

UNIVERSITY OF CAPE COAST

EFFECT OF PERFORMANCE APPRAISAL ON STAFF PERFORMANCE: A

CASE STUDY OF AGRICULTURE DEVELOPMENT BANK.

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.

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Supervisor's Declaration

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

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ABSTRACT

The impact of performance appraisal on employees' performance could be mixed (both positive and negative) depending on how effective and efficient the appraisal process is perceived by employees. The Agricultural Development Bank (ADB) uses the graphic rating scale annually in evaluating the performance of its employees. However, literature and observation show that the graphic rating scale method has the major drawbacks of subjectivity and low reliability. It was in response to these drawbacks that the study empirically examined the effect of performance appraisal on ADB employees' performance.

In all, 52 respondents randomly selected participated in the study through structured questionnaire and in-depth interviews. Staff of the bank responded to the structured questionnaire, while management was purposively selected to participate in the interview. Data analysis was performed using the Statistical Product and Service Solutions (SPSS) version 17.

The results of the study indicate that, the appraisal system in ADB has not significantly affected the performance of employees positively, because the appraisal process has not been highly fair since there is some level of biasness and procedural injustice. The study recommends that management needs to ensure that performance appraisals are based on up-to-date and unbiased information about employee performance in order to be perceived as been procedurally just and fair by employees.

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DEDICATION

I dedicated this dissertation to my two boys Shem and Aseda

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ACRONYMS

ADB	-	Agricultural Development Bank
BARS	-	Behaviorally Based Scale, Behaviorally Anchored Rating scale
IPT	-	Implicit Person Theory
MBO	-	Management By Objectives
PAS	-	Performance Appraisal Systems
SPSS	-	Statistical Product and Service Solutions

CHAPTER ONE

INTRODUCTION

Background to the study

The degree to which organisational productivity can be attributed to employee performance is a perennial subject for debate. Many organisations consider employee performance as the major determinant of organisational success and consequently, this consideration is reflected in their value systems and organisational structure. Almost every organisation in one way or another goes through a periodic ritual, formally or informally, known as performance appraisal.

The term performance appraisal has been branded differently by many, which includes performance review, performance evaluation, personnel rating, merit rating, employee appraisal or employee evaluation. However, performance appraisal has been defined by Dexter (2005) as any personnel decision that affects the status of employee regarding their retention, termination, promotion, transfer, salary increase or decrease, or admission into a training programme. While performance appraisal systems are found in all kinds of organisations, it is predominant in organisations that recognise the relationship between employee performance and organisational performance.

Appraisals have been cited to range from official, prescribed meetings between an evaluator and evaluatee to casual change occasions, where an evaluator observed work activities and indicated his or her assessment with an informal comment (Glueck, 2006). Performance appraisal continues to be a subject of

interest and importance to human resource specialists. For decades, performance appraisal has received considerable attention in the literature, from both researchers and practitioners alike (Bernardin&Klatt, 2004). According to Dexter (2005), there have been two approaches to performance appraisal, traditional and developmental approach.

Traditional (organisational or overall) approach is primarily concerned with the overall organisation and is involved with past performance, while developmental approach views the employees as individuals and has been forward looking through the use of goal setting. Uses of performance appraisal have included equal employment opportunity considerations, promotions, transfer and salary increases. In many organisations, appraisal results are used either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit, pay increases, bonuses, and promotions. By the same token, appraisal results are used to identify the poorer performers who may require some form of counselling, or in extreme cases, demotion, dismissal or decreases in pay(Bernardin&Klatt, 2004).

In the absence of a carefully structured system of appraisal, people tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be

lawful, fair, defensible and accurate. In many instances, the appraiser sees performance appraisal as an opportunity to criticise, but primarily, performance appraisal should be a way for explaining what could be done better and how it (and thus the whole company) could perform better in future. This, to some extent, affects employees' performance and productivity depending on the manner and way the whole appraisal performance process is conducted (Glueck, 2006).

A recent survey by Wyatt (2008) confirmed that the annual performance appraisal has become so inadequate that many companies are abandoning appraisals in favor of a year-round evaluation and career development. The majority of the employees in the study did not understand the company's objectives and did not believe their performance was routinely evaluated or rewarded in line with those objectives. On the other hand, there is a strong rival argument which claims that performance appraisal must unequivocally be linked to reward outcomes. There is a critical need for remunerative justice in organisations. Performance appraisal, whatever its practical flaws, is the only process available to help achieve fair, decent and consistent reward outcomes.

To a greater extent, appraisals fail because the very notion of evaluating people clashes with human nature. The overwhelming majority of people view themselves as excellent performers. In fact, 80 percent see themselves in the top quarter of all performers and telling them otherwise is demoralising rather than motivating. People see mediocre ratings as a lack of appreciation. This accounts for why most supervisors are so reluctant to conduct appraisals. Thus performance

appraisals impede genuine feedback, and there is no solid evidence that it motivates people or lead to meaningful improvement.

It usually produces distorted and unreliable data about the contribution of employees. Consequently, the resulting documentation is not useful for staffing decisions. All these depend on the manner and process in which the process of appraising is being carried (Glover, 1999).Perhaps the greatest incentive for performance appraisals is their value in determining raises, bonuses and promotions. However, benefits to people who receive greater-than-average-awards are usually short term and have little impact on improving their value in the organisation.

More importantly, these awards are de-motivators to the rest of the organization. A survey in 2003 by the Society for Human Resources Management found that more than 90 percent of appraisal systems are not successful. Hundreds of other studies and surveys also support the gross inadequacies of performance appraisals. According to Coens and Jenkins (2004), performance appraisal to a large extent affects employees' productivity within an organization.

Performance appraisal is a part of career development. For many employees, an "official" appraisal interview may be the only time they get to have exclusive, uninterrupted access to their supervisors.Perhaps the most significant benefit of appraisal is that in the rush and bustle of daily working life, it offers a rare chance for a supervisor and subordinate to have "time out" for a one-on-one discussion of important work issues that might not otherwise be addressed.

Almost universally where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive. Appraisal offers a valuable opportunity to focus on work activities and goals, to identify and correct existing problems, and to encourage better future performance. Thus the performance of the whole organisation is enhanced.

According to Arshia(2002), performance appraisals are essential for the effective management and evaluation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organisation. Performance appraisals are important for staff motivation, attitude and behaviour development, communicating and aligning individual and organizational aims, and fostering positive relationships between management and staff. They also provide a formal, recorded, regular review of an individual's performance, and a plan for future development.

Performance appraisal in Agricultural Development Bank (ADB) is done once every year using the Graphic rating scale method. In this method, judgment about employees performance are recorded using a scale of 1-5, thus in a continuous order like 0, 1,2,3,4, and 5, the appraiser assigns the number to each degree of performance,

Performance regarding each employee is known by the points given by the appraiser. These points are added up to find out the overall performance. Employees are ranked on the basis of total points assigned to each of them. After

the appraisal is done, employees are not in any way evaluated until it is time for another appraisal after a one year period. The main emphasis of this study is to examine the effect of performance appraisal on employee's performance. Thus at the end of the day, the researcher seeks to know whether the process makes employees more productive (or rather demoralised).

Statement of the problem

Performance appraisal as noted from the background tends to have many impacts both negative and positive on employees performance. The nature of the problem for this study lies in the sense that the Graphic Rating scale method used in ADB in evaluating employees' performance though simple, has the major drawbacks of subjectivity and low reliability. One other side of the problem is the long period within which employees in ADB are being appraised since they are not in any way evaluated until it is time for another appraisal after a one year period. Thus the current study sought to examine the impact of the entire performance appraisal process on employees' performance.

Objectives of the study

The general objective of this study was to examine the effect of performance appraisal on employees' output in ADB. Specifically, the study sought to:

1. Assess staff perception of performance appraisal in ADB;
 2. Examine alternative ways of performing appraisal in ADB;
 3. Examine the effect of performance appraisal on ADB employees' output;
- and

4. Identify the challenges of conducting performance appraisal in ADB and their possible solutions.

Research questions

The study sought to find answers to the following research questions:

1. How do staff of ADB describe or perceive the process by which they are being appraised?
2. What alternative methods of performing appraisal could management of ADB employ in evaluating its staff?
3. What is the effect of performance appraisal on ADB staff output?; and
4. What challenges do management encounter in the process of appraising its staff and what solutions are available?

Significance of the study

The study would accomplish several purposes by examining the concept of performance appraisals as a means of employee development. It would also help management of ADB to evaluate the effectiveness of the Graphic rating scale technique used by ADB as compared to other known appraisal methods and techniques, and how effective the methods are in inducing higher productivity among employees. Another significance of this study is that it would also help management of ADB and other institutions or organizations to have information from their employees on the perception they have towards the whole performance appraisal process, its fairness, partiality and effectiveness.

Scope and limitation of the study

The study would not involve evaluating the past performance of either employees or managers. To ensure the confidentiality of staff and privacy of the participating branches, the researcher decided not to review past performance appraisal results conducted by managers on their subordinates since their names need to be indicated should the above approach be used. The study has also been limited to only two branches (Suhum and Koforidua) due to limited resources and time. Furthermore, the study did not perform an in-depth examination of the Graphic rating scale the bank uses and its appraisal processes, but rather concentrated basically on the impact performance appraisal has on the employee's performance.

Organisation of the paper

To adequately and effectively undertake this study, the dissertation has been structured into five main chapters. The first chapter provides an introduction/background to the concept of performance appraisal and its implications. It addresses the implications of managers performing performance appraisal and why the need to investigate into this. The scope of the study is also covered and its limitations are also included under the chapter. Chapter Two of the study reviews the concept of performance appraisal. It reviews literature both from the empirical and theoretical perspective by introducing and discussing the theories and empirical evidence on performance appraisal. The various processes

and types of performance appraisal are also discussed under this chapter as well as the available performance appraisal tools.

Chapter Three provides an in-depth explanation of the methodology used to carry out the study. It discusses the research design, research instrument, sampling techniques and methods of analysis. The fourth chapter captures the analysis, presentation and discussion of the results. Under this chapter, literature reviewed under Chapter Two is compared to the present study so as to ascertain whether the researcher's findings support or reject other works done on the study. Finally, Chapter Five focuses on summary, conclusions and recommendation. The chapter summarizes the findings of the study and also made recommendations that will help reduce the negative consequences associated with poor processes of performance appraisal and the best way of performance appraisal inducing higher productivity among employees.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter presents theories of performance appraisal and reviews the related literature. Literature reviewed is made up of both empirical and theoretical literature. This chapter also brings to the fore additional information about performance appraisal such as an in-depth examination of the historical background of performance appraisal in an organizational setting, types and methods of performance appraisal and their impact on employee's productivity are also discussed under this chapter.

Definitions of performance appraisal

The term performance appraisal has been branded by many, including performance review, performance evaluation, personnel rating, merit rating, employee appraisal or employee evaluation. However, performance appraisal has been defined by Dexter (2005), as any personnel decision that affects the status of employee regarding their retention, termination, promotion, transfer, salary increase or decrease, or admission into a training program. Tracey (1991) also defines performance appraisal as a systematic, periodic review and analysis of employees' performance. Tracey further distinguishes between performance appraisal and performance management. Performance management is a means of maintaining and improving work behaviour daily, year-round.

There are many acceptable definitions of both performance appraisal and performance management, but the key difference to bear in mind is that performance management is an ongoing process, while performance appraisal is one method often used by management as part of an ongoing performance management scheme. Thus performance appraisal is a part of a performance management which includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management includes many other practices besides performance appraisal, like employee performance improvement, performance development, training, cross-training, challenging assignments, career development or coaching.

Moorhead and Griffin (1992) described performance appraisal as the process of evaluating work behaviours by measurement and comparison to previously established standards, recording the results, and communicating them back to the employee. Performance appraisal is an activity between a manager and an employee. Another interesting definition was reviewed by Coates (2004), who saw performance appraisal as structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a purpose of identifying weaknesses and strengths as well as opportunities for improvement and skills development.

In many organisations, appraisal results are directly or indirectly linked to remuneration. That means the well performing employees get pay increases,

bonuses, promotions, while those poor might get some counseling, or in extreme cases, demotion, dismissal or decreases in pay.

Purpose and importance of performance appraisal

The main aim of the evaluation system is to identify the performance gap (if any). This gap is the shortfall that occurs when performance does not meet the standard set by the organization as acceptable. According to Alexander(2006),an effective performance appraisal system contains two basic systems operating in conjunction, that is an evaluation system and a feedback system. The main aim of the feedback system is to inform the employee about the quality of his or her performance. However, the information flow is not exclusively one way. The appraisers also receive feedback from the employee about job problems.

Holley (2000) stated that one of the best ways to appreciate the purposes of performance appraisal is to look at it from the different viewpoints of the main stakeholders, thus the employee and the organisation. From the organisation's viewpoint, one of the most important reasons for having a system of performance appraisal is to establish and uphold the principle of accountability. For decades, it has been known to researchers that one of the chief causes of organisational failure is "non-alignment of responsibility and accountability."

Non-alignment occurs where employees are given responsibilities and duties, but are not held accountable for the way in which those responsibilities and duties are performed. What typically happens is that several individuals or work units appear to have overlapping roles. The overlap actively encourages each individual or business unit to "pass the buck" to the others. Ultimately, in the

severely non-aligned system, no one is accountable for anything. In this event, the principle of accountability breaks down completely. Organisational failure is the only possible outcome (Holley, 2000).

According to Archer (2002), one of the principal aims of performance appraisal is to make people accountable. The objective is to align responsibility and accountability at every organizational level. Performance appraisals are essential for the effective management and evaluation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by his/her line manager. Directors are appraised by the Chief Executive Officer (CEO), who is appraised by the chairman or company owners, depending on the size and structure of the organization.

Annual performance appraisals help in the management and monitoring of standards, expectations and objectives, and delegating responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisals also typically feed into organizational annual pay and grading reviews, which commonly also coincide with the business planning for the next trading year (Alexander, 2006). Performance appraisals generally review each individual's performance against objectives and standards for the trading year, agreed at the previous appraisal meeting. Performance appraisals are also essential for career

and succession planning for individuals and for the organization as a whole. They are important for staff motivation, attitude and behavior development, communication and aligning individual and organizational aims, and fostering positive relationships between management and staff.

Historical background of performance appraisal

As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War here not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historically, it might well lay claim to being the world's second oldest profession (Archer, 2002). This literature of performance appraisal tracing its roots back from World War II was also confirmed by Dulewicz (1999) who stated that, even though performance appraisal as a distinct management procedure dates from the time of World War II, in a broader sense, it is one of the oldest professions.

In companies, Performance Appraisal Systems (PAS) began as simple methods for deciding whether or not the salary of an employee was justified. Empirical studies showed later on that pay rates were not the only element that had an impact on employee performance but other issues, such as morale and self-esteem, could also influence. That resulted in progressive rejection of emphasis of performance appraisal on reward outcomes. However in the 1950s, in the United States, its potential as a tool for motivation and development was recognised. The general model of performance appraisal, as it is known today, began from that time. The process was firmly linked to material outcomes. When an employee's

performance was found to be less than ideal, a cut in pay would follow and if performance was better than the supervisor expected, a pay rise was in order.

According to Archer (2002), little consideration, if any, was given to the developmental possibilities of appraisal. It was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well. Sometimes this basic system succeeded in getting the results that were intended, but more often than not, it failed. For example, early motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance.

The history of performance appraisal can also be traced to the early 20th century in relation to Taylor's pioneering time and motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resource management. The greatest influence of performance appraisal was the decision by the courts in the 1970s that performance appraisals are indeed tests and thus subject to the uniform guidelines on employee selection of the equal employment opportunity commission (Landy & Farr, 1980). Furthermore, in the 1980s, a landmark review and evaluation of performance appraisal literature was published which changed the direction of performance appraisal.

Approaches to performance appraisal

There are a number of methods of performance appraisal. No single method can be considered ideal in all circumstances. According to Dexter (2005), these methods can be broadly classified into two categories: traditional and modern. Traditional methods are the relatively older methods of performance appraisal. These methods are based on studying the personalities of the employees. They may include knowledge, initiatives, loyalty, leadership and judgment.

Dexter(2005) indicated that there are two variations of traditional approach to performance appraisal being, Organisational and developmental of employees. Traditional (organisational or overall) approach was primarily concerned with the overall organization and has been involved with past performance, while developmental approach viewed the employees as individuals and has been forward looking through the use of goal setting. Performance appraisal using traditional approach was used for promotion, feedback to employees, reward decisions. Developmental approach performance appraisal adds to those additional purposes, like providing employees the opportunity to formally indicate the direction of the employee's ambition, showing organizational interest in employee development, and providing satisfaction and encouragement to the employee who has been trying to perform well.

Some of the traditional methods of Performance appraisal Narrative or Essay Evaluation method, Peer ranking, Critical Incident, and trait methods. Modern

methods includes management by objectives (MBO), behaviourally anchored rating scale(BARS)and 360 degreesfeedback.

Narrative or Essay Evaluation technique

In the essay method approach, the appraiser prepares a written statement about the employee being appraised. The statement usually concentrates on describing specific strengths and weaknesses in job performance. It also suggests courses of action to remedy the identified problem areas. The statement may be written and edited by the appraiser alone, or it be composed in collaboration with the appraisee.The essay method is far less structured and confining. It permits the appraiser to examine almost any relevant issue or attribute of performance. This contrasts sharply with methods where the appraisal criteria are rigidly defined. Appraisers may place whatever degree of emphasis on issues or attributes that they feel appropriate. Thus the process is open-ended and very flexible.

The appraiser is not locked into an appraisal system that limits expression or assumes that employee traits can be neatly dissected and scaled. Essay methods are time-consuming and difficult to administer. Appraisers often find the essay technique more demanding than methods such as rating scales. The techniques greatest advantage - freedom of expression - is also its greatest handicap. The varying writing skills of appraisers can upset and distort the whole process. The process is subjective and, in consequence, it is difficult to compare and contrast the results of individuals or to draw any broad conclusions about organizational needs.

Graphic rating scale

According to Sturo (2008), with the evolution and development of appraisal systems, a number of tools and techniques of performance appraisal have been developed, of which graphic rating which compares individual performance to an absolute standard cannot be exempted. In this method, judgments about performance are recorded on a scale. This is the oldest and most widely used technique. This method is also known as Linear Rating Scale. The appraisers are supplied with printed forms, one for each employee. These forms contain a number of objectives and behaviour- and trait-based qualities to be rated (like quality, volume of work, job knowledge, dependability, initiative and attitude). Rating scales are of two types: continuous rating scales and discontinuous rating scales.

In continuous order like 0, 1, 2, 3, 4 and 5, the appraiser assigns the points to each degree. Performance regarding each character is known by the points given by the appraiser. These points are added up to find out the overall performance. Employees are ranked on the basis of total points assigned to each one of them. One reason for the popularity of the rating scale is its simplicity, which permits many employees to be quickly evaluated. Such scales have relatively low design cost and high in case of administration. They can easily pinpoint significant dimensions of the job. The major drawback of this scale is their subjectivity and low reliability. Another limitation is that the descriptive words often used in such scales may have different meanings to different raters.

Trait rating

At the centre of this method is a list of personality/ disposition traits to which the appraiser must assign a numerical rating or a descriptive rating of adjectives. Traits may include items such as cooperation, motivation, flexibility, and attitude.

Peer ranking

In the peer ranking approach, the manager is typically asked to assess the overall performance of an employee by ranking them in relation to other employees. Some attempted to deal with the inherent subjectivity of this method by using a forced-ranking method, which meant distributing ratings so they conformed to a normal distribution curve. Drucke (1987) points out that this means creating a statistical imperative to evaluate a pre-determined portion of employees as losers.

Critical Incidents Approach

Critical incidents focus the evaluator's attention on those behaviours that are key in making the difference between executing a job effectively and executing it ineffectively. The manager documents the employee's on-the-job behaviours, separates each behaviour or incident as either unsatisfactory or satisfactory (or some analogous classification scheme), and essentially compares the two categories of incidents, concerned mostly with the higher pile. Philip

(1994), points out that an absence of objective measures by which to determine performance levels is an invitation to tension-ridden employee-employer relations, because employees and managers often hold diametric views about which performance inputs / outputs ought to be evaluated, and what evaluative judgments ought to be made about those performance inputs/ outputs.

Modern Methods of Performance Appraisal

Based on the weaknesses of the traditional approach of appraising performance, modern methods of performance appraisal were devised to improve their shortcomings such as subjectivity and biasness. Some of these methods include Management By Objectives (MBO), Behaviourally Based Scales and Behaviourally Anchored Rating Scales (BARS), and 360 Degree Feedback.

Management By Objective (MBO)

Early performance appraisals focused on the employee's day-to-day performance. This changed in the 1950s when management guru Peter Drucker introduced the idea of ManagementBy Objective. This concept shifted the focus of performance appraisal from the employee's day-to-day performance to the employee's achievements and contributions relating to the company's goals, strategies, and long-term. ManagementBy Objectives methods of performance appraisal are results-oriented. That is, they seek to measure employee

performance by examining the extent to which predetermined work objectives have been met.

Usually, the objectives are established jointly by the supervisor and subordinate. An example of an objective for a sales manager might be: Increase the gross monthly sales volume to GHS250,000 by 30 June. Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically he does not rely on others to locate and specify their strengths and weaknesses. He is expected to monitor his own development and progress. Thus the principle behind this approach is to compare expected performance with actual performance. This approach was devised as a method of incorporating performance planning into performance appraisal. In essence, the manager, or manager and employee decide which goals must be achieved by the employee. The goals are connected to a time schedule, are specific and measurable, and become the measure of the employee's performance. Typically, the goals are established at the beginning of the appraisal period and measured at the end of the appraisal period.

The MBO approach overcomes some of the problems that arise as a result of assuming that the employee traits needed for job success can be reliably identified and measured. Instead of assuming traits, the MBO method concentrates on actual outcomes. If the employee meets or exceeds the set objectives, then he or she has demonstrated an acceptable level of job performance. Employees are judged according to real outcomes, and not on their potential for success, or on someone's subjective opinion of their abilities.

The guiding principle of the MBO approach is that direct results can be observed, whereas the traits and attributes of employees (which may or may not contribute to performance) must be guessed at or inferred. The MBO method recognizes the fact that it is difficult to neatly dissect all the complex and varied elements that go to make up employee performance. MBO advocates claim that the performance of employees cannot be broken up into so many constituent parts - as one might take apart an engine to study it. But put all the parts together and the performance may be directly observed and measured.

MBO methods of performance appraisal can give employees a satisfying sense of autonomy and achievement. But on the downside, they can lead to unrealistic expectations about what can and cannot be reasonably accomplished. Supervisors and subordinates must have very good "reality checking" skills to use MBO appraisal methods. They will need these skills during the initial stage of objective setting, and for the purposes of self-auditing and self-monitoring. Unfortunately, research has shown repeatedly that human beings tend to lack the skills needed to do their own "reality checking". Nor are these skills easily conveyed by training. Reality itself is an intensely personal experience, prone to all forms of perceptual bias.

One of the strengths of the MBO method is the clarity of purpose that flows from a set of well-articulated objectives. But this can be a source of weakness also since it has become very apparent that the modern organization must be flexible to survive. Objectives, by their very nature, tend to impose

certain rigidity. Of course, the obvious answer is to make the objectives more fluid and yielding. But the penalty for fluidity is loss of clarity. Variable objectives may cause employee confusion. It is also possible that fluid objectives may be distorted to disguise or justify failures in performance.

Behaviourally anchored rating scales (BARS)

BARS use the constituents of critical incidents and graphic rating scales (similar to trait rating except it measures performance factors rather than personality factors). BARS use careful job analysis to determine the behaviours required for a particular job. The required behaviour patterns become "anchors" for a rating scale. Concrete job behaviour is displayed from best to worst. For any particular job, BARS involve identifying the complete range of relevant job behaviours, and a design of the appropriate performance dimensions.

Degree feedback

The 360 degree appraisals are a powerful developmental method and quite different to traditional manager-subordinate appraisals (which fulfill different purposes). As such, a 360 degree process does not replace the traditional one-to-one process - it augments it, and can be used as a stand-alone development method. 360 degree appraisals involve the appraisee receiving feedback from people (named or anonymous) whose views are considered helpful and relevant (Linman, 2006). The feedback is typically provided on a form showing job

skills/abilities/attitudinal/behavioral criteria and some sort of scoring or value judgment system. 360 degree respondents can be the appraisee's peers, up-line managers, executive, subordinate staff, team members, other staff, customers, and suppliers - anyone who comes into contact with the appraisee and has opinions/views/reactions(Alexander, 2006).

Other techniques of performance appraisal

Forced-choice rating was developed to reduce bias and establish objective standards of comparison (appraiser chooses among groups of statements those which best / least fit a rated individual). The technique is usually limited to middle- and lower-management levels where jobs are similar enough to make common forms. Another technique is Work-standards approach which has evolved from MBO method, where organisation set up measured daily work standards. When realistically used, it can make an objective and accurate appraisal for the work of both employees and supervisors.

A study by Locher and Teel(1988) showed that three most common appraisal methods in general used are Rating Scales (56%), Essay Methods (25%) and Management by Objectives methods (13%). This study is more than 25 years old; it is possible that there has been a development in appraisal techniques used. In another study, Locher and Teel (1988) identified Graphic Rating Scales (57.1%), the Open-Ended Essay (21.3%), and Management-by-Objectives (18.1%) as the most popular performance appraisal techniques. Unlike Locher and Teel, Taylor and Zawacki (1984) before them identified a trend toward the use of

MBO as a popular technique. Every technique has its combination of strengths and weaknesses, so they should be used relative to goals of concrete Performance appraisal.

Discovering common rating errors in performance appraisal

According to Geller (2003), there are six key rating errors or biases commonly associated with completing a job performance appraisal. These are Leniency errors, effect, affective reaction, attribution bias, similar-to-me typing and stereotyping.

Leniency errors

Leniency errors are common and reflect an inclination to inflate everyone's performance evaluation. In other words, there's a tendency to evaluate everyone favorably since managers want to avoid negative confrontations with employees who receive below-average ratings. Managers or supervisors anticipate an employee challenging a low evaluation on the grounds of an unfair assessment and biased judgment unless the evaluation is free from subjective interpretation and based on periodic objective observations of the employee's behaviors, a strong case can usually be made for an unjust and corrupt evaluation. However, if everyone gets a similar above-average score on a generic performance evaluation, the rating process has limited value.

This is a prime reason for eliminating the traditional evaluation and ranking component of a performance appraisal (Geller, 2003). For instance, if there are two persons whom in your judgment have executed their duties at the

same outcome level, and you believe one of these individuals did not contribute a lot of effort but loafed along at half speed, thereby coasting to the observed performance level. However, the other person is less talented and reached this level of output by working much harder. Would you give both of these individuals the same performance rating?

Research indicates that most people would assign a higher rating to the second individual the one who put out the most effort and exceeded beyond expectations. But is this fair? Should effort count? If the evaluation is based on performance only, subjective attribution judgments are irrelevant and should not influence the assessment.

Halo effects

Halo effects occur when an initial positive impression of an individual leads to perceiving everything the person does in a favorable light. The opposite bias is termed a “devil effect,” and occurs after one forms a negative overall impression of a person and then is more attentive to negative than positive aspects of everything the person does next. This bias occurs because initial impressions usually have the most powerful impact and influence on all subsequent observations of the individual. In other words, our perceptions of people are often biased by an attempt to confirm our first opinions of these persons.

The lesson here is two-fold. Work hard to generate a positive first impression in others, and try to observe others’ performance as if you are seeing them for the first time. Recognize the fact that prior assessments of an individual predispose

the way you see a person today. In this regard, the next psychological factor biasing performance evaluations is quite relevant.

Affective reactions

Affective reaction toward the person being evaluated affects the evaluation. You have likely experienced this prejudicial variable many times. Perhaps you have tried explicitly to separate your personal feelings for an individual from an evaluation of that person's performance. But a large amount of psychological research indicates that this is extremely difficult, even when raters are aware of this bias. Consider that your observations of another person's performance are influenced to some degree by your affective or emotional reaction to this person.

Now contemplate that your formal evaluation of this person occurs days, weeks or months after your observations, allowing plenty of time for emotional feelings to distort your memory what you saw, as well as your interpretation of the relevance, utility, and validity of what you remembered seeing.

Similar-to-me errors

This occurs when appraisers assign higher ratings to persons who are similar to them on various dimensions than to people who are dissimilar. Being human, we appreciate and like people who are similar to us. We can readily put ourselves in these people's shoes, and understand the motivational attributions.

Thus, this bias links to the prior two factors – affective and attribution prejudice. That is, we are apt to like people who are similar to us. And when these people perform well, we are likely to attribute the behavior to positive internal motivation. After all, these people are similar to us, and we see ourselves as having more self-discipline and internal drive than most others in our work setting.

Stereotyping

This occurs when evaluations are influenced to some degree by a person's membership in a particular social group. The key to reducing prejudice is to make more not fewer distinctions between people. Becoming more mindful of the numerous differences among individuals and how these differences fluctuate according to time, place, and social context, makes it difficult to attach labels to people.

The link between performance appraisal and remuneration

Among those, who do not reject performance appraisal, a big discussion is led over whether a performance appraisal (and its results) should or should not be linked to remuneration. The main argument against linking appraisal results from reward decisions is the belief that a close link could create a threatening and potentially punitive system. Another argument, provided by Archer (2002), says that the linkage to reward outcomes reduces or eliminates the developmental value of appraisals. For example, how many people would gladly admit their work problems if, at the same time, they knew that their next pay rise or a much-

wanted promotion was riding on an appraisal result? Very likely, in that situation, many people would deny or downplay their weaknesses.

A fact that should not be overlooked is that many appraisers feel uncomfortable when they are in a role of judge. It may end up in a problem, when raters and ratees know each other well, maybe even mix socially. In that situation, if an appraiser has to give an appraisal result that has the direct effect of negating a promotion or even salary decrease, it may result in resentment and serious morale damage, leading to workplace disruption, soured relationships and productivity declines.

On the other side, there are advocates for the position that appraisal results should be linked to remuneration. They argue that an organization needs a system to distribute rewards fairly. According to them, performance appraisal is the only process available to help achieve fair, decent and consistent reward outcomes. It has also been claimed that appraisees themselves are inclined to believe that appraisal results should be linked directly to reward outcomes. Research by Bannister and Balkin(1990) has reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards.

Necessary consideration to be taken during performance appraisal

Managers and appraisees commonly dislike appraisals and try to avoid them. To these people, the appraisal is daunting and time-consuming. The process is seen as a difficult administrative chore and emotionally challenging.

Performance appraisals are not inherently evil. There are useful purposes for them, and it is possible to effectively integrate performance appraisal into an overall performance management system. The key is to have both performance appraisal methods and performance management processes tailored to each organization's needs. The 'cookie cutter' approaches never have worked, and never will work. It is important that the appraiser (usually the employee's supervisor) be well-informed and credible.

Appraisers should feel comfortable with the techniques of appraisal, and should be knowledgeable about the employee's job and performance. When these conditions exist, employees are more likely to view the appraisal process as accurate and fair. They also express more acceptances of the appraiser's feedback and a greater willingness to change (Bannister, 1986). If an appraisal within a company is carried out without any rules and prospect of things linked to it, it might cause severe troubles, not only can it damage climate at workplace and lead to decrease in productivity, it can also end up with ethical and legal problems. Managers should always be aware of what they are doing and what consequences might be when appraising performance.

Effects of performance appraisal on employees' attitude

Archer (2002) suggests that mere individual recognition, that is appraising performance, can lead to higher job satisfaction and reduced absenteeism and turnover rates. In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all. The right decision on

what performance appraisal technique to use is essential for the rest of the process. For motivating employees by providing them feedback on how they are doing, the MBO or work-standards approach seem to be good choices. If they involve real participation, it is most likely to lead to an inner commitment to improved performance.

It has been shown in numerous studies (e.g. Locke et al., 1999) that goal-setting (MBO) is an important element in employee motivation. Goals can stimulate employee effort, focus attention, increase persistence, and encourage employees to find new and better ways to work. From a Total Quality Management (TQM) perspective, traditional performance appraisal can possibly hurt quality and teamwork, because it can make employees compete against one another. The solution might be rating teams rather than individuals.

Heathfield(2006)says that the employee whose performance is under review often becomes defensive. Whenever his performance is rated as less than the best, or less than the level at which he personally perceives his contribution, the manager is viewed as punitive. Disagreement about contribution and performance ratings can create a conflict ridden situation that festers for months. Oberg (2008) warns that negative feedback from performance appraisal not only fails to motivate the typical employee, but also can cause him to perform worse. Only those employees who have a high degree of self-esteem appear to be stimulated by criticism to improve their performance.

Relationship between demography characteristics and performance appraisal

Alan and Waldman (1998) examined the relationship between age and job performance evaluations for newcomers recently hired into entry-level positions in public accounting firms. They both predicted and found a negative relationship between age and job performance evaluations. This relationship was eliminated after controlling for undergraduate grade average and prior work experience, operationalised as the number of jobs that a newcomer had previously held. Results are discussed in terms of the possibility of negative age effects in entry-level positions and the potential.

The United Kingdom Employment Equality (Age) Regulations 2006, (consistent with Europe), effective from 1st October 2006, makes it particularly important to avoid any comments, judgments, suggestions, questions or decisions which might be perceived by the appraisee to be based on age. Age, along with any characteristics stated is not a lawful basis for assessing and managing people, unless proper 'objective justification' can be proven.

Gender

A large amount of the research on performance appraisal concerns the effect of ratee's gender on performance evaluations and other merit ratings (Arvey, 1979; Davison & Burke, 2000; Gunderson, Tinsley, & Terpstra, 1996; Martell, 1996; Maurer & Taylor, 1994; Robbins & DeNisi, 1993;)The majority of the research has focused on whether or not a pro-male bias exists and what

possible causes of the bias might be. According to Nieva and Gutek (1980), a pro-male bias occurs when men are rated more favourably than women given similar performance. Although the research, especially in field settings, has yielded mixed results, there does seem to be some evidence for a pro-male bias in the evaluation of performance and in employment hiring decisions (Arvey, 1979; Davison & Burke, 2000). If this is the case, the implications for women in organisations are troubling as women may still be at a disadvantage in obtaining employment, pay increases, and promotions.

Robbins (1993) presented a study which was designed to analyse cognitive characteristics and situational moderators associated with sex bias in performance appraisal. The results of this study suggest that sex bias does not emerge as an influential factor during rater recall. Rates performing in sex-incongruent occupations were found to receive deflated ratings in situations where their gender was not distinct within the group of rates to be evaluated.

Physical attractiveness

Other Studies also showed that attractive people are often judged to be more intelligent and have other positive qualities. In one study, for instance, men gave attractive women higher scores on the quality of writing. Photographs of the supposed authors were attached to the essays. First impression attractiveness can have an even more serious impact on employee selection. This is particularly true where candidate impressions are formed solely on an interview and not moderated with data obtained from practical and written tests.

Empirical studies on performance appraisal

Besides recording current trends in methods used, only a few researchers have clarified how performance appraisal data is used. Thomas and Bretz (1994) report that performance information is most likely to be used for employee development or to administer merit pay. They identified the main developmental uses as improving work performance, communicating expectations, determining employee potential and aiding employee counselling. Other common administrative uses included promotions, lay-offs, transfers, terminations, and validations of hiring decisions. In addition, Hall, Posner, and Hardner (1989) identified common objectives of performance appraisal as reviewing past performance, rewarding past performance, goal setting for future performance, and employee development. Cleveland, Murphy, and Williams (1989) warned that organizations should exercise caution when using the same performance appraisal methods for multiple applications (e.g. counselling an evaluation), since different performance appraisal methods may yield different types of data (e.g., qualitative and quantitative).

According to study by Baron(2002), “destructive criticism”, which is vague, ill-informed, unfair or harshly presented, will lead to problems such as anger, resentment, tension and workplace conflict, as well as increased resistance to improvement, denial of problems, and poorer performance. To show effects of performance appraisal on employee performance, a study by Gabris and Mitchell (2001), made in an organisation with a quarterly performance appraisal system,

which focused on Matthew effect, was used. “Matthew effect is said to occur where employees tend to keep receiving the same appraisal results, year in and year out. That is, their appraisal results tend to become self-fulfilling: if they have done well, they will continue to do well; if they have done poorly, they will continue to do poorly. They explored an extent of frustration rising from biased performance appraisal.

The workforce was divided into two groups: those who had been given high appraisal results consistently, and those who had low results consistently. When the groups were asked if the appraisal system was fair and equitable, 63 percent of the high performers agreed, compared to only 5 percent of the lower performers. The groups were asked if their supervisors listened to them. Of the high performers, 69 percent said yes, while among the low performers, 95 percent said no. Finally, when asked if their supervisors were supportive, nearly half of the high performers agreed that they were, while none of the low performers agreed.

It is a cardinal principle of performance appraisal that employees should have the chance to improve their appraisal results – especially if their past results have not been so good. It is a very serious flaw in the process of appraisal if this principle is denied in practice. According to Krein (1990), appraisers should not confront employees directly with criticism. Rather, they should aim to let the evidence of poor performance emerge "naturally" during the course of the appraisal interview. This is done by way of open-ended questioning techniques

that encourage the employee to identify their own performance problems. In this way the appraiser and the appraisee both negotiated to identify the shortcomings.

Billikop (2001), states that strengths of the negotiated Performance appraisal are its ability to promote candid two-way communication between the supervisor and the person being appraised and to help the latter take more responsibility for improving performance. In contrast, in the traditional performance appraisal, the supervisor acts more as a judge of employee performance than as a coach. By so doing, unfortunately, the focus is on blame rather than on helping the employee assume responsibility for improvement. For the employee to have enough time to respond and improve, the negotiated performance appraisal should take place at least nine to twelve months before the traditional one. There are no such strict time requirements when the traditional approach (used to make decisions about pay) precedes the negotiated one (used as a coaching tool).

Recent research by Bannister and Balkin(1990) has reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. Drake (1996) supports a claim that developmental performance appraisals made employees more effective. The researcher noted that a 1983 independent survey stated that 45 percent of the companies that had career planning as a component of their performance appraisal systems used a written development plan. Also noted has

been that 32 percent of the companies participating in the survey had not addressed career planning at all.

Employee Attitude Survey in the United State results also indicated that employees with development plans were more satisfied with the overall performance appraisal system than employees without development plans (77% satisfied with development plans versus 60% satisfied without development plan). The Employee Attitude Survey suggested that both managers and employees felt the use of the development plans had increased job performance (82% moderate or substantial increase) and increased job satisfaction (80% moderate or substantial increase).

Theoretical framework(Implicit Person Theory)

One important function of performance appraisals is to encourage and guide improved employee performance (Latham & Wexley, 1994). If performance appraisals are perceived as unfair, however, they can diminish rather than enhance employee attitudes and performance (Kay, Meyer, & French, 1965; Latham & Mann, 2006). Specifically, perceptions of procedural unfairness can adversely affect employees' organizational commitment, job satisfaction, trust in management, and performance (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). The theoretical framework for this study was the Implicit Person Theory (IPT). Implicit theories are the assumptions that individuals hold about the rigidity or malleability of personal attributes, such as abilities, intelligence, and personality (Dweck, 1999) that guide human behaviour.

The theory is to help understudied performance appraisal issues in ADB by investigating whether managers' procedural justice is predicted by their implicit person theory (IPT). A prototypical entity implicit person theory assumes that such personal attributes are largely a fixed entity, while an incremental implicit person theory assumes that such personal attributes are relatively malleable and can be developed over time (Dweck, C. S., Chiu, C., & Hong, 1995).

As noted earlier, performance appraisals need to be based on up-to-date, unbiased information about employee performance in order to be perceived as procedurally just (Latham & Mann, 2006). Erdley and Dweck (1993) theorised and found that compared with incremental theorists, entity theorists hold rigid initial impressions of other people and construe these impressions as prognostic of others' future behaviour. Dweck, C. S. (1999) reported that entity theorists attached much stronger evaluative labels (e.g., "competent" or "incompetent") to other people, such as a trainee pilot, based on minimal data about his other test score performance. Dweck (1999) theorized that entity theorists' deeply encoded evaluative labels of others could function as an anchor that is resistant to change. For performance appraisals to be seen as procedurally just, performance requirements need to have been clarified and employees provided with coaching to address performance deficiencies (Skarlicki & Latham, 2005).

A second stream of IPT research has been guided by Dweck C. S., Chiu, C., & Hong Y.Y. (1995) theory that entity theorists' belief that human attributes are innate and unalterable makes them disinclined to invest in developmental

initiatives, such as clarifying standards and providing information to help others improve. Holding the incremental assumption that people can change appears to foster the kinds of managerial behaviour that tend to result in employee perceptions of procedural justice. These include providing relatively unbiased, correctable, and accurate performance appraisals coaching to provide adequate notice of performance standards and how they can be attained , as well as seeking input from others (Heslin&VandeWalle, 2005), thereby providing employees with voice.

Conclusion

As organizations look for more productive raw materials and sources of revenue, so they must look for more productive human resources. Performance appraisals can provide valuable data for assessing individual employee performance and goal achievement advising employees of work expectations, identifying training and development needs and making critical personnel decisions. Performance appraisal information can be used for a variety of purposes including decisions about promotion and salary increases, career development, counselling and training. Manager's ratings collected as a part of performance appraisal are also frequently used in the validation of selection procedures.

Ideally, PA will inform and motivate an individual to perform more effectively however, there is also evidence that employees can become demotivated and demonstrate reduced performance following PA. The expected

organisational benefits normally derived from the performance appraisal can be completely subverted which goes to affect the employees productivity if the managers and supervisors responsible for appraisal fail to conduct the evaluation properly. In short, the evaluation will be only as good as the evaluator makes it. It has long been contended that the success or failure of any performance appraisal, regardless of the specific format used, is dependent upon individual raters and their motivation (or, more accurately, their lack of motivation).

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter forms the core of the study. It introduces the research design, the population of interest, the sampling method and the research instruments that were used to elicit information from the respondents. Also, the chapter captures the number of respondents that participated in the study and how the data collected from the field was handled and analyzed.

Study organization

The organization for this study was the Agricultural Development Bank (ADB). ADB is a universal bank offering full range of banking products and services in retail, commercial, corporate and investment banking. Set up in 1965 by Act 286, ADB is wholly publicly-owned. The government owns 52 percent of the shareholding, and the remaining 48 percent is held by the Financial Investment Trust on behalf of the Bank of Ghana. From its original Head Office on Tunisia Road, ADB moved to the Ring Road Central, then to the Cedi House on Liberia Road in 1993, before finally settling at its current ADB House Head Office premises on Independence Avenue in 2005 with a staff strength 1,215.

The management structure of ADB has the board of directors at the apex, followed by the CEO down to the finance and administration department. Figure 1 depicts the organizational chart of ADB.

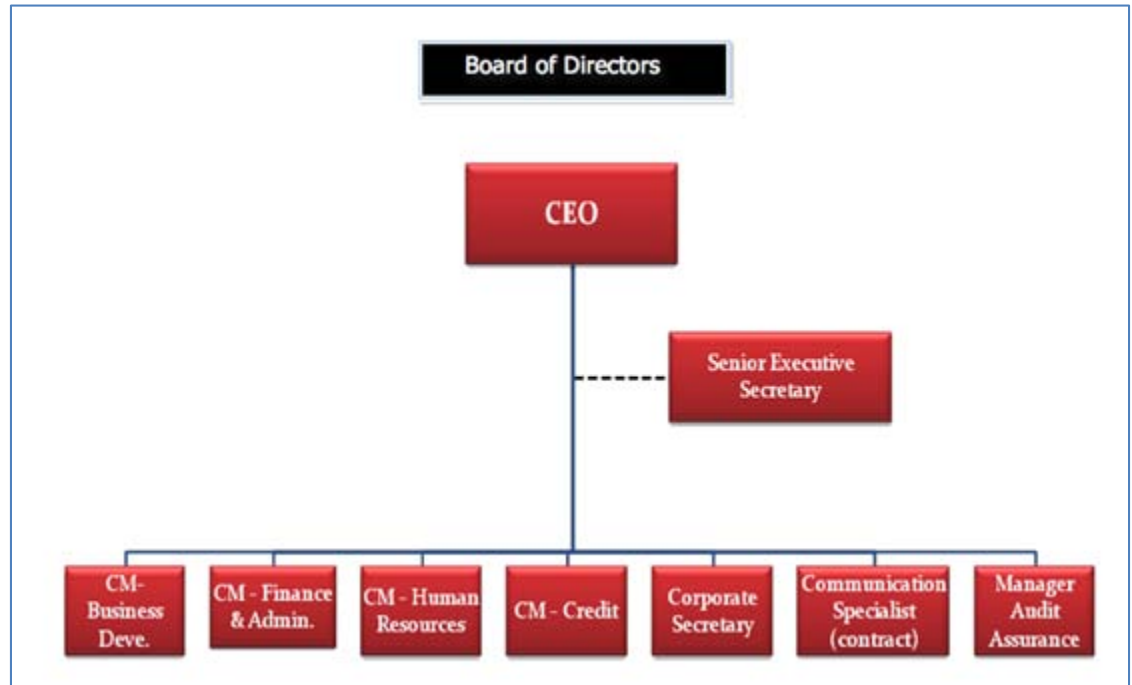


Figure 1: Organizational chart of ADB

Source: Agriculture Development Bank (2011)

Research design

Research design refers to the research strategies and methods or techniques employed for an investigation and these must be appropriate for the particular questions that need to be answered. The function of a research design is to ensure that the evidence obtained from a research enables one to answer the initial questions as unambiguously as possible (Grove, 1991). Thus, research design encompasses many decisions including the sampling plan, selection of appropriate study designs, methods, procedures and measures, and,

assuring confidence in the study's internal and external validity. The qualitative research design was used for this study.

The qualitative paradigm aims to understand the social world from the viewpoint of respondents, through detailed descriptions of their cognitive and symbolic actions, and through the richness of meaning associated with observable behaviour (Wildemuth, 1993). Although this kind of research is sometimes criticized for not being generalizable, Polit and Hungler (1995) suggest that while qualitative studies are not generalizable in the traditional sense of the word, nor do they claim to be, that they have other redeeming features which makes them highly valuable in the education community, partial generalizations may be possible to similar populations, but feel that even this should not be a primary concern of qualitative research.

One of the greatest strengths of the qualitative approach is the richness and depth of explorations and descriptions. Qualitative approaches have the advantage of allowing for more diversity in responses as well as the capacity to adapt to new developments or issues during the research process itself. While qualitative research can be expensive and time-consuming to conduct, many fields of research employ qualitative techniques that have been specifically developed to provide more succinct, cost-efficient and timely results. It is in line with the above advantages which the qualitative research design offers, that the researcher considered the design as the most appropriate for this study. In other words, with this design, an in-depth description and rich information on the impact of performance appraisal on employee's performance is achieved.

Target population

The target population for this study was employees of Agricultural Development Bank. However, the population sampled for the study included managers and staff from two branches (Koforidua and Suhum) selected from the Eastern Region of Ghana. Thus, the population sampled included managers of the two branches (Koforidua and Suhum) and staff of the two branches under each branch manager. These sampling units for the study helped obtained views from managers and staff, both from the branches of which administrative dispensations are different making the population sampled more representative of the target population. Table 1 shows the distribution of staff and managers across the two branches under study.

Table 1: Staff and managers in Koforidua and Suhum branch

Branch	Staff	Managers	Total
Koforidua	40	1	41
Suhum	30	1	31
Total	70	2	72

Source: Human Resource Department: ADB, 2011

Sampling techniques

The quality of information generated from any survey depends largely on the sampling strategies, design adopted and the competence of field officers. A good sample will reproduce the characteristics of interest in the population, as

closely as possible. The best sampling method is the method that most effectively meets the particular goals of the study in question. The effectiveness of a sampling method depends on many factors. Because these factors interact in complex ways, the "best" sampling method is seldom obvious.

The concept of sampling was employed in this study. Even if it was possible, it was not necessary to collect data from everyone in the target population in order to get valid findings. To effectively sample the target population, the researcher employed both the simple random and purposive sampling methods in this study. The purposive sampling method was used to sample managers of the various units in the Agriculture Development Banks. In this method, the researcher samples with a purpose in mind. The purposive sampling method was considered as the most appropriate for sampling managers in this study since sampling for proportionality is not the primary concern.

On the other hand, the simple random sampling method was used to sample staff across the branches under study. In this method, staffs of ADB were chosen randomly and entirely by chance across the branches under study, such that each staff had the same probability of being chosen at any stage during the sampling process. The researcher resorted to the use of this sampling method because, it guaranteed that the sample chosen is representative of the population which ensured that the statistical conclusions drawn were valid. That is, the simple random sampling method was free of classification error, and required minimum advance knowledge of the population other than the frame.

Sample size

The sample size of every statistical study to a very large extent has an influence on the level of precision obtain from such studies. Many researchers have argued that the larger the sample size for a particular study, the more accurate the result obtained will be. There are several factors that influence the sample size of a given survey. However, the three most vital factors are the population size of the area under study, the confidence interval or the margin of error under which the study was conducted and the confidence level.

A sample size of 52 respondents was used for the study. This was made up of 50 staffs and two managers from the two branches.

The question of how large a sample to take arises early in the planning of any survey. This is an important question that should not be treated lightly. The main objective is to obtain both a desirable accuracy and a desirable confidence level with minimum cost. The results obtained from the pre-test survey gave the researcher an indication that a sample size of 52 would be adequate for the study. In response to this, the study was conducted under a confidence interval of 5 thus a 5 percent margin of error with a 95 percent confidence level. Many researchers have argued that the larger the sample size, the more sure one can be that his answers truly reflect the population. This indicates that for a given confidence level, the larger the sample size, the smaller the confidence interval. This informed the researcher the idea of accepting to work at a 5 percent margin of error since the sample size was small.

Sources of data

To obtain an accurate and reliable data from the study, both primary and secondary data were sourced. The primary source was the data collected from the fieldwork and the secondary or documentary sources were works of other researchers from books, journals, reports, and the Internet.

Research instrument

The research instrument with which respondents' views were gathered from the field was a self-administered questionnaire. This was the most appropriate instrument for the study since all respondents are literates. The respondents were in a position to respond to the items on the questionnaire without being aided by field assistants. Moreover, a written questionnaire does not only allow for larger sample collection of information at a minimum cost but also offers greater anonymity to the respondents. With this data collection instrument, it allowed respondents who are shy to respond to sensitive questions in anonymity increasing the precision rate of the study. Also with the self-administering questionnaire, respondents were able to read the whole items on the questionnaire before answering any questions making them obtain a more understanding of the questions which made them provide accurate responses. The questionnaire was pre-tested for reliability and validity.

Steps took in the design of the questionnaire

Response rate is the single most important indicator of how much confidence a researcher can place in the results obtained from a study. A low response rate can be devastating to a study. As a general rule, with only a few exceptions, long questionnaires get less response than short questionnaires. Therefore, every researcher does everything possible to maximize the response rate. Constructing valid, reliable, and unbiased questions is necessary but not sufficient for creating good questionnaire. How the questions are organized and presented also deserve careful considerations all of which were carefully considered under the design of the questionnaire used for this study.

Section A captured information on the demographic characteristics of respondents such as age, sex and department. Section B examined the perception staff of ADB holds about the process through which they are being appraised. It also found out other methods of appraisal which staff will appreciate most. Section C examined the effect performance appraisal has on staff performance using a five-point likert scale and Section D Challenges facing the conduct of performance appraisals and possible solutions.

Data from managers was obtained through interview guide. Before the interview, the purpose of the study was explained to the managers which adequately prepared them for an effective interview.

Pilot study

In response to this, the researcher conducted a pilot study before the main survey which was a small-scale methodological test intended to ensure that the proposed methods and procedures to be used in the study will work in practice before being applied in the actual study. During the pilot study, managers and staff were asked to comment on the relevance and clarity of the questions. Accessibility (understanding of the questions and whether the questions ask what they purposed to ask) was achieved by interviewing 10 managers and staff in total from the Teshie Branch in the Greater Accra Region who completed the initial draft of the questionnaire. In other words, a sample size of 10 respondents participated in the pilot survey.

The responses obtained were analyzed after which the questionnaire was reversed. Thus the pre-testing provided the researcher the opportunity to make adjustments and revisions of the questionnaire before investing in, and incurring, the heavy costs and challenges associated with the actual study. However, the results obtained from the pilot study were not included in the final results and analysis.

Additionally, to test the reliability of the consistency for the entire likert scale, a reliability coefficient was determined through the conduct of a reliability test using the Cronbach Alpha. Upon the conduct of the reliability test, the Cronbach Alpha value obtained (0.879) indicated that the scale used to measure the effect of performance appraisal on staff performance was reliable.

Data analysis

This section discusses how the data gathered from the field was handled, processed and analysed. As indicated earlier on, the two types of questions employed in the questionnaire were open-ended and closed-ended. In response to this, different techniques were used to handle the two types of data.

All the quantitative data generated from the study were coded into numeric characters. The coding was done to classify the answers obtained to a question into meaningful categories, so as to bring out their essential pattern.

Editing of the survey schedules is intended to detect and as far as possibly eliminate errors in the completed questionnaire. The questionnaires obtained from the field were manually edited to detect any errors in their completion before entering into the computer. However, after entering into the computer, the data was again edited to allow for eliminating of duplicated and incorrectly entered data.

The statistical software used to analyze the data was the Statistical Package for the Social Sciences (SPSS) now Statistical Product and Service Solutions, version 17 and Microsoft Excel. Descriptive statistics such as frequencies and percentages were used in presenting the results. Additionally, cross tabulations and chi-square were used to test certain relationships, trends, behaviour and associations among the variables

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

The results of the study as well as the discussion of the findings are presented in this chapter. In the discussion of the findings, attempts were made to give the possible implications of the findings, while the results were also compared to the pertinent theories and concepts discussed in the review of literature. The study examined the effects of performance appraisal on employees' performance with specific focus on the effects of performance appraisal on ADB employees' performance; staff perception of performance appraisal in ADB, alternative ways performance appraisal could be conducted in ADB, and the challenges of conducting performance appraisal in ADB as well as possible solutions.

The results are presented in stages: The first stage involves the background characteristics of the respondents, while the second presents staff perception of performance appraisal in ADB. Stage three focused on the effects of performance appraisal on ADB employees' performance. Findings on alternative ways performance appraisal could be conducted in ADB are discussed in the fourth stage, while the final stage presents the challenges of conducting performance appraisal in ADB as well as possible solutions.

Background characteristics of respondents

In examining the demographic characteristics of respondents, the following five demographic variables were analysed: sex; age; marital status; educational background, and period of working with ADB. In all, 52 respondents participated in the survey. This was made up of 50 staff who responded to the questionnaire and two managers who participated in the in-depth interview.

Of the 50 respondents, 13(26.0%) were males, while 37(74.0%) were females. Thus, the proportion of females who responded to the study overwhelmingly outnumbered that of the males. To perform analysis on the age of respondents, five age groups were used. Table 2 shows the findings on the age distribution of the respondents.

Table 2: Age of respondents

Age (Years)	Frequency	Percent
25-34	12	24.0
35-44	31	62.0
45-54	7	14.0
Total	50	100.0

Source: Field survey, 2011

In Table 2, more than half (62%) of the respondents were in the age group of 35-44 years. Thus the most represented age group among respondents was 35-44 years, while the least represented was 45-54 years. It must be mentioned that none of the respondents was less than 25 years and fell in the age group of 55-64 years.

This is an indication that, most of the respondents were youthful and energetic which is relevant for a productive workforce.

Findings on the marital status of the respondents showed that 76 percent were married while 24 percent had never been married. In other words, majority the respondents were married. This was expected considering the fact that many of the respondents were in their thirties which is a common age group for marriage. None of the respondents was widowed, separated or divorced. Further cross-tabulation was performed between the age of respondents and their marital status.

Table 3: Marital status of respondents across age groups

Age	Marital status		Total
	Never married	Married	
25-34	6(50%)	6(50%)	12
35-44	6(19.4%)	25(80.6%)	31
45-54	0(0%)	7(100.0%)	7
Total	12(24.0%)	38(76.0%)	50

Source: Field survey, 2011

Of the 31 respondents in the age group of 35-44 years, (80.6%) were married, while (19.4%) had never been married. Thus, the proportion of respondents married and in the age group of 35-44 years was 61.2 percent higher than those never married. All the seven respondents in the age group of 45-54 years were married. An even proportion was however observed for respondents in the age group of 25-43 years, where of the 12 respondents, 6 each was married

and has never been married. It is inferred from Table 3 that, most of the respondents married were older. This was expected as marriage is often associated with the elderly.

Three educational qualification variables were used in assessing the educational background of respondents. This included first degree, second degree, and HND. Of the 50 respondents, (52.0%) held second degree, (24%) first degree, and (12%) HND. Six respondents also held other educational qualifications beside first degree, second degree and HND. Thus majority of the respondents held second degree. Figure 2 further depicts the educational background of the respondents.

The findings on the educational background of the respondents as presented in Figure 2 indicate that, the respondents held a higher educational background. This was not surprising considering the fact that the banking industry requires some higher level of professionalism.

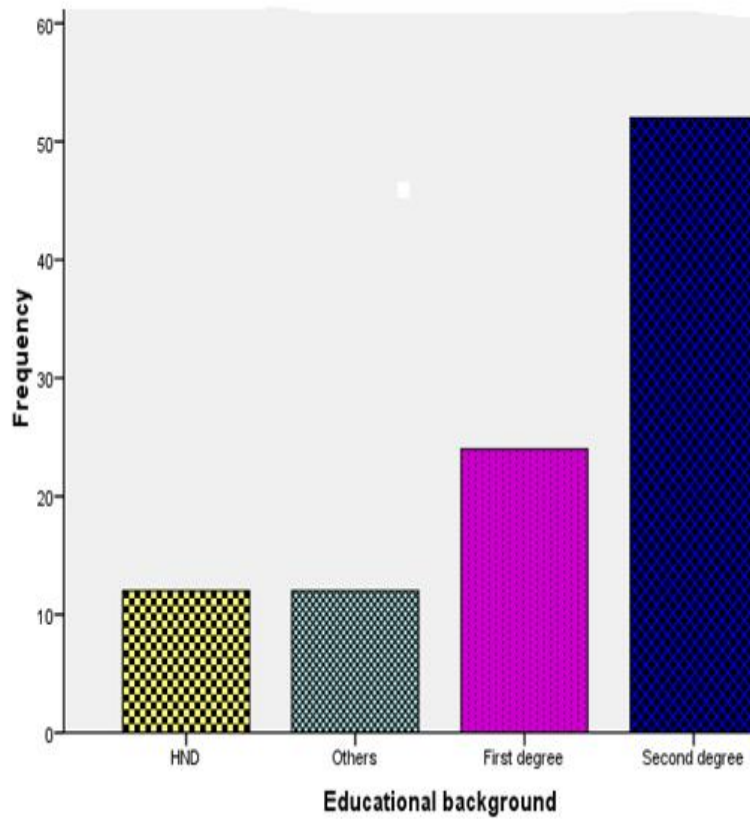


Figure 2: Educational background

Source: Field survey, 2011

The period for which respondents have worked with ADB was also analysed. Table 4 depicts the responses.

Table 4: Period for which respondents have worked with ADB

Period (Years)	Frequency	Percent
1-3	6	12
4-6	12	24
7-9	13	26
10 and above	19	38
Total	50	100

Source: Field survey, 2011

It is observed from Table 4 that the most represented period for which respondents have worked with ADB was 10 and above years, while the least represented was 1-3 years. Almost an even proportion was observed for those between 4-6 years and 7-9 years. It was deduced that majority of the respondents had a longer period and much experience of working with ADB.

Staff perception of performance appraisal in ADB

This section focussed on the perception staff of ADB hold of the performance appraisal system in answering research question one; what perception do the staff of ADB hold of the performance appraisal system?. Respondents were asked if they have ever been unfairly appraised by their line managers. Of the 50 respondents, 38 percent responded affirmatively, while 62 percent responded negatively. Thus, though more than 50 percent of the respondents have been fairly appraised, the proportion that has been unfairly appraised was significant.

The unfair nature of the appraisal process could diminish employee performance and attitude rather than enhancing these attributes of employees as observed by Kay, Meyer, and French (1965). Deduced from the finding is that for performance appraisals to be seen as procedurally just and perceived as fair, performance requirements need to have been clarified and employees provided with coaching to address performance deficiencies as indicated by Skarlicki and Latham(2005). In other words, performance appraisals need to be based on up-to-date, unbiased information about employee performance in order to be perceived as procedurally just (Latham &Mann, 2006).

The study also examined the views of the respondents on how transparent the appraisal system has been across their demography variables. In other words, respondents' perception of the appraisal system across their educational background, age and sex were examined to determine if there are any differences. Table 5 depicts respondents' perception on the appraisal system across their educational background.

Table 5: Perception of respondents on the appraisal system across educational background

EducationalResponse			
		No	Total
Yes			
First Degree	6	6	12
Second Degree	13	13	26
HND	0	6	6
Others	0	6	6
Total Count	19	31	50

Source: Field Survey, 2011

The results in Table 5 suggest that there is no relationship between the perception respondents hold of the appraisal system in ADB across their educational backgrounds. For example, an even proportion (50%) is observed for respondents with first degree and those who perceived the system as fair and unfair. Similar results are observed for those with second degree where an even proportion was also observed. To test how significant the result above is, a further chi-square of independence was performed of which a non-significant chi-square ($\chi^2 = 6.908$, $p=0.090$) was obtained. Thus, the perception respondents held of the appraisal system was not dependent on their educational background. This implied that both the highly educated and less educated staff are likely to hold similar perception about the system. Perception across the age of respondents was also examined. An even response (50%) was observed for respondents in the age

group of 25-34 years. However, of the 31 respondents in the age group 35-44 years, 12(38.7%) said the appraisal system has been fair, while 19(61.3%) indicated that the system has been unfair. Thus, the proportion of the respondents in the age group 35-44 years who indicated that the appraisal system has been unfair (61.3%) was 22.6 percent higher than those who indicated that the system has been fair (38.7%). Also, of the seven respondents in the age group of 45-54 years, 6(85.7%) said the system has been fair, while only 1(14.3%) said the system has been unfair.

An assessment of the results indicates that, there is some negative correlation between respondents' age and their perception of the appraisal system in ADB. Thus, older employees of ADB are more likely to perceive the appraisal system as more transparent than younger employees. This result is similar to the finding of Alan and Waldman (1998) who examined the relationship between age and job performance evaluations for newcomers recently hired into entry-level positions in public accounting firms. Alan and Waldman found a negative relationship between age and job performance evaluations. This result could be attributed to the long working experience of the older employees with the bank. In other words, respondents who have worked with ADB for longer periods might have undergone countless number of appraisals presenting them a better platform to assess the system as against those younger.

Sex was also found not to affect the perception respondents hold about the appraisal system. The results are shown in Table 6.

Table 6: Perception of respondents on the appraisal system across sex

Responses according sex			
Sex	Yes	No	Total
Male	7	6	13
Percentage	53.8	46.2	100.0
Female	12	25	37
Percentage	32.4	67.6	100.0
Total	19	31	50

Source: Source: Field survey, 2011

Of the 13 males, 53.8 percent said they have been appraised unfairly while 46.2 percent have been appraised fairly. On the other hand, about 67.6 percent of the females said they have been unfairly appraised. Though a critical observation of the results suggest that a majority of the females have been unfairly appraised, further analysis shows that the result is non-significant ($\chi^2 = 1.872$, $p=0.171$). This implied that both males and females of ADB are likely to be appraised equally and that employee's sex does not influence the appraisal system. This supports Robbins (1993) who suggests that sex bias does not emerge as an influential factor during rater recall.

Alternative ways performance appraisal could be conducted in ADB

This section focussed on research question two; thus, what alternative ways can performance appraisal be conducted in ADB?As part of assessing alternative ways of performing appraisal could be conducted in ADB, the study examined whether respondents like the current appraisal system (Rating Scale) by which their performance was evaluated. About 85.7 percent of the respondents did not like the rating scale while only 14.3 percent liked the scale. It is however surprising to note that, though majority of the respondents have been fairly appraised. Many of them disliked the rating scale.Further analysis performed shown that respondents prefer other alternative performance appraisal methods as shown in Table 7.

Table 7: Alternative performance appraisal methods respondents like

Method	Frequency	Percent
Essay evaluation	23	46.0
Peer ranking	13	26.0
Management By Objective (MOB)	10	20.0
360-Degree feedback	4	8.0
Total	50	100.0

Source: Source: Field survey, 2011

It is observed in Table 7 that the essay evaluation method where the appraiser involves the appraisee in the evaluation process to know his/her weaknesses and strengths was noted to be a major (46%) approach respondents preferred. This finding was also confirmed from the qualitative data gathered

from management during the interview when asked to indicate the best form of evaluating the performance of employees. One of the managers indicated:

The best form of evaluating staff performance is to sit down with the staff and have head to head discussion with him/her during the appraisal. In other words, sitting down with employees to review performance makes the employee know the basis on which evaluation is made, thereby having a positive perception about the appraisal system

This implied that if employees participate in the appraisal process, it is most likely to lead to an inner commitment to improved performance. Respondents' acceptance of the easy evaluation method could be linked to the fact that the process is open-ended and very flexible where the appraiser is not locked into an appraisal system that limits expression or assumes that employee traits can be neatly dissected and scaled as indicated by Hanson(1995).It must be mentioned that the peer ranking approach where the appraiser ranked the appraisee in relations to the performance of other staff also dominated among respondents (26%). This further implied that for management to adopt this method, it must use the forced-ranking method, which involves distributing ratings so they conformed to a normal distribution curve as observed by Drucke (1987).

It is however surprising to know from the study that respondents did not like the MBO much(20%), despite its strengths of giving employees a satisfying sense of autonomy and achievement since the method is basically based on the achievement of set targets within a target period. This implied that management needs to set clear and unambiguous goals and targets so that employees become

clear of what is expected from them in terms of their outputs. Also, the 360-feedback approach being the least (8%) method liked by respondents could be linked to Oberg (2008) who warns that, negative feedback from performance appraisal not only fails to motivate the typical employee, but also can cause him to perform worse. This further meant that for employees to appreciate the 360-mehtod, management must ensure that the process is as positive as possible.

The results in Table 7 supports Locher and Teel (1988) study which showed that the three most common appraisal methods in general used are Rating Scales (56%), Essay Methods (25%) and Management by Objectives (MBO) methods (13%). Also, to some extent disputes Taylor and Zawacki (1984) who identified MBO as a popular technique liked by employees.

Evaluating employee performance should be time bound. In response, respondents were asked how often appraisals should be conducted. Table 8 shows the responses.

Table 8: Period of conducting performance appraisal

Period	Frequency	Percent
Annually	1	2.0
Semi-annually	40	80.0
Quarterly	9	18.0
Total	50	100.0

Source: Field survey, 2011

Table 8 examined that evaluating employees' performance semi-annually is the most (80%) represented period, while evaluating performance annually is

the least (2%) represented. This implied that though respondents seemed to like the rating scale method, performing appraisal semi-annually could be effective and enables management to monitor standards, agreeing expectations and objectives, and delegation of responsibilities and tasks. It must be mentioned that none of the respondents chose monthly as a proposed period for which employees' performance should be evaluated.

Management who responded to the study also confirmed that evaluating employees' performance should be done semi-annually similar to the views of the staff. The following reasons were found to be associated with respondents' view of performing appraisal semi-annually:

- Gives reasonable time for one to assess performance;
- Gives ample time for one to make changes during second half of year;
- Creates a better opportunity to note staff performance since period is short unlike annually; and
- Gives a true reflection of the performance indicators and helps plan well in achieving targets.

Effects of performance appraisal on ADB employees' performance

This sub-section examined the effects of performance appraisal on ADB employees' performance as part of assessing the impacts of performance appraisal on employees' performance. Thus this sub-section focused on research question three, what are the effects of performance appraisal on employees of ADB performance. In obtaining answers to the research question, the study examined

the extent to which performance appraisal system in ADB increases employees' performance. Table 9 depicts the responses.

Table 9: Extent to which performance appraisal affects respondents' performance

Extent	Frequency	Percent
High	34	68.0
Average	8	16.0
Low	8	16.0
Total	50	100.0

Source:Field survey, 2011

It is observed in Table 9 that more than 50 percent (68%) of the respondents have indicated that performance appraisal does affect their performance to a higher extent. The results in Table 8 show that performance appraisal has a very significant impact on the performance of employees. Respondents further indicated that the impacts of performance appraisal on their performance would be positive provided the appraisal process is performed effectively and devoid of injustice. This is in congruence with Glover (1999) who observed that the impact of performance appraisal on employees' performance strongly depends on the manner and process in which the process of appraising is being carried.

The study specifically examined how performance appraisal impacts on the performance of employees. In doing this, respondents were asked if their level of motivation and commitment goes high when they are being appraised. Of the

50 respondents, 75 percent indicated that their level of motivation and commitment goes high when they are being appraised. However, the study observed that respondents' level of motivation and commitment does not necessarily go high when the process is not linked to rewards. Specifically, 62.5 percent of the respondents have indicated that their acceptance of the appraisal process would increase if the appraisal process is directly linked to rewards, while 37.5 percent indicated otherwise.

This result is similar to Bannister and Balkin (1990) who reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. However, the results differ from that of Archer (2002) who indicated that the linkage to reward outcomes reduces or eliminates the developmental value of appraisals. Therefore, management must effectively use the appraisal system to distribute rewards fairly. Thus, the appraisal process should be a process available to management to achieve fair, decent and consistent reward outcomes.

An indifferent result was observed when respondents were asked if the appraisal system helps them determine and develop their skills and potentials. Thus 50 percent of the respondents confirmed that the appraisal process developed their skills and potentials, while 50 percent responded otherwise. This implied that, the appraisal system has not adequately established individual training needs as well as enables organizational training needs analysis and planning as observed by Archer(2002).This result was further supported when

37.5 percent of the respondents indicated that the appraisal process has not created the platform for their training needs to be identified and met.

Further analysis performed indicated that, the appraisal system developing the skills and potentials of employees was highly dependent ($\chi^2 = 59.203$, $p=0.000$) on employees' period of working with ADB. For example, of the six respondents who have worked between 1-3 years, none indicated that the appraisal system develops his/skills, while of the 19 employees who have worked for 10 years and above, 78.9 percent have shown that the appraisal system develops their skills and potentials.

This meant that employees who have longer working experiences in ADB are more likely to describe the appraisal system as having more positive impact in developing their skills and potentials. It is inferred from the results that, the differences in respondents views on the appraisal system developing their skills as a result of the differences in period of working with ADB is as a result of the fact that, ADA training policy is linked to the period for which employees have worked with the company, and that effective training needs analysis does not form part of the appraisal process. Period of working with ADB is a significant contributing factor for an employee qualifying for undertaking training. Management needs to clarify the requirement of employees benefiting from training and the linked with performance appraisal results to employees.

Challenges of conducting performance appraisal in ADB

This section discussed the challenges management encounter in appraising employees as part of answering research question four. From management

perspective, conducting performance in ADB is challenged by several limitations. Findings gathered regarding the weakness of the rating scale currently in used is outlined as follows:

- Lacks some of the key performance indicators and waste of time;
- Rating not done on tally and frequency basis for averages to be used introducing biasness into the appraisal process;
- Some staff are over appraised by their supervisors;
- Favouritism engulfing the appraisal system;
- Inconsistency in staff performances across the year where some staff put up lazy attitudes towards the beginning of the year but become much focused and perform better getting to the end of the year. This makes it difficult to obtain the true picture of staff performance;
- Appraising staff who went on leave within the year is often a challenge; and
- Giving fair assessment as it is difficult to come to agreement with staff on the assessment made

It is deduced from the challenges above that; it is often a difficult task for management to fairly appraise employees further confirming the findings that about 38 percent of the respondents have been unfairly appraised. The weaknesses as identified to be associated with the rating scale supports Sturo (2008), that the major drawback of the rate scale is their subjectivity and low reliability.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

The chapter presents a summary of the findings of the study as well as the conclusions, recommendations, and directions for future research. Thus, the chapter focuses on the implications of the findings from the study for policy making and future research.

Summary

The study examined the effects of performance appraisal on employees' performance with specific focus on the effects of performance appraisal on ADB employees' performance; staff perception of performance appraisal in ADB, alternative ways performance appraisal could be conducted in ADB, and the challenges associated with the conduct of performance appraisal in ADB. In all, 52 respondents participated in the study made up of 50 staff through structured questionnaires, and two management through in-depth interviews.

The first objective addressed staff perception of performance appraisal in ADB.

The following key findings emerged:

- About 62 percent of respondents did not like the rating scale method of performance appraisal currently use in ADB;
- The appraisal process has not been highly fair introducing some level of biasness and procedural injustice; and

- Perception about the appraisal process differed across the demography characteristics of respondents.

Alternative ways performance appraisal could be conducted in ADB was studied in the second objectives and the main findings were:

- The Essay Evaluation method where the appraiser involves the appraisal in the evaluation process to know his/her weaknesses and strengths was noted as the major ways performance appraisal could be effectively performed in ADB;
- The peer ranking approach where the appraiser ranked the appraisee in relations to the performance of other staff also dominated among respondents as alternative to the rating scale, while the MBO and 360 were the least preferred appraisal methods ; and
- Evaluating employees' performance semi-annually was the most represented period. Thus, most of the respondents preferred that their performance be evaluated semi-annually to the current one year period.

Objective three examined the effects of performance appraisal on ADB employees' performance of which the following findings emerged:

- Performance appraisal has a very significant impact on the performance of the respondents;
- Generally, performance appraisal has not significantly affects the performance of respondents since the process has not been directly linked to rewards and remuneration; and

- The appraisal process does not effectively affect the development of respondents in terms of job skills and potentials.

The fourth objective assessed challenges associated with the conduct of performance appraisal in ADB with the following major findings:

- The major drawback of the current appraisal system(rate scale) is its subjectivity and low reliability;
- The appraisal process lacks some of the key performance indicators and waste of time; and
- Rating not done on tally and frequency basis for averages to be used introducing biasness into the appraisal process.

Conclusions

Performance appraisals are based on up-to-date, unbiased information about employee performance in order to be perceived as procedurally just. Many staff of ADB perceived the appraisal process as unfair, which introduces some level of biasness and procedural injustice. Additionally, many staff of ADB did not like the rating scale method of performance appraisal currently use in evaluating their performances.

The effect of performance appraisal on employees performance is mixed (Both positive and negative) depending on how effective and efficient the process is being perceived. Generally, the system has not significantly affected the performance of employees positively, implying much needs to be done to tapping the opportunities effective appraisals

present to organisations. Thus, the appraisal system has not adequately established individual training needs as well as enables organisational training needs analysis and planning. This implied that if employees participate in the appraisal process, it is most likely to lead to an inner commitment to improved performance.

The essay evaluation method where the appraiser involves the appraisee in the evaluation process to know his/her weaknesses and strengths, was noted as the major way performance appraisal could be effectively performed in ADB. Additionally, evaluating employees' performance semi-annually could be more effective in enhancing staff output than the one year currently in use.

Regarding challenges in conducting performance appraisal by management of ADB, inconsistency in staff performances across the year where some staff put up lazy attitudes towards the beginning of the year but become much focused and perform better getting to the end of the year, makes it difficult to obtain the true picture of staff performance for management. Also, appraising staff that went on leave has been a difficult task for management as a result of the period of absence created.

Recommendations

In response to the findings and conclusions arising from the study, the following recommendations are made for policy making:

- Management needs to ensure that performance appraisals are based on up-to-date, unbiased information about employee performance in order to be perceived as procedurally just and fair by employees;
- The essay evaluation method should form a critical component of reviewing employees' performance by the Human Resource Department of ADB. This would help employee know the basis on which evaluation is made, thereby having a more positive perception about the appraisal system;
- Feedback regarding employees' performance after the appraisal system should contribute to the post-appraisal activities by management of ADB. This is to help employees become abreast of their weakness and strengths in terms of performance;
- It is recommended that management reduce the appraisal period from one year to half a year. This is to give a true reflection of the performance indicators and helps plan well in achieving targets; and
- Management is encouraged as much as possible to link the appraisal process to rewards and remuneration. Thus, management must effectively use the appraisal system to distribute rewards fairly.
- Period of working with ADB is a significant contributing factor for an employee qualifying for undertaking training. Management needs to clarify the requirement of employees benefiting from training and the linked with performance appraisal results to employees.

Direction for future research

Based on the limitation of the research, the study recommended that a study into: The impact of performance appraisal on employees' training needs be performed. This is to help examine how effectively performance appraisal could be used to identify the training needs of employees in enhancing training needs assessment in ADB.

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APPENDICES

APPENDIX A

QUESTIONNAIRE FOR STAFF

Dear Respondent

This questionnaire has been designed purely for academic purpose. It has been designed to examine the effect of performance appraisal on employees' performance, assess staff perception of performance appraisal in ADB, examine alternative ways performance appraisal could be conducted in ADB and identify the challenges of conducting performance appraisal in ADB and their relevant solutions.

You have been selected as one of the most trusted staff of ADB to respond to the issues to your best of ability. You are however assured that information provided to complete this questionnaire will be treated strictly confidential.

Thank you in advance for participating

INSTRUCTION: Please supply answers and tick where appropriate

SECTION A: SOCIO-ECONOMIC BACKGROUND

- 1) Gender.....Male Female
- 2) Age .a) Less than 25yrs b.25-34 c. 35-44 d. 45-54 e. 55-64
- 3) Marital status... a) Never married b) Married c) Divorced d) Widow/widower e. Separate
4. Educational background...a) First Degree b) Second degree c)

HND

d) Specify if others.....

5. How long have you been working with the company... a) Less than a year

b) 1-3 years 4- 6years d) 7- 9 years e) 10 years and above

SECTION B: PERCEPTIONS OF STAFF ON THE APPRAISAL PROCESS

This section of the questionnaires examines the perception staff of ADB holds about the process through which they are being evaluated. It also finds out other methods of appraisal which staff will appreciate most.

1. Have you ever been unfairly appraised by your line manager..... a) YES

b) NO

2. If YES, for which of these will you attribute the unfairness to

a) Past misunderstanding with my boss b) Mere wickedness c) Can't tell

d) Specify if others.....

3. Do you like the appraisal method (Rating Scale) by which your performance is being evaluated YES b) NO c) Not Certain

4. If NO or Not Certain, kindly indicate below your reasons

a.....

b.....

5. If NO or Not certain from qu.3, which method of appraisal will you appreciate **most**

a) Appraisal method through which the appraiser involves the appraisee in the evaluation process to know his and/her weaknesses strengths

- b) Appraisal method where the appraiser ranked the appraisee in relations to the performance of other staff
- c) The method by which am appraised towards a given goal which am expected to achieve within a target period
- d) Receiving feedback from other staff colleagues about the appraiser performance
- e) Specify if others.....
5. To what extent if **any** has the Performance appraisal system increased your performance level in relation to your job. a) Very high b) high
Average d) Low
6. Would your acceptance of the appraisal process increase if the appraisal process is directly linked to rewards. a) Yes b) No

SECTION C: THE EFFECT OF PERFORMANCE APPRAISAL ON STAFF PERFORMANCE

This section of the questionnaire examines the effect performance appraisal has on staff performance. Below is a list of 10 items measuring the effect performance appraisal has on employees productivity level. Kindly read each statement below and indicate your views based on the following scale: **Strongly disagree = 1 point; Disagree = 2 points; Neutral = 3 points. Strongly Agree = 4 points, Agree = 5 points.**

STATEMENTS ON PERFORMANCE APPRAISAL	S	C	A	L	E
	1	2	3	4	5

1. My level of motivation goes high when am being appraised					
2. My level of commitment increases when are being appraised.					
3. Thanks to appraisal, I am able to perform my duties with the objectives of the company in perspective.					
4. With appraisal, I am able to develop my work behaviour which ultimately increases my performance.					
5. Appraisal helps me determine and develop my skills and potentials					
6. During appraisal, am provided with specific feedback about my effective and ineffective behaviour					
7. Am often given feedback immediately after being appraised					
8. My boss often gives me recognition for doing good job all the time whether within the organization period for appraisal or not.					
9. Appraisal gives me the platform for my training needs to be identified and met.					
10. The appraisal process has always not been fair in terms of promotion					

APPENDIX B

INTERVIEW GUIDE FOR MANAGERS

Introduction

This study has been designed purely for academic purpose. It has been designed to examine the effect of Performance Appraisal on employees' performance, assess staff perception of Performance Appraisal in ADB, examine alternative ways Performance Appraisal could be conducted in ADB and identify the challenges of conducting Performance Appraisal in ADB and their relevant solutions.

You have been selected as one of the most trusted managers of ADB to respond to the issues to your best of ability. You are however assured that information provided to complete this questionnaire will be treated strictly confidential.

Thank you in advance for participating

SECTION A: PERCEPTION OF MANAGEMENT ON THE ONE YEAR APPRAIAL PROCESS

1. Kindly indicate which periods within which ADB employees should be appraised

.....

2. Kindly give your reasons for the stated period from question. 1

a.....

b.....

**SECTION B: ALTERNATIVE METHODS OF CONDUCTING
PERFORMANCE APPRAISAL IN ADB**

3. Kindly Outline the best form of evaluating workers performance

a).....

b).....

4. What has been the weakness **if any** of the Rating Scale method being used to evaluate staff performance

a).....

b).....

**EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEES
PERFORMANCE**

5. How would you describe the impact performance appraisal has on the performance of your employees

.....

**SECTION B: CHALLENGES ENCOUNTER DURING PERFORMANCE
APPRAISAL**

6. Kindly outline some challenges you often encounter when appraising your staff

a).....

.....

THANK YOU FOR YOUR TIME AND COOPERATION