

**UNIVERSITY OF CAPE COAST**

**THE ASSESSMENT OF THE APPRAISAL SYSTEM OF TAKORADI  
BRANCH OF PROVIDENT LIFE ASSURANCE COMPANY LIMITED**

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**2015**

UNIVERSITY OF CAPE COAST

THE ASSESSMENT OF THE APPRAISAL SYSTEM OF TAKORADI  
BRANCH OF PROVIDENT LIFE ASSURANCE COMPANY LIMITED

BY  
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DISSERTATION SUBMITTED TO THE DEPARTMENT OF  
ACCOUNTING AND FINANCE, SCHOOL OF BUSINESS, UNIVERSITY  
OF CAPE COAST IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION  
DEGREE IN GENERAL MANAGEMENT

JUNE, 2015

**DECLARATION**

**Candidate's Declaration**

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

Candidate's Name: ISAAC BLAY

Signature:..... Date.....

**Supervisor's Declaration**

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

Supervisor's Name: MR. PATRICK KWASHIE AKORSU

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## ABSTRACT

This study was aimed at assessing the performance appraisal system of Provident Life Assurance Company Limited (PLAC). It therefore looked at the reasons for performance appraisals in the Company. In addition the study examined employees' level of understanding of the performance appraisal system of the company and whether appraisal reports are used for their intended purposes. The last objective of the study was to measure the frequency of appraisals in a year within the company.

Fifty-one (51) respondents made up of forty (43) appraisees and eight (8) appraisers were used as the sample unit for the study.

Simple random sampling was used in selecting the respondents from the staff of Takoradi branch of PLAC. The lottery method was used for the selection.

Findings from the study revealed that training, salary increases, managing employees and rewarding hard work were identified as the four most important reasons for performance appraisals in the company. It was also observed that, both appraisers and appraisees understand the performance appraisal system of the company. Findings also indicated that, appraisal reports are used for their intended purposes. It was also observed that, performance appraisal exercises are conducted two times in a year.

It is therefore recommended that, the human resource department should organize periodic training on performance appraisal for all staffs to reinforce the understanding of employees.

Additionally, employees should be allowed to undertake self-review of their performance before appraisal meetings. Again, management of PLAC should strongly link promotion with performance.

## ACKNOWLEDGEMENTS

First of all, I want to thank my supervisor, Mr. Patrick Kwashie Akorsu for his experience, guidance and directive to make this dissertation a success. I am also grateful to Professor Edward Marfo Yiadom of the University of Cape Coast for his pieces of advice which went a long way to help me in writing this dissertation.

Secondly, I am indebted to the staff of Provident Life Assurance Company Limited, especially Hannah Essel, Mr. Nii-Osah Mensah Dagadu and Mr. Alexander Anum-Addo for their valuable contributions.

Last but not least; I appreciate the support from my brother Paul Blay, my Children Sheila Akorfa Blay and Martin Blay. May the Good Lord bless them all.

**DEDICATION**

This dissertation is dedicated to my children, Sheila Akorfa Blay, Martin Edinam Blay and also my father, Mr. Kofi Homadi.

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## CHAPTER ONE

### INTRODUCTION

#### **Background to the study**

Motivated employees can help make an organization competitively more value adding and profitable. However, one of the leading challenges in management has been how to implement effective human resource development strategies to enhance organizational performance and accountability. As a result of the emphasis on performance, researchers such as Cole (1997) and Mc Gregor (1960) in human resource management have stressed effective human resource strategies such as job satisfaction, team empowerment, reward systems, job design, training efforts disciplinary actions and the use of performance appraisal. The performance of an organization cannot be realized if there is no yardstick to assess employees and the organization as a whole. According to Armstrong (2009), one of such measures used to assess employees performance is performance appraisal.

This study therefore attempted to assess the performance appraisal system of Provident Life Assurance Company Limited as one of the tools used to evaluate the performance of employees periodically. According to Armstrong (2009), organizations can only pay their employees fairly, provide the requisite training as well as develop the capacities of their employees if they are able to conduct effective periodic performance appraisal.

Different Scholars have varied purposes for performance appraisal management. According to Cole (1997), organizations carry out performance appraisal to identify an individual's current level of job performance, identify employees strengths and weaknesses, enable employees to improve their

performance, provide a basis for rewarding employees in relation to their contribution to an organization's goals, motivate individuals, identify training and development needs, identify potential performance and to provide information for succession planning.

According to McGregor (1960), appraisal programmes are systematically designed to control the behaviour of both subordinate and superior. Buhler (2002), mentioned that appraisal is conducted for two major reasons; evaluation and feedback. When used for evaluation, the appraisal provides input for decisions on promotions, transfers, demotions, termination and compensations (salary increases). When used for feedback purposes, the appraisal focuses on the development of the individual including the identification of coaching and training needs.

Despite these laudable purposes of performance appraisal, organizations are faced with challenges of how to develop and implement effective performance appraisal systems to enhance the evaluation, utilization, rewarding and developing the skills and abilities of employees in order to achieve organizational goals. Performance appraisal system is one of the most important tasks of managers, yet it is one that most managers freely admit they have difficulty handling adequately (Stoner, 1978). "Hiring is the most important decision made by the manager of professional activities, firing and disciplining are the most painful, but performance evaluation may be the most difficult (Shapiro, 1985). Armstrong (2009) also discredited performance appraisal as a mechanism that too often degenerates into a dishonest annual rituals.

According to Armstrong (2009), decisions regarding training and development, promotion, salary increases, transfer, demotion among others with regard to personnel are taken in some organizations without recourse to performance appraisal despite the fact that the overall objective is to improve performance of staff. Problem associated with performance appraisal can be found in almost all organizations in the world including Ghana and Provident Life Assurance Company Limited is no exception. There is a general perception among staffs of Provident Life Assurance Company Limited that performance appraisals are not benefiting the company and employees. This can be seen from the way appraisal forms are completed by employees and the general attitudes of employees towards the entire appraisal exercise.

This study therefore, sought to assess the appraisal system of the Takoradi branch of Provident Life Assurance Company Limited. It was also conducted to find out the reasons for conducting performance appraisal and the extent of staffs' understanding of the system. The uses of appraisal reports and the frequency of appraisals are covered by the study to determine how both employees and the company as a whole are benefiting from the appraisal system of the company.

### **Statement of the Problem**

According to the management report of 2014, there has been an increasing management demand for improved performance of employees of Provident Life Assurance Company Limited (PLAC).

This demand poses a great challenge to the human resource department of PLAC responsible for designing strategies that would enhance and improve

performance of employees to enable them achieve their personal goals and the organizational goals in general.

Apart from providing human and material resources, an effective performance appraisal mechanism could be one of the strategies by which the human resource department could help build the capacity, efficiency and morale of employees to achieve high performance.

It is of no doubt that the management of the company undertakes periodic assessments of employees. However, what is not certain is the efficiency of the appraisal system of the company. According to the Human resource management report of 2014, this noble objective of management is yet to be achieved. The performance of employees as anticipated by management is yet to be achieved. Management is considering changing its current appraisal system since they believe the current appraisal system has failed to yield the desired results because it has not helped the company to get the best performance from employees. Appraisal forms are not properly completed by both appraisees and appraisers despite the fact that they underwent some form of training on how to complete these appraisal forms. They complain the forms are difficult to complete. Employees are also with the opinion that, the current system is not yielding the desired results.

There is also a general perception among staffs that decisions regarding salary increases, promotions, demotions, succession planning and other related issues at the company are not based on appraisal reports. At the end of every year, a given percentage of salary increment across board is given to all employees. Letters indicating percentage increments are given to all employees. This seems to suggest that, individual reports are not factored into



the decisions of salary increments. Interactions among employees also show that, appraisees and appraisers do not fully understand the processes involved in conducting periodic appraisals. In addition, employees also believed that performance appraisals are not conducted on regular basis to indicate the importance management places on the exercise.

The study therefore sought to assess the appraisal system of the company. The study also attempted to verify the purpose(s) for performance appraisals and to investigate if the company makes use of the periodic appraisal reports for their intended purposes with the view to identifying methods and modalities by which the system can be improved.

### **Objectives of the Study**

The general objective of the study was to assess the performance appraisal system of Provident Life Assurance Company Limited.

The specific objectives of the study were to:

1. Examine the purpose(s) of performance appraisals at Provident Life Assurance Company Ltd.
2. Examine the extent of staffs understanding of the Performance appraisal system being used by the company.
3. Analyse whether performance appraisal reports are used for their intended purposes.
4. Measure how regular performance appraisal exercises are conducted.
5. Make recommendations and suggestions on how to improve upon the current appraisal system of the company.

### **Research Questions**

In order to achieve the objectives of the study, the following research questions were posed:

1. What are the main reasons for conducting performance appraisal at Provident Life Assurance Company Ltd.?
2. To what extent do staffs understand the performance appraisal system being used by Provident Life Assurance Company Ltd.?
3. Are performance appraisal reports used for their intended purposes?
4. How regular are performance appraisals carried out at Provident Life Assurance Company Ltd.?

### **Significance of the study**

Employees contribute significantly to the success of every organization when they know their contributions are recognized. One of the tools used to assess the contributions of an employee is performance appraisal.

The study sought to provide information to help establish standards for rewarding employees in relation to their contributions. The study was also aimed to help establish the usefulness of performance appraisal to the success of Provident Life Assurance Company Ltd. and for that matter any organization. Findings from the study can also serve as a source of reference for researchers who want to carry out further studies into performance appraisal. The study was also to help determine whether appraisal reports were used for their intended purposes.

### **Scope and Limitation of the Study**

The study sought to assess the performance appraisal system of Provident Life Assurance Company Ltd, a case of Takoradi Branch. The research topic covers performance appraisal which is part of performance management that is very important to the survival and growth of organizations. It covers only Takoradi branch of Provident Life Assurance Company Limited as well as a limited number of employees of the company. This branch was chosen because it is a true representative of all the branches since it has all the categories of employees.

Financial constraints, inadequate time and challenges in the data gathering process are some of the limitations of the study. These limitations, however, did not significantly affect the results of the study. Respondents' attitude in some cases also affected the results of the study. They were not ready to complete the questionnaires given to them.

Despite the above challenges, the study has provided a fair representation of performance appraisal at Provident Life Assurance Company Limited.

### **Organization of the Study**

The study is developed into five chapters. The first chapter consists of the background of the study, statement of the problem, objectives of the study, research questions, the significance of the study, scope and limitation of the study and the organization of the study. Chapter two deals with the review of related literature. The methodology for the study which includes the research design, the study population, sample size, the sample technique, research

instruments, data collection techniques and data analysis also form chapter three of the study. The profile of Provident Life Assurance Company Limited is also covered by chapter two of the study. Results and discussion constitute chapter four of the study. Finally, summary of findings, conclusions and recommendations constitute chapter five of the Study.

## CHAPTER TWO

### LITERATURE REVIEW

#### **Introduction**

This chapter deals with the theoretical review, empirical review and the conceptual framework of performance appraisal.

#### **The theoretical review of performance appraisal**

Performance appraisal may be defined as a 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 view to identifying weaknesses and strengths as well as opportunities for improvement and skills development(Cole,1997).

Performance management is underpinned by various theories but the following key theories were considered in the study because they critically influence the general and specific objectives of the study.

#### **The goal-setting theory**

The goal theory (Armstrong, 2009), highlights four mechanisms that connect goals to performance outcomes. Goals direct attention to priorities, they stimulate effort, they challenge people to bring their knowledge and skills to bear to increase their chances of successes and lastly, the more challenging the goal, the more people will draw on their full repertoire of skills.

This theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed.

Another theory that reinforces the goal-setting theory is the Expectancy theory by Salaman (2005). The theory had been proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behaviour in organizations on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behaviour in such a way which is most likely to lead them to attain these goals. The theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events.

Among the objectives of the study are to examine the purpose(s) of performance appraisal at Provident Life Assurance Company Limited and the extent to which staffs understand the appraisal system of the company. The study will therefore help to confirm or otherwise, the goal-setting and the expectancy theories. The theories assume that employees will be able to set challenging but realistic goals aligned to the organizational goals if they understand the appraisal system. They will also work hard towards achieving such goals if they know the purposes of the periodic appraisals.

### **The control theory**

The control theory by Buchner (as cited in Armstrong 2009), focuses attention on feedback as a means of shaping behaviour. The theory assumes that, as people receive feedback on their performance, they appreciate the discrepancy between what they are doing and what they are expected to do

and take corrective action to overcome the discrepancy. Feedback is recognized as a crucial part of performance appraisal processes.

One of the objectives of the study is to analyze whether appraisal reports of the company are used for their intended purposes. Through the provision of feedback to appraisees, they will know whether the appraisal reports are used for their purposes which will tend to affect their behaviour and performance on the job either positively or negatively. The study will therefore help to know the extent to which feedback on periodic appraisals are provided and also help to know whether these reports provided are used for their intended purposes and how they influence behaviours of employees.

### **The conceptual framework of performance appraisal**

The conceptual framework of the study covers the reasons and benefits of setting up performance appraisal systems in organizations, persons eligible to conduct performance appraisals, frequency of performance appraisals in organizations, the frequency and openness of performance appraisals and the twelve golden rules to be observed when conducting performance appraisals. It also covers performance to be measured, rating methods and things to watch out for when rating performance, appraisal as a means of providing constructive feedback and performance appraisals in Africa.

### **Reasons and benefits of setting up performance appraisal systems in an organization**

According to Hunsakar (2005), in many organizations, 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 counseling, or in extreme cases, demotion, dismissal or decreases in pay (Mathis & Jackson, 2000).

Organizations however need to be aware of laws in their country that might restrict their capacity to dismiss employees or decrease pay. For example Labour Act of 2003 (Act 651) of Ghana regulated by the National Labour Commission of Ghana. Whether this is an appropriate use of performance appraisal or not the assignment and justification of rewards and penalties is a very uncertain and contentious matter that needs consideration by all management experts. This will help reveal the essence and the appropriate use of performance appraisal as an effective tool in human resource management Hunsakar, 2005).

Performance appraisal also plays a major role in human resource management. Among the several rationalizations and justifications for performance appraisal is the provision of information for reviewing salaries, conditions of service and other rewards, self-evaluation, and the conduct of personnel management research (Pole & Warner, 2008). The data provided form the basis for taking management decisions on issues such as promotion, dismissals, probation and succession planning.

The system again helps management to determine and discover an individual's potential, diagnose training and career development needs, monitor the effectiveness of personnel policies and avoid trouble through meeting legal and political needs (Luthans, 2011).



In addition, performance appraisal helps employees to identify their strengths and weaknesses by providing them with useful feedback on their performance (Harris, 2000). Furthermore, the system is used to review employees past performance and motivate them to improve current and future performance (Dechev, 2010).

Finally, performance appraisal raises employees' confidence and performance by communicating and clarifying organizational goals and objectives to the staff (Torrington & Hall, 1998; Bediako, 2008; Scot & Thomas, 1996; Poole & Warner, 2008).

Discerning from the wide range of purposes enumerated, the purposes of performance appraisal can be categorized into two general purposes; evaluative and developmental (Pole & Warner, 2008).

The evaluative purposes involve using performance appraisal to assess past performance in order to make judgments for determining merit pay increases, suitability for promotions, demotions, transfers and layoffs. It can also be used to evaluate the recruitment, selection, and placement system of an organization (Pole & Warner, 2008).

The developmental purposes of performance appraisal system provide the primary source of information and feedback for both employees and management to identify the strengths, weaknesses, potentials and training needs of employees. Developmental performance appraisal is mainly focused on giving employees direction for future performance, Harris (2000; Pole & Warner, 2008).

The two general purposes of performance appraisal, that is the evaluative and developmental frequently conflict since the appraiser is

presented as a disciplinary judge and helper at the same time (Mathis & Jackson, 2000). Using a single appraisal for both evaluative and developmental purposes makes the system over ambitious and makes it difficult for the appraiser to be impartial. Appraisees may be tempted to take defensive positions to ‘‘explain away’’ performance problems in order not to jeopardize a possible pay rise (Torrington & Hall, 1998). A number of writers and researchers have suggested that in order to prevent the conflicting and incompatible objectives of performance appraisal system, it must be used to serve only one of the two general purposes (Pole & Warner, 2008).

According to Armstrong (2010), performance improvement is one of the reasons for carrying out performance review. A manager cannot simply demand performance improvements from workers. Ways and means must be pointed out. Both boss and worker must work together toward an agreed-upon plan. Any programme for performance improvement will require follow-up supervision, counseling and support.

Performance evaluations provide essential information for decision making. A pay increase is only one of these decisions. Equally important are the decisions involving employees who are being considered for transfers, promotions, disciplinary action, termination or further training.

According to Hunsakar (2005), as workers are rated, so shall managers be measured. If workers are rated uniformly high, and the unit’s performance is less than great, top management will surely question the ratings and proceed with an investigation of the manager’s abilities to train, inspire, lead and utilize the unit’s employees.

Improved employee performance help to improve the morale of employees (Pole & Warner, 2008). Most employees would like to know how they are performing and all employees like to receive positive feedback about their performance. A performance appraisal provides many opportunities including an opportunity to praise employees for a job well done.

The developmental purposes of performance appraisal systems of an organization may include the following:

The system helps management to determine and discover an individual employee's potential, diagnose training and career development needs, monitor the effectiveness of personnel policies and avoid trouble through meeting legal and political needs.

In addition, performance appraisal helps employees to identify their strengths and weaknesses by providing them with useful feedback on their performance.

According to Mullins (2010), performance appraisals facilitate communication in organizations and this is considered an essential function of worker motivation. It has been proposed that feedback from performance appraisals aid in minimizing employees' perception of uncertainty.

Goal setting and desired performance reinforcement are some of the reasons underlining performance appraisals. Organizations find it efficient to match individual worker's goals and performance with organizational goals (Armstrong, 2009). Performance appraisals provide room for discussion in the collaboration of these individual and organizational goals.

A well-constructed Performance appraisal system can be a valuable tool for communication with employees as pertaining to how their job performance stands with organizational expectations (Mullins, 2010). At the

organizational level, numerous studies have reported positive relationships between human resource management practices and performance improvement at both the individual and organizational level.

Mullins (2010), indicated that, Performance appraisal also helps to provide information for human resource planning to assist succession planning and talent management as well as to determine the suitability for promotion, employment and training. Regular performance review also helps to reveal problems that may be restricting progress and causing inefficient work practices (Mullins, 2010).

### **Persons eligible to conduct performance appraisals**

Armstrong (2009) is with the opinion that, the traditional practice is for review to be carried out by the immediate manager or supervisor as a person who allocates work and has the closest knowledge of the individual's duties and performance. There is however an argument in favour of review at a higher level. This would extend the lines of communication and feedback. This may also help to demonstrate 'fair play' and to overcome problems of individual managers or supervisors applying different standards.

A third approach is for the immediate manager or supervisor to conduct the review and write a report. Senior management is then asked to countersign as confirmation of approval. The review can also be undertaken by a member of the Human Resource department.

At Provident Life Assurance Company Ltd., performance reviews are conducted by immediate managers or supervisors and the reports reviewed by top management and decisions are taken based on their findings.

It must be noted that performance management is conducted at the organizational level and the individual level. At the organizational level, management oversees organizational performance and compares present performance with organizational goals. The achievement of these organizational performance goals depends on the performance of the individual organizational members.

### **Performance appraisal by same job peers**

Performance appraisals carried out by peers can be effective if they work very closely with each other in a functional work-group environment (Harris & Dressler, 2000). Peer rating is acceptable, reliable and valid and has the advantage that peers have a more comprehensive view of the appraisee's performance. In peer performance appraisals however, peers may be unwilling to appraise each other, as this can be seen as 'grassing' on each other. Another potential problem of peer rating is "logrolling," Here all peers simply get together to rate each other very high.

### **Customers' appraisals**

Evaluations of job performance by customers and clients especially in increasing number of jobs now considered as service jobs is becoming more valuable as part of the multiple rater performance appraisal. Service oriented organizations such as banks, restaurants to electronics stores used specialized customer questionnaires, telephone follow-up survey and comment cards to get customer's evaluation of employee's performance (Harris, 2000). Although clients objectives cannot be expected to correspond completely with

the organization's objectives, the information that clients give can provide useful inputs for personnel decisions, regarding promotion, transfer and need for training.

### **Self-appraisal**

A growing number of employers are including self-rating in the performance appraisal process; that is ratings that employees give to themselves. The opportunity to participate in the performance appraisal process particularly if appraisal is combined with goal setting, improves the ratee's motivation and reduces his or her defensiveness during the appraisal. According to Mathis and Jackson (2000), it is essentially self-development tool that force employees to think about their strengths and weaknesses and set goals for improvement. Employees self-rating can also be a valuable and credible source of performance information.

One difficulty of self-rating is that supervisors may "Cave in" to employee self-ratings. Supervisors who heard that certain employees' self-rating were higher than their own changed their initial ratings (Harris, 2000). Another basic problem with this assessment method is that employees usually rate themselves higher than they are rated by supervisors or peers.

### **Appraisal by subordinates**

This type of evaluation known differently as reversal appraisal, upward evaluation, and upward feedback is a process where organizations allow subordinates to evaluate their supervisor's performance (Harris, 2000). The method is useful in providing information on management style and

management skills of superiors since subordinates know at first hand the extent to which supervisors actually delegate, how well they communicate, the type of leadership style they are most comfortable with.

### **Frequency of performance appraisals**

Mullins (2010) believed that, Performance appraisals are conducted at least annually and annual employee performance reviews appear to be the standard in most American organizations.

Harris, (2000) however is with the view that, appraisals conducted more frequently (more than once a year) may have positive implications for both the organization and employee. The frequency of reviews should be related to the nature of the organization, the purposes and objectives of the scheme and the characteristics of the staff employed.

According to Mullins (2010), in some organizations, especially those operating in dynamic, changing environments, more frequent performance reviews may be necessary. More frequent reviews may also be appropriate for new members of staff, those recently promoted or appointed to new positions or those who have performed below standards.

In addition to scheduled appraisals, informal appraisal should be conducted whenever a manager feels they are desirable (Mathis & Jackson, 2000). Other human resource management experts such as Dechev (2010) are of the same view that informal performance appraisal should be conducted two or three times annually to supplement the formal appraisal to overcome forgetfulness. Considering the fact that employees need regular coaching and counseling to increase performance and for that matter productivity, it will not

best serve the interest of organizations if appraisal schedule is limited to just once annually. Regular evaluation of employee through the informal and formal appraisal could enhance the performance of employees and consequently achievement of organizational goals.

### **Openness of Performance Appraisal Systems**

Performance review should ideally be a two-way conversation (Mullins, 2010). Performance appraisals should be about providing information about performance and progress against targets. It should allow for open dialogue, and discussion would ideally come to some agreement about the nature of the individual's performance and any measures being put in place to address any concerns (Mullins, 2010). There is an argument that suggests that open reporting restricts managers from giving a completely honest and frank review. However, the more staff see of their reports (that is the more open the system), the more they are likely to accept the process of performance management (Armstrong, 2009). According to Armstrong (2009) a staff is better able to check the consistency of the reports with verbal feedback from the manager. With an open system of reporting, staffs should be given the opportunity to sign the completed form and to add any comments on their perception of the accuracy of the review (Armstrong, 2009). When decisions such as salary are based on the report, there is greater demand for a transparent system so that individuals understand clearly the basis for decisions. In an era of globalization, many employers have shifted the paradigms of performance appraisal from a single ratter to multiple ratter perspectives in order to obtain accurate and reliable information about



employee performance. (Daft, 2012; Erdogan, 2002). This approach to performance appraisal allows appraisers to promote communication openness as an important instrument to increase transparency and decrease inequality gap among appraisers as well as decrease unclear responsibilities and biasness among appraises and appraisers in determining employee scores.

The ability of appraises to understand the appraisal system of an organization or receive feedback may enhance their appreciations of the process and the system of allocating performance scores. (Atiomo, 2000; Mondy & Mondy, 2014).

#### **Golden rules to be observed when conducting performance review**

Managers should prepare by referring to a list of agreed objectives and their notes on performance throughout the year. They should form views about the reasons for success or failure and decide where to give praise, which performance problems should be mentioned and what steps might be undertaken to overcome them, (Armstrong, 2009). Individuals should also prepare in order to identify achievements and problems, and to be ready to assess their own performance at the meeting. They should also note any points they wish to raise about their work and prospects (Armstrong, 2009).

According to Armstrong (2009), the meeting should be planned to cover all the points identified during preparation. Sufficient time should be allowed for full discussion- hurried meetings will be inefficient. An hour or two is usually necessary to get maximum value from the review.

A successful meeting depends on creating an informal environment in which a full, frank but friendly exchange of views can take place. It is best to start with a fairly general discussion before getting into any detail.

Individuals also need to know how they are getting on. Feedback should be based on factual evidence (Armstrong, 2009). It refers to results, events, critical incidents and significant behaviours that have affected performance in specific ways. The feedback should be presented in a manner that enables individuals to recognize and accept its factual nature- it should be a description of what has happened, not a judgment. Positive feedback should be given on the things that the individual did well in addition to areas for improvement. People are likely to work at improving their performance and developing their skills if they feel empowered by the process.

Mullins (2010), is with the view that the reviewer should test understanding, obtain information, and seek proposals and support. Time should be allowed for the individual to express his or her views fully and to respond to any comments made by the manager. The meeting should take the form of a dialogue between two interested and involved parties both of whom are seeking positive conclusion.

If possible managers should begin with praise for some specific achievements, but this should be sincere and deserved. Praise helps people to relax- everyone needs encouragement and appreciation (Mullins, 2010).

Individuals should do most of the talking (Armstrong, 2009). This enables them to get things off their chest and helps them to feel that they are getting a fair hearing. Use open-ended questions (i.e. questions that invite the

individual to think about what to reply rather than indicating the expected answer) this is to encourage people to expand.

In the opinion of Armstrong (2009), self-assessment by individuals should precede the performance discussion. This is to see how things look from the individual's point of view and to provide a basis for discussion- many people underestimate themselves.

According to Armstrong (2009), Performance discussion should not be based on personality and opinion, but on factual evidence. Always refer to actual events or behaviour and to results compared with agreed performance measures. Individuals should be given plenty of scope to explain why something did or did not happen.

According to Armstrong (2009), appraisers should hand out praise but not blame. Appraisers and appraisees should analyze jointly and objectively why things went well or badly and what can be done to maintain a high standard to avoid problems in the future.

There should be no surprises. The discussion should only be concerned with events or behaviours that have been noted at the time they took place. Feedback on performance should be immediate; it should not wait until the end of the year. The purpose of the formal review is to reflect briefly on experiences during the review period and on this basis to look ahead Armstrong, (2009). The appraiser and appraisee should agree on a measurable objective and a plan of action. The aim is to end the review meeting on a positive note.

### **What performance should be measured?**

To determine what actual performance is, managers need to acquire information about it. This process is known as measuring, a key step in the control process (Hunsakar, 2005).

According to Hunsakar (2005), two important questions here are how to measure and what to measure? The most frequently used sources of information for measuring actual performance are personal observation, statistical reports, written reports and computer-accessed databases. The effective manager tends to use multiple sources, recognizing that different sources provide different types of information (Hunsakar, 2005). Personal observations obtained by walking around and talking with employees, for example can be a rich source of detailed performance data (Hunsakar, 2005). A manager can pick up important clues about potential problems from an employee's facial expression or casual comment that might never be evident from reviewing a statistical report.

According to Hunsakar (2005), what we measure is probably more critical to the control process than how we measure it. Selecting the wrong criteria can have serious dysfunctional consequences. Some control criteria are applicable to any management situation. For instance, because all managers, by definition, direct the activities of others, criteria such as employee attendance or turnover rates can be measured. Keeping costs within budget is a common control measure for monetary costs. Any comprehensive control system, however, needs to recognize the diversity of activities among managers. A production manager in a manufacturing plant might use measures of the quantity of units produced per day, number of units produced per

labour-hour, or percentage of units rejected by customers because of inferior quality (Hunsakar, 2005).

The manager of an administrative department in a government agency might use number of orders processed per hour of average time required to process service calls. Marketing executives often use such criteria as percentage of market captured or number of customer visits per salesperson (Luthans, 2011).

The performance of some activities is difficult to quantify, however. It is more difficult for instance, for an administrator to measure the performance of a research chemist or an elementary school teacher than of a person who sells Life insurance product (Luthans, 2011). But most activities can be broken down into objective segments that allow for measurement. A manager needs to determine what value a person contributes to the organization and then converts the contribution into standards. When a performance indicator cannot be stated in quantifiable terms, subjective measures are always preferable to having no standards at all. However, when moving into subjective areas, managers need to be careful to follow government laws against discrimination (Hunsakar, 2005).

In general, the behaviour or the characteristics measured by a performance appraisal should be related to the job and to succeeding on the job. For example if the appraisal measures grooming then good grooming should be important for success in the job (Armstrong, 2009).

When performance is not measured or is measured inaccurately, those using the information will be misled and bad judgments will be likely followed. Therefore, the old saying “garbage in garbage out” provides more

credence. According to Armstrong (2009), Performance measurement offers general information that can be exploited for decision making purposes both for management and for all levels of employees. The performance measurement system can become the instrument panel. This instrument panel is used for strategic maneuvering, for day to day running of the organization and planning, implementing improvements and changes.

### **Rating methods for comparing performance to standards**

The comparison step determines the degree of variation between actual performance and set standards. Hunsakar (2005), was with the view that, some variation in performance can be expected in all activities, it is critical to determine the acceptable range of variation. Deviation in excess of this range merits corrective action. In the comparison stage, managers should be particularly concern with the size and direction of the variation. But how should these comparisons be made and documented? Management scientists have developed six long-standing methods and a newer computer-based approach to help measure performance.

### **Checklists**

On a checklist appraisal, the manager simply answers yes or no to series of questions about an employee's performance. Items on the list can then be scored or reviewed to determine a rating for employee's appraisal. Although checklists are easy to complete, they require a great deal of thought and analysis to be sure that meaningful questions are included for each job (Hunsakar, 2005). They usually do not provide ways to adjust the answers for

special circumstances that may affect performance. To make up for this weakness, checklists are sometimes combined with essays. Examples of checklist questions are listed below:

According to Philip L. Hunsakar (2005), the following are examples of Checklist Appraisal Questions:

	YES	NO
Does the employee willingly cooperate with others in completing work assignments?		
Does the employee have adequate job knowledge to perform duties in a satisfactory manner?		
In terms of quality, is the employee's work acceptable?		
Does the employee meet deadlines for the completion of work assignments?		
Does the employee's record indicate unexcused absences?		
Does the employee follow safety rules and regulations?		

### Written essays

The written essay requires no complex forms or extensive training to complete (Harris, 2000). Based on remembered observations, the appraiser writes a narrative describing an employee's strengths, weaknesses, potentials and suggestions for improvement. The results often reflect the ability of the writer. The quality of the appraisal may be determined as much by the evaluator's memory, perception and writing skills as by the employee's actual

level of performance. Essay appraisals are often used to supplement checklist questionnaire appraisals to allow for a description and explanation of ratings.

### **Critical incidents**

The critical incident method which is another type of performance appraisal includes annual review file, or calendar, checklist of critical incidents and behaviorally anchored rating scale (Harris, 2000). With regard to the critical incident method the supervisor keeps a log of desirable or undesirable or record both highly favourable and unfavourable actions and incidents of each subordinate's work-related behaviour. A list of critical incidents is kept during the entire rating period for each employee. The method has an advantage of being used with other methods to document the reasons why an employee was rated in a certain way (Mathis & Jackson 2000, Dressler; 2000).

However, the problem with this method is that it requires the rater to note down incidents regularly. Obviously, this can be burdensome and time consuming. Furthermore, the awareness by employees that his/her supervisor is recording everything they do in a "little black book" can result in mistrust and friction between the rater and the ratee (Cascio, 1992; Mathis & Jackson, 2000; Byars & Rue, 1994).

### **Calendar**

One form of critical incident is for the supervisor to keep an ongoing record of his or her employee's critical incidents contemporaneously during the period of appraisal. During the review period, the supervisor keeps a file or calendar in which extraordinary examples or actions of subordinate's



performance are entered. Based on the record, an annual review is made before subordinates' performance appraisal is prepared. Subordinates who have little or no record during the year are doing their job satisfactorily, that is not much or below job expectation. Annual review file has an advantage of being usually job specific hence the supervisor is less affected by bias (Harris, 2000).

The main problem pertaining to the method is the difficulty of keeping accurate record of employees throughout the review period. Another criticism of the annual review file is that it is not easy to compare the performances of different employees using only records of critical incidents (Harris, 2000).

### **Rating scales/trait rating methods**

The graphic rating scale also known as the trait rating method is the simplest and the most popular technique for appraising performance. The trait/graphic rating scale rates employees on some standard or attribute of work. Traditionally, the method used personal traits as proxy for performance and each employee trait is rated on a bipolar scale that usually has several points of rating from poor to excellent (or some arrangement). The traits assessed friendliness, cooperation, initiative, punctuality, dependability, cooperation among others (Luthans, 2011; Dressler, 2000). However, instead of appraising only generic traits many firms of late also use the method to assess both behaviour and outcomes of duties (Harris, 2000).

Another type of rating scale according to Harris (2000) is non-graphic rating scale where raters can give more accurate description of the employee's

behaviour on a particular attribute. The description clarifies each level of the rating instead of low and high points used by the graphic rating method.

One advantage of the graphic rating technique is that, it is quick, easy and less difficult for supervisors to develop and use than many other methods of performance appraisal (Mathis & Jackson 2000). According to Harris (2000), the method can be used for evaluative purposes because they provide mathematical evaluation of performance which can be used to justify compensation or job changes and to validate selection. Additionally, the rating method is structured and standardized and this allows appraisers to compare and contrast employees' performance to facilitate effective decision.

Some academicians are highly critical of the graphic/trait rating method of measuring performance due to its ambiguity. Descriptive words sometimes used in the method may have different meaning to different raters. Example is that, terms such as initiative and cooperation are subject to many interpretations, especially when it is used in conjunction with words such as outstanding, average and poor (Mathis & Jackson, 2000). The method also suffers trait relevance and appraiser's errors since all employees can be rated high or low on most items.

### **Behaviourally anchored rating scales (BARS)**

The use of behaviourally anchored rating scale (BARS) is an attempt to overcome difficulties associated with the conventional rating scales and provide measurement scales that are directly related to the job being reviewed (Mullins, 2010). A sample group of managers or supervisors is asked to identify, independently, several key behavioural aspects of the job in question.

The responses are then collated and returned to the same or a different group to agree examples of good, average or poor performance and to allocate a scale point for each example. Those examples which are consistently rated at the same point on the scale can then act as ‘anchors’ and provide behavioural examples for each point on the scale. Reviewers can then use the BARS as guidance against which to assess the expected behaviour of each person being rated. According to Mullins (2010), the disadvantages of BARS are that, they can be time-consuming and expensive to construct, and require careful and detailed training in their correct use. They are also more likely to be appropriate only in large organization.

### **Multiperson comparison method**

With this method, a specific individual’s performance is evaluated against the performance of one or more others. It is a relative rather than an absolute measuring device. The four most popular comparisons are group order ranking, individual ranking, forced distribution and paired comparisons.

### **The group order ranking**

This requires the appraiser to place employees into a particular classification, such as top one-fifth or second one-fifth. Managers use this method to appraise all their employees’ performance. Therefore, a forced distribution will be created that does not consider the degree of difference between employees in each category. For example if a rater has 20 employees, only 4 can be in the top fifth and of course 4 must be relegated to the bottom fifth.

### **Paired comparison approach**

This approach compares each employee with every other employee and rates each as either the superior or weaker member of the pair. After all paired comparisons are made; each employee is assigned a summary ranking based on the number of superior scores he or she achieved. This approach ensures that each employee is compared against every other, but it can obviously become unwieldy when many employees are being compared.

Paired comparison is quick and fairly easy to use if few employees are being rated. However, the technique is time consuming with large number of employees. Another disadvantage is that employees are often compared to each other only on overall performance rather than specific job criteria (Harris, 2000).

### **Forced distribution**

Another comparative method of performance appraisal is forced distribution. Forced distribution requires that supervisors spread their employees' evaluation in a pre-described distribution (Harris, 2000). According to Mathis and Jackson (2000), the ratings of employees' performance are distributed along a bell-shaped curve. With this method, supervisors rank personnel along a scale, placing a certain percentage of employees at each performance level. Just like the ranking method the forced distribution is seldom developmental because employees do not receive feedback about performance, strengths and weaknesses or any future direction. Again, there is no common benchmark of performance by which to compare employees from various departments (Harris, 2000). Another problem of the

method is that a supervisor may resist placing any individual in the lowest (or the highest) group. Supervisors may find it very uncomfortable to explain to an employee why he or she was placed in lower grouping and others placed in higher grouping. Finally, in some cases a manager may be forced to make distinctions among employees that may not exist (Mathis & Jackson, 2000).

### **The individual ranking approach**

This approach ranks employees from best to worst. If for example a manager is required to appraise 30 employees, this approach assumes that the difference between the first and second employee is the same as that between the twenty-first and twenty-second. Even though some of the employees may be closely grouped, this approach allows for no ties. The result is a clear ordering of employees from the highest performer down to the lowest, but no indication of the degree of difference is provided.

### **Team performance appraisals**

Performance appraisal concepts have been almost exclusively developed with only individual employees in mind. This fact reflects the historical belief that individuals are the core building block on which organizations are built. But more and more organizations are restructuring themselves around teams. How should organizations using teams appraise performance? Four suggestions are provided for designing a system that supports and appraise performance of teams (Hunsakar, 2005):

**Tie the team's results to organizational goals**

It is important to find measurements that apply to important goals that the team is supposed to accomplish.

**Begin with the team's customers and the work process the team follows to satisfy its needs.** The final product the customer receives can be appraised in terms of the customer's requirements (Hunsakar, 2005) . The transactions between teams can be appraised on the basis of delivery and quality, and the process steps on the basis of waste and time cycle.

**Measure both team and individual performance.** According to Hunsakar (2005), the role of each team member must be defined in terms of accomplishments that support the team's work process. Then assess each member's contributions and the team's overall performance.

**Train the team to create its own measures.** Having the team define its objectives and those of each member ensures that every member understands his or her role on the team and helps the team develop into a more cohesive unit (Hunsakar, 2005).

According to Hunsakar (2005), another approach to team evaluation is to have teams evaluate themselves. Teams engage in a process called the team improvement review, where members ask themselves questions such as 'what are we doing that is working'? What are we doing that is not working? How can we change that? As in an individual performance appraisal process, teams start by creating an agreement about how to do things which includes a definition of excellent performance against which to measure team results.

### **Management by objectives (MBO)**

Most modern businesses and industrial organizations, especially in the developed world, have changed from the traditional appraisal systems to management by objectives (MBO) also referred to as management by results (MBR), target-coaching, work planning and review, performance by objectives, mutual goal setting and comprehensive organization wide goal-setting (Mathis & Jackson, 2000). The foundation of MBO method is the establishment of specific, measurable, clear-cut targets or goals to be attained within an appropriate length of time. Managers and employees jointly set goals or standards at the beginning of the appraisal period and both compare performance against target periodically.

According to Mathis and Jackson (2000), three key assumptions underlie the MBO method. An employee is involved in planning, goal setting and determining the measure, a higher level of commitment and performance may result. Secondly, employees do a better job of achieving the desired results if set objectives are specific, clear and precise. Finally, performance objectives should be measurable and should define results. Vague generalities such as “initiative,” “cooperation” should be avoided.

Although, approaches to MBO method may vary from organization to organization, they contain almost the same essential elements (Mathis & Jackson, 2000). These consist of goal-setting. The establishment of organizational goals begin at the top and “cascade” through the wider organizational objectives, departmental goals and finally down to individual goals.

Action plan specifies how goals are to be achieved. This provides direction as well as mechanism for measuring accomplished goals.

Performance review/periodic review is one of the elements used by managers to periodically measure or compare the actual result of each employee with expected results. Provision of feedback and periodic review meetings held with subordinates to discuss and evaluate the latter's progress help in achieving expected results, (Mathis & Jackson, 2000).

The greatest advantage of MBO is that, it combines good, sound management techniques for decision making, communication and control with basic behavioral requirement, Luthans (2011). It also eliminates communication problems through the participatory goal setting and feedback about performance. Additionally, the method is developmental since objectives and goals are determined before the appraisal period begins. Therefore MBO gives employee a clear, unambiguous direction to desired job outcomes (Harris, 2000). Provision is also made for the supervisor and employee to update or alter the goals or performance expectations during the appraisal period, if there is the need to do so.

When organizations articulate what they want performance appraisal system to accomplish, they can choose and or mix the methods to get combinations of advantages they want (Dressler, 2000).

### **Things to watch out for when rating performance**

Several potential errors can occur when rating performance and they can invalidate the accuracy of an appraisal. According to Hunsakar (2005), rushing, bias, leniency, central tendency, recency emphasis, focusing on



activities and halo effect are some potential errors that can occur during performance rating.

### **Bias**

This occurs when managers develop feeling about employees based on work-related interactions that may have little to do with their performance. This feeling can be negative, positive or neutral and they may be related to personality, race, religion or other nonworking related factors. Feelings should be separated from objective assessments when rating work performance. Managers who have positive feeling towards employees tend to rate such employees very high.

### **Leniency**

Leniency is the grouping of ratings at the positive end of the performance scale instead of spreading them throughout the scale. Consequently, employees are rated higher than actual performance warrants.

### **Central tendency**

When managers have neutral feelings about employees, they exhibit a central tendency when rating their performance. Central tendency occurs when performance appraisal statistics indicate that most employees are evaluated as doing average or above-average work, even though in actuality a distribution is present because all employees do not perform the same all the time on specific tasks.

### **The recency emphasis**

This occurs when performance evaluations are based on most recent work performed. It sometimes occurs because of the difficulty in remembering

things that happened about six months to a year ago versus work performed one or two months before evaluation.

**Rushing/focusing on activities**

This is not another rating error that occurs when a manager does not have sufficient time nor has a heavy workload to attend to. Rushing can make managers susceptible to focusing on activities which occurs when employees are rated on how busy they appear versus how well they perform in achieving results

**The halo effect:**

This is defined as the influence of a rater's general impression on rating of specific ratee's qualities According to Harris (2000), halo effect occurs, when a manager who knows that a particular employee always arrives at work early and may let the halo caused by that employee's punctuality influence the appraisal of other areas such as quality of work or job knowledge. Raters who commit this error assigned their ratings on the basis of global (good or bad) impressions of ratees. It is perhaps the most pervasive error in performance appraisal. The halo problem can be minimized with training supervisors to recognize that all jobs require the application of many different skills and behaviours. Training should also focus on the fact that it is not unusual for employee to perform well in some areas and less effectively in others (Harris, 2000). Being aware of this problem is another major step toward avoiding this problem.

### **Performance appraisal as a means of providing constructive feedback**

Many managers tend to ignore or are reluctant to provide performance feedback unless they are compelled by organizational policies and controls. Three reasons can be cited for this avoidance behaviour. In the first place, managers are often uncomfortable discussing performance weaknesses with employees. Given that almost every employee could stand to improve in some areas, managers fear a confrontation when presenting negative feedback.

The second reason cited is that many employees tend to become defensive when their weaknesses are pointed out. Instead of accepting the feedback as constructive and a basis for improving performance, some employees challenge the evaluation by criticizing the manager or redirecting blame to someone else. The third reason is that, employees tend to have inflated assessment of their own performance.

Despite managers are reluctant to give performance feedback, their employees need it, so the solution is to train managers on how to conduct constructive feedback sessions. An effective review system is the one in which the employee perceives the appraisal as fair, the manager as sincere, and the climate as constructive Hunsakar, (2005). This can result in the employee leaving the interview with a positive attitude, with knowledge about the performance areas in which he or she needs to improve and motivated to correct deficiencies.

### **The value of feedback in a performance appraisal**

Feedback from performance appraisal is important for several reasons. This may include the following:

The first reason is that feedback can induce a person who previously had no goals to set some. Goals act as motivators to higher performance.

Secondly, where goals exist, feedback tells people how well they are progressing toward those goals.

Thirdly, if feedback indicates inadequate performance, this knowledge may result in increased effort. Fourth, feedback often induces people to raise their goals sights after attaining a previous goal. Feedbacks also help employees to know that others care how they are doing. Feedback is an indirect form of recognition that can motivate people to achieve higher levels of performance.

### **The process of 360-degree feedback**

360-degree feedback, also known as multi-source assessment, is a process in which someone's performance is assessed and feedback is given by a number of people who may include their manager, subordinates, colleague and customers, Armstrong (2009). Assessments take the form of ratings against various performance dimensions. The term '360-degree feedback' is sometimes used loosely to describe upward feedback where this is given by subordinates to their managers. This is the most common approach and is more properly described as 180-degree feedback. Feedback may be presented direct to individuals, or to their managers or both. Expert counseling and coaching for individuals as a result of the feedback may be provided by a member of the Human resource department or an outside consultant. 360-degree feedback recognizes the complexity of management and the value of input from various sources. It is axiomatic that managers should not be

assessing behaviours they cannot observe, and the leadership behaviour of subordinates may not be known to their managers.

### **Performance appraisals in Africa**

From our earlier discussion, not much is known about performance appraisal systems in developing countries especially in Africa. In view of this development, not many studies on performance appraisal in Africa were found in literatures. The few that were found suggested that the implementation and management of performance appraisal systems in Africa, especially in the public sector organizations have not been very successful. For example, Price (1975), studied the promotion system (appraisal system) of the Ghanaian civil service in 1975 and found that even though mobility within the Ghanaian public administration requires performance, the study however found that the criteria used to determine promotion were either unrelated to performance standards at all or were related in a manner that cannot be objectively used and linked to precise standards by the personnel who were subjected to them. To obtain a good confidential report, the civil servants have to ‘maintain smooth’ relations with their superiors by not being too outspoken and showing proper respect and deference than a demonstration of initiative or other forms of behaviour related to performance. Individuals who adopted a ritualistic, rule-dominated approach gained promotion more rapidly than goal-directed individuals (Price, 1975).

Cultural factor is one major problem that hinders the successful implementation of performance appraisal in Africa and other developing countries. People who get good appraisal results are those who are closely

related to the appraisers in terms of kinship or ethnicity or those who maintain good relationship with them. The net effect is that, the actual job performance in terms of what the individual worker and the organizations are expected to accomplish are scarcely considered when appraising performance.

## **Organizational Profile of Provident Life Assurance Company Limited**

### **The History of Provident Life Assurance Company Limited**

The history of Provident Life Assurance Company Limited can be traced to its mother company, Provident Insurance Company Limited (PIC). PIC was first incorporated on February 9<sup>th</sup>, 1981 under Ghana's companies code of 1963 (Act 179) as a limited liability company and commenced business in October 2, 1982. PIC's line of business was short-term property non-life underwriting such as fire, motor, bonds, marine etc.

It took just a member of staff and two sales executives to introduce life assurance products into PIC's line of business creating a life section for PIC. The life section was transformed into a life department in June 1997. Between the year 1996 and January 2006, PIC was operating as a composite insurance company. However, in 2006 a new insurance law, Insurance Act 2006 (ACT 724) was passed requiring composite insurance companies to separate their life assurance business from non-life insurance business. By this enactment, operation of a composite insurance was prohibited and became illegal to operate such a business in Ghana.

In response to the Act 724 and the National Insurance Commission's (NIC) requirement, the life department of PIC was transformed into a fully-fledged life assurance company and incorporated as a limited liability

company by shares in February 2006 under the company's code of 1963 (ACT 179) under the name Provident Life Assurance Company Limited with PIC having a 100% shares.

### **Nature of Business**

Provident Life Assurance Company Limited is a life assurance company registered with the National Insurance Commission of Ghana to undertake life assurance business in Ghana. Its line of products (policies/covers) includes; individual and group personal accident, credit life, mortgage protection, keyman, international travel health assurance, special investment plan, educator plan, 50 plus (a funeral expenses policy) and transition plan (a funeral expenses policy).

Provident Life Assurance Company Limited is also into pensions fund management. However with the introduction of the new pensions act, Provident Life Assurance Company Limited has registered a subsidiary company known as Provident Life Trust to undertake pensions fund management.

### **Sales outlets and intermediaries**

Provident Life Assurance Company Limited's operations has been zoned into four area/branch offices (excluding head office operations); Tema, Takoradi, Kumasi and Obuasi.

The Head Office located in Accra takes care of the Company's operations in Greater Accra, some parts of Eastern regions and also coordinates all area/branch operations. The Tema branch operations cover

business activities in Tema, Volta region and some parts of the Eastern region. The Takoradi branch/zone covers operations within the Western and Central regions. Kumasi area/branch office is responsible for the Company's operations in Ashanti region and the three northern regions of Ghana. Obuasi branch office operates in parts of western and Ashanti regions.

### **Organizational structure of Provident Life Assurance company limited**

Provident Life Assurance Company operates a flat organization with the Chief Executive Officer responsible for the implementation of board policies; execution and the implementation of the necessary strategies to enable the company achieve its corporate vision as "the insurer of choice in the Ghanaian Life Assurance Industry". He reports directly to the Board of Directors.

The Chief Executive Officer liaises with the Chief Manager, who is next in command. The Chief Manager works with all the departmental heads towards the realization of the company's objectives, as set by the Chief Executive Officer in collaboration with the top management team.

### **Conclusion of the literature review**

Different Scholars have varied purposes for performance appraisal management. According to Cole (1997), organizations carry out performance appraisal to identify an individual's current level of job performance, identify employees strengths and weaknesses to enable employees to improve their performance, provide a basis for rewarding employees in relation to their contribution to an organization's goals, motivate individuals, identify training



and development needs, identify potential performance and to provide information for succession planning. It can therefore be observed, that appraisals help to evaluate the performance of employees for purposes such as salary increments and other reward recognitions such as bonus payments.

Appraisals also help management of organizations to come up with training programmes to help develop their employees. Mullins (2010) and Cole (1997) are with the opinion that appraisal reports are for evaluative and developmental purposes. Both of them are with the opinion that, through periodic appraisals organizations can develop effective succession plans.

Goal-setting is a crucial element in performance appraisals. Individuals set goals aligned to that of the organization are assessed during the appraisal periods. Understanding appraisal systems of organizations will help employees set realistic goals and work towards achieving them. This assertion is underpinned by the goal-setting theory by Buchner (2007) as cited in Armstrong (2009).

Communication of feedback by appraisers to appraisees is very important in performance appraisals (Hunsakar, 2005). This tends to affect their behaviour on the job. It therefore indicates whether these reports from these periodic appraisals are being used for their intended purposes. Feedback can induce a person who previously had no goals to set some. Goals act as motivators to achieve higher performance and tell people how well they are progressing toward set goals.

Feedback often induces people to raise their goals sights after attaining a previous goal. Feedbacks also help employees to know that others care how

they are doing and also serves as a form of recognition that can motivate people to higher levels of performance (Hunsakar, 2005).

From the literature review, it was also observed that, the frequency of appraisals is crucial to the success of any appraisal system. According to Mullins (2010), new or newly promoted employees require regular appraisals. It was observed that most of the writers agree on at least two times appraisal exercise in a year. One at the middle of the year and the other at the end of the year. However, they were with the view that, informal appraisals should be undertaken throughout the year.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### **Introduction**

This Chapter covers how the study was conducted. It spells out the research design used in undertaking the study. The chapter also defines respondents that were used, including the statistical techniques used to collect and analyze the data.

#### **The research design**

This study was designed to assess the performance appraisal system of Provident Life Assurance Company Ltd, a case of Takoradi branch.

According to Sarantankos (1998), descriptive research design is used to present a picture of the specific detail of a situation, social setting and relationship. He was with the view that, a descriptive research design is used to obtain information concerning the current status of phenomena. One advantage of this design is that it is flexible and practical. It points out present situation and need (Osuala, 1991).

Despite this advantage, Frankel and Wallen (1990), pointed out that it is difficult to ensure that questions to be answered or statements to be responded to in descriptive design are clear and not misleading. They also stated that results produced from descriptive design could be unreliable. Despite these disadvantages descriptive design was used for this study because it has helped to provide a meaningful picture of the performance appraisal system of Provident Life Assurance Company Limited and has helped to

explain the views of employees on the practices of the system in the company based on the data gathered.

### **Study population**

The population of the study was limited to the staffs of Provident Life Assurance Company Limited, Takoradi branch. This population was chosen because Takoradi branch is one of the oldest branches established in the country with a total population of sixty-two staffs consisting of twelve senior staffs, five junior staffs and forty-five long-term contract staffs who are mainly junior staffs. The population is made up of employees with varying educational backgrounds ranging from Senior Secondary School graduates to University degree holders.

Since the performance appraisal system of the company is practically the same at all the branches in the country, a research on the appraisal system for Takoradi branch will provide a very good representation for a reliable survey on the examination of performance appraisal practices of Provident Life in general.

### **Sampling technique and sample size**

Purposive sampling technique was adopted to select respondents randomly for the two categories of respondents; that is appraisers and appraisees. 86% of the 50 junior and contract staffs and 67% of the 12 senior staffs were sampled. The choice of the sample was based on sample size determination by Kredjie, M. (1990). According to Kredjie M. a sample size of 10% or more of any population would be representative.

In selecting the final sample, a sample frame consisting of a list of all staffs was used and simple random method was used to pick the appraisees for the research. In selecting the final sample, the names of all the staffs were written on pieces of papers. These pieces of papers with staffs' names were stuffed in a box and then the pickings were done randomly till the required number was obtained for both appraisers and appraisees.

The simple random technique was adopted because it is unbiased in the sense that all members of the population have equal chance of being selected.

### **Research instrument**

The main instrument used to collect the relevant information was questionnaire. According to Sarantankos (1998), questionnaire is efficient method through which many respondents can be reached within a short period of time. Again questionnaire is seen as appropriate because the respondents are all literates and with a well- designed questionnaire including instructions, the needed information were obtained which is at the same time acceptable to the respondents. Questionnaires were structured and unstructured, for both appraisees and appraisers. Each of the questionnaires was divided into five main sections. Section 'A' gathered information on the general background (demographic characteristics) of the respondents. Section 'B' elicited information about the purposes/reasons for performance appraisal in the company. Section 'C' sought data on the frequency and feedback of performance appraisal. The extent of employees' understanding of the scheme was dealt at section 'D'. Section 'E' was devoted to find out whether performance appraisal reports are actually used for their intended purposes.

Various sections of the questionnaires for appraisers and appraisees also contained a number of open ended questions and respondents were required to give out detailed information concerning challenges, suggestions and opinions regarding the appraisal system of Provident Life Assurance Company Limited.

### **Data collection technique**

The questionnaires were administered personally by the researcher to the respondents who were selected using the simple random exercise. The purpose of the research was first explained to the respondents during a meeting for them to have a clear understanding of the exercise. They were asked to fill the questionnaires and return same. Twelve (12) appraiser and fifty (50) appraisee questionnaires were distributed. Eight (8) out of the twelve (12) appraiser questionnaires were received, constituting 67% response rate. Forty-three (43) out of the fifty (50) appraisee questionnaires were received. This constitutes 86% response rate.

### **Technique of data analysis**

Statistical Package for the Social Sciences (SPSS) version 17 was used to analyze the data of the study. The SPSS was used to test total reliability of items in the questionnaire using the Cronbach's Alpha. It was also used to generate means and standard deviations (descriptive statistics), T-test and ANOVA tables for better analysis. Open-ended responses were analyzed through data reduction, display, conclusion creation, and to identify trends. Details of the analyzed data and interpretations are represented in chapter four.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### **Introduction**

This chapter contains the results obtained after the data analysis. The results are captured in two main parts: Demographic results and Results for research questions. It addresses the gender of respondents, the highest academic qualification of respondents, rank/class of respondents, respondents' years of working with Provident Life, respondents' understanding of the performance appraisal system of Provident Life, the use of appraisal reports for their intended purposes at Provident Life and the frequency of performance appraisals at Provident Life Assurance Company Limited.

#### **Demographic Result**

The demographic issues addressed include age statistics, rank/class of respondents, level of education of respondents and the number of years employees have worked at Provident Life Assurance Company Limited.

Table 1 below indicates that, out of the 51 respondents, the maximum age was 51 years (an appraiser) and the mean ages of appraisers and appraisees were 33 and 28 years respectively. The total numbers of respondents were 8 appraisers and 43 appraisees.

**Table 1: Respondents' Age Statistics**

	Appraisers		Appraisees		Total	
	Frequency	Age	Frequency	Age	Frequency	Age
Maximum	6	51	30	33	36	51
Mean	2	33	13	25	15	28
Total	8		43		51	

**Source: Fieldwork, 2014**

Table 2 below shows that 6 (75%) of the appraisers were males while 6(25 %) were females. On the other hand, 30 (70%) and 13(30%) were males and females appraisees respectively. The overall result from the table indicates that 71% of respondents were males and 29% were females.

Majority of the respondents were males because most of the appraisers who happened to be senior staffs were males. Also a greater number of employees of the company were males.

**Table 2 : Genders of Respondents**

	Appraisers		Appraisees		Total	
	Frequency	Age	Frequency	Age	Frequency	Age
Male	6	75	30	70	36	71
Female	2	25	13	30	15	29
Total	8	100	43	100	51	100

**Source: Fieldwork, 2014**

**Table 3: Respondents' Class/Rank**

	Appraisers		Appraisees		Total	
	Frequency	Age	Frequency	Age	Frequency	Age
Senior Staff	3	38	10	23	13	26
Junior Staff	-	-	33	77	33	65
Management	5	62	-	-	5	9
Total	8	100	43	100	51	100

**Source: Fieldwork, 2014**

Table 3 above suggests that a total number of 51 respondents were used and out of this, 13 (26%) were senior staff, 33 (65%) were junior staff and 5 (9%) were management staff. This was made up of 3 (38%) senior and 5



(62%) management staff (appraisers); 10 (23%) senior staff and 33 (65%) junior staff (appraisees).

As regards respondents' highest qualification, Table 4 below reveals that most of the respondents 20 (39%) had Senior Secondary/Senior High School qualification. 17 (33%), 9( 18%) and 5(10%) were HND, First and Second Degree holders respectively. 5(62%) of the appraisers were Second Degree holders with 3(38%) of the appraisers being First Degree holders. 20(47%), 17(40%) and 6(13%) of the appraisees were SHS/SSS, HND and First Degree holders respectively.

**Table 4: Respondents' Highest Qualification**

Level of Education	Appraisers		Appraisees		Total	
	Frequency	Age	Frequency	Age	Frequency	Age
SHS/SSS	-	-	20	47	20	39
HND	-	-	17	40	17	33
First Degree	3	38	6	13	9	18
Second Degree	5	62	-	-	5	10
Total	8	100	43	100	51	100

**Source: Fieldwork, 2014**

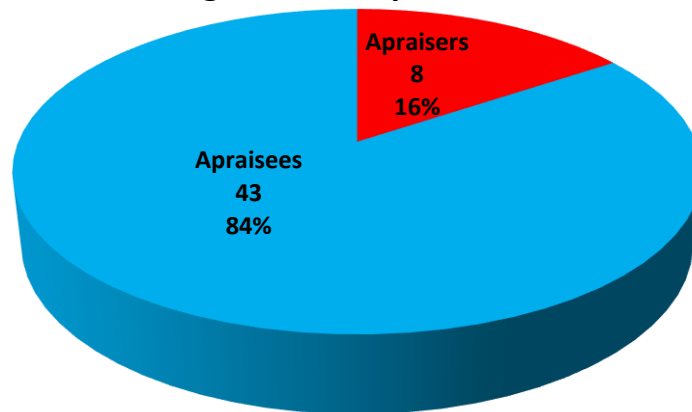
One of the issues addressed by this study was to find out the number of years employees /respondents have worked with PLAC. Table 5 below shows that 25(49%) have worked for 1 to 5 years and 22(43%) have worked for more than five years. 4(7.9%) have worked for less than one year. 24(56%), 15(35%) and 4(9%) of the appraisees have worked for 1 to 5 years, over 5

years and less than one year respectively. This means that most employees have worked with the company for one to five years.

**Table 5 : Respondents’ years of Working at Provident Life Assurance Company Ltd. (PLAC)**

Years	Appraisers		Appraises		Total	
	Frequency	Age	Frequency	Age	Frequency	Age
Less than 1 year	-	-	4	9	4	7.9
1 to 5 years	1	12.5	24	56	25	49
Over 5 years	7	87.5	15	35	22	43
Total	8	100	43	100	51	100

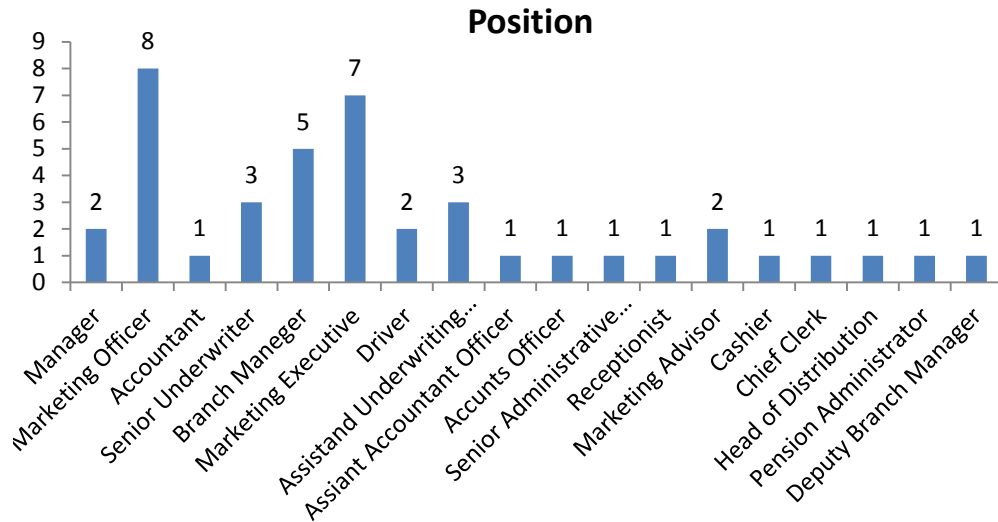
**Categories of respondents**



Source: Fieldwork, 2014

**Figure 1: A pie chart representation of the categories of respondents used in this study**

As regards the categories of respondents used for this study, Figure 1 above reveals that 16% (8) of respondents were Appraisers while the remaining 84% (43) were Appraisees. Appraisers are the category of staff that usually conducts performance appraisals. Appraisees on the other hand are those who are appraised by the Appraisers. According to the results above, it could be said that most respondents used in this study were Appraisees.



**Figure 2: A bar chart representation of respondents' positions**

Figure 2 above reveals that respondents used in this study included two (n=2) Managers, three (n=3) Assistant Underwriting Officers, eight (n=8) Marketing Officers, three (n=3) Senior Underwriters, five (n=5) Branch Managers, seven (n=7) Marketing Executives, Assistant Accountant Officer, one (n=1) Senior Administrative Officer, one (n=1) Receptionist, one (n=1) Marketing Advisers, two(n=2), Cashier, one(n=1) Chief Clerk, one (n=1) Accountant, one (n=1) Drivers, two (n=2) Head of Distribution, one (n=1) Pension Administrator, one (n=1) and Deputy Branch Manager, one (n=1).

**Results for the research questions**

In order to assess the performance appraisal system of Provident Life Assurance Company Limited, the study sought to find answers to four research questions. Results from the study were analyzed as follows based on the following research questions:

**Research question one**

Do employees understand the main reasons for conducting performance appraisal at Provident Life Assurance Company Ltd.?

This question sought to find out from appraisees and appraisers the reasons why performance appraisals are conducted at Provident Life Assurance Company Ltd. Respondents were required to select from nine reasons in order of importance. Respondents were required to rank their answers on a scale of 1 to 5, with five being the highest and one the lowest. As a result of this, the total responses were more than the total number of respondents. Content analyses from the data gathered from respondents are presented in the in Table 6 below:

**Table 6: Reasons for Undertaking Performance Appraisals at Provident Life Assurance Company Ltd. (PLAC)**

	Appraisers		Appraisees		Total	
	Frequency	%	Frequency	%	Frequency	%
Counseling	18	9.5	119	10.7	137	10.5
Promotion	22	11.6	122	10.9	144	11.0
Salary Increases	20	10.5	179	16.0	199	15.0
Rewarding	23	12.1	134	12.0	157	12.0
Transfers	24	12.6	98	8.8	122	9.0
Managing Employees	25	13.2	133	11.9	158	12.1
Training	28	14.7	185	16.6	213	16.0
Motivation/Improved						
Morale	20	10.5	88	7.9	108	8.3
Dismissal	10	5.3	58	5.2	68	5.0
Total	190	100	1,116	100	1,306	100

**Source: Fieldwork, 2014**

Table 6 shows that training 213(16%), salary increases 199 (15%), managing employees 158 (12.1%) and rewarding hard work 157 (12%) were ranked as the four most important reasons why performance appraisals are conducted at Provident Life Assurance Company Limited (PLAC). On the other hand, the least ranked reasons were dismissals 68 (5%) and motivation/improved morale 108 (8.3%).

Appraisers 28 (14.7%) and appraisees 185 (16.6%) ranked training as the most important reason for performance appraisals at PLAC). Dismissals {10(5.3%, appraisers) 58 (5.2% appraisees)} and motivation/improved morale {20 (10.5%, appraisers) 88 (7.9% appraisees)} were ranked the least two.

From the analysis it could be seen that respondents agreed that training is the most important reason for conducting performance appraisals at PLAC. Promotion 144 (11%), counseling 137 (10.5%) and transfers 122 (9%) were ranked 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> respectively by respondents as some of the reasons for undertaking performance appraisals at PLAC.

From the above analysis, it can be seen that training, salary increases, managing employees and rewarding hard work were identified by respondents as the four most important reasons for performance appraisals at PLAC. Harris (2000), Long (1989), Thomas and Scot (1996) and Cole (1997) from the literature review also identified training, merit pay, managing employees, promotions, transfers, motivation, counseling and rewarding hard working employees in organizations as the purposes of performance appraisal. Findings from the study also support the assertion by Daoanis (2012), that performance appraisals help organizations to establish individual training needs of their

employees. He indicated that performance appraisals enable management gauge and monitor whether institutional standards, expectations and objectives and delegation of responsibilities are achieved. Worcester Polytechnic Institute (2013) indicated that a careful and comprehensive performance appraisal will stimulate employees' interest and improve their job performance. They indicated that the goal of the appraisal process is to recognize achievement, evaluate job progress and to design training for further development of skills and strengths.

**Research Question two**

To what extent do staffs understand the performance appraisal system being used by Provident Life Assurance Company Ltd?

Research question two sought to find out from staffs the extent to which they understand the performance appraisal system being used by the company.

Relevant information is presented in Table 7 below:

**Table 7: Staffs Training/Understanding of Performance Appraisal system at Provident Life Assurance Co. (PLAC).**

	Appraisers		Appraises		Total	
	Frequency	%	Frequency	%	Frequency	%
Understand	7	87.50	32	74.42	39	76.47
Do not	1	12.50	11	25.58	12	23.53
Understand						
Trained	6	75.00	28	65.12	34	66.67
Not	2	25.00	15	34.88	17	33.33
Trained						
Total	8	100.00	43	100.00	51	100.00

**Source: Fieldwork,2014**

Table 7 reveals that, 76.47% of the total respondents of 51 understand the performance appraisal system of Provident Life Assurance Company Limited. 23.53% of the total respondents however claimed they do not understand the performance appraisal system of the Company. 87.50% of appraisers and 74.42% of the appraisees understand the performance appraisal system of the Company. 12.50% and 25.58% of the total appraisers of 8 and appraisees of 43 respectively do not understand the appraisal system of the company. This means that most of the appraisers were given some form of training to equip them in conducting periodic performance appraisals. From Table 7, 75% of the total appraisers of 8 had formal training on performance appraisal.

With regard to training, 66.67% of the total respondents had some form of training on performance appraisal. 33.33% however, never had any formal training on performance appraisal. 25% and 34.88% of appraisers and appraisees respectively, never had formal training on performance appraisal.

### **Research Question three**

Are performance appraisals reports used for their intended purposes?

This research question sought to find out from respondents whether appraisal reports are actually used for their intended purposes at PLAC. Relevant information is presented in Table 8 below:

**Table: 8 One-Sample t test results on the use of performance appraisal at PLAC**

One-Sample Statistics					
Variable	M	SD	Df	T	Sig.
Intended purpose of performance appraisal					
Total	24.55	5.29	37	28.61	.00

**Source: Fieldwork, 2014**

Table 8 reveals that the mean ( $M=24.55$ ,  $SD=5.29$ ) for the Intended purpose of performance appraisal subscale was subjected to the One-Sample t test. Results ( $t=28.61$ ,  $Sig.=.00$ , two tailed), reveals that a significant difference exist (result is significant). This result implies that performance appraisals reports at Provident Life Assurance Company Limited are used for their intended purposes. These intended purposes include bases for planning training programmes, salary increments, managing employees, counseling, bases for rewarding hard work, source of motivation, promotion and transfers. The result confirms the assertion by Poole and Warner (2000), who stated that distribution of organizations sanctioned reward which includes promotion, compensation, transfer, etc. depends on the results of performance appraisal. Price (1975), however, said promotion at the civil service is not dependent on results from performance appraisal but other criteria which do not relate to performance.

McGregor (1960), made an assertion that, appraisal programmes are systematically designed to control the behaviour of employees. Result from the findings indicates that appraisal reports are used for their intended purposes at PLAC. One of these purposes is to use appraisal reports to manage employees and to control their behaviour.



Poole and Warner (2000), stated that performance appraisal serves as a precursor of employee motivation in organizations. Findings from the research also revealed that a significant number of respondents agreed that appraisal reports are one of the motivating factors at PLAC. This confirmed the goals-setting and the expectancy theories by Buchner (as cited in Armstrong, 2009). As appraisal reports are used for their intended purposes, employees will be motivated to set challenging goals and work towards achieving them. Once employees know appraisal reports will be used for their intended purposes, their expectation in terms of salary increases, promotions, training, etc. will be high and this is a motivation for them to perform on the job.

According to Buhler (2002), appraisal reports also provide inputs for decisions including transfers, compensation (salary increases) and training. Findings from the research also corroborate the assertion made by Buhler (2002). Decisions regarding promotions training of employees, salary increments and transfers are taken in the company based on periodic appraisal reports.

The above finding contradicts the finding of Boachie-Mensah and Seidu (2012), who's results, indicated that employees of the Takoradi Polytechnic perceive that the performance appraisal system of the institution is affected by subjectivity, and is influenced by some major errors. As a result of this, performance appraisals do not achieve their intended purposes.

Boachie-Mensah and Seidu (2012)'s findings is reinforced by that of Senyah's (2011) findings. At the end of her study, Senyah's (2011) findings revealed that the Ghana Education Service system of appraisal were fraught with favoritism and suffer from poor supervision to some extent in spite of

management's high commitment. Hence, performance appraisals at the Ghana Education Service do not achieve their intended purposes (Senyah, 2011).

#### **Research question four**

How regular are performance appraisals carried out at Provident Life Assurance Company Ltd?

This research question sought to find out the number of times performance appraisal is conducted every year in the company.

**Table 9: Descriptive Statistics Results on the number of times Performance Appraisal is carried out at Provident Life Assurance Company Ltd. (PLAC)**

	Appraisers		Appraises		Total	
	Frequency	%	Frequency	%	Frequency	%
Once	1	12.50	13	30.23	14	27.45
Two Times	5	62.50	29	67.44	34	66.67
Occasionally	2	25.00	1	2.33	3	5.88
Total	8	100.00	43	100.00	51	100.00

**Source: Fieldwork, 2014**

Descriptive statistics results in Table 9 reveals that, 27.45% of respondents said performance appraisal is conducted once a year, whereas 66.67% of respondents believed their performance is appraised two times in a year. The remaining 5.88% believed that performance appraisal is conducted occasionally. 12.50% and 30.23% of appraisers and appraisees respectively believed performance appraisal is conducted once in each year. 62.50% of appraisers and 67.44% of appraises however are with the belief that, appraisal take place two times every year. Only 25% and 2.33% of appraisers and appraisees respectively believed appraisal take place occasionally in the

company. According to Mullins (2010), appraisals conducted more frequently (more than once a year) may have positive implications for both the organization and employee.

According to him, the frequency of appraisal should be related to the nature of the organization, the purposes and objectives of the scheme and the characteristics of staff employed. He said organizations operating in dynamic environments require more frequent appraisal. New and promoted staffs also require regular performance appraisal. According to Mathis and Jackson (2000), informal appraisal should be conducted whenever a manager deems it necessary in addition to scheduled appraisals. Findings from the research confirm the assertion made by Mullins (2010) and Mathis and Jackson. Performance appraisal at Provident Life Assurance Company Limited is carried out two times in a year. Respondents believed that, they need regular coaching and counseling to help them increase their performance on the job to enable the company achieve its set goals and objectives every fiscal year.

The above findings are also supported by Dechev's, (2010) in his related study. In this study, results revealed that performance appraisal is conducted twice a year in the studied institution.

On the contrary, findings by Ikemefuna and Chidi, (2012), in their studied organization in Nigeria revealed that, performance appraisal is conducted once every year.

## **Conclusion of the results and discussion**

From the analysis, it can be concluded that, training, salary increases, managing employees and rewarding hard work were identified as the four most important reasons for performance appraisals at Provident Life Assurance Company Limited (PLAC). Harris (2000), Long (1989), Scot and Thomas (1996) and Cole (1997) from the literature review also identified training, merit pay, managing employees, promotions, transfers, motivation, counseling and rewarding hard working employees in organizations as the purposes of performance appraisal. Findings from the study also revealed that, the performance appraisals exercises will help the management of PLAC to establish individual training needs of their employees. The appraisal exercises will also enable management gauge and monitor whether standards, expectations, objectives and delegation of responsibilities are being achieved.

It can also be concluded that, 76.47% of the total respondents understand the performance appraisal system of the company. 23.53% of the total respondents however claimed they do not understand the performance appraisal system of the Company.

The analysis also indicated that, performance appraisals reports at PLAC are used for their intended purposes. These intended purposes include basis for planning training programmes, salary increments, managing employees and basis for rewarding hard working employees.

Findings also revealed that, Performance appraisals at Provident Life Assurance Company Limited is carried out two times in a year. Respondents believed that, they need regular coaching and counseling to help them increase

their performance on the job to enable the company achieve its set goals and objectives every fiscal year.

In conclusion, it can be deduced from the analysis that, a greater number of the employees understand the appraisal system of the company. Most of them have also been trained on the appraisal system of the company. As a result of this, it will not be difficult to implement any performance appraisal strategy to help improve the current appraisal system. It can also be concluded that, the two times appraisal exercise every year will enable management and employees address issues or gaps that exist between set goals and achievements.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### **Introduction**

This chapter provides a summary of the main objectives of the study, method for data collection and analysis. It also highlights the main findings and conclusions. The chapter ends with appropriate recommendations.

#### **Summary**

The main objectives of the study were to examine the main reasons of performance appraisal at Provident Life Assurance Company Limited (PLAC), to examine staffs understanding of the appraisal system and to analyze whether performance appraisal reports are used for their intended purposes. The last objective was to measure how regular performance appraisal exercises are conducted at PLAC.

As regards data collection, twelve (12) appraiser and fifty (50) appraisee questionnaires were distributed. Eight (8) out of the twelve (12) appraisers questionnaires were received, constituting 67% response rate. Forty-three (43) out of fifty (50) appraisee questionnaires were retrieved. This constitutes 86% response rate. Data analysis was done using the simple frequency distributions and percentage tables obtained from statistical product and service solution (SPSS). Based on the objectives of the study, it was identified that training, salary increases, managing employees and rewarding hardworking employees are the four most important reasons for conducting performance appraisals at Provident Life Assurance Company Ltd.

Concerning the level of understanding, both appraisers and appraisees understand the appraisal system of the company but it was realized that, most of the appraisers understand the system than appraisees because a greater number of them had some form of training on how to conduct performance appraisals. In analyzing the uses of performance reports for their intended purposes, it came to fore that performance appraisal reports are used for their purposes. It was established that performance appraisal reports are actually used for planning training, salary increments, managing employees and rewarding hard working employees.

Findings from the study also indicated that performance appraisals at Provident Life are conducted two times each year.

### **Conclusions**

Based on the research questions and the findings, it can be concluded that the practice of performance appraisal is a well-established system in Provident Life Assurance Company Ltd (PLAC). Four main reasons were identified as the main purposes of conducting performance appraisals at PLAC. These reasons include basis for planning training, salary increments, managing employees and rewarding hardworking employees of the company. Again, it can be concluded that performance appraisal is conducted two times in a year to assess the performance of employees. Findings also revealed that, both appraisers and appraisees understand the appraisal system of the Company but the level of appraisees' understanding is below that of appraisers due to the fact that appraisers received enough training on performance appraisal.

Concerning the intended purposes of performance appraisal reports, it was realized that the company actually use appraisal reports for their intended purposes of identifying training needs of employees, salary increases and rewarding hardworking staffs of the company.

### **Recommendations**

In spite of the usefulness of the current performance appraisal system of PLAC, it could be a more effective and useful tool for measuring performance if the following recommendations are considered: The human resource department should organize periodic training on performance appraisal for all staffs to increase their level of understanding especially appraisees since most of them are junior staffs. This would enable them to better understand the appraisal process.

Additionally, employees should be allowed to undertake self-review of their performance before appraisal meetings. This would provide an opportunity for appraisers to discuss with appraisees their performance and agreed plans to remedy their weaknesses and reinforce strengths. Again, the management of PLAC should strongly link promotion with performance. Hence performance appraisal reports should play active roles in the promotion of employees since promotion was not part of the main reasons identified as the reasons of conducting performance appraisal at PLAC.



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**APPENDIX A**

**QUESTIONNAIRE FOR APPRAISEES**

This is a questionnaire that seeks to collect data on the performance appraisal systems of Provident Life Assurance Company Limited (PLAC) for writing a dissertation in partial fulfillment for the award of MBA degree from the University of Cape Coast. Please provide your responses to the questions by ticking the appropriate answers or where the questions are open ended, please provide your responses. You are assured of confidentiality regarding any information you provide.

**A: Personal Information**

1. Sex: Female [ ]      Male [ ]
2. Age: .....
3. Your Highest Qualification
  - a. Secondary [ ]
  - b. HND [ ]
  - c. First Degree [ ]
  - d. Second Degree
  - e. Others –specify.....
4. Class of staff:    a. Senior Staff [ ]
  - b. Junior Staff [ ]
  - c. Management Staff [ ]
5. Indicate the number of years you have worked with PLAC.
  - a. Less than 1 year [ ]
  - b. 1 to 5 years [ ]                      c. 6 to 10 years [ ]

6. Position in the company.....

**B: The Extent of Staff Understanding of how Performance Appraisals are conducted in PLAC and Openness of Performance Appraisals.**

7. Have you been formally trained on the conduct of performance appraisals? a. Yes [ ] b. No [ ]

8. If yes, state the methods used for the training, e.g. workshops.

- a. ....
- b. ....
- c. ....
- d. ....

If you answered yes to question 7 above, which year

(Indicate).....

9. Do you want to be formally trained on how performance appraisal is conducted? a. Yes [ ] No [ ]

10. To what extent do you understand the performance appraisal system of PLAC? .....

.....  
.....

11. Do you agree that performance appraisal systems should be as opened as possible?

- a. Strongly agree [ ] c. Indifferent [ ]
- b. Agree [ ] d. Disagree [ ] e. Strongly disagree [ ]

**C: Reasons for Setting up Performance appraisal Systems in PLAC:**

Performance appraisals are conducted for different reasons. What are the various reasons for conducting performance appraisals in PLAC?

**Please rank the following by using 1 to 5, 1 being the lowest rating and 5 being the highest.**

	Variables	5	4	3	2	1
i	Counseling employees					
ii	Promoting Staff					
iii	Salary increment					
iv	Reward hardworking Staff					
v	Transfer of staff					
vi	Managing employees					
vii	Recommendation for training					
viii	Motivation/Improved Morale					
ix	Dismissal of staff					

**D: Timing of performance appraisals and Communication of feedback to Appraisees:**

12. Have you been appraised by your immediate supervisor since your appointment to your current position in PLAC?

- a. Yes [    ]
- b. No [    ]

13. If yes, how many times are you assessed in a year?

- a. Once
- b. Two times

c. Occasionally

14. State the times you are assessed in a year, eg at the beginning of each year.

a. ....

b. ....

c. ....

15. Does your Appraiser discuss your performance reports with you?

a. Yes [ ]                      b. No [ ]

16. Do you agree that your appraiser should discuss your performance appraisal report with you?

a. Strongly agree [ ]

b. Agree [ ]

c. Indifferent [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

17. Do you agree that feedbacks can induce employees with no set goals to set achievable goals?

a. Strongly agree [ ]                      c. Indifferent [ ]

b. Agree [ ]                      d. Disagree [ ]

e. Strongly Disagree [ ]

18. Do you agree that feedbacks help employees to know how they are progressing towards set goal?

a. Strongly agree [ ]

b. Agree [ ]

c. Indifferent [ ]



d. Disagree [ ]

e. Strongly Disagree [ ]

19. In your opinion, how often do you think performance appraisals should be conducted?

a. ....

b. ....

c. ....

d. ....

20. In your opinion, do you think newly appointed employees require regular assessments?

Yes [ ] No [ ]

21. If you answered yes to question 20, how often do you think appraisals for new employees should be carried out?

.....

.....

.....

**E: Using appraisal reports for their intended purposes and Persons Eligible to Conduct Appraisals.**

22. In your opinion which of the following are eligible to conduct performance appraisals?

a. Immediate manager/supervisor [ ]

b. Job peers [ ]

c. Customers [ ]

d. Self –Appraisal [ ]

e. Subordinates [ ]

- f. All the above [ ]
23. Peer performance appraisals are seen as 'grassing' on each other.
- a. Agree [ ]
  - b. Strongly Agree [ ]
  - c. Indifferent [ ]
  - d. Strongly Disagree [ ]
  - e. Disagree
24. Do you agree that performance appraisal reports provide the yardstick for rewarding hardworking employees?
- a. Strongly agree [ ]      c. Indifferent [ ]      e. Disagree [ ]
  - b. Agree [ ]      d. Strongly disagree [ ]
25. Do you agree that salary increments depend on the reports of performance appraisals at PLAC?
- a. Strongly agree [ ]      c. Indifferent [ ]      d. Strongly Disagree [ ]
  - b. Agree [ ]      e. Disagree [ ]
26. In your opinion, do you agree that promotion of employees at PLAC is based on performance appraisal reports?
- a. Strongly agree [ ]
  - b. Agree [ ]
  - c. Indifferent [ ]
  - d. Strongly disagree [ ]
  - e. Disagree [ ]
27. Do you agree that selection of employees for training in PLAC is based on performance appraisal reports?
- a. Strongly agree [ ]

- b. Agree [ ]
- c. Indifferent [ ]
- d. Strongly disagree [ ]
- e. Disagree [ ]

28. Do you agree that staff transfer in PLAC is based on performance appraisal reports?

- a. Strongly agree [ ]      d. Disagree [ ]
- b. Agree [ ]                      e. Strongly Disagree [ ]
- c. Indifferent [ ]

29. Performance appraisal reports serve as a source of motivation and improve staff morale.

- a. Strongly agree [ ]      b. Agree [ ]      c. Indifferent [ ]
- d. strongly disagree [ ]
- e. Disagree [ ]

30. A performance appraisal report provides the basis for counseling and managing employees.

- a. Agree [ ]      b. Strongly Agree [ ]      c. Indifferent [ ]
- d. Strongly Disagree [ ]      e. Disagree [ ]

31. Do you agree that performance appraisal reports are used for their intended purposes in PLAC?

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]
- d. Strongly disagree [ ]
- e. Disagree [ ]

32. Do you think the performance appraisal system of PLAC is effective?

- a. Yes [ ]
- b. No [ ]

33. If you answered yes to question 32, what are the key indicators that the system is effective?

- a. ....
- b. ....
- c. ....
- d. ....
- e. ....

34. What do you think are the major challenges facing the conduct and administration of the current performance appraisal system of PLAC?

- .....
- .....
- .....
- .....

35. Do you agree that performance appraisal reports assist management to know employees who are under-performers or poor performers who must be dismissed or assisted?

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]

36. What measures do you think should be put in place to help improve the current performance appraisal system of PLAC?

- .....
- .....

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.....  
**APPENDIX B**

**QUESTIONNAIRE FOR APPRAISERS**

This is a questionnaire that seeks to collect data on the performance appraisal systems of Provident Life Assurance Company Limited (PLAC) for writing a dissertation in partial fulfillment for the award of MBA degree from the University of Cape Coast. Please provide your responses to the questions by ticking the appropriate answers or where the questions are open ended, please provide your responses. You are assured of confidentiality regarding any information you provide.

**Section A: Personal Information**

1. Sex: Female [ ]                      Male [ ]
2. Age.....
3. Your Highest Qualification
  - a. Secondary [ ]
  - b. HND [ ]
  - c. First Degree [ ]
  - d. Second Degree [ ]
  - e. Others (Specify).....
4. Position .....
5. Indicate the number of years you have worked with PLAC.
  - a. Less than 1 year [ ]
  - b. 1 to 5 years [ ]
  - c. 6 to 10 years [ ]

**Section B: Reasons for performance appraisals in PLAC.**

Performance appraisals are carried out for a number of reasons. What do you think are the reasons for conducting performance appraisals in PLAC? Rank your answers from 1 to 5. 1 as the lowest and 5 as the highest.

No.	Variables	5	4	3	2	1
I	Counseling employees					
Ii	Promoting Staff					
Iii	Salary increment					
Iv	Reward hardworking Staff					
V	Transfer of staff					
Vi	Managing employees					
Vii	Recommendation for training					
Vii	Motivation/Improved Morale					
Ix	Dismissal of staff					

**Section C: Timing of performance appraisal and Communication of feedback.**

6. Do you formally appraise staff under you?

- a. Yes [ ]                      No [ ]

7. If yes, how often in a year?

- a. Once [ ]                      c. Occasionally [ ]  
 b. Twice [ ]                      d. Any other .....

8. Which period of a year do you appraise them? Eg At the beginning of the year.

- a. ....
  - b. ....
  - c. ....
9. Do you discuss performance reports or feedbacks with your appraisees after assessment?
- a. Yes [ ]    b. No [ ]
10. If No why.....
11. Do you agree that feedbacks should be provided to employees after periodic appraisals?
- a. Strongly agree [ ]
  - b. Agree [ ]
  - c. Indifferent [ ]
  - d. Disagree [ ]
  - e. Strongly Disagree [ ]
12. Do you agree that feedbacks can induce employees with no set goals to set achievable goals?
- a. Strongly agree [ ]    c. Indifferent [ ]
  - b. Agree [ ]    d. Disagree [ ]    e. Strongly Disagree [ ]

**Section D: Understanding PLAC’s performance appraisal system by appraisers and openness of Performance Appraisal Systems**

13. Have you ever received any formal training on how performance appraisal is conducted in PLAC?
- a. Yes [ ]    No [ ]
14. If yes where did you have your training? [ ]
- a. Management training [ ]

- b. Durbars [ ]
  - c. At a workshop [ ]
  - d. Any other (Specify).....
15. If you answered yes to question 13 above, which year (state).....
16. Do you think you are efficiently trained to effectively conduct performance appraisals?
- a. Yes [ ]                      No [ ]
17. If you answered no to question 13 above, would you want to get the necessary training on performance appraisals?
- a. Yes [ ]                      No [ ]
18. Do you understand the current appraisal system of PLAC?
- Yes [ ]                      No [ ]
19. Do you agree that performance appraisal systems should be as opened as possible?
- a. Agree [ ]    b. Strongly Agree [ ]    c. Indifferent [ ]    d. Strongly Disagree [ ]
  - e. Disagree [ ]
20. If you answered no to question 18, what are the possible causes?
- .....
- .....
- .....

**Section E: Using performance appraisal reports for their intended purposes and Persons Eligible to Conduct Performance Appraisals**



21. In your opinion which of the following are eligible to conduct performance appraisals?

- a. Immediate manager/supervisor [ ]
- b. Job peers [ ]
- c. Customers [ ]
- d. Self –Appraisal [ ]
- e. Subordinates [ ]
- f. All the above [ ]

22. Peer performance appraisals are seen as ‘grassing’ on each other.

- a. Agree [ ]
- b. strongly Agree [ ]
- c. Indifferent [ ]
- d. Strongly Disagree [ ]
- e. Disagree [ ]

23. The performance appraisal reports are used as yardstick for rewarding hard working staff.

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]

24. Do you agree that salary increments and other emoluments are based on performance appraisal reports in PLAC?

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]

25. Promotion of employees is based on performance appraisal reports.

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]

- d. Disagree [ ]
- e. Strongly Disagree [ ]

26. Training of employees in PLAC is basically on the basis of performance appraisal reports.

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]

27. Performance appraisal reports are used as yardstick for transferring employees in PLAC.

- a. Strongly agree [ ]      b. Disagree [ ]      c. Indifferent [ ]
- d. Strongly Disagree      e. Disagree [ ]

28. Management of employees in PLAC depends on performance appraisal reports.

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]

29. Performance appraisal reports bring about motivation and improved morale of employees.

- a. Strongly agree [ ]
- b. Agree [ ]
- c. Indifferent [ ]

- d. Disagree [    ]
- e. Strongly Disagree [    ]

30. Do you agree that performance appraisal reports are used for their intended purposes in PLAC?

- a. Strongly agree [    ]                      d. Disagree [    ]
- b. Agree [    ]                      e. Strongly Disagree [    ]
- c. Indifferent [    ]

31. Do you think the performance appraisal system of PLAC is effective?    Yes [    ]                      No [    ]

32. Do you agree that performance appraisal reports assist management to know employees who are under-performers or poor performers who must be dismissed or assisted?

- a. Strongly agree [    ]    b. Agree [    ]                      c .Indifferent [    ]
- d. Strongly disagree [    ]    e. Disagree [    ]

33. .If you answered yes to question 31 above, what are the indicators that the performance appraisal system of PLAC is effective?

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.....

34. What are some of the major problems facing the conduct and administration of the current performance appraisal system of PLAC?

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.....  
35. How do you think the current performance appraisal system of PLAC can be improved?

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