

UNIVERSITY OF CAPE COAST

EMPLOYEE PERCEPTIONS OF PERFORMANCE APPRAISAL AND JOB
PERFORMANCE AT BLUE SKIES PRODUCT LIMITED

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BY

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DECLARATION

Candidate's Declaration

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

Candidate's Signature: Date:

Candidate's Name: Millicent Amenyo Asamoah

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:.....

Supervisor's Name: Dr. Aborampah Amoah-Mensah

ABSTRACT

The study analyzed the perception of performance appraisal and employee performance. The main objective of the study was to examine the relationship between performance appraisal and employee performance of employee from Blue Skies Product Limited at Nsawam in the Eastern Region. Data for this present study was collected through a biographical questionnaire, performance appraisal questionnaire and employee performance questionnaire. The census method was employed which was made up of the entire population made up of three hundred and fifty employees. The data was then analyzed using a statistical package for the social sciences (SPSS). The analysis of the multiple regression confirms the hypothesis that performance appraisal has a significant and positive relationship with employee performance. This implies that performance appraisal initiatives have the capability of enhancing employee performance positively. The study also came out with the recommendations that, to ascertain an employee performance in relation to performance appraisal, it is important to know how the preceding performance appraisal processes show their influence when the management has an insight into the motives of their employees, hence it will be necessary to use this information by making decisions with regard to best practices with respect to performance appraisal packages

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DEDICATION

This work is dedicated to my husband Mr. Emmanuel Asiedu Larbi and my children Christian and Jason. I also dedicate it to Mr. and Mrs. Asamoah, Eugene, Ama and Kwarteng.

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CHAPTER ONE

INTRODUCTION

Background to the Study

Performance Appraisal Programme has become the essential activity for strategic human resource management policy. In this highly competitive era of globalization, the employees face complex and challenging pressure for effective performance to meet the goal of the organisations. At the same time employers' interest in excellent employees' performance levels and improving poor performances by using performance appraisals and feedback in an efficient manner, have become characteristics of effective organisation management (Murphy & Margulies, 2004). Performance Appraisal Programme has a significant impact on the employees' perception, which may influence the behaviour in terms of performance of the employees and so may it affect the performance of the organisation (Ahmed, Ramzan, Mohammed & Islam 2011).

Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. Employees' perception about the performance appraisal results can be beneficial depending on a number of factors, which may include employees' attitudes, personality, motives, interest, past experiences and their expectations from organisation (Robins & Judge 2007). According to Mackey and Johnson (2000), whilst the performance appraisal improves the work performance and employee satisfaction, it can also demotivate employees and leave a bad impression on the good employees. Most of the employees do not approve of

continuous performance appraisal and consider it as a burdensome activity. According to Kuvaas (2006) and Rudman (2003), a performance appraisal and employee appraisal is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost and time) typically by the immediate line manager or supervisor.

A performance appraisal is part of the process of guiding and managing career development in both private and public sectors. It involves the task of obtaining, analysing and recording information about the relative worth of an employee to the organisation. Mani (2002) states that performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses and suitability for promotion or further training. Effective performance management is essential to ensure that a business is operating effectively and is on track to achieve strategic goals. Performance appraisals are a review of a worker's performance against pre-determined objectives. They identify the strengths and weaknesses of an employee and address how to improve or develop these areas. They aim to motivate the employee and provide them with sufficient challenges and responsibilities in relation to the business objectives.

Manoharan, Muralidharan and Deshmukh (2009) posit that performance appraisal is an important management tool to assess employees' efficiency in the workplace, and may be defined as a structured formal interaction between a subordinate and supervisor that usually takes the form of a periodic review, which could be annual or semi-annual to evaluate work performance. Performance appraisal is intended to engage, align, and coalesce individual and group effort to continually improve overall organisational

mission accomplishment (Grubb, 2007). In some organisations, appraisal results may be used to determine relative rewards in the firm who should get merit pay increases, bonuses, or promotions. Similarly, appraisal results can be used to identify the poorer performers who may require some form of counselling, demotion, dismissal or decreases in pay.

Organisations in the public and private sectors around the world are struggling with their performance measurement systems. In particular, they are finding it difficult to develop cost effective, meaningful measures that drive performance improvement without leading to undesired negative consequences. This can be made possible by ensuring an effective performance appraisal process that can systematically increase employee commitment by improving the performance level of an individual as well as of an organisation (Gardner & Moynihan, 2003). Creating a positive image in the current competitive market has become an overt objective of any organisation. This has many manifestations and has become very tricky and challenging. In a highly competitive era of globalization, companies need high performance. Employees' perception is very important, but rarely considered.

It is often seen that a performance appraisal is considered as just a formality and is very boring. This is because the results of performance appraisals are not often followed by any feedback. Companies that seek to gain competitive advantage through employees must be able to manage the behaviour and results of all employees especially in an increasingly complex environment and the rapid change of technology which have created some new challenges to many organisations. Fajana (2002) argue that traditionally

the formal performance appraisal system has been viewed as the primary means of managing employee performance.

Statement of Problem

Previous studies on performance appraisal focused on employee performance. (Hennessey & Bernadin, 2003), (Armstrong, 2001), (Murphy & Cleveland, 1995) (Cook & Crossman, 2004), (Mackey & Johnson, 2000; Fletcher & Bailey, 2003; Bond & Fox, 2007) (Scott & Einstein, 2001). Wade and Ricardo (2001) Manoharan, Muralidharan and Deshmukh (2009), (Atkins & Wood, 2002; DeNisi & Kluger, 2000) (Burney & Widener 2007). Some studies have also looked at organisational performance (Byron, 2007), Fletcher and Bailey (2003), Atkins and Wood (2002), Rechter (2010), Hunt (2005), Whitney and Trosten-Bloom (2003), Smither and Walker, 2004:253), Mondy and Noe (2008) and Anderson (2002).

Unfortunately, there has been minimal or less empirical research to investigate the relationship between the perception of performance appraisal and employee performance in the private sector in Ghana. To fill this gap, the researcher intends to identify the relationship that exists between the methods of performance appraisal and employee performance.

Purpose of the Study

The purpose of this research is to examine the relationship between performance appraisal and employee performance.

Research Objectives

Specifically, the study seeks to:

- a. Investigate the relationship between performance appraisal method and profitability.
- b. Examine the relationship between performance appraisal method and innovation.
- c. Investigate the relationship between performance appraisal and efficiency.

Scope of the Study

The study was based in Nsawam in the Eastern Region. The study was focused on establishing how performance appraisal impact on employees' performance in the manufacturing sector. Respondents include all employees of Blue Skies Product Limited.

Limitation of the Study

The researcher fully acknowledges the fact that a research of this nature and significance should have covered a large number of employees in the public or private institutions. Unfortunately, resources at the disposal of the researcher made it impossible for a study of that magnitude as a result the study was limited to the Blue Skies Product Limited.

Significance of the Study

Performance appraisal is recognized in today's business world as an integral part of good management practice. Identifying human factors, social and work-related factors influencing employees' performance and commitment will inform major stakeholders of institutions such as the Blue

Skies Product Limited and Ghana Government in formulating policies geared toward addressing the relationship between performance appraisal and employee performance. This will help in reducing the employees' dissatisfaction and boost their morale to make them more committed to their job. This research will help to clearly understand those factors that have significant effect on performance appraisal and employee performance in our public industries.

This study would be a useful contribution for various organisations to better understand issues related to performance appraisal and employee performance towards the successful achievement of organisational goal. The outcome of this study is to augment the existing store of knowledge on the subject available and serve as a catalyst for further research on innovative ways of performance appraisal for improved organisational productivity.

Definition of Terms

Performance Appraisal: (Grubb, 2007) defined performance appraisal as a procedure to evaluate how individual personnel are performing and how they can improve their performance and contribute to overall organisational performance.

Employees: This refers to people working in every facet of the organisation.

Performance: This refers to the act of carrying out responsibilities to accomplishing a task or objective.

Employees' Performance: This can be described as employee capability in performing duties, task, and responsibilities, meeting deadlines, effectiveness and efficiency in doing work to achieve organisational goals.

Profitability: The state or condition of yielding a financial profit or gain.

Efficiency: The ability to do something or produce something without wasting materials, time or energy.

Innovation: The process of translating an idea into a good or service that creates value for which customers will pay.

Organisation of the Study

The study is organized and divided into five (5) chapters. Each chapter focuses on one area of the study and the contents of each area are detailed out as follows. Chapter one (1) is the Introduction. The chapter covers the background of the study, statement of the problem, objectives of the study, and the research hypothesis, significance and organisation of the study.

Chapter two (2) focuses on the review of related literature. This is where theories and concepts of performance appraisal and employee performance are examined in detail. This involves the comparing and contrasting of various views from authorities in performance appraisal. The chapter concludes with empirical literature evidence from various, similar and previous articles and research papers on performance appraisal.

Chapter three (3) is the research methodology. This chapter starts with the research design and specifies the population and sampling technique used. It shows the sources of data, data collection and analytical tools to generate the required information, of which conclusions and recommendations are made for the study. Chapter four (4) is the Results and Discussion. It covers presentations of information and results generated from initially gathered data using the model specified and the statistical application software.

Chapter five (5) is the final chapter which sums up the study with the Summary, Conclusions and Recommendations. This chapter, among others, includes key findings and recommendation drawn from the conclusions which could help fashion out or come out with policy measures that can impact positively on our various institutions, it also contains some suggestions for further research and conclusions bearing in mind limitations and challenges encountered.

Chapter Summary

This chapter introduced the study by giving an introduction as well as established the background to the study. The study further discussed the statement of problem, outlined general objectives of the study, specific objective of the study. The scope of the study, the limitations of the study, significance of the study and definition of some key terms were all discussed. The chapter concluded by looking at the organisation of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter focuses on the review of relevant literature on the main issues that arise from performance appraisal and employee performance. The chapter thus presents theoretical and conceptual basis for the study, and continues with some relevant empirical studies from different researchers and writers in this field of study.

The Concept of Performance Appraisal

While the concept of performance appraisal is not new, the study of employee perception of the concept is still going on. Mullins (2014) defines perception as “the mental function of giving significance to stimuli”. The process of perception explains the manner in which information from the environment is selected and organized to provide meaning for an individual. People see things in different ways bringing about different reactions to the same issue. The way employees perceive performance appraisal will go a long way to affect the importance that is attached to it.

With regards to appraisal perception, Levy and Williams (2004) believe that trust issues can limit the effectiveness of performance appraisal. For instance, if ratees have low levels of trust for their supervisor, they may be less satisfied with the appraisal and may not as readily accept feedback from that source. Hedge and Teachout (2000) examined predictors of acceptability and found that trust associated with other raters, the appraisal process, and the

researchers were all significant predictors of appraisal acceptability for both job incumbents and supervisors.

Mani (2002) examined employee attitudes related to appraisal and found that trust in supervisors was important for determining satisfaction with the appraisal system. Execution of performance appraisal means that underlying assumptions to performance appraisal exist. Davis and Landa (1999) found that the absence of fair procedures increase distress because the results of performance appraisal are essentially outside the control of the employee. But if employees are confident in the fairness of performance appraisal process, they are more likely to accept performance ratings, even adverse ones (Roberts, 2003). According to Rao (2005) the starting point for the performance appraisal process is identifying specific performance goals.

An appraisal system probably cannot effectively serve every desired purpose, so management should select the specific goals it believes to be most important and realistically achievable. For example, some firms may want to stress employee development, whereas other organisations may want to focus on pay adjustments. Too many performance appraisal systems fail because management expects too much from one method and does not determine specifically what it wants the system to accomplish. The next step in this ongoing cycle continues with establishing performance criteria (standards) and communicating these performance expectations to those concerned. Then the work is performed and the supervisor appraises the performance. At the end of the appraisal period, the appraiser and the employee together review work performance and evaluate it against established performance standards. This review helps determine how well employees have met these standards,

determines reasons for deficiencies, and develops a plan to correct the problems. At this meeting, goals are set for the next evaluation period, and the cycle repeats.

Factors Affecting Employee's Perception of Performance Appraisal

Process

A range of factors might be identified to explain employee perceptions of performance appraisal system. From a policy and practice perspective it is useful to focus on the processes of performance appraisal as these can be managed by organisations.

Employee Participation

An organisation can change the rules and affect the operation of a performance appraisal system, through for example, the training they provide to supervisors who conduct appraisals. Dobbins, Cardy and Platz-Vieno (1990) reported that appraisal fairness was found to have strong positive correlations with the level of two-way communication. Fairness perceptions are also enhanced by two-way communications as they are useful in plotting employees' progress towards their performance objectives and provide the employees with an opportunity to raise issues that influence their ability to achieve their performance objectives.

Roberts (2003) proposes genuine employee participation in several aspects of the appraisal process because it has the potential to mitigate many of the dysfunctions of traditional performance appraisal systems as well as to engender a more human and ethical human resource management decision-making process. The first participation should according to him take place

during the development of reliable, valid, fair and useful performance standards. Secondly, there should be employee participation during designing the rating format and measurement scales. The participation of employees' functions most effectively in an atmosphere of trust, open communication and equal employee treatment. Therefore, it requires conceptual, affective and experiential education which can be reached by means of training (Roberts, 2003). Roberts (2003) also points at the need to execute regular employee attitude surveys and focus groups to systematically evaluate performance system participation effectiveness.

Rating Techniques

According to Berry (2003) Rating techniques can be distinguished on basis of several factors use of a rating scale, ease of development, amount and kind of information which is yielded and the purpose of the rating. Because of the variety of different techniques here it is concentrated on the most often researched ones: graphic rating scale, behaviourally anchored rating scale, behavioural observation scale and mixed standard scale. The most common way for a rater to express a judgment of a ratee's job performance is with a graphic rating scale. Such scales provide a continuum from high to low performance levels concerning an overall performance or specific performance dimensions (Berry, 2003).

Anchors which can be verbal or numerical are placed at the mid-and/or endpoints on the scale. The rater then has to indicate with either on-point or between point responses how the individual has performed. According to Parril (1999) graphic rating scale has three advantages: First, this procedure is simple, easily constructed and implemented what makes it a cost-

effective method for evaluating employees. Second, the results from that method are standardized allowing comparisons to be made between ratees. Third, because of the ease of use graphic rating scale are appealing to evaluators. The behaviourally anchored rating scale was developed to make the rating task easier what in turn is expected to result in more accurate ratings.

Behaviourally anchored rating scale uses behavioural statements or concrete examples to illustrate multiple levels of performance for each element of performance (Tziner & Kopelman, 2002). The rater then acts as an observer who indicates which behavioural description most closely resembles the ratee's work behaviour instead of requiring the rater to act as a judge who decides whether the ratee's performance on each element is excellent, average or below average (Harrell & Wright, 1990). Rarick and Baxter (1986) summarized the potential advantages: First, raters get a clearer idea of what constitutes good job performance. Thus, the ambiguity concerning expectations is reduced. Secondly, behaviourally anchored rating scale results in more accurate measurements because of a better understanding of the requirements for good job performance.

This opinion is supported by Tziner and Kopelman (2002) who found behaviourally anchored rating scale to be less susceptible than graphic rating scale to both halo and leniency effects. Third, a better performance feedback can be given because behaviourally anchored rating scale provides guidelines for improving work performance. Harrell and Wright (1990) add that behaviourally anchored rating scale helps rater focus on specific desirable and undesirable incidents of work behaviour which can serve as examples in

discussing a rating. This in turn increases the ratee's perception of the feedback accuracy. Fourth, there is a better consistency in terms of interrater reliability. This was also found by Tziner and Kopelman (2002).

The behavioural observation scale is a procedure that was also based on behaviourally anchored rating scale rationale for reducing subjectivity and error in performance appraisal (Latham & Wexley, 1977). This technique asks raters to report the frequency of certain behaviour. Behavioural observation scale results in several advantages: According to Tziner et al. (1992), first behavioural observation scale produces higher levels of employee satisfaction with appraisal process. Second, because it pinpoints the precise course of action needed to improve performance, behavioural observation scale seems superior in fostering behaviour change. Tziner and Kopelman (2002) additionally state that behavioural observation scale appears more likely to minimize barriers in the communication process between superiors and subordinates because it pinpoints for both the specific organisational expectations and performance requirements. This way, role ambiguity and role conflicts are likely to be reduced.

Furthermore, behavioural observation scale decreases raters' fear of possible confrontations with their subordinates because this technique directs the discussion toward the frequency of specific behaviours, rather than toward the raters' evaluation of those behaviours.

Training

A major aspect of developing an effective performance system is training for those individuals involved as raters. This training should start with

a focus on providing the manager with a systematic approach to the practice of effective people management (Goff and Longenecker, 1990). This training needs to focus on the process of managing, motivating and evaluating employee performance: performance evaluation is only a part of this overall process and it is important that managers see it within its wider context and not as a simple “quick fix” solution. Rudner (1992) proposes that training should aim at three goals.

First, it should familiarize judges with the measure they will be working with. Second, it must ensure that judges understand the sequence of operations that they must perform. Third, it should explain how the judges should interpret any normative data that they are given. Because errors are well-ingrained habits, Tziner and Kopelman (2002) state that extensive training is necessary for avoiding such errors. Therefore, the training should provide trainees with broad opportunities to practice the specified skills, provide trainees with feedback on their practice appraisal performance, and that a comprehensive acquaintance with the appropriate behaviours to be observed. Harris (1988) also points at the necessity of training: Continued training is needed in areas such as goal-setting and monitoring performance on a frequent basis, and personal and interactional skills. She proposes that an organisation could provide training on a regular basis in such a manner that it becomes an accepted part of the supervisor’s position and thus becomes a part of the organisations culture.

Training should begin those levels of management that will be involved in administering the programme and providing training for lower levels of supervision. Once these senior managers have “bought into” the

system, skills training are needed for junior managers and supervisors. This specific training should include at least the following: supervision skills; coaching and counselling; conflict resolution; setting performance standards; linking the system to pay and providing employee feedback (Evans, 1991). Once an individual rater has been through the necessary training, periodic refresher courses will be required to help the rater maintain necessary skills in performance assessment. (Deborah F. & Brian H., 1997).

Raters involved in the appraisal process should also be evaluated on how they conduct performance evaluations. This will help to make sure that evaluations are performed in a similar and consistent manner throughout the organisation. This then goes a long way into improving the perception of the appraisal system for both the rater and the ratee. The ability of the ratee to set proper performance standards, make fair judgement and their knowledge of the rates job requirements serves to influence the perception of the rates towards the whole process to be positive.

The Supervisor

Supervisors are pivotal in performance appraisal as they are generally responsible for setting performance objectives, providing formal and informal feedback, and the overall rating of the employees' performance. Uses of the performance rating vary but include determining the extent of any subsequent pay rise, promotion or dismissal. So, an employee's current and future employment prospects can be heavily influenced by their supervisor's evaluation of their performance.

The findings of Greenberg (2006) identified the ability of a supervisor to make an accurate evaluation of subordinate's performance as an important

influence on fairness perceptions. Fulk, Brief and Barr (1985) identified a belief that open communication with the supervisor would not result in negative repercussions as important in promoting perceptions of performance appraisal fairness (Fulk, Brief & Barr 1985). Greenberg (1986) used an open-ended questionnaire to discover what individuals considered as the most decisive factor in a particularly fair or unfair performance evaluation?.

The most important factor, out of a final list of five, was supervisory consistency in the application of standards. Cumulatively, these studies suggest that fairness perceptions are more likely to be enhanced when the supervisor is seen to be 'neutral': that is when an individual employee is 'treated without bias' (Konovsky 2000). According to Rizzo, House, and Lirtzman (1970), "if an employee does not know what he has the authority to decide, what he is expected to accomplish, and how he will be judged, he will hesitate to make decisions and will have to rely on a trial and error approach in meeting the expectations of his superior". Thus, it is mandatory for a supervisor to communicate performance expectations to subordinates and also set his/her performance goals.

Additionally, in goal setting process, individual's performance goals should be aligned with overall organisational goals, because this will give direction to employee on how he can work for the success of an organisation (Storey and Sisson, 1993).

Performance Feedback

Giving feedback to the employee generally aims at improving performance effectiveness through stimulating behavioural change. Thus, the manner in which employees receive feedback on their job performance is a

major factor in determining the success of the performance appraisal system (Harris, 1988). Hearing information about the self-discrepant from ones self-image is often difficult and painful. Therefore, because feedback may strike at the core of a person's personal belief system it is crucial to set conditions of feedback so that the ratee is able to tolerate, hear, and own discrepant information (Dalton, 1996). Only if conditions facilitate the acceptance of feedback information then the likelihood of change increases. Dalton (1996) further specifies these conditions as follows:

The feedback event should be a confidential interaction between a qualified and credible feedback giver and ratee to avoid denial, venting of emotions, and behavioural and mental disengagement. In such an atmosphere discrepancy in evaluations can be discussed and the session can be used as a catalyst to reduce the discrepancies (Jacobs et al., 1980). Since employees and their supervisors often find appraisal both painful and demotivating, Davis and Landa (1999) argue that practice of informal and regular communication between supervisor and employee are far more desirable and effective than formal performance appraisal process.

Kondrasuk et al (2002) also propose to integrate the process of feedback into the daily interactions of supervisors and subordinates in a way that is more frequent but in less formal meetings. Achievement updates on a weekly basis then touch upon good and bad issues, while so called achievement assessments take place bimonthly, are more formal and aim at getting a more clear depiction of issues troubling both sides. Roberts (2003) instead concludes that effective feedback is timely, specific, behavioural in nature and is presented by a credible source. For feedback to be effective and

precise, it should be frequent such that any discrepancies and malpractice are pointed out as they occur and corrective measures taken in good time.

Tziner et al (1992) were able to prove that when performance feedback is precise and timely it may result in behaviour change, even though job behaviours are generally difficult to modify. And if during the interview there is adequate time for a full discussion of the issues and counselling, it will enhance perceived system fairness, system satisfaction, acceptance and supervisory support (Roberts, 2003).

Challenges in Appraising Employee Performance

Performance appraisals are often retrospective. A typical traditional appraisal usually occurs once or twice a year. There would be extended time gaps of months between establishing goals and reviewing them, and objectives that were set upon in the beginning of the year are usually only dragged out during appraisal time (Afriyie, 2009). While performance appraisals provide the perfect opportunity for managers and staff to have a one-on-one discussion, it is unfortunately open to biased ratings (Khan, 2013). For example, some managers tend to be liberal or strict in their rating of staff. Managers may also fall into the trap of the “recent performance effect” where they generally only recall the recent actions of employees at the time of the appraisal and award points based on recent favourable or unfavourable events rather than whole years’ worth of activities (Jones & Wright, 2007).

Bias

Bias is simply a personality-based tendency, either toward or against something. In the case of performance assessment, bias is toward or against an

individual employee. All human beings have biases, but supervisors especially cannot afford to allow their biases to enter into their evaluation of subordinates in the firm (Kumbhar, 2011). This is very easy to say, but very difficult to do. Biases make the evaluation process subjective rather than objective, and certainly provide the opportunity for a lack of consistency in effect on different groups of employees (Ali, Mahdi & Malihe, 2012). So, to overcome the bias problem, the appraiser needs to be objective and not let their feelings of liking or disliking the individual influence their assessment (Caruth & Humphreys, 2008).

Stereotyping

According to Afriyie (2009), stereotyping is mentally classifying a person into an affinity group, and then identifying the person as having the same assumed characteristics as the group. Though stereotyping is almost always assumed to be negative, there are many incidents of positive stereotypes. However, regardless of whether the stereotype is positive or negative, making membership in a group, rather than explicitly identifying the characteristics of the individuals, creates the potential for significant error in evaluations (Holzer, 2007). Stereotyping can be avoided by getting to know each employee as an individual and objectively evaluating individual employees based on their actual performance (Denby, 2010).

Halo Error

This error occurs when the evaluator has a generally positive or negative (negative halo error is sometimes called “horns error”) impression of an individual, and the evaluator then artificially extends that general impression to many individual categories of performance to create an overall evaluation of the individual that is either positive or negative (Jones and Wright, 2007). In other words, if employees are judged by their supervisor to be generally “good” employees, and the supervisor then evaluates each of the areas of their performance as good, regardless of any behaviours or results to the contrary, the supervisor is guilty of halo error (Ngo *et al.*, 2008).

The halo error can be avoided by remembering that employees are often strong in some areas and weaker in others that should objectively evaluate individual employees based on their actual performance for each and every item of assessment (Mamoria, 2005).

Distributional Errors

The distribution error is often based on the ranking method of evaluation and forced distribution. These errors occur in three forms: severity or strictness, central tendency, and leniency (Porter, 2008). They are based on a standard normal distribution, or the bell curve. In severity or strictness error, the rater evaluates everyone, or nearly everyone, as below average. Central tendency error occurs when raters evaluate everyone under their control as average where nobody is either really good or really bad (Scott, Clotheir & Spriegel, 2007). Finally, leniency error occurs when the rater evaluates all others as above average. Leniency error, therefore, is basically a form of grade

inflation. Distributional errors can be avoided by giving a range of evaluations (Shaw *et al.*, 2008).

Similarity Error

This error occurs when raters evaluate subordinates that they consider more similar to themselves as better employees, and subordinates that they consider different from themselves as poorer employees (Skarlicki & Folger, 2007). People have a tendency to feel more comfortable with people who feel the same way which can allow this feeling of comfort with similar individuals to be reflected in the performance appraisal process (Teseema & Soeters, 2006). To avoid similarity error, it is important to embrace diversity and objectively evaluate individual employees based on their actual performance, even if they are different from the appraisers and don't do things the same way (Tassema & Soeters, 2006).

Theoretical Framework

Goal Theory

Lathan and Locke (1979), (Dweck, 1986; Nicholls, 1984) goal theory propose that human beings are more motivated to act when there is a reward at the end of the performance of a task or behaviour. The goal theory elaborates that a reward at the end of a task or behaviour acts as a motivation for the performance of that said task or behaviour. However, the reward should be clearly stated. The end state can be the reward in itself. It is proposed that an efficient goal must have three components: proximity, difficulty, specificity and feedback (Lathan & Locke 1979).

An ideal goal is a goal where the time between the reaching out and the end state is close. It is moderate in difficulty, neither too easy, to present some challenge, nor too difficult, so that success seems possible. The goal should be specific. The individual must understand what is expected out of him, to start out for the goal. A specific goal gives direction of focus to that specific goal and away from distractions. Feedback is necessary for measuring progress towards the goal. Feedback makes it possible to know whether the level of efforts is adequate and in the proper direction or needs corrections.

The relevance of this theory to the research study can be credited to the works of Lathan and Locke (1979) that highlights four mechanisms that connect goals to performance outcomes. First, goals direct attention to priorities; that is when specific goals are set for workers it drives their attention to priorities of achieving the goals. Second, they stimulate effort, in other words when set goals are attached to specific reward system it stimulates workers to work better and effectively. Third, they challenge people to bring their knowledge and skills to bear to increase their chances of success. Fourth, the more challenging the goal, the more people will draw on their full repertoire of skills.

Employee Performance

According to Herzberg (1959) performance is: *let an employee do what I want him to do*. This implies that the organisation's hierarchy and task distribution are also critical for a good employee performance. Lindner (1998) adds to this statement by arguing that employee performance can be perceived as "obtaining external funds". According to Vroom (1964) an employee's performance is based on individual factors, namely: personality, skills,

knowledge, experience and abilities. Some researchers even argue that a person's personality has a more specific role in job performance (Barrick & Mount, 1991). However, according to various researchers, it is not what performance exactly means, but how it is composed and how it is measured (Furnham, Forde & Ferrari, 1998; Barrick & Mount, 1991).

According to Al-Harthy and Yusof (2016), employees who performed well, assist organisation to remain competitive and achieve strategic goals. Employees' performance is linked to employees possessing knowledge about their work, objectives and capabilities to meet the work standard formed by their organisation (Al-Harthy & Yusof, 2016). Obicci (2015) assert that employee performance is a behaviour which consists of directly observable actions of an employee, and also mental actions or products such as answers or decisions, which result in organisational outcomes in the form of attainment of goals. Hartnell and Walumbwa (2011) argue that there is good association between leadership and employee performance, and performance words is use for determinants to obtaining the organisational goals, pioneering, stirring and examining the individual skills to be inspired.

Sinha (2001) contends that employees' performance depends on the willingness and the openness of the employees in doing their job and this could increase the employees' productivity. Sabir, Iqbal, Rehman, Shan, and Yameen, (2012) argue that employee performance is the vital element of any organisation and the most important factor for success of the organisation and its performance. According to them, it is true that most of the organisations are dependent on its employees, but one or two employees cannot change the

organisation's destiny. An Organisation's performance is the shared and combined endeavour of all its employees (Sabir et al., 2012).

A good employee performance is necessary for the organisation, since an organisation's success is dependent upon the employee's creativity, innovation and commitment (Ramlall, 2008). Good job performances and productivity growth are also important in stabilizing our economy; by means of improved living standards, higher wages, an increase in goods available for consumption, etc. (Griffin et al., 1981). Griffin et al. also argue therefore that research of individual employee performance is important to society in general. Employee performance is a multidimensional construct aimed to achieve results and has a strong link to strategic and planned goals of an organisation (Mwita, 2000). Performance must be seen to reward personal development and achievement of any employee (Hendrey, 2005). Mayer, Bardes and Piccolo (2008) echo the sentiment that, increased employee performance leads to greater customer focus.

Conceptual Framework

The conceptual framework is based on the goal theory which states that human beings are more motivated to act when there is a reward at the end of the performance of a task or behaviour. Employee performance, which is the dependent variable, can be influenced by performance appraisal method (management by objective, 360-degree appraisal, behavioural observation scale, behaviourally anchored ratings, ratings scales, check-list method, psychological and assessment centre method). The figure depicts the model developed for the study and the relationship between the research variables.

Goal Theory

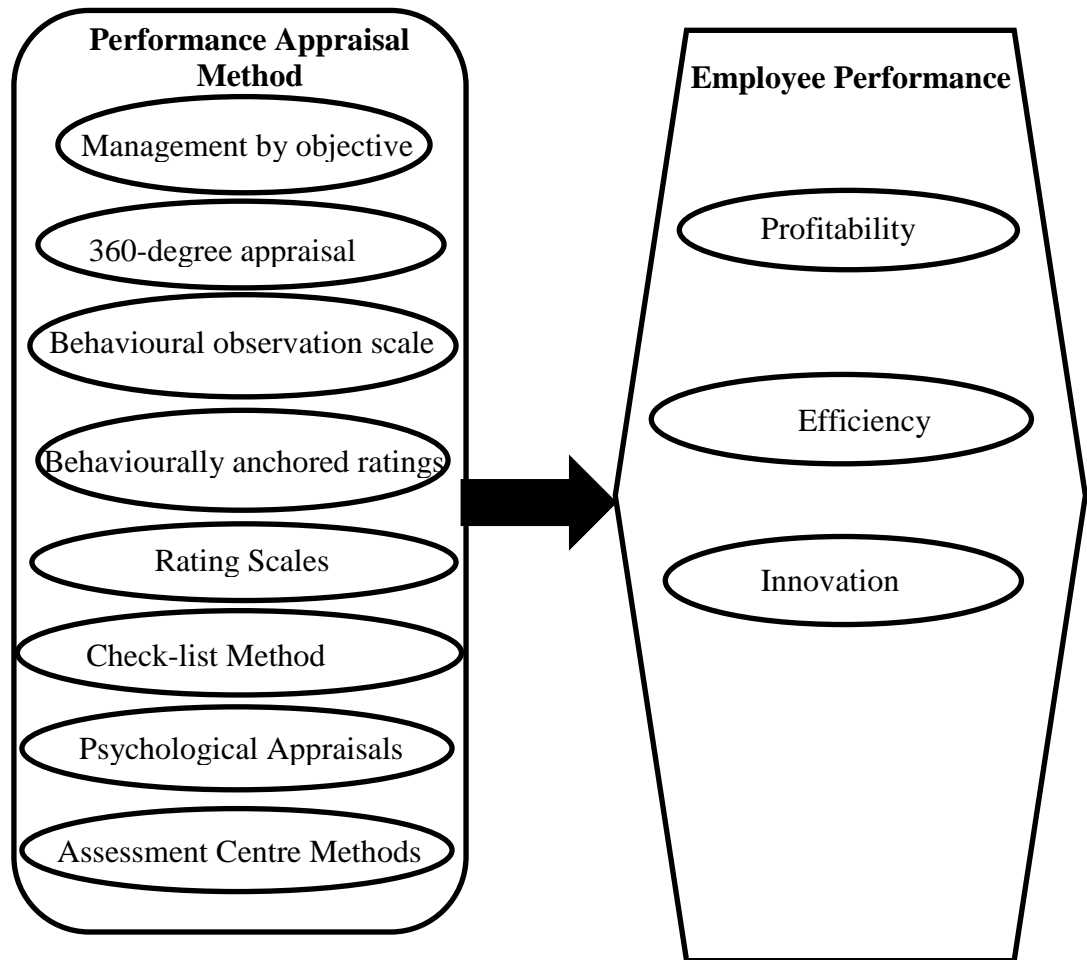


Figure 1: Conceptual framework of perception of performance appraisal and employee performance

Source: (Amenyo Asamoah, 2017)

Performance Appraisal Methods and Hypotheses

According to Aguinis (2009), the performance appraisal methods an organisation uses should meet the needs of its workforce. In a production-oriented environment, a graphic rating scale is more suitable than a narrative essay method. Hunt (2005) states that on the other hand, using a narrative essay method is better suited for a smaller workforce of professional employees whose career objectives are different from production employees. Freeman (2002) contends that a fast-paced working environment might rely on

quicker methods to produce evaluations as part of the performance appraisal policy.

Management by Objective

According to Peiperl (2005), employees are evaluated on how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of their job. Management by objectives is a process that converts organisational objectives into employee objectives. It consists of four steps: goal setting, action planning, self-control and periodic reviews (Levinson, 2005:3). Management by objectives methods of performance appraisal are result oriented. That is, they seek to measure employee performance by examining the extent to which pre-determined work objectives have been met (Freeman, 2002). Usually the objectives are established jointly by the supervisor and subordinate.

Once an objective is agreed upon, the employee is usually expected to engage in a self-audit, that is, identify the skills needed to achieve the objective. Typically, they do not rely on others to locate and specify their strengths and weaknesses. The employees are expected to monitor his/her development and progress. Peiperl, 2005 studied methods of performance appraisal and employee performance. Based on a sample of six hundred employees and by employing regression analyses, it was found that management by objective method has very significant but negative effect on the performance of employees.

360-degree Appraisal

According to Hunt (2005), 360-degree appraisal is the latest approach to evaluating employee performance. A popular performance appraisal policy involves evaluation input from multiple levels within the organisation as well as external sources. Bond and Fox (2007) assert that 360-degree appraisal is a performance appraisal approach that relies on the input of an employee's superiors, colleagues and subordinates. Mello (2010) highlights that performance feedback is a strategic way of measuring, evaluating and influencing employee activities in the past, presently and in the future. Specifically, the 360-degree appraisal policy is a process that involves an employee or the manager receiving feedback about his/her competencies, activities and performances.

Hunt (2005) contends that organisations need broader measures of employee performance to ensure that performance deficiencies are addressed in a timely manner. Employee behaviours are being channelled in the appropriate direction toward performance objectives that are consistent with the work unit and employees are provided with appropriate and specific feedback. According to Smither and Walker (2004), the use of the performance appraisal policy serves an important purpose and has advantages in a public organisation as it helps identify an employee's weakness and strengths and also helps facilitate appropriate development.

It helps the employees understand how they are viewed by others. It enhances and improves communication following the identification of certain problems and it helps determine appropriate rewards and compensations, in the form of promotions, wages, merit pay bonuses and retention (Garber,

2004). It is particularly helpful for management as it helps identify specific training needed to correct an employee's deficiencies and it is also helpful in raising an employee's motivation.

Performance appraisal methods like the 360-degree appraisal policy moves away from the traditional way in which an employee is being assessed by one person, manager or supervisor (Peiperl, 2005:22). It is simple to understand how the 360-degree appraisal could be used as one's personal and developmental roadmap to plan one's career path. The fact that the 360-degree appraisal policy is all encompassing, detailed and focused, allows the employee being evaluated to chat an all-round corrective measure (Halachmi, 2005). From the point of human resources practices this type of performance appraisal policy could be highly intuitive, subjective and open to personal bias or halo effect, whereby a rater lets one negative or positive characteristics of an employee influence the total rating of the employee (Hunt, 2005).

One of the biggest advantages of this system is that assesses cannot afford to neglect any constituency and has to show all- round performance. However, on the negative side, receiving feedback from multiple sources can be intimidating, threatening, and expensive and time consuming (Shaw *et al.*, 2008).

Ohabunwa (2009) researched on the effects of performance appraisal on employees' performance in the hospitality industry. The study indicates that 360-degree method of appraisal influences employee performance.

Behavioural Observation Scale

According to Bond and Fox (2007), behavioural observation scale is a measure used in evaluating the performance of employees, often as part of a

formal performance appraisal. Bushe and Kassam (2005) highlight that behavioural observation scale involves a process of identifying the key tasks of a particular job and evaluating how frequently employees exhibit the required behaviour for effective employee performance. The scores for each of these observed behaviours can then be totalled to produce an overall performance measure. Bond and Fox (2007) studied the impact of performance appraisal on organisational performance. Based on the questionnaire, linear regression and Pearson correlations test, the result obtained showed that there is a positive but insignificant relationship between behavioural observation scale and employee performance.

Behaviourally Anchored Ratings Scales

This method replaces traditional numerical anchors tool with behavioural prototypes of real work behaviours. Behaviourally anchored rating scales allow the evaluator to rank employee based on observable behavioural dimension (Levinson, 2005). Behavioural anchored rating scales are rating scales that add behavioural scale anchors to traditional rating scales. In comparison to other rating scales, behavioural anchored rating scales are intended to facilitate more accurate ratings of the target employee's behaviour or performance (Hunt, 2005).

According to Chaudron (2010), behavioural anchored rating scales have five stages: namely, it generates critical incidents, improving employee performance dimensions, relocates incidents, rating level performance and development of the final instrument. Levinson (2005) carried out an empirical investigation of performance appraisal and their effect on organisational

performance and found out that behaviourally anchored ratings scale had significant positive effect on organisational performance.

Rating Scales

The rating scale method provides a well-structured performance appraisal. Each employee's characteristic is rated against a scale with points that range from "poor" to "excellent" performance (Afriyie, 2009). The ratings are based on the ability of the employee to work as a team player, communication skills and technical competence (Khan, 2013). The scale is necessary for the appraisers' job (Okeyo, Mathooko and Sitati, 2010).

The biggest advantage for this technique is the comparison of the employee's performance in the entire workforce (Ali, Mahdi and Malihe, 2012). This brings about fairness among all appraises and provides standards of performance measurement in all the departments in the organisation. Rating scale technique can be used easily and this leads to the high adoption of the approach (Barringer, Jones and Neubaum, 2005). The disadvantage of this technique is the lack of applicability on all sorts of jobs. It is also not applicable in measuring the workers traits (Ali, Mahdi & Malihe, 2012). Ali et al (2012) studied the relationship of performance appraisal. They found that there exists strong relationship between rating scale method and organisational performance.

Check-list Method

Under this method, checklist of "Statements of Traits" of employee in the form of YES or No based questions is prepared. Here, the rater only does

the reporting or checking and HR department does the actual evaluation (Okeyo *et al.*, 2010). The rater concerned has to tick appropriate answers relevant to the appraisers. When the check-list is completed, it is sent to HR department for further processing. Various questions in the check list may have either equal weight or more weight may be given to those questions which are more important (Afriyie, 2009). The HR department then calculates the total scores which show the appraisal result of an employee.

The advantage of the check list methods is its economic nature, ease of administration, there is limited training which is required and is standardized. However, the disadvantage is the rater's biases, use of improper weights by Human resource department that do not allow rater to give relative ratings (Caruth and Humphreys, 2008). Kumbhar (2011) concluded checklist method influences employee performance.

Psychological Appraisals

These appraisals are more directed to assess employee's potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance (Ohabunwa, 2009). This approach is slow and costly and may be useful for bright young members who may have considerable potential. However, quality of these appraisals largely depends upon the skills of psychologists who perform the evaluation (Shaw *et al.*, 2008).

With all these methods of ratings, the employees may be de-motivated if the appraisal process is not based on accurate and current job descriptions. However, ensuring that appraisers have adequate knowledge and direct experience of the employee's performance can motivate the employees to give their best (Jayawarna *et al.*, 2007). Offering adequate support and assistance to employees such as professional development opportunities can improve their motivation and performance of the staff. Failure to conduct appraisers on a regular basis due to the limitation of resources may affect the performance of the staff but regular supervisor ratings may have a positive impact on the motivation of the employees (Ali, Mahdi and Malihe, 2012).

Denby (2010) concluded that there is a relationship between psychological appraisal and employee performance.

Assessment Centre Methods

An assessment centre refers a central location where the managers form a team to participate in job evaluation exercises invigilated by trained assessors. It is more focused on observation of behaviours across a series of select exercises or work samples Porter (2008). Assessors are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job (Qureshi, Usman, Guo, Suhail, Ahmed, Qiaoxiang & Wang 2012). Well-conducted assessment centre can achieve better forecasts of future performance and progress than other methods of appraisals. In addition, reliability, content validity and predictive ability are said to be high in Assessment Centres (Scott, Clotheir & Spriegel, 2007).

The tests also make sure that the wrong people are not hired or promoted. Finally, it clearly defines the criteria for selection and promotion. However, as the method concentrates on future performance potential it ignores past performance. It is very costly as the employees have to travel and lodge plus the use of psychologists. The rating is strongly influenced by assessors' interpersonal skills but employees with solid performers may feel suffocated in simulated situations (Porter, 2008). Smither and Walker (2004) examined the impact of performance appraisal in selected banks in Ibadan, Nigeria. They used a purposive sample to select 80 employees, Pearson product moment correlation and regression was used to test the effect. They revealed in their result that assessment centre method has positive effect on employees' performance although is insignificant.

Based on the above, the following hypotheses have been formulated

H₀: Performance appraisal method influences employees' performance.

H₁: Performance appraisal method influences profitability.

H₂: Performance appraisal method influences innovation.

H₃: Performance appraisal method influences efficiency.

Summary

Various theoretical and empirical studies provide ample evidence and enough literature in examining the concept of performance appraisal and employee performance. The next chapter examines how information about performance appraisal variables is gathered and measured using the appropriate techniques and instruments.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents methodology adopted in this study which includes the research design, study area, population, sample and sampling procedure. Research methodology is a systematic way of solving a problem. It is essentially, the procedures followed by researchers for describing, explaining and predicting phenomena. It provides the work plan of a research. This research methodology is influenced by the purpose and objectives of this study.

Research Design

This study used the quantitative approach. By conducting, a quantitative study helps to report representative statistics for the study population. The quantitative correlation method was used for the study design because Creswell (2008) states quantitative approach gives an opportunity to analyse results and explain the relation. Christensen (1985) noted that quantitative survey is the most appropriate one to use if the purpose of an investigation is to describe the degree of relationship which exists between the variables.

Quantitative methods are characterized by the collection of information which can be analysed numerically. The research design used in the present study was a cross-sectional design, whereby a sample was drawn from a specified population (Huysamen, 1994; Shaughnessy & Zechmeister, 2000). According to Shaughnessy and Zechmeister (2000) this type of research

design is ideally suited to descriptive and predictive functions and is thus well suited to achieve the aims and objectives of the present study. This design was considered the most appropriate and helpful in determining the perception of respondents on the variables which were studied (Gay, 1992; Newman, 2003)

Study Organisation

Blue Skies was founded in 1998 by the British Entrepreneur Anthony Pile. From the beginning the company's approach differed to its competitors because it believes in 'adding value at source'. This means the majority of Blue Skies products are cut and packed in the country of origin, rather than shipped overseas and processed elsewhere. This approach not only enables Blue Skies to deliver a better-quality product, but also helps to generate social and economic development within the country where the fruit is grown. Today Blue Skies supplies a variety of retailers throughout the world with exceptional quality 'fresh from harvest fruit'. It employs over 4,000 people at its factories in Ghana, Egypt, South Africa, Brazil and the UK. Anthony had the idea of producing fresh-cut fruits and freshly squeezed juices in Africa whilst he was Managing Director of another company.

His vision was to put the factory where the fruit grew and deliver 'ready to eat' fruit which was 'fresh from harvest', from farm to store within just 36 hours. His Board however did not share this vision and so asked Anthony to go away and do some "blue skies thinking". Therefore, Anthony did some blue skies thinking and decided to do it himself. Anthony landed in Ghana in December 1997, just three months after leaving his previous role with a determination to pursue his dream. Once in Ghana he had to find the land, bring in the water, source the electricity, find the people, provide the

training, build a factory, install the machinery, work out the logistics and organise the farmers to supply the fruit, and most importantly he had to find the retailers who would buy his products over those produced by more established manufacturers.

Study Population

The population of this study includes all employees of Blue Skies Factory Limited. The population was made up of 350 (three hundred and fifty) employees. There was no sampling since the whole population was used. According to Varalakshmi, Sundaram, Indrani, Suseela, & Ezhilarasi (2004), when census method is used, data are collected from each and every item of the population, results are more accurate and reliable, and data collected may be used for various survey analyses. Prasad (2015) emphasized that census method assures the highest accuracy and concrete description of a phenomenon without any element of bias as all the elements are taken in consideration without any chance of being left.

Data Collection Procedure

The main instrument for data collection was a structured questionnaire. Questionnaires help yield a high quality of usable data, achieve good response rates and provide anonymity, which encourages a more honest manner in answering questions (Neuman, 2006). The questionnaire was made up of three parts. Part A solicit the demographic information of respondents, Part B gathers information on performance appraisal and finally Part C deals with information on employee performance. The employee performance was measured using profitability, innovation and efficiency.

The performance appraisal items were measured on a five-point Likert. The independent variables were measured on a five-point Likert scale ranging from (1= least method, 2=little method, 3=good method, 4=better method and 5=best method). For the dependent variables, a five-point Likert scale (1=least satisfied, 2=less satisfied, 3=satisfied, 4=more satisfied and 5=most satisfied) was used. The independent variables were (performance appraisal methods) (management by objective, 360-degree appraisal, behavioural observation scale, behaviourally anchored ratings, ratings scales, check-list method, psychological and assessment centre method and the dependent variables too were employee performance variables (profitability, innovation and efficiency). With regards to the sampling procedure used, three hundred and fifty questionnaires were distributed and all of them were retrieved, hence the return rate was 100%.

Employees' Performance Measures

It is important to have performance measurement system in every organisation because such a system plays a key role in developing strategic plans and evaluating the success of the organisational objectives (Ittner & Larcker, 1998). Kenney (1992) emphasized that employees' performance is measured against the performance standards set by the organisation. Previous research had used many variables to measure organisational and employees' performance.

Measuring the performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given time period in comparison with the goals set at the beginning of the period (Rudman,

2003:4). According to Kuvaas (2006), measuring also encompasses the quality of the accomplishments, the compliance with the desired standards, the costs involved and the time taken in achieving the results. Bond and Fox (2007) contend that measuring employee performance is the basis of performance appraisal policy and performance management.

Accurate and efficient performance measurement not only forms the basis of an accurate performance review but also gives way to judging and measuring employee potential (Fletcher & Bailey,2003). For the purpose of measuring employee performance, different input forms can be used for taking the feedback from the various sources like the supervisor, peers and the employee (Markle, 2000). According to Rudman (2003), all the perspectives thus received should be combined in the appropriate manner and to get an overall, complete view of the employees' performance.

According to Anderson (2002), for an organisation to be effective for its goals, it is very important to monitor or measure its employee performance on a regular basis. Effective monitoring and measuring also includes providing timely feedback and reviews of the employees for their work and performance according to the pre-determined goals and solving the problems faced (Mani, 2002). Rudman (2003) highlights that timely recognition of the accomplishment also motivates and helps to improve the performance of employees.

According to Aguinis (2009), measuring the performance of the employees based only on one or some factors can provide inaccurate results and leave a bad impression on the employees as well as the organisation. For example, by measuring only the activities in employee's performance, an

organisation might rate most of its employees as outstanding, even when the organisation as a whole might have failed to meet the goals and objectives. Therefore, a balanced set of measures should be used for measuring the performance of the employees (Kuvaas, 2006:509). Employees' performance in relation to this research was measured using three parameters namely: profitability, innovation and efficiency.

Data Analysis

In order to test the hypotheses, inferential statistics which included Pearson product moment correlation and multiple regression analyses were analysed. Descriptive statistics such as mean, percentages and standard deviation were employed to present the responses obtained from the respondents.

Reliability

The reliability findings on the study are reported below. Cronbach alpha reliability coefficients are used to report on reliability which provides an indication of the stability, consistency and freedom of error. An alpha of 0.7 or above is considered to be reliable as suggested by many researchers (Davis 2000; Nunnally 1978). Sekaran (2003) also affirms that normally, reliabilities of 0.7 range is considered acceptable. In this study the Cronbach alpha coefficient values were all above 0.7. For this study, a Cronbach alpha of 0.716 was obtained.

Ethical Issues

Ethical issues are critical for any research study as they are required during the planning phase. The researcher sought access from the organisation and employees during planning, data collection, analysis and reporting phases of the study. According to Saunders, Lewis and Thornhill (2003), ethics refers to the appropriateness of the researcher's behaviour in relation to the rights of those who become the subjects. De-Vaus (2002) defined ethics as a preference that influence behaviour in human relations. Ethics is mostly associated with morality and deals with issues of right and wrong among groups, society or communities.

It is therefore important that everyone who is dealing or involved in research should be aware of the ethical concerns (Cooper & Schindler, 2006). The following ethical issues, though not exhaustive, has been identified as important to be considered during any research. Informed consent, avoidance of harm, violation of privacy, anonymity and confidentiality, deceiving respondents or concealing of information and debriefing respondents (Babbie & Mouton 2002).

Summary

In summary, the research approach, the methods of data collection and the statistical techniques that were employed to answer the research hypothesis of the present study were presented. The next chapter focuses on the results obtained in the analysis with specific reference to the testing of the hypotheses of the present study.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents and discusses the results of the study in line with the objectives of the study. It starts with the presentation of respondents including their gender, age, marital status, education, position in the organisation, department and religion. It continues with the discussion of the influence of performance appraisal method (management by objective, 360-degree appraisal, behavioural observation scale, behaviourally anchored ratings, ratings scales, check-list method, psychological and assessment centre method) on employees' performance (output, reduction in error, quality and absenteeism). This chapter concludes with the discussion of relationship between performance appraisal and employee performance.

Demographic Distribution of Respondents

The results in Table 1 showed that out of the total of 350 respondents, 185 were male representing 52.9% and 165 were female representing 47.1 %. It can also be observed that 126 respondents representing 36.0 % were between the ages of 20 and 30 years, 158 respondents representing 45.1 % were between the age brackets of 31 and 40 years, 26 respondents representing 7.4 % were in the age bracket of 41 and 50 years, and 40 respondents representing 11.4 % were aged 51 years and above.

The results revealed further that 111 respondents representing 31.57% were married, 229 respondents representing 64.0% were single and 15 respondents representing 4.3% were divorced. With respect to the level of

education, 62 respondents representing 17.7% had diploma education. 253 respondents were representing 72.3% were having their first degree. 26 respondents representing 7.4 were having their masters degree and 9 respondents representing 2.6 were having their PhD.

Table 1: Demographic Frequency distribution of respondents' (N – 350)

	Frequency	Percentage
Sex		
Male	188	52.9
Female	165	47.1
Age		
20 – 30	126	36.0
31 – 40	158	45.1
41 – 50	26	7.4
51 and above	40	11.4
Marital		
Married	111	31.7
Single	224	64.0
Divorced	15	4.3
Education		
Diploma	62	17.7
First Degree	253	72.3
Masters	26	7.4
PhD	9	2.6
Position		
Junior staff	101	28.9
Senior staff	211	60.3
Management	38	10.2
Department		
Production	123	35.1
Marketing	146	41.7
Human Resource	41	11.7
Finance	40	11.4
Religion		
Christian	315	90.0
Muslim	35	10.0

Source: Field data (2017)

It can also be observed that 101 respondents representing 28.9% were junior staff, 211 respondents representing 60.3% were senior staff while 38 respondents representing 10.2% constitute the management, 123 respondents representing 35.1% were found working in the production department, 146 respondents representing 41.7% were in the marketing department, 41 respondents representing 11.7% were located in the human resource department and 40 respondents representing 11.4% were found working in the finance department. It was further revealed in Table 1 that 315 respondents representing 90.0% were Christians and 35 respondents representing 10.0% were Muslims. This section describes the demographic characteristic of respondents as depicted in Table 1.

Discussion of Results

Relationship between performance appraisal method and profitability

Table 1 explained the presence of how performance appraisal influences profitability. The results in Table 2 revealed that management by objective ($\beta = .215$; $P = .000$) is positive and significant predictor of profitability. Based on that, hypotheses 1 which reads, performance appraisal method influences profitability was significant, since the p – value for performance appraisal method was less than the alpha (α) value of 0.05. This implies that management by objective lead to profitability. The outcome is consistent with work of Peiperl (2005).

The results showed that 360-degree appraisal ($\beta = .012$; $P = .820$) did not influence profitability. Based on the hypotheses 2, it was not significant as

the p – value for 360-degree appraisal was more than the alpha (α) value of 0.05. This implies that 360 degrees will not lead to profitability.

Table 2: Influence of Performance appraisal method on profitability.

Predictor	Beta(β)	t-stats	P – value
(Constant)	1.886	4.888	0.000
Management by objective	0.215	4.135	0.000
360 – degree Appraisal	0.012	0.228	0.820
Behavioural Obs. Scale	0.248	4.874	0.000
Behavioural anchored ratings	0.133	2.705	0.007
Rating scale	0.084	1.428	0.154
Checklist method	0.088	1.428	0.102
Psychological Appraisal	0.107	1.979	0.049
Assessment Centre Method	0.066	1.289	.198

P<0.05; R Square 0.223; Adjusted R Square 0.205

Behavioural observation scale showed a result of ($\beta = .248$; $P = .000$). With respect to hypotheses 3, there was a positive and significant relationship with profitability. Behavioural anchored rating scale showed a result of ($\beta = .133$; $P = .007$). The outcome of hypotheses 4 indicates that there is positive and insignificant relationship between behavioural scale and profitability. Based on hypotheses 5 Rating scale showed a result of ($\beta = .084$; $P = .154$) which implies that rating scale has a positive and insignificant relationship between. Checklist was also statistically insignificant ($\beta = .088$; $P = .102$). Psychological method ($\beta = .107$; $P = .049$) and Assessment centre were also statistically insignificant ($\beta = .066$; $P = .198$).

Relationship between performance appraisal method and innovation

Table 3 explained the presence of how performance appraisal influences innovation. The results in Table 4 revealed that management by objective ($\beta = 0.099$; $P = .045$) is positive and significant predictor of innovation. Based on that, hypotheses 2 which reads, performance appraisal method influences innovation was significant, since the p – value for performance appraisal method was less than the alpha (α) value of 0.05. This implies that management by objective lead to innovation. The outcome is consistent with work of Freeman (2002).

Table 3: Influence of Performance Appraisal method on Innovation

Predictor	Beta(β)	t-stats	P – value
(Constant)	2.090	5.102	0.000
Management by objective	0.099	2.014	0.045
360 – degree Appraisal	0.034	0.689	0.491
Behavioural Obs. Scale	0.054	1.132	0.259
Behavioural anchored ratings	0.121	2.599	0.010
Rating scale	0.470	8.423	0.000
Checklist method	0.304	6.010	0.000
Psychological Appraisal	0.105	2.046	0.042
Assessment Centre Method	0.005	0.111	0.911

$P < 0.05$; R Square 0.308; Adjusted R Square 0.292

The results showed that 360-degree appraisal ($\beta = .034$; $P = .4910$) did not influence innovation. Based on the hypotheses 2, it was not significant as the p – value for 360-degree appraisal was more than the alpha (α) value of 0.05. This implies that 360 degrees will not lead to innovation. Behavioural observation scale showed a result of ($\beta = .054$; $P = .259$). Based on hypothesis 2, it indicates that it has a positive and insignificant relationship with innovation.

Behavioural anchored rating scale showed a result of ($\beta = .121$; $P = .010$). Based on hypotheses 2, the result indicates that there is positive and significant relationship between behavioural scale and innovation. Rating scale showed a result of ($\beta = .470$; $P = .000$) which indicates that rating scale significantly influence innovation. Based on hypotheses 2, Checklist was also statistically significant with an alpha value been less than 0.05 ($\beta = .304$; $P = .000$). Psychological method was also statistically significant with innovation ($\beta = .105$; $P = .042$). Assessment centre were also statistically insignificant ($\beta = .005$; $P = .911$).

Relationship between performance appraisal method and efficiency

Table 4 explained the presence of how performance appraisal method influences efficiency. The results in Table 5 revealed that management by objective ($\beta = 0.194$; $P = .001$) is positive and significant predictor of efficiency. Based on that, hypotheses 3 which reads, performance appraisal method influences efficiency was significant, since the p – value for performance appraisal method was less than the alpha (α) value of 0.05. This implies that management by objective lead to efficiency. The outcome is consistent with work of Freeman (2002). The results showed that 360-degree

appraisal ($\beta = .003$; $P = .961$) did not influence efficiency. Based on the hypotheses 3, it was not significant as the p – value for 360-degree appraisal was more than the alpha (α) value of 0.05. This implies that 360 degrees will not lead to efficiency.

Table 4: Influence of Performance Appraisal on Efficiency

Predictor	Beta(β)	t-stats	P – value
(Constant)	2.478	5.090	0.000
Management by objective	0.194	3.378	0.001
360 – degree Appraisal	0.003	0.049	0.961
Behavioural Obs. Scale	0.077	1.710	0.173
Behavioural anchored ratings	0.093	1.710	0.088
Rating scale	0.100	1.536	0.125
Checklist method	0.046	0.774	0.439
Psychological Appraisal	0.049	0.825	0.410
Assessment Centre Method	0.010	0.177	0.860

$P < 0.05$; R Square 0.223; Adjusted R Square 0.205

Behavioural observation scale showed a result of ($\beta = .077$; $P = .259$). Based on hypothesis 3, it indicates that it has a positive and insignificant relationship with efficiency. Behavioural anchored rating scale showed a result of ($\beta = .093$; $P = .088$). Based on hypotheses 3, the result indicates that there is positive and significant relationship between behavioural scale and efficiency. Rating scale showed a result of ($\beta = .100$; $P = .125$) which indicates that rating scale significantly influence efficiency. Based on hypotheses 3, Checklist was also statistically insignificant with an alpha value

been more than 0.05 ($\beta = .046$; $P = .439$). Psychological method was also statistically insignificant with efficiency ($\beta = .049$; $P = .410$).

Assessment centre was also statistically insignificant. ($\beta = .010$; $P = .860$).

Relationship between performance appraisal method and performance

Table 5 explained the presence of how performance appraisal method influences performance. The results in Table 5 revealed that management by objective ($\beta = .541$; $P = .000$) is positive and significant predictor of performance. Based on the main hypotheses (H0), performance appraisal method influences performance was significant, since the p – value for performance appraisal method was less than the alpha (α) value of 0.05. This implies that management by objective lead to performance. The outcome is consistent with work of Obicci (2015).

Table 5: Influence of Performance Appraisal on Performance

Predictor	Beta(β)	t-stats	P – value
(Constant)	6.455	8.047	0.000
Management by objective	0.541	5.068	0.000
360 – degree Appraisal	-0.002	-0.213	0.832
Behavioural Obs. Scale	0.433	3.751	0.000
Behavioural anchored ratings	0.091	1.064	0.288
Rating scale	0.376	4.057	0.000
Checklist method	-0.344	-3.388	0.001
Psychological Appraisal	0.164	1.496	0.135
Assessment Centre Method	0.061	0.671	0.503

$P < 0.05$; R Square 0.254; Adjusted R Square 0.237

The results showed that 360-degree appraisal ($\beta = -.002$; $P = .832$) did not influence performance. Based on the main hypotheses, it was not significant as the p – value for 360-degree appraisal was more than the alpha (α) value of 0.05. This implies that 360 degrees will not lead to performance. Behavioural observation scale showed a result of ($\beta = .433$; $P = .000$). The main hypotheses, clearly indicates that it has a positive and significant relationship with performance.

Behavioural anchored rating scale showed a result of ($\beta = .091$; $P = .288$). Based on the main hypotheses, the results indicate that there is positive and insignificant relationship between behavioural scale and performance. Rating scale showed a result of ($\beta = .0376$; $P = 0.000$). Based on the main hypotheses, there is positive and significant relationship between rating scale and performance. Checklist was also statistically significant which implies that there is positive and significant relationship between checklist and performance ($\beta = .344$; $P = 0.000$). Psychological method also has a positive and insignificant relationship with performance ($\beta = .164$; $P = 0.135$). Assessment centre was also statistically insignificant. ($\beta = .061$; $P = 0.503$). This means that assessment centre does not affect employee performance.

Chapter Summary

This chapter specifically examined the results generated from the analysis of the data of all the research variables. The research hypotheses and the objectives of the study were tested by the various impacts and effects created by the research variables from the outcome of the results. The next chapter is on the conclusions drawn on the relationship of the variables and some recommendations for policy consideration.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Introduction

This chapter presents the summary of findings, conclusions and recommendations based on the results. The study sets out to examine the perceptions of performance appraisal and employee performance. The overview of the study presents a snapshot of the research, recounting the various highlights of the study. The inference based on the empirical study is captured in the conclusion while the recommendations are proposed based on the conclusions and capturing all the variables under consideration.

Overview of the Study

The importance of performance appraisal to the economic development and growth of our organisations in an economy cannot be underestimated. Many institutions or organisations have witnessed many reforms and policies over the period in relation to performance appraisal. Data was then analyzed using inferential statistics which included multiple regressions. Thereafter, Statistical Package for Social Science (SPSS) was used in the analysis was used to test the hypotheses and different model test was carried out.

Summary of Key Findings

The purpose of the present study was to examine the perceptions of performance appraisal and employee performance.

1. The analysis of the multiple regression confirms the hypothesis that performance appraisal has a significant and positive relationship with

employee performance. This implies that performance appraisal initiatives have the capability of enhancing employee performance positively.

2. With respect to profitability as a dependent variable, management by objective, behavioural observation scale and behavioural anchored ratings were all positive and statistically significant.
3. The relationship between appraisal methods and innovation also indicated that behavioural anchored ratings, rating scale and checklist methods have significant effects to innovation.
4. The relationship between management by objective and efficiency was significant. This implies that management by objective leads to efficiency.

Conclusion

The analysis of the findings confirms the hypothesis to the objectives that performance appraisal has positive relationship among profitability, innovation and efficiency. The findings of this study have relevant implications for managers in organisations. For managers, the positive effect of performance appraisal on employee performance is very vital for decision making. It would, therefore, be necessary for managers to programme and implement performance appraisal initiatives that would go a long way to augment employee performance. It is also important for policy-makers to institute measures to strategize and package their performance appraisal initiative that should be devoid of discrimination among employees in order to enhance organisational performance.

Recommendations

To ascertain an employee performance in relation to performance appraisal, it is important to know how the preceding performance appraisal processes show their influence when the management has an insight into the motives of their employees, hence it will be necessary to use this information by making decisions with regard to best practices with respect to performance appraisal packages. For example, if someone is motivated to develop oneself it might be useful to offer training courses, which help the organisation to grow. Again, if someone is triggered to work harder when there are bonuses in the prospect, the management can implement rewards into the human resource strategy.

There was also sufficient evidence to conclude that successful performance appraisal had positive effects on employee performance of employees hence, for the management to improve the level of staff productivity, greater efforts must be placed on the performance appraisal factors.

Future Research Recommendations

The results of the findings form the basis for the conclusions and recommendations on this chapter and have brought to light the importance of performance appraisal to employee performance. Having examined the critical issues raised by the respondents, it has come to light that the importance of performance appraisal should not be overlooked. Indeed, the long-term survival of any organisation depends largely on the performance appraisal of its employees.

Chapter Summary

This chapter summaries the key findings and comes out with conclusions drawn from the analysis of the variables that was produced from the results of the regression and some recommendations made to the management of the industry. These recommendations could help address some challenges and improve the impact of performance appraisal policies and packages in their organisations.

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APPENDIX
UNIVERSITY OF CAPE COAST
SCHOOL OF BUSINESS
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT



QUESTIONNAIRE

Dear Sir/Madam,

I am Millicent Amenyo Asamoah, a graduate student from the Department of Human Resource Management, University of Cape Coast. I am carrying out my graduate dissertation on the topic: **‘Perception of performance appraisal and employee performance: evidence from Blue Skies Product Limited.** I would be grateful if you could spend some minutes of your time to complete the questionnaire for the study. Please, be informed that information shared in this regard is strictly for academic purposes and will be treated with **CONFIDENTIALITY.**

INFORM CONSENT

I have read the above introduction to the questionnaire and agree to complete the questionnaire under the stated conditions. Please tick (✓) if you agree to participate in the study

SECTION A

DEMOGRAPHIC DATA

1. Gender: Male Female

2. Age:

3. Marital status: Single Married Divorced

 Widowed

Education:.....

4. Position in the organisation Junior staff Senior Staff
Management

5. Department:

6. Religion:

PERFORMANCE APPRAISAL CRITERIA

Please tick from 1 to 5 the extent to which you attach importance to the appraisal method adopted by your supervisor/manager.

1= Not important

2= Slightly important

3= Important

4= Fairly important

5= Very important

Statement	Not important 1	Slightly important 2	Important 3	Fairly important 4	Very important 5
Management by objective					
360-degree appraisal					
Behavioural observation scale ratings scale					
Behaviourally anchored rating scale					
Rating scale					
Checklist method					
Psychological Appraisal					
Assessment Centre Method					

EMPLOYEES' PERFORMANCE

Please tick from 1 to 5 the extent to which the performance appraisal method of your supervisor/ manager has impact on your performance.

1= Little impact

2= Less impact

3= Impact

4= Much impact

5= Most impact

Statement	Little impact 1	Less impact 2	Impact 3	Much impact 4	Most impact 5
Profitability					
Efficiency					
Innovation					
Reduction in cost					