

UNIVERSITY OF CAPE COAST

**PERFORMANCE APPRAISAL AND EMPLOYEE DEVELOPMENT IN
THE CIVIL SERVICE IN THE GREATER ACCRA METROPOLIS**

BENEDICT BOADI

2016

UNIVERSITY OF CAPE COAST

PERFORMANCE APPRAISAL AND EMPLOYEE DEVELOPMENT IN THE
CIVIL SERVICE IN THE GREATER ACCRA METROPOLIS

BY

BENEDICT BOADI

Dissertation submitted to the Department of Human Resource Management,
School of Business, College of Humanities and Legal Studies, University of Cape
Coast, in partial fulfillment of the requirements for award of Master of Business
Administration, Human Resource Management

AUGUST 2016

DECLARATION

Candidate's Declaration

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

Candidate's Signature:..... Date.....

Name: Benedict Boadi

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:..... Date.....

Name: Mr. Isaac Kosi

ABSTRACT

The study sought to assess how the Civil Service uses performance appraisal as a tool for employee development. The researcher used data from civil service organizations in the Greater Accra Metropolis.

Stratified sampling technique was used to select the respondents which were grouped into Senior and Junior Staff. 102 staff out of a population of 213 was sampled. The instrument used for gathering data was the questionnaire. The study revealed that the performance appraisal system of the Civil Service was very strategic in nature, thus, key result areas and targets were drawn from the strategic plans of the organization and was based on staff capacity and the resources available. This is helpful for achieving strategic organizational goals and objectives. It also revealed that the major challenges identified are 'performance appraisal being used as an event not a process' and 'lack of feedback.' In addition, the study concluded that as a basis for employee development, performance appraisal feedback or report, is least considered.

Major recommendations made include the need to revise the current goal-based oriented performance appraisal to focus on the future and goals for efficient performance, commit and use the appraisal report as the main basis for developing staff and train appraisers and staff to know the content of the performance appraisal tools and policies.

ACKNOWLEDGEMENTS

I sincerely thank my supervisor, Mr. Isaac Kosi, a lecturer at the School of Business (University of Cape Coast) for guiding and supporting me through the compilation of this research. His patience, kindness and immense knowledge radiates through every action he takes.

I also wish to acknowledge the enabling academic atmosphere provided by the University for its students. I do appreciate the work of the lecturers, course mates and friendship of the entire student body of the School.

I deeply appreciate the willingness of staff of the MDAs selected for this exercise for their willingness to help out with my research work. Most of them sacrificed their time and intellect to ensure that this research was made possible.

I want to express my profound gratitude to all my course mates, more importantly my study partners. We assisted each other and we eventually excelled. God richly bless you all. Thank you.

My final appreciation goes to my family for their support throughout this course and research. There were times I had to neglect them because of this course but they showed immense understanding.

DEDICATION

Dedicated to my wife, Gertrude Manza Boadi and my daughters
Enuonyam Boadiwaa Boadi and Nkunim Ampofowa Boadi.

TABLE OF CONTENTS

	Page
DECLARATION	i
ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
DEDICATION	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ACRONYMS	x
CHAPTER ONE: INTRODUCTION	
Background to the Study	1
Problem Statement	5
Objectives of the Study	9
Research Questions	9
Limitation of the Study	10
Delimitation of the Study	10
Significance of the Study	11
Organization of the Rest of the Study	11
CHAPTER TWO: REVIEW OF LITERATURE	
Introduction	13
Theoretical Perspectives	13
Empirical Study	16

Performance Appraisal Processes and Methods	22
Challenges of Performance Appraisal	32
Performance Measurement	33
Evaluating Performance	34
Purpose of Performance Appraisal	37
Improving Performance	40
Employee Capacity Developmental Systems	41
Relationship between Employee Development and Employee Performance	42
Employee Capacity Development in the Civil Service	44
Conceptual Framework	46
Summary of Literature Review	47
CHAPTER THREE: METHODOLOGY	
Introduction	48
Study design	48
Population	49
Sample and Sampling Procedure	50
Sources of data	52
Study Instrument	52
Pre-test	54
Ethical consideration	54
Data Collection Procedure	54
Data Analysis	55

Summary	55
CHAPTER FOUR: RESULTS AND DISCUSSIONS	
Introduction	57
Descriptive Analysis	57
Analysis of Study Objectives	60
Performance Appraisal in the Civil Service	61
Challenges associated with the Performance Appraisal System	64
Level of employee satisfaction with the performance appraisal process	66
Relationship between Performance Appraisal and Employee Development	79
Conclusion	73
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	
Introduction	74
Summary	74
Conclusion	78
Recommendations	79
Suggestions for further studies	80
REFERENCES	81
APPENDIX: Questionnaire	92

LIST OF TABLES

TABLE	PAGE
1. Sample Size for Each Strata	50
2. Distribution of senior and junior staff in selected MDAs	51
3. Age distribution of respondents	58
4. Qualification of respondents	59
5. Rank distribution of respondents	59
6. Length of service of respondents	60
7. Monitoring Performance	62
8. Consideration for setting Performance Targets	62
9. Frequency of Employee Performance Appraisal	63
10. Challenges of Performance Appraisal	65
11. Addressing the challenges of Performance Appraisal	65
12. Fairness of Performance Planning Stage	67
13. Effectiveness of appraisal method	67
14. Level of satisfaction of the appraisal system	68
15. Identifying capacity gaps	70
16. Bridging capacity gaps	70
17. Basis for employee development methods	71
18. Effectiveness of employee development methods	72

LIST OF FIGURES

FIGURES	PAGE
1. Employee Development and Employee Performance	42
2. Conceptual Framework	46

LIST OF ACRONYMS

- ACR - Annual Confidential Report
- BARS - Behaviourally Anchored Rating Scales
- BOS - Behaviour Observation Scales
- CSPIP - Civil Service Performance Improvement Program
- GRS - Graphic Rating Scale
- IBM - International Business Machines
- MBO - Management by Objective
- MDAs - Ministries, Departments and Agencies
- PA - Performance Appraisal
- ProMES – Productivity Measurement and Enhanced System
- SEM - Structural Equation Modeling
- SPSS - Statistical Package for the Social Sciences
- WERS - Workplace Employment Related Survey

CHAPTER ONE

INTRODUCTION

Background to the study

The success of every organization, public or private, depends largely on the availability and quality of well-motivated human resource. To this regard, strategic planners and human resources professionals need to develop collaborative efforts to design strategies and frameworks that are fruitful and creative in a bid to develop the capacity of human resource to meet such need. Research has attested to the fact that organisations that adopt intensive and cohesive human resource processes and systems are those that come out successful (Marquardt, 2004).

Human Resource Management practitioners focus on personnel related areas such as job design, resource planning, recruitment, selection, performance management system, compensations and employee relations. For the success of the organization, one function plays a critical role for the global success of the organization and this is performance evaluation. This has become necessary because the outcome of the process indicates the success of the realization of the other areas in the field of Human Resources. Building block for enhancing performance is creating a performance culture and implementing the performance management process and more specifically a performance appraisal system. Assumptions of corporate management are that this culture makes people (employees) develop their capacity and thus be truly engaged in the business of the organization. (Reid & Hubbell, 2005).

Employee Development is one of the most important functions of Human Resource Management. Employee development consists of the overall growth of the employee which will develop the organization for it to flourish as a result of an increased employee performance (Elena, 2000). As and when employees would be more developed, they would be more satisfied with the job, more committed with the job and the performance would be increased. An increase in employee performance results in a direct increase in organization effectiveness (Champathes, 2006). Employee development activities are very important for the employees. As the activities are performed, it indicates that the organization cares about their employees and wants them to develop (Elena, 2000). Employees at all levels are involved in the developmental activities whether the upper level employees, middle or lower level employees (Kirkpatrick, 2006).

In recent years, performance appraisal systems placed emphasis on employee traits, deficiencies and abilities (Deb, 2006). However, with the development of the employee/organization relations, modern appraisal philosophy emphasizes the present performance and future goals. Modern philosophy also stresses on employee participation in mutually set goals with the supervisor. This has become necessary because people will work harder for goals or objectives that they have participated in setting, share the rewards of their efforts and continue personal growth.

Proponents of the goal setting theory stipulate that goals have a pervasive influence on employee behavior and performance in organizations and management practice (Locke & Latham, 2002). Managers widely accept goal

setting as a means to develop employee capacity and sustain performance (DuBrin, 2012). Based on hundreds of studies, the major findings of goal setting is that individuals who are provided with specific, difficult but attainable goals perform better than those given easy, nonspecific, or no goals at all. At the same time, however, the individuals must have sufficient developed ability, accept the goals, and receive feedback related to performance (Latham, 2003).

Many researchers and reputable sources criticize the importance of the performance appraisal process. They have expressed debates about the authenticity of the process. Some of them, such as Daniels (2000), even called it useless and evil. He could not see how the appraisal develops employees to improve performance and characterizes it as a step of firing process. He suggests that “the best performance appraisal is one that is done every day”.

Another critic, Derven (1990), quoted in Mathis and Jackson (2012), explains that if the manager or supervisor is unskilled or could not give accurate feedback, then the appraisal process will have only a negative effect. As such, the employee does not benefit in any way. Because of this every organization has to make carefully structured process and have to develop managers to focus activities and efforts and enhance business performance by managing the performance of subordinates or employees to improve and develop their capacity. On the other side, some of the defenders, such as Griffin (2012), describe the process as “the most crucial aspect of organizational life”.

According to Kettl (1997), the period between the late 1970s and 1990s witnessed governments around the globe introducing management reforms in the

public sector from the private sector as a way of improving performance. Countries such as New Zealand, in particular, and others such as Australia and the United Kingdom, emerged as the leading proponents of such reforms which became models emulated elsewhere. .

These reforms are based on managerialist belief that there is a body of sound management practice applicable to the private sector that is generic in its scope and thus, directly transferable to the public (Nadeem, Naveed, Zeeshan, Yumna & Qurat-ul-ain, 2013). The benefits gained as a result of implementing and sustaining Performance appraisal system will enhance a shared understanding among staff about the vision, mission, broad objectives and core values of their organization, workers' become clearer about their role and contribution to their organisation's success and they gain better understanding of the concept of programme-based budgeting. Performance appraisal is thus intended to improve rational decision making in management, thereby developing employee capacity for improving employee performance.

Performance appraisal is important for an organization, as it helps organizations to ensure that employees are working hard to contribute to achieving the organization's mission and objectives. Performance appraisal sets expectations for employee performance and motivates employees to work hard in ways that is expected by the organization. Moreover, performance appraisal systems provides a completed and professional management process for organizations to assess the performance results of organizations and employees, identify gaps and develop frameworks for dealing with those gaps by developing

the capacity of employees. Employee performance could be expected, assessed and encouraged. Macky and Johnson (2000) pressed that the importance of performance appraisal system is to continuously improve capacity of employee and thereby enhancing organizational performance, and this is achieved by developing individual employee performance.

Problem Statement

The issue of performance of employees in both Public and Private sectors has dominated discussions in both developed and developing countries. This is as a result of challenging economic conditions (such as global competition, slow economic growth, and economic downturns), organizations are starting to look internally for performance and productivity gains rather than wait for external improvements (e.g., market growth or technological advances) (Boxall and Purcell, 2003; Buchner, 2007).

A number of studies have been conducted on the impact of performance appraisal on employee development. Organizations have been focusing their attention on performance management and more specifically performance appraisal as a way to improve employee performance and productivity (Boxall and Purcell, 2003; Buchner, 2007). However, according to Watson Wyatt Worldwide (2004), very few employees believe that their company's performance appraisal system helps them to develop capacity and thereby improve their performance. This is because employees do not think that the systems establish

clear goals, define realistic and fair performance standards, or generate honest feedback that are necessary for employee development.

Employee development is becoming an increasingly critical and strategic imperative for organizations in the current business environment (Sheri-lynn, Parbudyal, 2007). According to Armstrong and Baron (2005), performance management directs and supports employees to work as effectively and efficiently as possible in line with the needs of the organization. Organizations have certain goals what they want to achieve. However, the employee cannot help achieve these goals without knowing how to get there. Thus, the organization should guide the employees or teams with instructions on how to achieve the goals, what are the job tasks for that and how do they to carry out the job tasks in an effective way.

Pulakos and O'Leary (2011) argued that performance appraisal systems are ineffective because they focus more on administrative processes (i.e., documentation) than on training managers and developing employees on how to engage in effective performance management behaviors (e.g., communicating clear goals and expectations). For example, although managers often provide informal feedback to their subordinates, they are reluctant to document subordinates' low performance because they fear damaging their relationship with them. Similarly, even though employees want guidance, coaching, mentoring and counselling from their managers, they do not want it to be documented for fear that it may adversely affect their pay raises or advancements.

Maund (2001) assessed that employees see a poorly conducted appraisal interview as being worse than not having an interview at all. Ideally, the record of the appraisal process should be written on a special performance appraisal form that is signed by the manager, the employee and often a senior manager. It is good practice to allow the employee to see the completed form and add any comment (s). In the Civil Service, one method used to get feedback is the use of the appraisal system which is done annually, however, there are periodic and mid-year reviews.

The study of Wanjala and Kimutai (2015) indicated that employee performance appraisal can be used to improve current performance, provide feedback, increase motivation, identify training needs, identify potentials, let individuals know what is expected of them, focus on career development, award salary increases, and solve job problems. They further stated that performance appraisals help in a very practical way to manage an organization's staff effectively. They allow one to know; what employees have achieved and can achieve, know what employees' weaknesses are, understand how each employee's role fits into the overall business, compare the efficiency of different staff members, set realistic goals and identify ways business can be expanded or enhanced. They allow staff to; feel valued, understand what is expected of them, understand the business they are involved in, understand their weaknesses, identify their strengths, identify areas they need further training in as well as offer opinions and insights that may improve the business as a whole.

In Ghana, before the 1990's, performance of public service organizations, was assessed through Annual Reports and Financial Statements as audited by the Auditor General's Department. Individual employee performance was assessed through Annual Confidential Reports (ACR). This system of staff appraisal was fraught with problems and abuses that made its credibility and usefulness questionable. (Ayee, 2001). ACRs mostly evaluated personal behavioral traits rather than actual job performance, based on management by objectives principle. A performance contracting system, based on the model of the British 'Next Steps' by which 'Executive Agencies' sign performance contract with their supervising authorities have been in operation in the State-owned Enterprises sub-sector in Ghana for well over a decade. In the Civil Service environment, the Civil Service Performance Improvement Program (CSPIP: 1994-2003) was aimed among other reform initiatives at providing objective basis for monitoring and assessing the performance of civil servants and Civil Service institutions through explicit goal and target setting.

Among the several benefits of performance appraisal to organizations is how it can be used to develop the capacity of employees for efficient productivity. The question therefore is how do organizations, like the Civil Service, use performance appraisal as a tool for employee development?

Objectives of the Study

The general objective of the research was to assess how Civil Service in the Greater Accra Metropolis use performance appraisal as a tool for the development of employees. The specific objectives that guided the study were to:

1. describe how performance appraisal is carried out in the Civil Service
2. examine the challenges associated with the performance appraisal system
3. examine the level of employee satisfaction with the performance appraisal process
4. evaluate how the performance appraisal system is linked to employee development
5. determine how the performance appraisal system can be used to develop the capacity of employees in the Civil Service

Research Questions

To successfully achieve the above mentioned objectives, the following questions were adopted.

1. How is performance appraisal carried out in the Civil Service?
2. What are the challenges associated with the performance appraisal system?
3. What is the level of employee satisfaction with the performance appraisal process?
4. How is the performance appraisal system linked to employee development?

5. How can the performance appraisal system be used to develop the capacity of employees in the Civil Service?

Limitation of the Study

The size of the Civil Service is very broad and as a result, assessing the practice of performance appraisal in the entire service may come with some challenges. However, due to time and financial constraints, the scope of the study is limited to the Accra metropolis, i.e. the conclusions drawn may not be applicable to other sectors.

In addition, the study used samples of the populations to represent the population. The findings and conclusions might have been different if the entire population was used. Also, the study used questionnaires to collect the data for the analysis. Therefore, the data are based on the respondents' views which may not be same in reality.

Delimitation of the Study

The study is delimited as the researcher does not have the opportunity to observe and experience the appraisal process – the planning, progress review, and implementation and decision stages – of the participants which serves as the basis for employee development. In addition, the study was delimited to the assessment of performance appraisal but did not consider factors that accounted for promotions in the Civil Service.

Significance of the Study

First and foremost, the findings of this study are aimed at providing a framework for using performance appraisal as a tool for developing employee capacity. Furthermore, it is also aimed at identifying challenges with the performance appraisal system in the Civil Service and providing suggestive solutions / recommendations for improving the process to enhance employee development. Finally, the findings are aimed at identifying alternative ways of implementing the performance appraisal process in the Civil Service.

Organization of the Rest of the Study

The whole research is organized under five chapters, with each of them dealing with a particular area. The first chapter discussed the introduction, background to the study, statement of the problem, objective of the study as well as the research questions, significance of the study, delimitations and limitations of the study.

Chapter two focused on the various theories, empirical reviews and conceptual framework associated with performance appraisal system. It has also looked at the history and practice of performance appraisal with focus on the Civil Service.

The third chapter highlighted the method used to conduct the research study. It examined the research process which includes the research approach, research design, population, sample and sampling procedure, measurement of variables, as well as data collection, processing and analysis.

The fourth chapter analysed and discussed the results and findings of the study. The results from primary and secondary data is presented and interpreted for easy understanding.

Chapter five provided the summary, conclusion and recommendations, where suggestions were provided for using the performance appraisal process as a tool for employee development.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter presents a brief overview of the performance appraisal system in the Civil Service, Theoretical perspectives that relates to performance appraisal and employee capacity development, the methods of conducting performance appraisal, evaluating performance in the appraisal process, purpose of conducting performance appraisal and ways of improving employee performance. The chapter also highlights employee development activities, establishes the relationship between employee development and performance, identifies some employee capacity development activities in the Civil Service and challenges associated with employee development.

Theoretical Perspective

The relationship between performance appraisal and employee development can be explained mainly by the Goal Setting, Reinforcement and Expectancy Theory.

Goal-Setting Theory

The Goal Setting Theory was proposed by Edwin Locke in 1968. According to Locke's Goal Setting Theory, critical success factors are often described as long term strategic objectives. Once these are determined, one must

identify what needs to be done to get there, also called key performance indicators or action objectives. These performance measures are essential in assuring that everyone pulls in the same direction and focuses their attention on the right activities (Locke and Latham, 2002). From traditional management by objectives (Odiorne, 1965) and project management emerged the theory of critical success factors (Daniel, 1999). These are the parameters required in order to reach success, or in project management, the deliverables that must be achieved in order for the project to succeed (Gardiner, 2005).

The theory suggests that the individual goals established by employees play an important role in motivating him or her for superior performance and would want to develop his or her capacity to achieve those goals. This is because, the employee keep following their goals. If these goals are achieved, they either improve their performance or modify the goals and make them more realistic (Salaman et al, 2005).

Goal-setting theory assumes that goals affect performance via four mediating mechanisms: effort, persistence, direction, and task strategies. It suggests that an improvement of the action process itself improves performance. For example, individual should be encouraged to set long-range goals and to engage in appropriate planning, feedback seeking, and feedback processing. This perspective assumes that training interventions can be useful in achieving such changes. Additionally, job design interventions can help to improve the action process (Wall, 2004). There is a long tradition within psychology which assumes that feedback has a positive effect on performance.

The basic idea of goal setting as a performance improvement intervention is that setting specific and difficult goals results in better performance than no or 'do-your-best' goals (Locke and Latham, 1990).

Reinforcement Theory

Reinforcement theory emphasizes regulative interventions from outside the individual, particularly positive reinforcement which are used to enhance performance and in turn improve capacity of individuals. Such reinforcements can comprise financial interventions, non-financial interventions such as performance feedback, capacity development, social rewards such as attention and recognition, or a combination of all these types of reinforcements. Meta-analytic findings suggest that such behavior modification interventions have a positive effect on task performance, both in the manufacturing and in the service sector (Stajkovic and Luthans, 2001).

Reinforcement theories focus on observable behavior at the work place rather than needs theories that focus on personal states. Reinforcement theory is a form of operant conditioning and focuses on the environmental factors that contribute to improving performance at the workplace. There are four primary approaches to reinforcement theory: positive reinforcement, negative reinforcement, extinction, and punishment. (Banaji, 2011).

Expectancy Theory

The Expectancy Theory was proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behavior on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behaviour in such a way which is most likely to lead them to attain these goals. In such a situation, employees are prepared to attain the necessary competence needed to achieve the set goals and thereby enabling them to have the desired satisfaction. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman et al, 2005). The theory also explains that people are motivated by intrinsic and extrinsic outcomes they desire. Hence, they will be motivated if outcome is possible. People will also be motivated if outcome is contingent.

Empirical Study

Studies on Performance Appraisal (PA) over the years indicate that managers recognize performance appraisal systems as a tool for managing rather than a tool for measuring subordinates. According to Macky and Johnson (2000), organisations may use performance appraisal to motivate, direct and more importantly develop subordinates to maximize access to important resources in the organization.

The empirical review in this study covers identified literature relating to the relationship that exists between PA and development of employees and PA satisfaction levels.

Performance appraisal and employee development

In the quest to find relationship between performance appraisal and employee development, Harter, Schmidt, and Hayes (2002) find positive association between development and performance appraisal. In addition, these findings also revealed that, development of employees has positive relationship with retention of employees. Therefore, they recommended that employers need to conduct research on how employees perceive the performance appraisal system and how this affect their attitudinal and behavioural development. Another study by Lee and Bruvold (2003) opine that employees demonstrate higher level of commitment when they perceive that performance appraisal is associative with employee development.

In support of researchers position on importance of employee development as part of performance appraisal system, results of research conducted by WERS in 2004 confirms it. The study focused on testing the impact of performance management system on employees' performance. The study employed Kruskal-Wallis test and Ordered logit regression to test the relationship. The results show positive and significant relationship between employee development aspect of performance appraisal and performance. However, the study finds positive but insignificant relationship between the overall performance

appraisal system and employee performance. Again, Jawahar (2006) contends that satisfaction in performance appraisal is positively associated with job satisfaction and commitment and negatively associated with intention to quit.

Some researchers have argued that performance appraisal should have the tone of employee development (Kirkpatrick, 2006). This developmental appraisal according to the researcher is an ongoing process which should take place during the whole year. This appraisal will determine where the employee fall short or weak area where specific development is required to improve performance of such employees (Kirkpatrick, 2006). When companies invest in perceived developmental activities, it is in the right direction since it will enhance employee performance. The significance of employee development in organizational setting has extensively been recognized. Organization that makes investments in its workforce signals its commitment regarding its approach to its workforce growth. This, in return, engenders motivation and promotes greater teamwork and cooperation. When employees start believing that organizations are sincere to provide development opportunities for them, they will definitely reciprocate (Georgellis and Lange, 2007; Lee and Bruvold, 2003). This also provides the organisation a competitive advantage (Chay et al., 2003). Chay et al (2003) argued that most organisations do not value employee developmental activities. What they are interested only is the achievement of goals and thus whatever means the employee will satisfy the employers is of little concern. In modern business environment, organisations are seeking to fence their competitive

strategies and the best way to do this is by developing and expanding the knowledge asset of their employees (Sheri-lyne and Parbudyal, 2007).

The study of Rahman and Shah (2012) focus on public universities of Khyber Pakhtunkhwa in Pakistan revealed that empirical data from these universities validate the theoretical base regarding performance appraisal and employee development perceptions. The study used 295 responses collected from 16 public universities in the province with about 3500 population for analysis. The study employed Structural Equation Modelling (SEM) to evaluate the model. The quantitative results from the results validate the theoretical base of direct positive association between the variables. The study further revealed that the quality of performance appraisal has significance for promoting individuals' development perceptions. The model employed in conducting analysis in this study is in the right direction because SEM is used in studies that seek to analyse structural relationships of variables.

In banking sector, the study of Nadeem, Naveed, Zeeshan, Yumna & Qurat-ul-ain (2013) focus on to find out the impact of performance appraisal on employee's performance and also analyse how motivation affects the relationship of performance appraisal and employee's performance. These two hypotheses are analysed by using sampling techniques and the study was purely primary study. From the banks of Dera Ghazi Khan, the study selected 150 employees as sample by using simple random sampling technique. Primary data were collect through standard questionnaire. For analysing data, the study applied correlation coefficient through IBM SPSS and Amos Software. The study finds a positive

relationship between performance appraisal and performance of employees. However, this performance was achieved when performance appraisal was geared towards development of employees.

A more recent study in Kenya by Wanjala and Kimutai (2015) focus on workers of ten commercial banks in Trans-Nzoia Country to determine the influence of performance appraisal on these banks in terms of employee development and performance. The study adopted descriptive survey research design. The study used stratified and the simple random sampling techniques with 120 respondents to the questionnaires administered. Data analysis was done through descriptive statistics, specifically use of frequencies and percentages. Data was presented in frequency tables and Chi Square method was used for testing the hypothesis. The findings show that there is a significant relationship between performance appraisal and worker's performance which is appreciated by employees' development.

In sum, employee development is composed of formal education, employee's interactions, job experiences, employee's personality and his/her potential and abilities that help him/her perform effectively in the current or future job in organizations (Nadeem et al, 2013). This can be achieved when it is considered as a balanced collaborative effort between the employer and the employee. These developmental activities should accommodate individual's career needs and goals and the requirements set forth by the organisation.

Performance Appraisal (PA) and Employee level of satisfaction

Performance appraisal is geared towards ensuring high performance or productivity from employees when a set standard is compared with actual productivity. However, satisfaction of employees with regards to performance appraisal system has significant effect on the impact or role the performance appraisal play. Appraisal reactions showed by employers send satisfaction signal to appraisers. According to Keeping and Levy (2000), for performance appraisal to positively influence employee behaviour and also their future development, employees must experience positive appraisal response. This position is also supported by Fletcher (2001) who argued that when employers fail to show positive reaction to appraisal conducted, it may fail as a mechanism for developing and motivating people.

This supposed to mean that when there is dissatisfaction with performance appraisal system, retention of employees becomes difficult. This is evidenced by the study conducted by Poon (2004) who reported that employees decide or develop intention to quit when they are dissatisfied with performance appraisal resulting in reduced job satisfaction. Organisation is bound to loose quality staff with performance appraisals reports are not utilised as expected by employees. Besides, Levy and Williams (2004) added to the discussion by positing that if performance appraisal participants do not perceive the system to be fair, the sources to be credible, and the feedback to be accurate, they are likely to ignore the feedback or reactions received from the employers. In this sense, the purported authority of the appraisal is undermined. Every performance appraisal

has a purpose and a major one is to help in the development of employees. When it comes to level of satisfaction employees have in the appraisal system, the researchers failed to classify the employees in terms where each derive satisfaction. Some of the employees are monetary satisfiers, task or challenge completion satisfiers (Harter, Schmidt, and Hayes, 2002).

Performance Appraisal Processes and Methods

The appraisal activity can be seen as a stimulus response-feedback process. The organisation needs to conduct this activity to evaluate the stimulus (job description) given, the response of the ratees (cognitive, behavioural, affective and psychomotor) and feedbacks which involves trust and responsibilities of the ratees. There are a number of posited methods of performance appraisal in literature. What applies to one organisation may be different in another organisation. Some researchers have taken the pain to categorise the methods employ by organisations in carrying out performance appraisal. Some of the literature classified the methods into traditional and modern methods (Deb, 2006; Randhawa, 2007; Khurana, Khurana and Sharma, 2010). Others classify them into scaling methods, narrative method (Mathis and Jackson 2011), objective methods or performance-oriented methods and judgmental methods (Griffin, 2012; Pride, Hughes and Kapoor, 2012); comparative, rating, narrative and behavioural methods (Bogardus, 2007; Schermerhorn, 2011). Each classification is required for organisational specific characteristics.

According to these authors, traditional methods cover methods focusing on performance-paired or group comparisons, rating scales and reports, questionnaires, a critical/key incident method. Categorisation according to the time factor, more specifically with methods focusing on the past, i.e. on work already performed are all considered to be traditional method. On the other hand, modern appraisal method according to Deb (2006) are those that focus on the future to estimate employee's development potential.

This position of Deb has support from existing literature. These researchers consider the following methods as modern: Management by Objectives, 360 degree feedback, human resource accounting, Assessment Centre, and BARS (Deb, 2006; Randhawa, 2007; Khurana et al, 2010). In addition to the above mentioned methods, Mathis and Jackson (2012) rolled out categories of appraisal methods. They posited that we have Rating methods which include checklists, graphic rating scales and the BARS method. Also, Narrative methods – these are used in cases requiring written or oral appraisal.

In a more critical assessment of performance appraisal methods, Griffin (2012) devoted his attention to identify performance-oriented methods of appraisal. He argued that performance-oriented methods are positioned to evaluate current outputs of the employee and carry out the assessment based on the set standards and actual output. Again, he argued that some performance appraisal methodology are judgmental and these incorporates rating and ranking techniques such as BARS method, rating scales, and employee ranking and comparison.

A study conducted by Kateřina, Andrea, and Gabriela (2013) focused on methods of employee performance appraisal in agricultural organizations in the Czech Republic. The aim of the article is to identify the current state of formal employee appraisal in a sample group of agricultural organizations and to test dependencies between selected qualitative characteristics (Kateřina, Andrea, and Gabriela, 2013). The study employs questionnaire survey to find the performance appraisal methods that are considered important for the agricultural organisations in Czech Republic. The results from this study show that the most universally used methods of employee performance appraisal in agricultural organisations include predefined goal-based performance appraisal, predefined standard outcome-based performance appraisal and appraisal interviews.

According to Baker (1984), performance appraisal system should be made in such a way that the organization can ensure proper accomplishment of goals; at the same time the employee can expect clear and concise work expectations. Knowing what is expected from them is the first step in helping one cope better with the stress usually associated with lack of clear divisions. In his view, for performance appraisal to be effective, Employees should be actively involved in the evaluation and development process, Bosses need to enter performance appraisals with the constructive and helpful attitude, realistic goals must be mutually set and Bosses must be aware, and have knowledge of the employee's job and performance.

Cole (2002) presented the following appraisal process framework. This framework explains how the appraisal process is carried out. First, the appraisal

form is completed by the manager and the employee then a formal interview is explained where a job improvement plan is established which gives three outcomes action agreed, promotion or transfer or salary review. The following appraisal methods have been identified as means to enhance the effectiveness of the performance appraisal process

Management by Objective

Management by objective (MBO) was introduced by Peter Drucker in 1954 which changed a manager's role from being a judge to a helper. Management by objective is an approach where employees are evaluated by how well they accomplish their tasks and objectives which are important to be critical in the successful completion of their job. MBO is a process, which converts organizational objectives into individual objectives. It helps in goal setting, planning, self-review and performance review. Goals are set up between the managers and the employees, which become the standards against which the employee's results will be evaluated. MBO is used in planning process i.e making the action plan for carrying out the assigned goals. It includes identifying the proper activities necessary to accomplish the objectives.

Self-control is another important step in MBO, where a systematic monitoring of performance is done by the individuals so that they get a clearer picture of their performance. (Rudman, 2003) says that it is crucial to have very precise and well defined objectives, this will eradicate scenarios whereby the

appraiser have to appraise performance based on unclear objectives which will in turn will affect motivation.

The advantage of MBO lie in its result oriented emphasis. It assists the management for planning and control functions and is considered as a result oriented approach for performance appraisal, because employees would know exactly what is expected of them and how they will be evaluated and how their evaluation will be based on their success in achieving their goal. MBO clearly defines an employee's goals and objectives to be achieved in the organization. It further explains how this can help develop the capacity of employees.

Although management by objectives has many positive features, its limitations need to be understood. The primary issue that needs to be addressed by the organization is the high level of management commitment and time required to reorient the thinking of employees (Weise and Buckley, 1998).

Graphic Rating Scale (GRS)

GRS is considered as the most popular and oldest of the appraisal systems. GRS is used mainly in evaluating performance based on quantity and quality of work. In this the rating of an employee is done on some specific areas only. The rater has to mark the employee on the basis of certain scale which best describes the employees performance in the organization. GRS helps in analysing employees on a quantitative scale and can help to compare and contrast the employee's behaviour on this scale. There is greater standardization of items so

comparability with other individuals in diverse job categories is possible. (Henderson, 1984)

Behaviourally Anchored Rating Scales (BARS) and Behaviour Observation Scales (BOS)

Behaviourally Anchored Rating Scales (BARS) development involves many steps and many people. From this process, performance dimensions are more clearly defined and are based on more observable behaviors (Weise and Buckley, 1998) This system received special attention in the field of performance appraisal. This method was useful in analyzing the performance on the basis of behavior. BARS, clearly highlights the definite, observable and measurable behaviors done in the job. Behaviorally Anchored Rating Scale was greatly accepted because it made use of specific behaviors which is derived for each job and which would produce relatively reliable and error-free ratings. Behavior Observation Scales (BOS) were then introduced which were intended to improve BARS. (Latham and Wexley, 1977)

Feedback

Feedback is about the effectiveness of an individual's behavior. It has long been recognized as essential for learning and for motivation in performance-oriented organizations (Ilgen et al, 1979). Feedback is considered as an important tool in performance appraisal process. Feedback can be a useful tool for employee

development, especially if it is specific and behaviorally oriented, as well as both problem-oriented and solution-oriented (Rahman and Shah, 2012)

One of the basic purposes of formal appraisal process is the provision of clear and performance based feedback to employees (Wanjala and Kimutai, 2015). Some organizations use feedback as a development tool, while in some organizations it is used for merit evaluation and compensation adjustment. (London and Smither, 1999) Feedback is very essential for the employees because it forms a baseline for the employees which help them to get a review of their past performance and chance to improve their skills for the future. Deb (2006) says that when feedback is considered as a valuable resource, then only the individuals feel motivated to seek it, which helps in reducing uncertainty and provides information relevant to self-evaluations. There is also evidence that performance feedback (if given appropriately) can lead to substantial improvements in future performance.

After gathering the results of the performance, feedback is giving to the employee which gives the worker the chance to improve his or her performance, it is necessary to give feedback which follows a particular framework. First of all, the feedback must focus on the assessment and improvement of the performance, not on the assessment of the performer. It is easy to blame someone for their personality but it is unethical and unprofessional. Moreover, it is likely that the employee does not accept a feedback with the person focus and will rather cause conflict and mistrust among the supervisor and the worker (Cardy and Leonard, 2011).

Secondly, the timing and the frequency of the feedback have to be considered. The feedback has to be provided as soon as possible in order to remain its accuracy and freshness. Furthermore, the quicker the employee receives the feedback, the faster he or she can start improving the performance. The feedback should be frequent due to two reasons. The more often you provide the feedback, the more opportunities there are to discuss and improve the employee's performance. In addition, giving or receiving feedback has to be ordinary and a normal thing at work (Cardy and Leonard, 2011).

Indeed, there is broad evidence that feedback enhances performance and helps develop employees if the feedback is task related. A combination of a goal-setting intervention with a feedback intervention results in better performance than a goal-setting intervention alone (Gungor, 2011). A specific intervention approach which draws on the benefits of goal setting and feedback is the Productivity Measurement and Enhancement System (ProMES) as introduced by (Apperbaum and Armstrong, 2003). ProMES suggests a procedure of how organizational units can improve their productivity by identifying their products, developing indicators, establishing contingencies, and finally putting the system together as a feedback system.

When the feedback is delivered for the first time or it is not done frequently, it is likely that the emotional reactions of an employee will appear. On the other hand, if the feedback belongs to the work routine and is ordinary to the employees, the evaluator affect can play role in the process (Cardy and Leonard, 2011). Before the final delivery of the feedback, the supervisor should be aware

of the evaluator affect which is likely to play a role in the process. Evaluator affect simply means that the evaluator gives a better or worse rating and feedback to the employee based on e.g. the assessor's mood or his personal feelings towards the employee. Fortunately, there are techniques to manage the influence of the evaluator affect. Having a clear criteria and common standards helps the evaluator to follow the rules easier. Moreover, recording the performance with a diary helps to remember the true facts. Other techniques are having an 'open-door policy' at work which means being open minded to the employees' concerns and opinions, self-awareness of the evaluator and the evaluation itself.

The evaluator should also be prepared for the emotional reactions of the employee to the feedback. The person who is receiving the feedback can react in many ways including being surprised, defensive, shocked, angry, or just reject and ignore the feedback (Cardy and Leonard, 2011) In order to prevent the emotional reactions, Cardy and Leonard (2011) have brought up several steps and actions that can be taken to avoid them. Firstly, the evaluator must focus on the performance not on the performer. Secondly, the feedback provided by the supervisor must be relevant and ethical without any discrimination about the age or gender. Moreover, there should not be any surprises for the employee which means the employee should receive the feedback before the annual session. In addition, the supervisor should consciously be aware of his or her body language and eye contact, and listen to the employee.

From the worker's perspective, the employee has to separate him- or herself from the performance because it does not tell who he or she is as a person.

Moreover, the employee should be realistic in the performance expectations because no one is perfect and everyone makes mistakes. The employee should also focus on the future improvement not on the mistakes made in the past which cannot be changed anymore. The worker should also not be surprised and should be aware of his or her emotional tendencies.

360 Degree Performance Appraisal:

360 Degree appraisal is used to describe a comprehensive nature of feedback which is received by an individual through everyone in the job. It is also referred to as 'multi source feedback' or 'multi-rater feedback' (Kettley, 1997) adds that when an individual receives feedback from different sources of the organization, including peers, subordinate staff, customers and themselves, i.e. When a feedback is received from 'all-round' a job, then the process is known as 360 degree appraisal or feedback.

According to London and Smither (1999), The actual amount of empirical evidence on the impact of 360 degree feedback is disappointingly small considering the extent of its use; widespread adoption seems to have reflected faith rather than proven validity'. Even though 360 degree, is not widespread enough it is been used for a lot of purposes. In the view of Fletcher and Bailey (2003), 360 degree feedback gives a great scope to commend and criticize on their sub ordinates performance. It also helps in building up the competency of the organizations framework and objective. It aids in increasing self-awareness as self-assessment corresponds to subordinates perception.

360 degree feedback and development centers are preplanned and are based on prior defined assessment criteria. As developmental centers are present in the organization and are very important as they provide training to the individual employee (Gungor, 2011). Employees can only be developed if they have a desire or motivation to be developed.

Challenges of Performance Appraisal Methods

The appraisal decision nowadays is confronted with a great deal of criticisms and comments from the employees and their unions. Issues such as the ability of the person conducting the appraisal and rating, accuracy of the system, fairness, discrimination, quota system and other aspects (Ahmad and Bujang, 2013). Employee development depends primarily on the individual employee whether employee is willing to participate or not. Employee development also depends upon the organization culture, attitude of top management, and limited opportunities of promotion (Elena, 2000). Organizational Culture also poses a challenge to Employee Development. If organization culture supports employees, it will encourage employees to participate in decision making leading to employee development and improved performance. Top Management attitude is another important factor that influences on employee developmental activities. It depends on the sincerity and commitment of the top management. Limited Opportunities of Promotion also influences employee development. Opportunities for promotion are limited then employees would not participate in the employee developmental activities.

A recent study in Ghana by Arthur (2015) focuses on exploring performance appraisal systems in the Ghanaian public sector polytechnics. The study intends to explore performance appraisal systems in selected polytechnics in Ghana. The objectives of the study among other things are to identify the challenges of performance appraisal and to assess the effectiveness of the performance appraisal systems in the Ghanaian public sector polytechnics. The study adopted mixed approach that is quantitative and qualitative and generated data through semi-structured interviews and structured questionnaires from 185 polytechnics' employees in Ghana. Descriptive statistic was used to analyse the data which included the use of frequencies, percentages and mean. Content analysis was used to analyse exiting literature. The results indicate that the perceptions of the administrative staff concerning the effectiveness of the present performance appraisal systems of the polytechnics were skewed towards dissatisfaction because they lacked essential characteristics of an effective performance appraisal system. The major challenges identified are non-existence of performance measure, ineffective appraisal process and ability of raters in performance appraisal. This is in support of postulations by Ahmad and Bujang (2013).

Performance Measurement

Performance appraisal methods have the purpose of measuring employee performance. There are varied ways of measuring performance of employees. According to Gungor (2011), performance of employees can be measured using

quantity of output, quality of output, timeliness of output, cooperativeness and presence at work. Performance of employees can also be measured using Balanced Scorecard or total quality performance management. This approach connects measures throughout the organisation to translate high level objectives into lower level activities. The employees are expected to go by this measure to monitor their own performance ((Platts and Sobotka, 2010).

Effective performance feedback is timely, specific, behavioural in nature, and presented by a credible source. The goals of performance feedback are to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction (Aguinis, 2009). Performance feedback is effective in changing employee work behaviour and enhances employee job satisfaction and performance (Islam and Rasad, 2006). Apperbaum and Armstrong (2003) pointed that the knowledge bases of coaching provide the company's employees with a new professional outlook that in the long term leads to a higher level of productivity. An individual's attitude towards an issue is factually the vision that he or she form around that entity. Positive attitude affects the productivity of the organization, affects the productivity of the organization, while skills refers to the employee's ability in undertaking the practical tasks.

Evaluating Performance

Growing concerns in organizational development has emphasised that organisations should pay more attention to performance appraisal as it helps improve the current performance, increase the employees' motivation, recognize

the training needs, give feedback to the employees, solve job problems, let employees know what is expected from them, and several other reasons why the organisation can benefit from having control over the employee's performance. (Nickson, 2007)

Before starting to measure the performance, it must be acknowledged that the evaluation must be based on the same internal standards and that there has to be agreed-on criteria for the evaluators and the workers. Having common evaluative standards helps the evaluator compare the results with equivalent scales. (Cardy and Leonard, 2011). Subsequently, the organisation can use three methods to make the employees become aware of the common performance characteristics. (Cardy and Leonard, 2011)

The first method is about involving all workers in order to get their ideas and point of views on the performance management. If the organisation considers all the workers in implementing a new performance management system, the whole organisation will be aware of the common performance standards because the standards have been built upon the employees' suggestions. The second method is training the employees – tell them what should be done and how it should be done. The third technique is to use job aids. Job aids can be either signs, reminder sheets or other items that can help the employees remember the performance standards. Moreover, job aids can also be performance criteria or examples of performance.

When the common performance standards and agreed-on criteria have been developed, organisations can choose the way of appraisal. The most

traditional way of appraisal is the top-down approach where the manager measures the employee's performance. (Nickson, 2007) However, if the organisation seeks for another approach that may be more innovative and offers a bigger possibility for development, has brought up several other approaches by various authors which can be used to measure performance.

The first approach according to Nickson (2007), is 'self-appraisal' which means the employee measures his or her performance by himself and the appraisal is later discussed with the manager in order to come up with a plan for improvement. If the employee is critical enough and is able to measure well his or her performance, he or she can offer a different perspective to the manager. Another way to measure employee's performance is by letting the fellow team members or colleagues to provide the assessment of performance which is called 'peer appraisals'. If the organisation wishes to measure the managers' performance, 'upward appraisal' can be applied. Through this approach the managers' performance will be measured by their staff. (Nickson, 2007,)

Redman (2006, in Nickson, 2007) points out that customers are more and more important in the performance appraisal process, especially in the hospitality industry, since they can give feedback to the organisation about the customer service was, how satisfied they were with the overall service and what could be improved. Thus, Redman (2006, in Nickson, 2007) has brought up three different performance appraisal ways in order to gain a better overview from the customer's perspective. The first method is gathering customer's feedback through surveys via telephone, post, face-to face interview or via e-mail. The

second technique is to have certain surveillance over the employees in order to observe and evaluate their performance. The last method concerning the customer's point of view is 'mystery' shopping. Mystery shoppers are hired to observe and record their experience with the organisation. They visit the organisation randomly and play to be normal customers while evaluating the service and employee's performance. After the 'mystery' shopping has been done, the hired evaluators report back to the company about their findings.

Purpose of Performance Appraisal

According to Wiese and Buckley (1998), a formal performance appraisal system serves as an asset in conducting formal decision process within the organization .It also helps employees, in developing their career and increasing their commitment towards their organization. Murphy and Cleveland (1995) add that it is always advantageous to use a formal appraisal system in the organization. Performance appraisal provides information that is relevant for many personnel decisions, like increments in salaries; it introduces scope for promotion, transfers, and training and development programs, as well as for employee development and performance feedback. Huber (1980) is also of the same opinion that millions of public and private employees have their performance appraised in order to determine salary, promotions, tenure, layoffs and development potential.

The most known purpose of performance appraisal is to improve performance of individuals. Additionally, there are also a variety of other declared

purposes and desired benefits for appraisal, including: Improving motivation and morale of the employees, clarifying the expectations and reducing the ambiguity about performance, determining rewards, identifying training and development opportunities, improving communication, selecting people for promotion, managing career growths, counselling, discipline, planning remedial actions and setting goals and targets. (Bratton and Gold, 2003).

However, according to Armstrong (2006), there is rise in more harder and judgmental forms of performance appraisal than softer and developmental approaches. Therefore there has been a shift in performance appraisal away from using it for career planning and identifying future potential and increased use of it for improving current performance and allocating rewards. (Redman, 2006). Performance appraisal can be used as an effective tool to improve employees' job performance by identifying strengths and weaknesses of the employees and determining how their strengths can be best utilized within the organization and overcome weakness over the period of time.

Murphy and Cleveland (1995) studied how performance appraisal is used in organization. They compared 'between individual' and 'within-individual' performances. The 'between individual' performances was able to provide information to make decisions regarding promotion, retention and salary issues. The 'within individual' performances was useful in identifying the training and development needs which includes performance feedback, identifying the strengths and weaknesses of employees as well as determining transfers. Another use of performance appraisal was found out through this study was that of '

