

**EFFECT OF EMPLOYEE PERFORMANCE APPRAISAL ON  
EMPLOYEE MOTIVATION**

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by  
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## ABSTRACT

Performance appraisal is a process of annual reviews, evaluate an employee's skills, achievements and growth for assessing employee performance by way of comparing present performance with already established standards. Appraisals have power to motivate employees because appraisals demonstrate the need of improvement, help to meet psychological needs, build a sense of personal value and help to increase satisfaction. The ineffective practice of the performance appraisal can influence to the employee motivation within the organization. Therefore the objective of this research was aimed to study the effect of employee performance appraisal procedure on employee motivation. The study was conducted one of the herbal based cosmetic producing company. A sample of 58 employees were selected through purposive sampling technique. A structured questionnaire was developed and administered on the sample in order to measure the performance appraisal and motivation variables. Collected data through questionnaire were analyzed using ordered logistic regression. The results of the study indicated that there is a positive and significant relationship between performance appraisal and motivation. The analysis of individual component of performance appraisal found that employee trust in appraiser, aware about training program and provide feedback significantly predicted the motivation of employees. This study suggests that organization should develop a proper feedback system where the management will frankly communicate the performance results to the employee and help identify the causes and solution for the negative deviation in performance. This will further strengthen the working relationship between the employee and employer.

**Keywords:** Performance appraisal, Motivation, Appraiser, Employee, Effectiveness