REKTÖRLÜĞÜ
Sosyal Bilimler Enstitüsü Müdürlüğü

Sayı   : 88083623-044-3873   22/06/2017
Konu : Pınar KARAHAN'ın Etik Onay Hk.

Sayın Pınar KARAHAN

Enstitümüz Y1512.130107 numaralı İşletme Anabilim Dalı İşletme Yönetimi (İngilizce) Tezli Yüksek Lisans programı öğrencilerinden Pınar KARAHAN'ın "IS PERFORMANCE APPRAISAL AN EFFECTIVE TOOL FOR EMPLOYEE MOTIVATION?" adlı tez çalışması gereği görüşme sorularını 12.06.2017 tarih ve 2017/12 İstanbul Aydın Üniversitesi Etik Komisyon Kararı ile etik olarak uygun olduğuna karar verilmiştir.

Bilgilerinize rica ederim.

Prof. Dr. Özer KANBUROĞLU
Müdür V.

RESUME

Name: Pinar KARAHAN

Address: Mannheim, Baden-Württemberg, Germany

Contact: pinarkarahan@outlook.de

University Education

04/2012- 02/2015   University of Applied Management Studies Mannheim

Subject   Consulting and Sales Management

Project Work   NewLeafPartners Europe GmbH, AROD AG

Case Study   Sales Efficiency with focus on Attached Services

Sales Project   Avendi Senioren Service GmbH

Case Study   Allocation Management

Bachelor Thesis   Women as Customer- the specific Customer Behavior and their

                                   Marketing Strategies

Grade   2,1 (German Grading System)

09/2015- continuing   Istanbul Aydin University Istanbul

Subject   MBA

Master Thesis   Performance appraisal and employee motivation

                                    Is performance appraisal an effective tool for

                                    employee motivation?

Internships during University

09/2013-11/2013   Alcatel-Lucent Enterprise

Department   Marketing

Activities

- Proof reading of Documents and Campaigns
- Translation of Presentations
- Support for the preparation of Newsletters
- Social Media: Preparation of Platforms
- Maintaining of their Twitter-Account
- Keyword Research to optimize the local Internet Presence
- Preparation of Presentations about Market Research
- Organizational Tasks

05/2013- 06/2014   Teleresearch Mannheim Institution for Market Research

Activities

- Conduct of Interviews

10/2015-11/2015   Istanbul Aydin University

Activities

- Preparation of Erasmus Contracts
- Maintaining of Social Media Accounts
- Organizational tasks for Events

School Education

08/2002-07/2008   Tulla Realschule

Graduation   Middle School

08/2008/06/2011   Friedrich-List Economics-Gymnasium

Graduation   A-Level

    Major: Economy

Internships during School

02/2007-02/2007   AOK Mannheim

Department   Sales Controlling

Activites

- Preparation of Applications
- Registration of Customer Information
- Sorting of Registrations

08/2010-09/2010	Sparkasse Rhein Neckar Nord
Department	Banking Sector
Activities	

- Participating in Consultation
- Creation of Accounts

Additional Skills

Software

| MS Office | Good |
| OS X | Good |

Languages

| Turkish | First Language |
| English | B2 |

Additional Experience

| 05/2009-07/2010 | Tennis Coach |
| | MTG Blau-Weiß Mannheim Feudenheim |

| Activities | • Tennis Training |
| | • Coordination Training |