

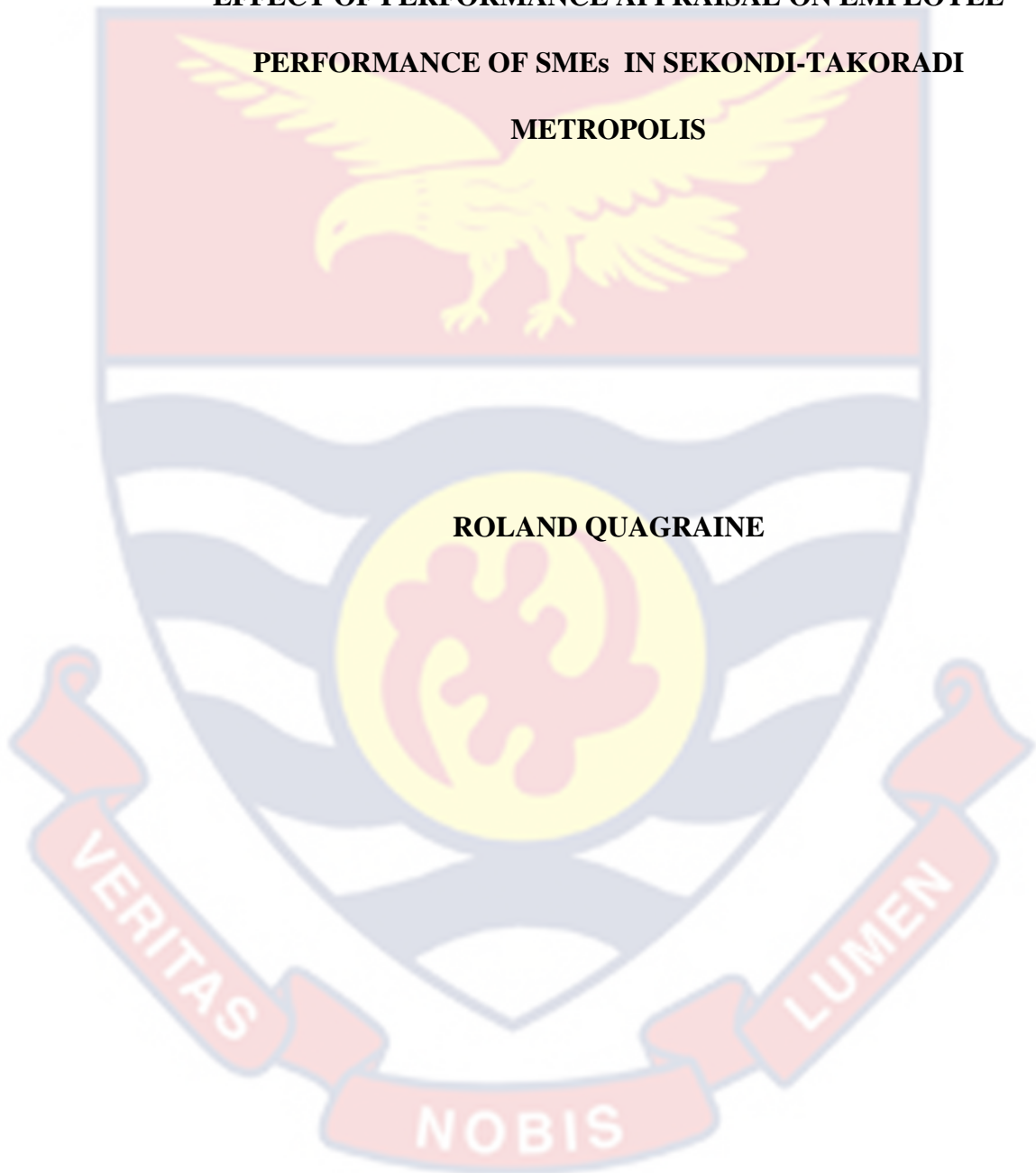
UNIVERSITY OF CAPE COAST

EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE

PERFORMANCE OF SMEs IN SEKONDI-TAKORADI

METROPOLIS

ROLAND QUAGRAINE



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UNIVERSITY OF CAPE COAST

EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE

PERFORMANCE OF SMEs IN SEKONDI-TAKORADI METROPOLIS

BY

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SB/MHM/20/0003

Thesis submitted to the Department of Human Resource Management of the
School of Business, College of Humanities and Legal Studies, University of
Cape Coast in partial fulfilment of the requirements for the award of Master of
Commerce degree in Human Resource Management

JUNE 2023

DECLARATION

Candidate's Declaration

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

Candidate's Signature..... Date:

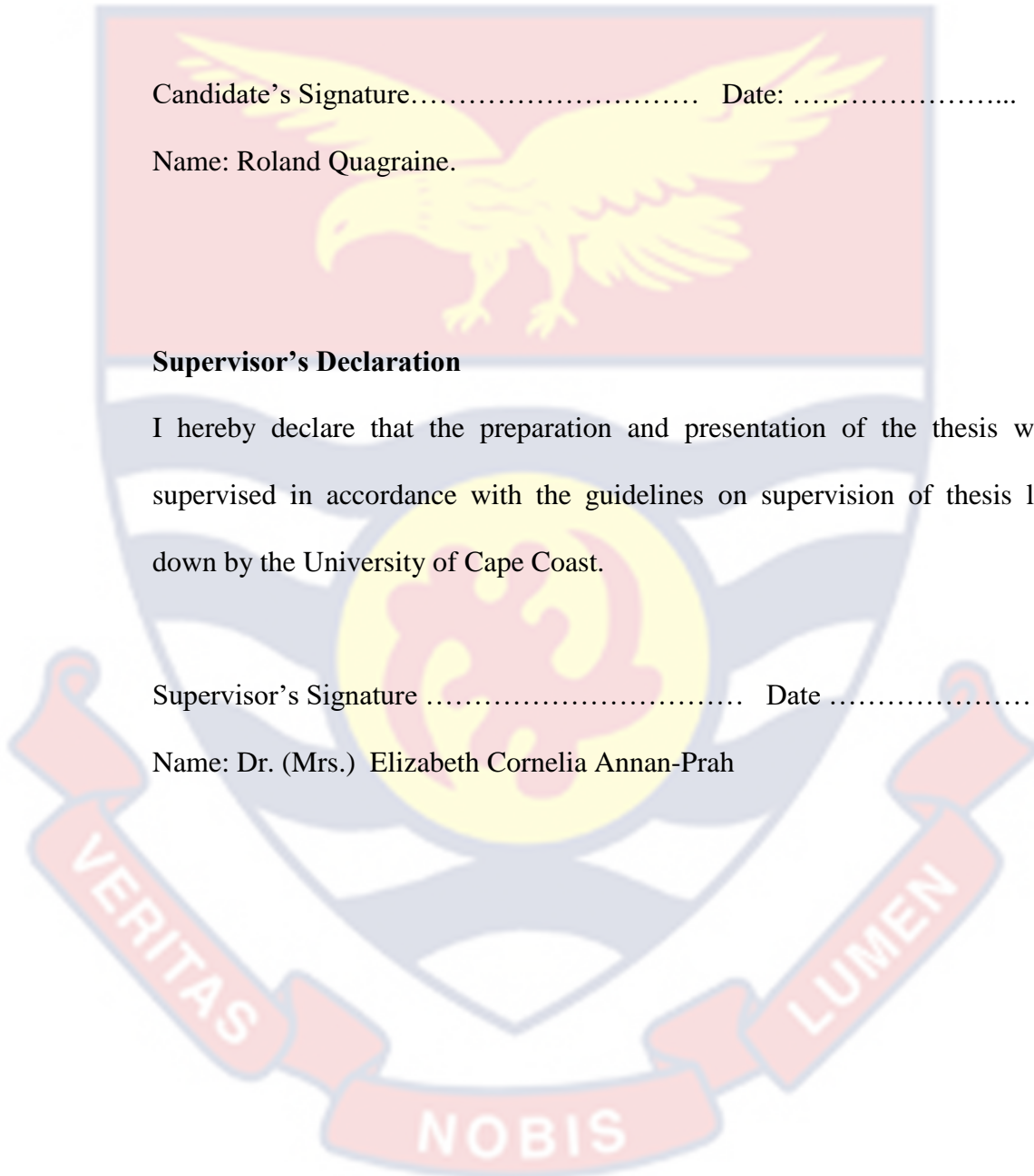
Name: Roland Quagraine.

Supervisor's Declaration

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

Supervisor's Signature Date

Name: Dr. (Mrs.) Elizabeth Cornelia Annan-Prah



ABSTRACT

This study looked at the relationship between performance appraisal and employee performance of SMEs in Sekondi-Takoradi Metropolis. It specifically analysed the impacts of performance appraisal method, feedback and rater accuracy on employee performance by relying on the goal theory and equity theory. Three research hypotheses were developed and tested to address the study's objectives. This study employed a quantitative approach and an explanatory research design to collect primary data using 132 valid sets of structured questionnaires out of the total issued questionnaire of 150 from selected SMEs in the Sekondi-Takoradi Metropolis. The information was then analysed with SmartPLS 3 and IBM SPSS Statistics version 26. Partial least squares structural equation modelling (PLS-SEM) was then used to analyse the data and evaluate the assumptions. Findings from the study highlight the significant of performance appraisal method, feedback and rater accuracy roles in improving all three dimensions of employee performance (i.e., goal achievement, quality of work and quantity of work). It was concluded that, performance appraisal method, feedback, and rater accuracy from performance appraisal play crucial roles in improving employee performance. The study, therefore recommends that there should be carefulness in selecting the appraisal method used in appraising, there should be regular training of appraisers, there should be clarity in rating from appraisers and appraisal discussion and counselling after results.

KEY WORDS

Performance

Performance Appraisal

Feedback

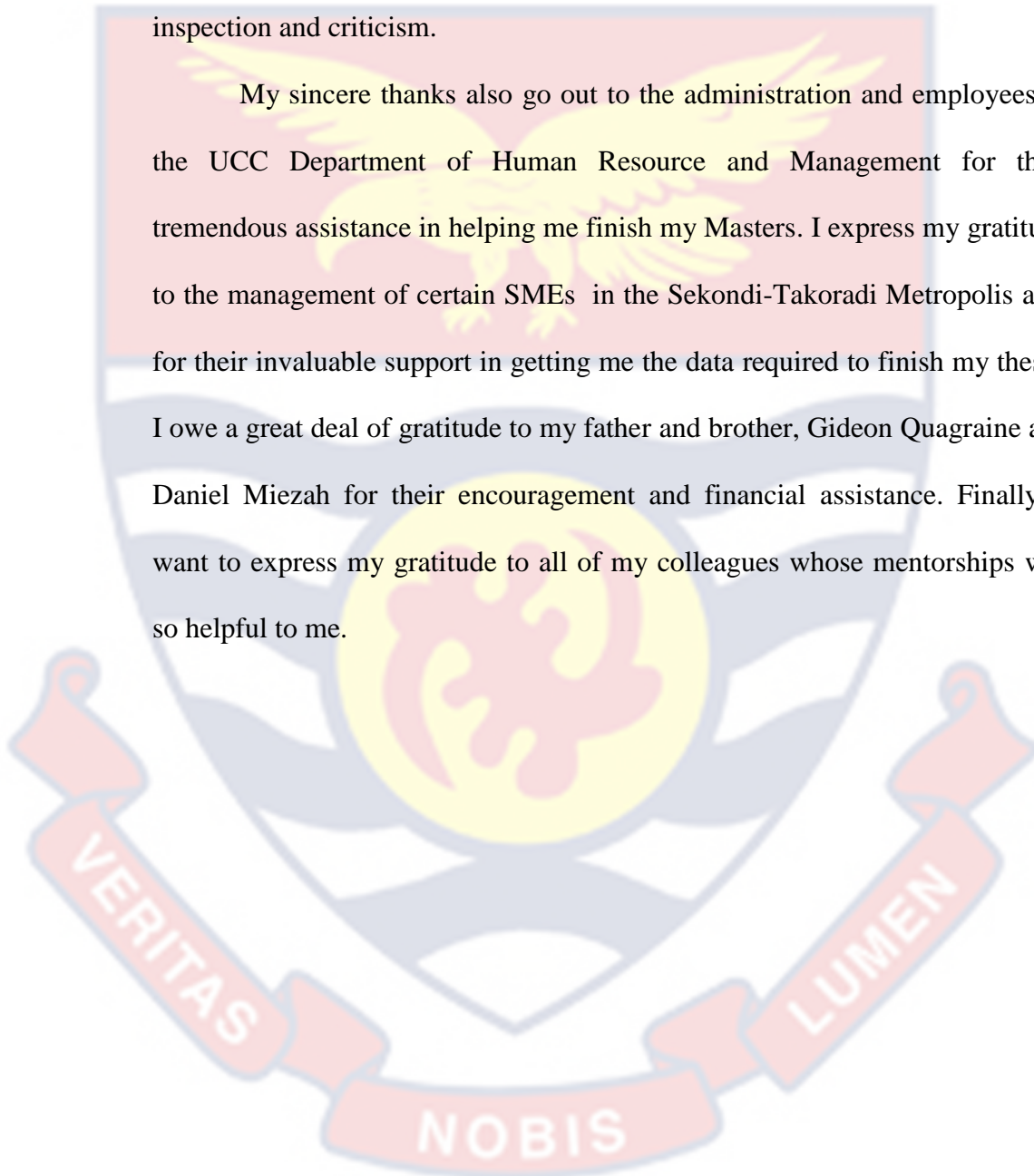
Rater Accuracy



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DEDICATION

To my family.



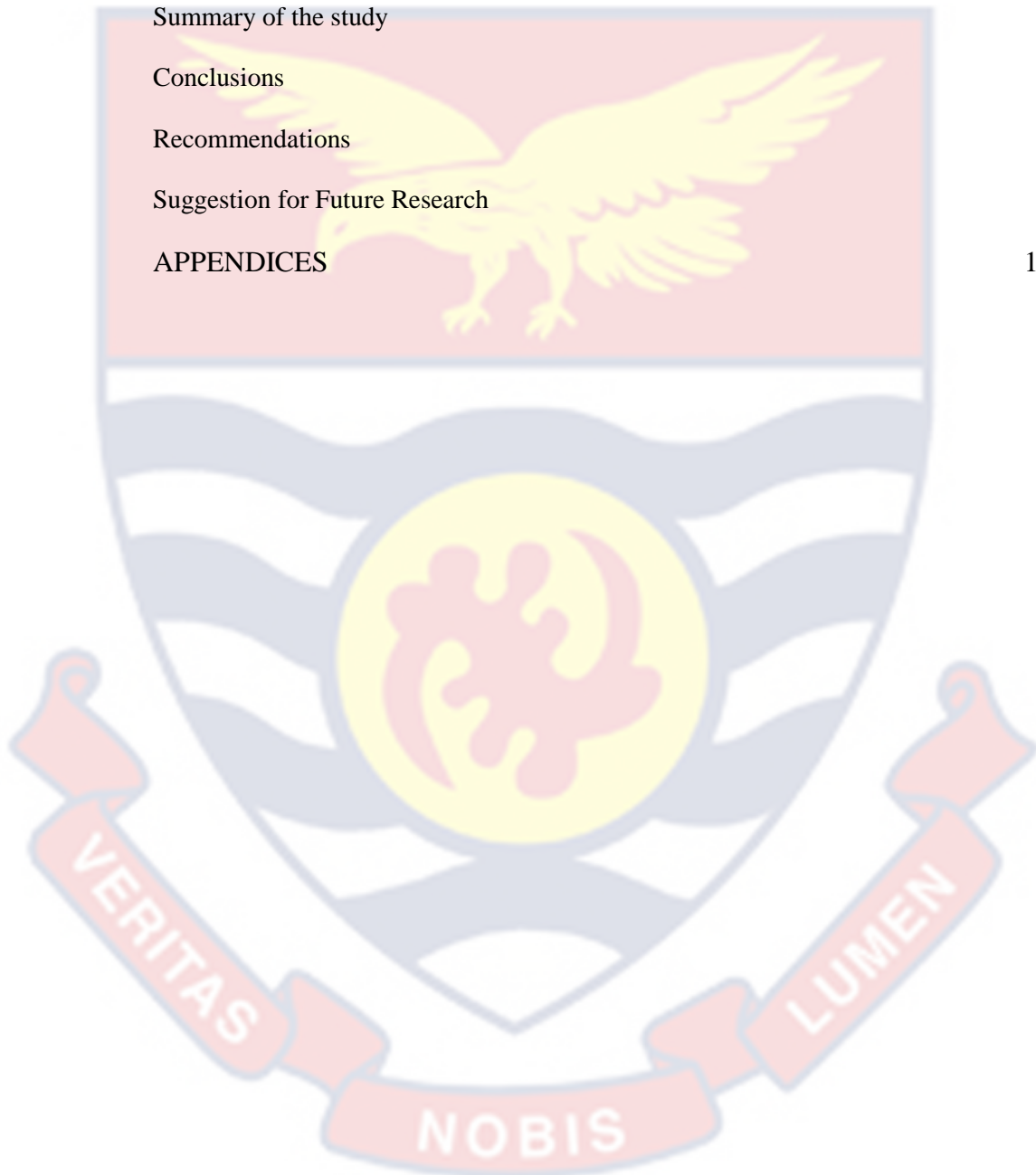
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LIST OF ACCRONYMS

AVE – Average Variance Extracted

CA – Cronbach Alpha

CI – Confidence Interval

CR – Composite Reliability

DEP – Dependent Variable

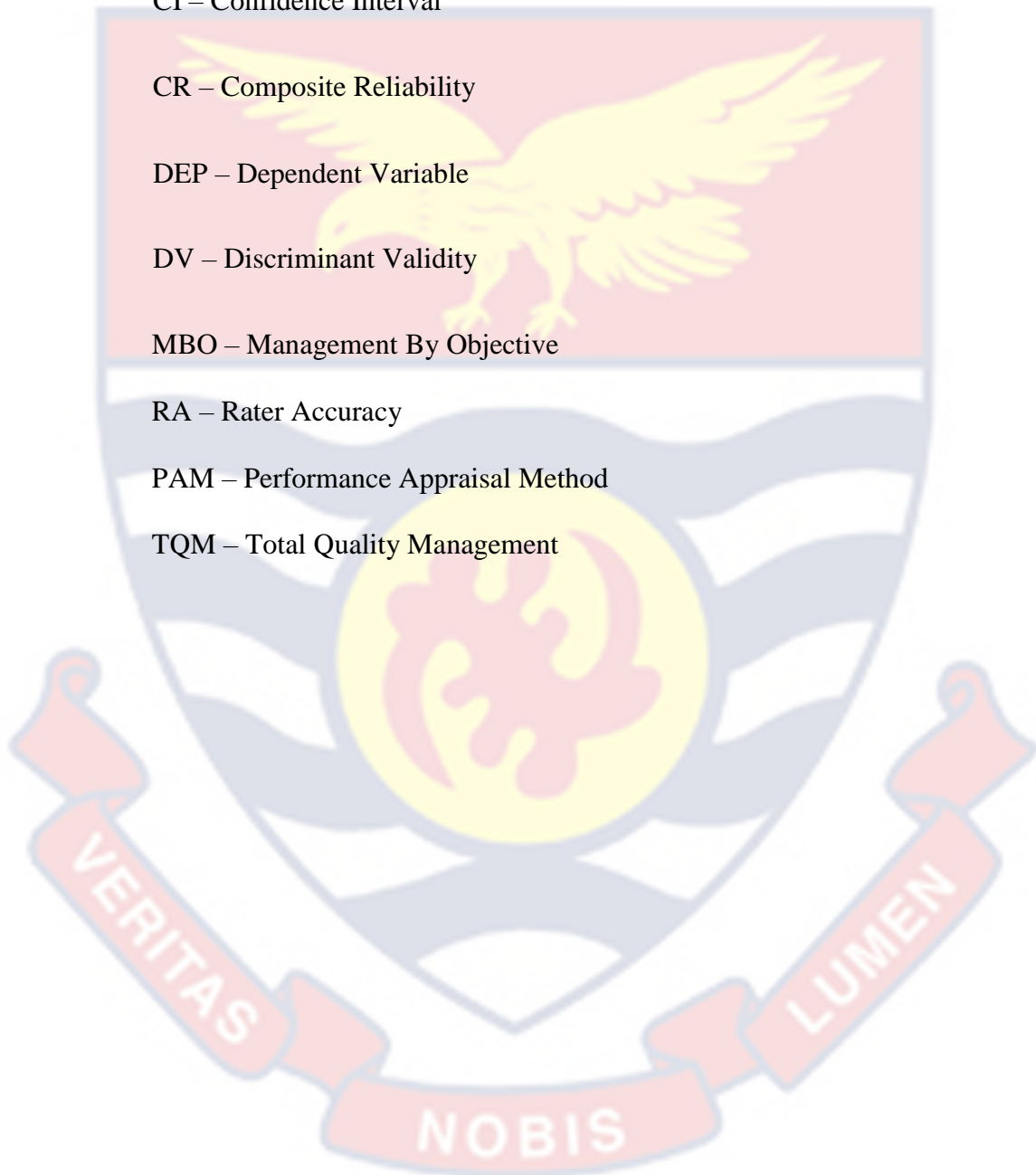
DV – Discriminant Validity

MBO – Management By Objective

RA – Rater Accuracy

PAM – Performance Appraisal Method

TQM – Total Quality Management



CHAPTER ONE

INTRODUCTION

The concept of performance appraisal continues to generate much attention among researchers and businesses. Performance Appraisal focuses on identifying and evaluating the potential of an employee for further growth and development. Small Medium Enterprises contribute significantly to the economic development of both developed and developing economies. However, their survival rate in Ghana is only 60% beyond five years of operation (Prepah et al., 2016). SMEs in Ghana need to improve in order to be competitive in the market and to continue their survival. The fall in rating may be due to, several factors such as performance appraisal methods or procedures used to assess employee performance. This study therefore investigates the effect of performance appraisal on employee performance at SMEs in the Sekondi-Takoradi Metropolis. The study's background, problem statement, research objectives, significance of the study, study restrictions, and study organization were all discussed in this chapter.

Background to the Study

Globally, the major problem that managers of small and medium enterprises (SMEs) face is the challenge to get the most performance out of their workers. Consequently, it appears that performance appraisal is inevitable (Robert et al., 2022). Managers of SMEs tend to appraise employee work performance intuitively, informally, and arbitrarily without a well-outlined system of appraisal (Luch, 2022). At work, the propensity to judgment can seriously interfere with motivation, ethics, and the law. There is

no way to ensure that the choices made will be morally righteous, just, and defended in the absence of a formal performance appraisal system.

In 2012, Chile had 523,132 SMEs established which accounted the most for the total of 99.2% while, only 0.8 percent remaining were occupied by large companies with SMEs contributing to most of the country's GDP. However, over the years there has been a fall in contribution rate of these SMEs compared to larger firms due to poor HR practices such as training of employees, employee relations and performance appraisal (Rees et al., 2019).

Ethiopia has more than 73,000 SMEs and employs more than 551,075 persons; however, the survival of SMEs in Ethiopia remains a big challenge due to factors such poor assessment tools and review and generally poor business environment with most of their SMEs built based on agriculture (Devereux, 2010; Mader & Winkler, 2013). In Ghana for instance, the sector accounts for about 70% of industrial employment and well over 50 % of the country's GDP (Abor & Biekpe, 2007). In spite of their invaluable contributions to economic growth, SMEs increasingly face fierce competition from larger firms due to emerging practices such performance management and appraisal. The situation makes it difficult for the SMEs to survive or maintain their business position in the local and global market with less knowledge of their managers on how to appraise their workers (Dzisi et al., 2014).

Employee performance however, refers to the duties performed by employees on the job and how successfully they were carried out (Rodriguez, 2020). Performance standards set expectations for how employees should behave at work. Much more than just an employee's work habits are included

in this criterion. Employees are evaluated according to how successfully they perform their responsibilities in light of sets standards selected by the company.

Employees comprise a vital element of the resources of a business. Large and small businesses alike aim to recruit, hire, and retain personnel who can assist them in fulfilling their corporate goals. For enterprises to thrive and create a competitive edge, they must recognise and exploit the talents and competencies of their people. Following that, it is critical that managers implement procedures for evaluating employees' performance and giving them feedback of their performance. One of the strategies managers use to assess employees' performance is performance appraisal (Paais & Pattiruhu, 2020).

Performance appraisal began in use, mostly in the 1940s. Organizations first used performance appraisal system as a basic way to determine if an employee's pay was fair. It was utilized as a tool for staff development and reward in the 1950s in the United States (Dauda, 2018). According to Al-Jedaia, and Mehrez (2020), performance appraisal is a process of evaluating employee performance to set organisational criteria or a formal review of an individual employee's performance. Rodriguez (2020) added that performance appraisal involves every personnel action that has an impact on a worker's position, such as hiring, firing, promotions, transfers, pay raises or decreases, or enrolment in a training program.

Similarly, Rana and Singh (2022) emphasised that, performance appraisal entails an employee understanding the outcomes expected of him, maintaining focus with the support of the supervisor to reach specified targets, and getting feedback on how well they have done, which may inspire the

employee toward higher performance. According to Lee (2019), performance appraisal results are sometimes unfair given the potential that unpleasant findings or inferences about an individual's performance may be made. The evaluation may be influenced by the prejudices, biases, and stereotypes of the evaluators (Smith, 2019). One of the most difficult aspects of human resource management is performance appraisal (Stone et al., 2020). Managers lack a defined mechanism for performance appraisal that is; they may judge the performance of workers using informal means. When there is no adequately laid-down procedure for measuring employees' performance, managers may overlook a significant component of the process, which might be important for performance improvement.

The performance appraisal system at various organisations is often unpopular with supervisors, workers, and human resource managers, who perceive it as either a superfluous bureaucratic exercise or harmful to the bond that exists between a worker and their managers (Aguinis, 2019). The findings of appraisals often influence how much is paid out to workers. In other words, performance appraisal results assist in determining which employees perform better and should receive the bulk of merit raises, bonuses, and open promotions (Tersoo & Ekeh, 2018). According to Diamantidis and Chatzoglou (2018), it also facilitates personnel evaluation, skill development, and performance improvements.

Results from performance appraisal are used to identify underachievers who could benefit from counseling or, in the worst circumstances, demotion, dismissal, or pay cuts (Olabode & Rufus, 2020). The efficacy of employee performance is increased, in accordance with Gnepp and Barlas (2020), by

performance appraisal through feedback procedure, as well as rating accuracy. Consequently, performance appraisal can help workers perform better (Sardi et al., 2020).

According to Phin (2015), offering accurate ratings, providing regular feedback, defining standards and clear goals, as well as requiring a higher degree of intellect and expertise from the rater, are all continual actions that go into creating a successful performance appraisal. The degree to which the result of a measurement, computation, or specification corresponds with the proper value or a standard is known as rater accuracy (Lohman, 2021). Sensed fairness, consistency in gauging employees' contributions to the task, and eliminating bias are all factors that affect a rater's accuracy. Rating may be impacted by subjective criteria and preconceived notions by managers, which affect performance appraisal results.

Similarly, feedback is the sharing information based on employee performance. Feedback ensure that, managers and workers are on the same page and concur on the norms and expectations of the task to be completed and use results to encourage, support, guide, correct, and control work efforts and outcomes. Without feedback, people are unaware of their growth or regression, and it is hard to gauge the amount of work needed to accomplish a certain goal (Dondo et al., 2021).

When appraisers conducting performance appraisals tampers with the outcomes of the appraisals for political motives, the reliability and validity of the evaluation are undermined (Stlianos et al, 2013). According to the equity idea, people are more motivated to work more when they believe that they are receiving fair rating (Donkor & Zhou, 2020). The core of this idea, as with all

others, is the rating accuracy hypothesis. Equity theory has management-helping implications for the current study on performance appraisal and employee performance to avoid inaccurate and biased rating and feedback during performance appraisal. Without equity, performance appraisal may be perceived as unfair, hence unacceptable to the employee.

Proponent of the goal-setting theory intimate that it is the process of establishing targets for prospective employee performance (Brewer, Pollock & Wright 2014). According to the theory, an employee's personal objectives are very significant in inspiring him or her to work better and would desire to improve their ability to reach those objectives. The theory places a strong emphasis on task mobilization, ongoing encouragement, on-the-job feedback, and staff development plans.

When managers evaluate their subordinates' performance, they do it using a number of methodologies or performance appraisal methods. The goal setting theory implies that a manager must choose performance appraisal method based on the objectives set for its employees (Mustafa, 2018). If the objectives set are technical or skill based, the 360-degree appraisal method cannot be used since feedback of performance is taken from anyone the worker has been in contact with. However, management by objective can be used to measure specific and technical objectives. That is, the method looks at how well pre-established work objectives or goals have been achieved in order to assess employee performance (Moore at al, 2012).

Evaluation of performance therefore incorporates factors of job performance that are both quantitative and qualitative. In this context, performance refers to the task completion for an individual's work. It shows

how effectively a person is meeting the requirements of their position. Performance is mostly assessed in terms of outcomes rather than effort (Watling & Ginsburg, 2019). Managers can use performance appraisals to assess employees, identify gaps, recommend changes, and recognise both excellent behaviour and exceptional performance.

Without appropriate two-way feedback on a worker's performance that is, counselling and discussion after appraisal, we run the danger of seeing a decline in that worker's performance (Govender & Bussin, 2020). Feedback in performance appraisals is essential to the assessment method since employees must be aware of the outcome of the review. Feedback from the appraisal will help them improve their performance (Murphy, 2020).

Statement of the Problem

According to Houldsworth and Wood (2012), a worker's performance is what support the claim that they are an organisation's most valuable resource. Employees at SMEs have a poor opinion of the Sekondi-Takoradi Metropolis area's present performance appraisal methods used. These factors have worked against high employee performance resulting in poor revenues (Denkyira, 2014).

Most employees of SMEs, according to Arnould et al (2018), at Sekondi-Takoradi, receive the same assessment findings year after year due to poor appraisal system and management. In other words, individuals tend to reinforce their performance. Furthermore, managers of SMEs in Sekondi-Takoradi give feedback to employees if only they are positive (Nketsiah, 2015). Managers neglect negative results, which will help employee awareness, development, and performance.

Several research studies on performance appraisal have been carried out in Ghana, but rater accuracy and feedback from performance appraisal have been overlooked by these studies (Annan-Prah, 2010). For instance, Amilariba (2021) did a study at the Ghana Education Service on performance appraisal and employee performance, but centered on employee perspective, performance appraisal methods and performance appraisal challenges. Also, a research on employee engagement through effective performance appraisal was done by Mone and London (2018). Most of the literature on the concept has focused on large organisations that have successfully implemented sustainability through performance appraisals neglecting SMES . In order to better understand how performance appraisal, affect performance of employees at SMEs in the Sekond-Takoradi Metropolis, a research was conducted.

Research Objectives

The general objective was to investigate the effect of performance appraisal on employee performance of SMEs in Sekondi-Takoradi Metropolis.

The following research objectives were developed to:

1. Examine the effect of performance appraisal methods on employee performance at SMEs in the Sekondi-Takoradi Metropolis.
2. Determine how performance appraisal feedback affects employee performance at SMEs in the Sekondi- Takoradi Metropolis.
3. Identify the effect of rater accuracy on the performance of employees at SMES in the Sekondis-Takoradi Metropolis.

Research Hypothesis

This study tested the following research hypotheses:

H1a: 360 degree performance methods significantly affect employee performance at SMEs in the Sekondi-Takoradi Metropolis

H1b: MBO performance method significantly affects employee performance at SMEs in Sekondi-Takoradi Metropolis

H1c: Behavioural anchored rating scale method significantly affect employee performance of SMEs in the Sekondi-Takoradi Metropolis

H2: Feedback significantly affect employee performance of SMEs in Sekondi-Takoradi Metropolis

H3: Rater accuracy significantly affect employee performance of SMEs in Sekondi-Takoradi Metropolis

Significance of the Study

In this study, the effect of the performance appraisal method, feedback and rater accuracy on employee performance is highlighted as well as how well employees understand and value performance appraisal at SMEs . For the management and employees of SMEs , the study's conclusions are crucial. If a well-structured performance appraisal is completed, it will also assist organizations in understanding how performance appraisal should be managed and their significance for the enhancement of employee performance. Although the results of this study will primarily be used for academic purposes, they will also contribute to the body of literature and knowledge and may serve as a starting point for other researchers interested in doing research of a similar nature in the future.

Delimitations

Despite the significant contributions of this study, it was limited in scope in terms of geography and focus. In terms of geography, for instance,

the study was delimited to SMEs in developing economies notably Ghana. In Ghana, the study specifically focused on Sekondi-Takoradi metropolis due to the highest concentration of firms. Also, only employees of currently registered SMEs within these metropolises were selected. The study focused on how performance appraisal affected employee performance in terms of performance appraisal method, rater accuracy, and feedback, this raised concerns about other variables that might have an impact in this situation.

Limitations

The study's findings were limited to five selected SMEs Metropolises in Sekondi-Takoradi Metropolis. The outcomes from the study was also restricted to the opinions and suggestions of personnel within the selected SMEs . Thus, the outcomes could be affected by possible biased or false information provided by any respondent. In addition, the use of structured questionnaires, the most acceptable data collection instrument for quantitative studies, limited the amount of information obtained from the respondents and this could restrict the study's findings. The study's findings could also be affected by non-responses, inadequate data and missing values.

Definition of Terms

Performance appraisal: Performance appraisal as the formal and systematic procedure for evaluating an employee's productivity.

Employee performance: Employee performance is the degree of production a worker produces in comparison to his or her co-workers on a range of related workplace behaviours and outcomes.

Feedback: Feedback is the discussion of performance or behaviour at work that was witnessed throughout the performance

Rater Accuracy: Rater Accuracy is the relationship between actual employee behaviour (“true” score) and employee behaviour that has been recorded by a rater (performance rating).

Organisation of the Study

This study was organised into five Chapters. Chapter one was made up of the introduction of the study, background, the statement of the problem, objectives of the study, research questions, significance of the study, limitation and organisation of the study. Chapter two of this study reviews previous literature on the current study by looking at the theoretical review, the conceptual framework, and the empirical review of the research objectives. Chapter three looked at the research design, the population of the study, sample, and sampling techniques, the instrument for data collection, the procedures for the data collection as well as the data analysis techniques. Also, Chapter four contained the results and the discussions of the findings. Lastly, chapter five summarized the main findings, conclusion and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter presents a review of the literature on effects of performance appraisal on employee performance at SMEs in the Sekondi-Takoradi Metropolis. The chapter was made up of the theoretical framework which consisted of theories that underpin this current study; a conceptual review that includes the review of concepts that are pertinent to the phenomenon being studied, and the empirical review that deals with the review of past research depending on the objectives of this particular study. The final part was on the conceptual framework that depicts the diagrammatic representation of the variables included in the study.

Theoretical Framework

This section purports to examine relevant theories associated with performance appraisal and employee performance. Two theories, including equity theory and goal-setting theory, have been reviewed in this section. The applications and relevance of these theories to this research were reported.

Equity Theory

The equity theory developed by Folge (1965) posits that, a worker's opinion of fairness determines whether they are satisfied which, either motivate them or not. According to Banks et al., (2012) equity theory is described as an employee's perceptions of fair and unjust treatment regarding his or her performance in the workplace. Bell and Martin (2012) emphasise that, equity theory is when an employee evaluates a situation based on input and outcome. The idea of equality is crucial for employee performance

because it motivates them. Employees are more willing to put forth extra effort when they receive fair treatment. However, employees are more prone to become unhappy and demotivated if they believe they are treated unfairly. This theory purports that fairness lies at the heart of all organisational activities.

On the other hand, workplace inequality may seriously harm cohesion and teamwork among employees as well as impair employee performance. Similarly, the level of inequities within an organisation can lead to absenteeism and the resignation of an employee (Basterretxea, Heras-Saizarbitoria & Lertxundi, 2019). Employees who see injustice feel frustrated and uninterested in their work (Bruursema et al., 2011).

According to Adams, workers may judge if managers gave employees a fair appraisal rating by comparing their performance results to that of their co-workers. Employees are expected to perform their assigned tasks and obligations in order to meet both organizational and personal objectives. This approach calls for delivering precise results and comments based on an employee's contribution to their position over a certain time period while conducting performance appraisals.

Implication of Equity Theory to the Study

Organizations are working to create autonomous, self-managing workforces. An employee typically feels satisfied and motivated when he receives a fair outcome or result of his effort through appraisal. Equity theory's basic tenet is that depending on performance, workers receive the feedback or outcomes they deserve. The research recommends that managers, staff members, and SMEs as a whole work to ensure that equality and justice are

constantly in play in employee engagement at all levels of decision-making, notably in assessment. As a result, the worker feels safe and secure, and trust grows, leading to improved worker performance.

Goal-Setting Theory

In this study, the Edwin Locke (1968) goal-setting theory was presented. The goals of an employee are quite important in motivating him to increase performance. Management by Objectives appraisal method, include the fundamentals of goal-setting because they recognise the importance of goal-setting (Locke & Latham, 2019). The result of employees' ongoing pursuit of their goals is this, if these goals are not reached, they either improve performance or alter the objectives to make them more accessible. If performance improves, the goals of the performance appraisal system will be met (Shoaib & Kohli, 2017). The creation of objectives is commonly considered among the most valid and effective concepts for the motivation of employee (Locke et al).

Okoth (2022) emphasised the four primary performance appraisal processes used by managers. Priorities are used to set initial goals at the first stage. Second, they encourage effort because employees are aware that when they achieve goals, certain rewards are linked to them. That is, particular incentives are introduced to serve as motivation. Thirdly, employees are challenged to use their knowledge and skills to achieve predetermined objectives. Finally, personnel will utilise their skill sets more when the goals are challenging.

Implication of Goal-setting Theory to the Study

Establishing a specific and challenging goals encourages higher performance, according to goal setting theory (Locke et al., 2019). As a result, the theory contends that performance may be enhanced by improving the action process. Individuals should be encouraged, for instance, to create long-term objectives and to take part in appropriate planning, feedback gathering, and processing activities. When a supervisor and subordinate commit to setting a goal and concentrate on achieving it within a predetermined period, concentration is drawn away from tasks that are viewed as unimportant to the goal. Given all available resources, the common aim set between the superior and the subordinate aids in assessing employee performance.

Performance Appraisal

According to Shao and Haile (2022), performance appraisal is a formal and structured conversation between an employee and their manager that usually takes the form of recurring interviews. These performances are assessed during surveys to determine their strengths, limitations, and possible areas for development. Performance appraisal are now being used for employee development instead of only evaluating performance (Pulakos et al., 2019). In today's organizations, whether they are public or private, a framework for evaluating employee performance is required. However, employee performance is affected by managerial knowledge, skills, commitment, and evaluation (Masfi & Pandin, 2022).

Moriones et al., 2020 define performance appraisal as the formal and systematic procedure for evaluating an employee's productivity. Management employs performance appraisal system according to Denisi and Murphy

(2017) to maximise human potential and to get the maximum benefit from them. Hence, performance appraisal is considered a tool that serves as an effective management technique for employee performance. Depending on the context, performance appraisal may also be known as a performance review, performance evaluation, merit rating, employee appraisal, or employee evaluation (Soltani & Wilkinson, 2020).

In order to assess a person, appraisal is a thorough portrayal of their job-related strengths and weaknesses (Amilariba, 2021). As a result, it may be assumed that an appraisal's feedback is heavily reliant on important criteria that are either acceptable or unacceptable based on employee performance. To increase production, supervisors or managers must make a conscious effort to appraise employee performance without being biased. Employees must believe that managers will evaluate employees' performance using performance appraisal methods which may improve performance and through that award those who performed well and penalise those who underperformed (Werr, & Einola, 2021). Performance management and appraisal are sometimes considered the same however they have been further distinguished by Diamantidis and Chatzoglou (2018). The important distinction to keep in mind is that performance management is a continuous activity, whereas performance appraisal is a technique frequently utilized by management as a continuous strategy of performance management. As a result, performance appraisal is a component of performance management, which also includes measures to make sure that objectives are met accomplished successfully and efficiently. In general, performance appraisal measures levels of work performance (Bernardin et al., 2015).

Employee Performance

According to Sarwar, Ketavan and Butt (2015), employee performance is the degree of production a worker produces in comparison to his or her co-workers on a range of related workplace behaviours and outcomes. When a person excels at their work within the usual constraints of acceptable use of the resources available, such activity can be characterised as an employee's performance. Andrés and Martínez (2013) divide employee performance into task performance and contextual performance, respectively. Task performance refers to an employee's capacity to carry out and complete a specific task, whereas contextual performance assesses aspects of performance that are unrelated to specific tasks, such as going above and beyond the call of duty, cooperating, adhering to organizational policies and procedures, and supporting the organization's vitally important goals (Singh, 2019).

Every organization places a high priority on the work of its employees, regardless of available resources. As a tool to evaluate an employee's performance and provide coaching and training as appropriate, organisations establish employee performance criteria. According to Cote (2019), if employees put extra effort into attaining their set goals, performance will be affected positively and yield organisational profit. It is therefore important to set SMART goals. The timely completion of predetermined tasks assigned by employers is regarded as employee performance, which is directly related to organizational success, according to a research by Shabir, Nawchoo and Wani (2017).

Goal Achievement

The process of achieving a particular, desirable objective is known as goal attainment (Urdan & Kaplan, 2020). It is used to measure the performance of an employee within a specific set period. The question normally asked is "Did the employee meet the job performance requirements set out for them over the appraisal period?" What they did, not when or how they did it, is what is being questioned.

Quality of work

Quality of work is the task one completes successfully within the estimated time, with the end output satisfying the expectations of everyone involved, including oneself (Beuningen, Ruyter & Wetzels, 2011). An individual should be rated on a maximum of the quality of work done during a specific period.. Employees who have skills to provide high quality of work are able to make sure that the work is on time, ensure that the work is accurate, and they are always looking for new ways to improve their quality of work.

Quantity of work

The amount of work an employee completes over the course of a certain period is referred to as quantity of work (Maryani & Tukiran 2021). It is a crucial factor that managers and supervisors take into account when reviewing an employee's performance. It may be measured by counting how many tasks, projects, or assignments were finished and their corresponding deadlines that were reached. According to Entang (2021) The amount of work an individual completes offers important information about their productivity, efficiency, and time management abilities. It helps managers recognize top

performers, pinpoint areas for development, and make wise decisions about promotions, incentives, and other rewards.

Performance Appraisal and Employee Performance

Gilley and McMillan (2019) assert that, because human nature craves attention, whether it is given in a good or bad way, it motivates people to do better. Making an effective performance appraisal system is one of the strategies managers adopt to motivate their staff (Murphy, 2020). There is a negative reaction from employees when performance appraisal feedback from managers is skewed. This fails to inspire employees, driving them to perform worse. Disagreement regarding feedback from performance appraisal might lead to tense scenarios such as the resignation of an employee (Mani, 2021).

The type of performance appraisal method you choose might also affect how well your employees perform. Management by objective (MBO) seeks to inspire workers by providing performance appraisal based on predetermined objectives. The MBO emphasizes actual results obtained rather than presumptive characteristics. If they include actual involvement between managers and employees, performance will be improved more often. However, the MBO may cause erroneous expectations about what can be accomplished and may not be based on established objectives (Desjardins, 2021). Total quality management (TQM) has a distinct impact on employee performance. It encourages employees to compete with one another, emphasizing team performance rather than individual achievement.

Methods of Conducting Performance Appraisal

When managers evaluate their employees' performance, they do it using a number of methodologies or performance appraisal methods. Mustafa

(2018) asserts that, a company's performance appraisal procedures should consider the demands of its employees. Nigri and Baldo (2018) claim that, there are two major ways to performance appraisal. The conventional approach places more emphasis on employee traits like expertise, dedication, and leadership than the modern approach does. It focuses on past performance and the overall enterprise. The modern method, however, looks at employees as individuals and looks forward to using set goals.

Traditional Methods of Performance Appraisal

The traditional approach is designed to assess how effectively an employee demonstrates specific characteristics, like leadership position, competence, innovation, and planning, as well as work-related characteristics, including employment experience, which are crucial for any organization (Sing & Vadivelu, 2016). Based on this methodology, various performance appraisal methods exist. Examples include ranking techniques, the critical incident approach, and essay method.

Essay Appraisal

In the essay appraisal approach, a written assessment of an employee's strengths and flaws based on performance over a period of time is provided by the supervisor (Segbenya & Bonsu, 2019). "Describe this employee's performance in your own words, including volume and quality of work, job knowledge, and capacity to work with others," is a clear example of an essay appraisal question.

Critical Incident Appraisal

According to Haralayya (2022), critical incident appraisal encourages managers to appraise employee behaviour. Critical incident appraisal serves as

the foundation for evaluating employees and giving appropriate feedback (Schleicher, Baumann, Sullivan & Yim, 2019). Managers complain of the process as being tedious since the method requires them to be consistent in keeping track of occurrences on a regular basis (Khalilzade & Hafezalkotob, 2018). This method generates resistance from employees if they think the boss follows them on a regular basis to measure their work behaviour (Shaout & Yousif, 2014).

Furthermore, this method may cause delays in giving feedback to employees on their appraisal results. To prevent the perception that they are being evaluated unfairly, several organizations allow their employees to create or assist in setting their own performance objectives.

Ranking Methods

The ranking method involves ranking employees based on their performance, from the highest to the lowest performing employee (Wayne, Shore & Liden, 2014). Though it points out who is doing better than who, it does not give feedback on the degree to which an employee is better or worse off than a work colleague. That entire employee A gets to know is that I am doing better than employee B, but no "how" or "why" question is asked or answered. This is the simplest and oldest method of appraising employees (Shaout & Yousif, 2014).

The Graphic Rating Scale Method

With graphic rating scale, employees are rated according to each of the desirable behaviours and attributes for each position on a scale from 1 to 10. The qualities might include dependability, professionalism, expertise in the field, cooperation with others, accountability, and responsibility. A scale is

used to rate a certain number of behaviours or inquiries. These scales are utilized to assess the quality of employees output. Rated on a scale of 1 to 5, a score of 1 often denotes subpar performance, while a score of 5 indicates exceptional performance by the employee.

Modern Methods of Appraising Employee Performance

With clear, actionable feedback, the modern method of performance appraisal provides pertinent input on employee performance (Goel, 2012) by using these descriptors, the rater can identify the employee's position on the scale. This helps provide developmental feedback to employees. In contrast to the traditional method, where results are ambiguous or subjective (George, 2016), an example of modern methods is the 360-degree appraisal, Management by Objective (MBO), graphic rating scale, and behaviourally anchored rating scale.

360 Degree Appraisal

The traditional method of employee appraisal focuses on managers as the only ones to evaluate employees. However, the modern method of the appraisal era is no longer considering feedback from managers enough to measure employee performance. As a result, the concept of feedback has been expanded by many organisations into 360-degree feedback (Budwort & Chummar, 2022). The 360-degree appraisal method involves input from multiple sources within the firm and external as well. This technique of evaluation gives employees broader perspectives on their performance and enables them to comprehend how others perceive their effectiveness as both co-workers and customers (Gallagher et al., 2009).

Decenzo and Robbins (2020) rated an analysis of the effectiveness of the 360-degree appraisal method as good due to the feedback being precise and the decrease in the subjective aspect of evaluation. Feedback on information is gathered from managers, supervisors, customers, and employees themselves. More so, Bonney (2018) express that participation of employees themselves brings the feeling of involvement and reduces appraisal bias since results are not from one side.

Management by Objective (MBO) Appraisal

Management by objective is characterised as one of the modern methods of appraising employees. Choon and Embi (2012) emphasised that, as a results-based assessment method, MBO is regarded as one of the main evaluation strategies. The assessment technique known as "management by objectives" transforms organisation objectives into goals for individual employees. Rahman, Islam, and Sarker (2020) assert that, employees are evaluated based on how well they carry out a predetermined set of goals that have been determined to be essential to the effective completion of their assignment. Goal setting, action planning, self-control, and periodic evaluations are the four phases that make up this process. Management with goals in mind: by assessing the extent to which pre-established job objectives have been reached, this type of performance appraisal method places a strong emphasis on attaining outcomes (Akinbowale, 2014). Following the establishment of an aim, the employee is often required to do a self-audit in order to determine the competencies required to meet the goal.

Behaviourally Anchored Rating Scales

This type of appraisal method focuses on employee behavioural perspectives in order to attain a set target. The Behaviourally anchored rating scale, also known as BARS, uses behaviour statements as a reference point. It assesses employee performance in relation to particular behaviours that are scored numerically in order to gather information. Armstrong (2009) made the point that some characteristics must be viewed in certain workplaces as more vital in certain occupations than others. As a result, rating scales that gain from structural advantages may be deleted, and the results may mean that the staff's full potential is not realised (Woods, 2012).

Benefits of Performance Appraisal

The goal of every organisation is to get the upper hand via the performance of its employees. In this way, it has come to be accepted as an organisational concept that there should be a method for estimating, monitoring, and measuring performance (Gold & Bratton, 2003). The goal of performance appraisal includes setting objectives, evaluating performance, and training (Ikramullah et al., 2012).

Karimi (2019) claim that, a formal performance appraisal system is useful in carrying out formal decision-making processes inside the company. Additionally, it aids workers in advancing their careers and strengthening their loyalty to their employers. According to Murphy and Cleveland (216), using a formal appraisal system in the workplace is always good. It presents opportunities for promotion, transfers, and training and development programmes. It also introduces opportunities for employee growth and performance feedback. Performance appraisals provide information that is

relevant to many personnel choices, such as salary increases. According to Huber (2017), the performance of millions of public and private employees is evaluated in order to decide pay, promotions, tenure, layoffs, and growth opportunities.

As a valid basis for employee retention, compensation, tailored training based on specific requirements Malcolm and Jackson (2012) emphasized the benefits of performance appraisal to the organization and future worker progression. Moreover, according to Venkatraman and Alazab (2016), performance appraisal offers the ability to see ineffective work practices, detect prospective problems that may be impeding an organization's growth, and recognise suitable candidates for management positions. Jonsson and Jeppesen (2012) discussed the benefits of PA and identified that PA makes workers feel fully responsible for their work.

Furthermore, Aguinis (2019) noticed that PA helps managers to keep track of workers' previous performance, examine it in the present, and focus on future progress doing so gives employees the ability to express their ideas, worries, and possibilities for the organization's goal. According to Taamneh (2018), in a perfect environment, PA would encourage employees to get feedback on their efforts and determine how committed they are to the organization's objective. In general, the framework of performance appraisal provides essential data for consistent, targeted, and well-informed decision-making for improving performance, identifying training requirements, managing jobs, and determining levels of compensation and for legally permissible uses that improve employee performance.

Redman (2016) claims that, the National Health Service Trust Hospital conducted a significant investigation of the efficiency of performance appraisal in the public sector. However, the results were unexpected. Their major goal was to determine the situations in which performance appraisal has an advantage in demonstrating its usefulness in the public sector. The findings indicated that performance reviews were viewed as a "organisational virus."

According to Boadi (2016), PA significantly aids the employee in adopting a focused and consistent strategy for achieving the intended result. He explains that the employee's ability to perform his work successfully is boosted by the assessment system. It acknowledges the 40 employees' skills to carry out the specified duty and aim. Additionally, it aids in identifying employees' weaknesses and serves as a crucial component for planning and developing one's career.

Challenges of Performance Appraisal

Performance appraisal are acknowledged as a technique to improve both employee performance and an organization's capacity to meet its objectives. However, there are challenges faced by managers as well as employees when performing appraisals. According to Lawler (2018), performance appraisal has been the most lauded and discussed management practice for several decades. Bekele (2014) stated that, because of supervisors' limitations in knowledge and skills, their subjectivity, favouritism, bias, and failure to deliver feedback on time affect the functionality of performance appraisal.

Managers usually oppose to the evaluation process, especially the interview, as revealed by Aguinis (2019). Vroom points out that manager

typically distrust the techniques employed in employee performance assessment and frequently loathe condemning a subordinate. Additionally, he found that inexperienced appraisers with poor communication abilities are unable to provide significant performance feedback. In the performance assessment process, various faults are linked with completing a job performance appraisal (Diamantidis & Chatzoglou, 2018).

In the process of appraising employees, managers encounter certain challenges. These include stereotyping, attribution bias, emotional reactivity, and leniency mistakes. Leniency mistakes are widespread and indicate a predisposition to overestimate employee judgments of their performance. In other words, managers are inclined to grade everyone favourably to avert disagreement with staff members who earn below-average ratings. A strong argument for an unfair and dishonest appraisal cannot be made unless it is devoid of subjective interpretation and based on routine and objective observations of the employee's behaviour. An employee appealing a negative evaluation based on an unfair assessment and biased judgement is something managers or supervisors anticipate.

Furthermore, the rating method is of limited use if everyone receives a similarly high score on a generic performance review. The typical rating and ranking component of a performance appraisal should be dropped for this reason, among others (Geller, 2013). For example, if you feel that one or two people who, in your opinion, carried out their tasks at the same outcome level contributed little effort and instead plodded coasting to the level of performance that was experienced while moving along at a halt. The other individual, who is less skilled, had to work significantly more to produce this

quality of work. Would you rate both of these people equally for their performance? According to research, most people would give the second person a better grade if they made the most effort and went beyond what was expected. Subjective attribution assessments are irrelevant but should not affect the evaluation if it is based just on performance.

Halo effects as defined by Cardy et al (2019), occur when a person's first favourable impression causes them to be perceived positively in all of their actions. The "devil effect" is the opposing bias, and it happens when someone has an unfavourable overall opinion of someone and then only pays attention to the negative aspects of anything that person does going forward. Initial impressions frequently have the strongest influence and impact on all future observations of the person, which leads to this bias. In other words, we frequently want to validate our initial impressions of others, which biases how we perceive them.

The performance appraisal system in public polytechnics was looked at in a recent research carried out in Ghana by Arthur (2015). The purpose of the study was to investigate the performance appraisal practices at a few polytechnics in Ghana. The study's goals include determining the difficulties in performance evaluation and evaluating the efficacy of the mechanisms in place at Ghana's state polytechnics. 185 workers of Ghana's polytechnics were subjected to semi-structured interviews and structured questionnaires as part of the study's mixed methodology, which combines quantitative and qualitative data. Using descriptive statistics, the data were analysed. In order to analyse previously published works, content analysis was performed.

According to the findings, the administrative staff's opinions of the polytechnics' current performance appraisal systems were skewed toward discontent due to a lack of essential aspects of an effective appraisal method. Furthermore, the skills of raters were in doubt; that is, they did not have the appropriate knowledge to rate employees using performance appraisal.

Feedback from Performance Appraisal

One of the features of performance appraisal is feedback. Through feedback, employees may learn about their performance, understand how well they have done, and understand how effectively they have acted. Feedback involves an aspect of performance appraisal that offers results to employees. The aim of feedback is to promote understanding of results so that appropriate actions can be taken by the management. However, giving feedback of employee performance is seen as a challenging thing. Without feedback, employees are unaware of their development or regression, making it difficult to determine the level of effort expended in order to achieve a certain goal, Panier and Schubert (2021).

According to Babi (2019), feedback is the discussion of performance or behaviour at work that was witnessed throughout the performance. It might result in lateral, upward, or downward outcomes. By viewing the outcomes that given to them depending on their performance, people may determine how successfully they have been acting and how effective their performance has been (Solid, 2009). Positive steps are performed to maximize potential when feedback shows that performance matched expectations or if anything went wrong corrections are made.

The function of feedback in the workplace varies depending on its quality as well as contextual and individual-level elements, despite the fact that it is a crucial part of the performance appraisal process, according to studies on the topic. Feedback from an appraisal's will improve a worker's performance on the job and their capacity to be more inventive and creative on the following assignment (Fincham et al., 2019).

Although it is crucial to provide feedback as part of the performance appraisal system, we also have something today referred to as 360-degree feedback. This kind of feedback incorporates an evaluation and comments from several work-related groups, including colleagues, subordinates, managers, and even customers. The goal is to gather information that is more detailed on the interactions between employees at work, including those with co-workers, superiors, students, and others. Additionally, possessing traits like leadership, cooperation, the ability to make decisions, and providing services to others.

Rater Accuracy from Performance Appraisal

Performance appraisal are reliant on rater assessments, which are based on arbitrary human judgments (Lin & Kellough, 2019). Subjective standards and previous beliefs may have an influence on the evaluations. However, mistakes may occur based on the age, gender, or ethnicity of the rater which might have an impact on their evaluations. It is possible for raters to treat ratees too kindly or harshly, which might affect how accurate the judgment is. Systems of performance appraisal must include two crucial components consequently to achieve their broad goals. They must first put in place a trustworthy grading system. Managers of SMEs must have a system in place

to track compliance and store evaluation data, as well as clearly defined rating criteria and an appropriate user-friendly instrument. As a manager, this is a demanding profession, thus they must have the abilities and drive to carry out successful performance appraisal.

Gomes (2011) propounded some key factors for measuring employee performance in an organisation. These factors are work output, quality of work, punctuality, and work efficiency. Work output, according to Irimu (2014) is a proven factor to measure employee performance. Typically, the output of employee A and employee B are compared. The one with the highest output is viewed as the employee with the highest performance.

Employee performance quality can be utilized as a performance indicator (Gomes & Gomes, 2011). According to Saffar and Obeidat (2020), quality is the capacity of a person to attain predetermined goals and surpass those of co-workers. Employees are encouraged to produce high-quality work by a variety of variables, including fairness in performance review comments and motivator rewards. As a result, managers consider the quality of the job when evaluating the performance of their employees.

Small and Medium-Sized Enterprises (SMEs)

It has been the goal of several recent research to provide a working definition of the sorts of businesses that may be categorized as SMEs (Zahoor & Al-Tabbaa, 2020). Khan (2022) claims that, there is no single accepted definition of a small medium enterprise. In order to define SMEs, many measures have been created. The number of employees, the yearly rate of turnover, and the value of fixed assets are only a few of the factors used to

analyse the literature on SMEs. The most common criterion, while it varies depending on the country,

Various companies in Ghana, such as the National Board for Small Scale Industries (NBSSI) and the Ghana Statistical Service (GSS), utilise various standards to designate SMEs. For instance, the GSS Industrial Census of 1987 classified businesses as micro or small if they employed fewer than nine people, medium if they employed ten to ninety people, and big if they employed thirty people or more (Denisi, 2018). The number of SMEs in Ghana remains unknown, according to Soltani (2019), despite the fact that 90% of registered firms are small and medium-sized organizations, according to the Registrar General's office. Due to the fact that many of these SMEs continue to be unregistered and operate in the informal economy. Due to the greater cost of facilitating smaller projects, SMEs in Ghana are excluded from the international and local.

Small-scale producers of several products, including fruit drinks, sachet water, and other items are among the businesses that make up Ghana's SMEs. Additionally, they comprise supermarkets, supply and retail stores, eateries and food sellers, hair salons and barbershops, clothes and tailoring stores, and enterprises engaged in woodwork and furniture manufacturing (Quaye & Mensah, 2019). The significance of SMEs in the growth and development of national economies, particularly in emerging nations, has been highlighted in several empirical studies. Using firm-level data for 76 countries, Ayyagari et al. (2017) demonstrate that, on average, SMEs account for 55% of employment in manufacturing. 99 percent of all businesses are primarily small and medium-sized enterprises (SMEs), which account for between 44% and

70% of employment and 50% of industrial production. In emerging countries, SMEs account for 98% of firms, 50% to 80% of industrial employment, and 50% of manufacturing output (Gonzalez et al., 2018).

A significant portion of the labour force in Ghana is employed by SMEs, and employment growth in the SME sector is around 5% greater than that of micro and large-scale firms. In 1998, the sector contributed 6% of Ghana's GDP (Kayanula & Quartey, 2010). Abor and Quartey (2010) estimate that, SMEs in Ghana account for 70% of the country's GDP and 85% of manufacturing jobs. Additionally, it's estimated that SMEs account for 92% of firms in Ghana (Abor & Quartey, 2010) by purchasing the goods and services that SMEs need, SMEs also offer a potential market for the industrial and consumer goods produced by other big businesses (Abor & Quartey, 2010). These studies do, however, suffer from a serious shortcoming in that they do not clearly outline how SMEs contribute to growth. For instance, Vu and Asongu (2020) use cross-country data from the manufacturing sector of 76 countries to show that there is a substantial, positive correlation between the relative size of the SME sector and economic progress.

The firm competes in order to get competitive advantages that have a significant impact on the company's performance (Walley, 2017). This has made most of these SMEs to focus on internal management techniques to gain competitive urge over other organisation. Management ensure the right people are employed, trained and appraised periodically trough performance appraisal.

Empirical Review

This section looks at related studies' empirical findings based on the objectives guiding this current study.

Performance Appraisal Methods and Employee performance

Anetoh (2021) conducted a research on employee performance at a few chosen companies in Anambra State, Nigeria. Finding out how closely Management by Objectives (MBO), 360-degree performance appraisals, and goal-setting performance appraisals connect to employee performance. The study's foundation was equity theory. The 247 workers of three chosen companies in Anambra State made up the study's target population. Only 237 authentic copies of the questionnaire were used in the study's analysis. The study's hypotheses were put to the test using a Pearson correlation analysis.

The results demonstrated a favourable and substantial association between employee performance at the chosen companies in Anambra State and the MBO performance appraisal technique. The study revealed a substantial beneficial association between employee performance and the 360-degree feedback technique. The results also showed a favourable, substantial link between employee performance and the goal-setting strategy. According to the report, performance appraisal is crucial for increased productivity, promotions, hiring, and job enrichment. Additionally, it raises workers' self-assurance, devotion to their jobs, competitiveness, productivity, and business profitability.

Moreover, Amilariba (2021) proved that the Appraisal method used by Bolgatanga Municipality's Ghana Education Service (GES) had a statistically significant impact on worker performance. Amilariba (2021)

conducted study on how worker productivity is affected by appraisal methods. Examining the performance evaluation procedures at the Ghana Education Service in the Bolgatanga Municipality was one of the goals of the research. The study combined an explanatory research strategy with a quantitative technique. A sample of 196 people was randomly selected from a sample frame of 300 people, and data were collected using a standardized questionnaire. The study found that the Ghana Education Service (GES) workers in the Bolgatanga Municipality performed better as a result of the performance appraisal method used.

A study by Cudjoe (2021) tested the effectiveness of the performance appraisal methods used by management at the University Of Cape Coast. The study used a mixed-method design. 300 university employees were chosen at random from a target population of 1304 for a cross-sectional survey; nevertheless, 93.3% of the respondents were able to participate. Data from senior staff members was gathered using a questionnaire, while information from college registrars was gained using interviewing techniques. Descriptive and inferential statistics, including the Independent-sample t-test, Mann Whitney U test, and Pearson's Chi-Square tests, were used to examine the data.

According to the study, the performance appraisal method employed included a participatory element in setting performance criteria and made use of a variety of performance appraisal techniques and feedback. The system was found to be helpful for identifying and meeting capacity demands for the majority of the personnel, as well as for enhancing employee performance and expediting promotion chances.

In addition, Segbenya and Bonsu (2020) conducted research on staff development and performance appraisal methods at the University of Education, Winneba. A sample of 159 administrative staff members from the University of Education, Winneba, who made up a population of 271 (including 61 senior members and 210 senior staff) were taken using a multi-stage sampling approach that included simple random, stratified, and purposive selection procedures. An unstructured interview guide and a questionnaire served as the data gathering tools. Frequencies, percentages, means, standard deviations, and a Pearson correlation matrix were used to analyse quantitative data. Following coding and theme analysis, pattern matching was utilized to show the qualitative data.

According to the report, the university's administrative staff was dissatisfied with the current ranking Performance Appraisal method or system since it offers feedback from several sources and has a statistically significant beneficial association with staff growth and performance, respondents overwhelmingly acknowledged the necessity for a 360-degree feedback PA system. The management of the university's division of human resources was advised to progressively phase out the current performance assessment method and implement the 360-degree feedback performance appraisal system.

Furthermore, A research on building efficient performance appraisal procedures in the Ghana Civil Service was undertaken by Denkyira (2014). The goal of the study was to determine how successful and efficient the current performance appraisal method measures employee performance in the eyes of government workers. The Office of the Head of the Civil Service

(OHCS) and the Ministry of Education provided the study with a case study design. A descriptive survey was also used in the study because it involved the gathering of information that was used to inform the solutions to the problem at hand. The population for the study was the staff of the above-mentioned institutions that have gone through the appraisal exercise at least once. The sample size for the study was 200 employees. Out of the 200 questionnaires that were distributed, 173 responded. The researcher sent questionnaires to respondents in both the senior and junior staff groups in order to gather the data for the study, which relied on both primary and secondary sources of information.

The research's conclusions showed that because the civil service's present performance assessment system has several issues that need to be fixed, it does not meet the expectations of its personnel. Employees feel that the current PAS cannot help the organization achieve its strategic goals and objectives; there is a negative general perception of the PAS; performance monitoring and feedback are insufficient; appraisal results are not used wisely; performance is not linked to rewards and sanctions; and, finally, employees are very dissatisfied with the current PAS. Employees aren't properly motivated as a result to give their utmost effort. All of these elements have worked against the Ghana Civil Service's ability to execute the performance appraisal system effectively.

Feedback and Employee Performance

Gabris and Ihrke (2019) researched on the variables affecting workers' perceptions of performance appraisal system at a company in Malaysia. A sample size of 119 employees was used. GPower software, a generic power

analysis application for calculating the sample size of a known population, was used to determine the sample size. Only 51 employees, however, answered the survey.

From the study, it was found that, the designed performance appraisal system could not be considered to be an effective system that would be able to motivate its employees to meet the company's goals and objectives. Without feedback, it is impossible to take the necessary steps to raise employee performance. If the greatest possible use is made of the chances, this action can be constructive; nevertheless, if the feedback indicates that the performance was satisfactory or that anything went wrong, it must be corrective.

In addition, Kihama (2019) experimented with a study to investigate the relationship between staff productivity and performance feedback in Kenya's Kiambu County water and sewerage firms. The study's primary goal was to ascertain how assessment comments affected employee performance. 972 employees from the human resources, finance, information technology, technical support, and customer service departments were the focus of the study. Department leaders, section heads, and supervisors were among the responses. A structured questionnaire was employed in the study to gather data. The number of respondents was calculated as a sample size of 300 using stratified random sampling. A descriptive research design was employed in the study. The Statistical Package for the Social Sciences was used to code, input, and analyse the collected data (SPSS). To generalize the population, descriptive and inferential statistics were employed.

However, the study's findings showed that supervisors gave their staff members' comments on their performance reviews. The study did show that organizations tend to provide employees more positive feedback while ignoring the majority of the negative feedback required for employee growth. It showed that both good and negative effects on an employee's performance might result from receiving performance assessment comments.

Subsequently, Aguinis (2019) conducted a study on how organisations manage their employee performance through performance appraisal. The investigation was carried out in Kenya's medical facility. 345 respondents from Nairobi County's healthcare industry were included in the study's sample. Data for the study came from original sources. Utilizing both descriptive and inferential statistics, the data gathered was examined.

The study found that performance feedback is often intended to enhance both an employee's performance as an individual and their performance as a team member. They contribute to raising employee engagement levels and encouraging them to work harder to meet established goals. Additionally, it aids in raising job satisfaction, which lowers the rate of employee turnover. It is a powerful strategy used by managers to alter employee behaviour and raise satisfaction levels. Improved individual and organizational performance may be attained via effective management of the feedback process between managers and their subordinates.

In addition, Moraa and Datche (2019) undertook a study at the National Hospital Insurance. The purpose of the study was to determine the impact of performance planning, reviews, and feedback on employee performance. 306 workers of the NHIF Head Office in Nairobi County made

up the study's target group. Structured questionnaires based on the research hypotheses were used to gather the data for this investigation. The Statistical Package for Social Science (SPSS) version 23 was used for data analysis. Inferential statistical analysis used correlations and regression whereas descriptive statistics used frequency distribution, percentages, and mean.

According to the study, there is a strong correlation between employee performance and performance feedback. Setting goals had a big impact on how well employees performed. Additionally, the coefficients revealed a favourable correlation between each and every factor, including employee performance and feedback.

Furthermore, Boadi (2016) investigated how the Greater Accra Metropolis's government service utilises performance evaluation for personnel development. The respondents of the survey, who were divided into senior and junior personnel, were chosen using a stratified sample approach. Out of a total of 213 employees, 102 were sampled. A questionnaire was designed by the researcher and validated through expert judgement to collect relevant data. Percentages, statistical means, and standard deviation were used to analyse the data that had been gathered.

The results indicated that performance appraisal comments or reports are an effective foundation for employee development. One of the major recommendations made was that for efficient performance of employees in the civil service, appraisal feedback on employee goals must be provided for training and employee development.

Rater Accuracy and Employee performance

Alsaqqaf (2022) conducted a study to look at performance appraisal and its effects on employee satisfaction and performance in Yemen using five constructs: staff direction and objectives, performance appraisal process, communication between managers and subordinates, transparency and accuracy of appraisal results on employee performance. The majority of the study's attention was given to the Yemeni employees of INGOs. 1897 workers that worked for INGOs in Yemen made up the study's overall population. The Krejcie & Morgan (1970) sampling approach, however, was used to calculate the sample size. The result was a sample of 320 people. 320 workers received pertinent surveys that were disseminated using a quantitative approach.

The results of the study show a significant positive relationship between job satisfaction and performance appraisal and the five constructs, namely: staff direction and objectives; performance appraisal process; communication between managers and subordinates; transparency; and accuracy of results from appraisal outcome on employee performance. Similarly, Gabris and Mitchell (2019) conducted a study at a company with a quarterly performance appraisal system. The sample size for this study was determined by utilizing GPower software, and it consisted of a sample of 119 employees. Only 51 employees, however, answered the survey. To save time, this study collected data by dropping some and collecting them up later. Results showed that managers' knowledge and skills, and rating accuracy had a significant relationship with the performance appraisal system. If employees receive accurate ratings, it will increase their understanding and performance.

Furthermore, Phuong (2018) conducted a study to examine rater accuracy in performance appraisals among Vietnamese employees. Using self-reported questionnaires, cross-sectional data was gathered from full-time employees at various organizations who are registering for night classes or Master's courses between 20,000 and 25,000 master students are enrolled in public and private educational institutions each year, claims Phuong. A response rate of 54.6% was achieved out of 1,000 questionnaires given, however only 546 were returned. The researcher used IBM SPSS software and partial least square structural equation modelling for analysis (PLS-SEM). The descriptive statistics tools included frequencies, percentages, means, standard deviations, skewness, and kurtosis, but multiple regression utilizing PLS-SEM was employed to make conclusions. According to the findings of multiple regression analyses, employee performance was shown to be significantly influenced by the PA's participation and the raters' accuracy.

Moreover, a research done by Taneja, Srivastava, and Ravichandran (2015) to investigate how employees' attitudes and behaviour are affected by how fairly their performance is evaluated. In order to validate the structure of justice and result measurements, factor analysis was utilized to analyse data from 219 workers of two public sector banks and four private sector banks in India. In order to analyse the link between the independent and dependent research variables that are outlined in the study goals, Pearson's correlation coefficients were conducted using SPSS version 21 software. Application of multiple hierarchical regression analysis was used to determine the underlying connection between employees' perceptions of appraisal fairness and their responses.

The findings demonstrated that employee satisfaction with feedback was predicted by informational and distributive fairness. Employee satisfaction with raters is influenced by all perceptions of justice; distributive justice is a major factor, followed by interpersonal, procedural, and informational justice. Both distributive fairness and procedural fairness have a detrimental impact on the intention to resign. None of the justice views predicted job performance or pay satisfaction. This study has tried to investigate the significance of employees' perceptions of fairness while using prior studies on justice. The findings imply that for organizations to produce favourable results for their performance evaluation systems as well as employee performance, fairness should be of the utmost priority.

Kwamifoli (2017) did a study regarding how employees at the Ghana Health Service in Cape Coast and Ho feel about the organization's dedication to its employees and the fairness of performance appraisal findings. The target population for the study consisted of every employee of the Ghana Health Service in Cape Coast Metropolis and Ho Municipality who has been evaluated using the current assessment method. The study's sample consisted of 897 personnel who had their performance evaluated at 6 health institutions in Ho and 8 in Cape Coast. Data collection for the study was done quantitatively. With the help of the Statistical Product for Service Solutions (SPSS version 21.0), MINITAB (version 11.0), and Microsoft Excel, 2007, descriptive and inferential statistics were used to analyse the data collected from the field. According to the findings, when staff members thought their evaluation was fair and accurate, it. The results showed that when employees

believed their appraisal to be fair and accurate, it had a favourable effect on their dedication and performance.

Performance Appraisal and Employee Performance

Bonney (2018) conducted research on employee performance and performance appraisal at the Gomoa district. The Gomoa West District Assembly personnel in Apam provided the study with the data. 80 respondents made up the study's sample size. The study's specific objectives were to look at the Gomoa West District Assembly's procedures for performance appraisal, the issues with the present system for staff performance appraisal, and the effects of performance appraisal on employee performance. A semi-structured was created in order to elicit information from responders. Using a straightforward random sample procedure, the study's target population was selected. The regression model was used to assess the actual effect of performance evaluations on employee performance. According to study results, employee performance and performance appraisal are favourably associated, with a substantial association ($r = 0.765$) between the two.

Another study conducted by Mwema and Gachunga (2014) on the influence of performance appraisal on employee productivity: a case study of selected offices of World Health Organization in East Africa. In this study, a descriptive design was utilized to determine the impact of performance appraisal method on employee performance while regression analysis was used.

The findings of the study support the notion that performance appraisal and employee performance are positively correlated. The study came to the conclusion that in order to boost employee performance, firms should

often evaluate their staff members using targets, accomplishments, organizational goals, time management, and efficiency. Organizations could also use performance appraisal system to help management identify staff training requirements, support employees in meeting performance goals, provide bad performers a chance to improve, and support staff in time management through planning and deadline setting.

Almarzooqi, Khan and Khalid (2017) examined the connection between employee performance and performance appraisal. According to the statistics, there is a strong correlation between workers of the commercial bank in Dera Ismail Khan's performance appraisal system. In Dera Ismail Khan, 150 workers were studied. It was found that motivation, a moderating factor, may have an impact on employee performance and was recognized as a key variable in employee performance. The findings indicated that there are no moderating effects between the performance appraisal and employee output, with the interaction between performance evaluation and employee motivation being represented by increased variation.

Also, Daoanis (2012) examined the condition of the performance appraisal procedure at Nass Construction Company and how it affected employee output. The participants in this study were long-term employees. Respondents were recruited through the technique of purposive sampling. Data collection was done using both mixed research methodologies. Focus group discussions, questionnaires, and interviews served as the major research instruments in this study. Conclusions of the study showed that the institution's performance appraisal system is in existence, connected to the institution's vision and objective, and accurate in terms of content and

function. The research revealed that the organization's performance appraisal had contradictory (both positive and bad) effects on the productivity of its employees.

In order to ascertain the impact of performance appraisal on these institutions in terms of employee development and performance, Wanjala and Kimutai (2015) conducted a study in Kenya that was specifically focused on employees of 10 commercial banks in Trans-Nzoia Country. The research design for the study was a descriptive survey. With 120 survey participants, the study employed standard random sample and stratified sampling approaches. Descriptive statistics, particularly the use of frequencies and percentages, were used to analyse the data. Frequency tables were used to illustrate the data, and the Chi Square test was used to evaluate the hypothesis.

The findings show a strong relationship between workers' contributions to growth and their performance appraisal. Finally, formal education, interactions with co-workers, professional experiences, a person's personality, and potential and attributes that enable effective performance in a current or future role in an organization all contribute to employee development (Nadeem et al, 2013). This may be achieved if it is seen as a balanced collaborative effort between the employer and the employee. The demands and goals of each individual's career, as well as the organizational requirements, should be considered during these growth activities.

Lessons learnt from Empirical Studies

Employee performance at SMEs in Africa needs to be analysed in the context of a performance appraisal. There is some debate about whether or not performance appraisal has an impact on employee performance at SMEs based

on the appraisal methods used, rating from performance appraisal and feedback.. The majority of the empirical investigations evaluated here took a quantitative approach. The authors were able to perform their studies without being bias. The incumbent study will be quantitative, meaning it will use hard data to arrive at conclusions.

Almost all of the empirical studies used in this analysis utilised a research questionnaire to assemble primary data. In order to establish statistical credibility for reliability and validity, this study used measurement scales from prior empirical studies. The majority of the studies that analysed primary data did so with the aid of data processing tools. The reliability of Partial Least Square-Structural Equation Modelling in these types of investigations is indicated by the method's widespread statistical acceptance and rising popularity.

Conceptual framework

According to Gulden, Burattin, Andaloussi and Weber (2020) a conceptual framework presents a diagrammatic and analytical visualization of a study's constructs and their underlying relationships necessary to achieve the objective of the same research. Thus, it is an analytic tool that can be used to unearth the cause-and-effect relationships within the framework of a research study. Hence, the framework of this study signals the diagrammatic presentation of the study's constructs with their underlying relationships.

Thus, upon critically reviewing extant literature, some basic fundamental relationships were found among the study's variables. Based on the discussion from the literature review, the conceptual framework for this project is created and presented in Figure 1. Employee performance is the

dependent variable, whereas feedback and rater accuracy are the independent factors.

INDEPENDENT VARIABLE

DEPENDENT VARIABLE

Performance Appraisal

Employee Performance

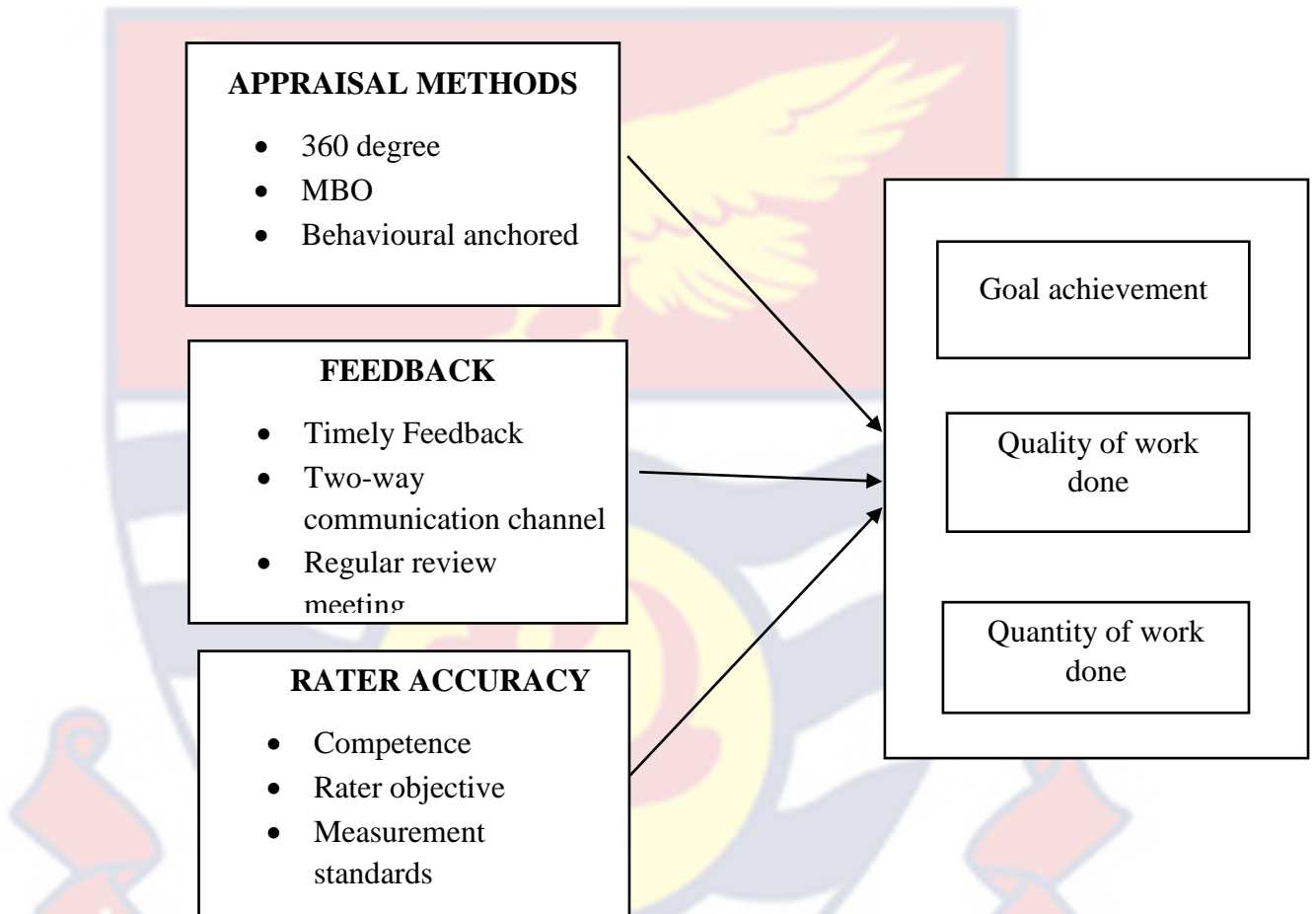


Figure 1: Conceptual framework

Source: Authors Construct, 2022.

Chapter Summary

In conclusion, the goal of this chapter was to evaluate the literature on performance appraisal and employee performance. The definitions of concepts, theories, and their ramifications were explored in this case. It was observed that there are various types of performance appraisal methods that exist for managers to implement. It further looks at works on performance

appraisal and employee performance at SMEs that is, looking at empirical reviews done. Eventually, from empirical review of studies conducted it is evident that the gap in the literature is that no such studies has been conducted in Sekondi- Takoradi Metropolis which is one of the most industry city in Ghana whereas variables such as feedback and rater accuracy from performance appraisal has not been much researched. Finally, the study's conceptual framework was presented.



CHAPTER THREE

RESEARCH METHODS

Introduction

The chapter extensively discussed the key methods adopted in this research. It provides techniques, resources, and plans for gathering and analysing data to answer the research question. Goals, methods, participants, and procedures for collecting and analysing data were discussed. Ethical concerns, the research procedure, and the method of data processing were also discussed. The techniques of data collection and validation of the choice of SMEs as the study unit were also detailed in this chapter. At the chapter's close, we reviewed the research's ethical implications.

Research Paradigm

Research paradigm is a technique or a model for conducting research that has been validated in practise for hundreds of years. This study is underpinned by the positivist paradigm, which argues that genuine knowledge can be attained via observation and experimentation and is based on the experience of the senses Taysum (2017). French philosopher Auguste Comte clarified that, the positivist research model assumes that research in the social sciences will reproduce methods from the scientific or natural sciences. Positivism is the philosophical framework that holds subjects that can be scientifically tested (Saunders, 2016). The analysis is expected to establish research questions using the current theory. The theories can be used to test and validate, in whole or in part, or debunked. It is an apt guide for this research provided that the research questions will be tested and relationships formed based on the theories of The Equity theory and Goal theory.

Research Approach

This study used a quantitative research method. It argued that human behaviour might be measured in terms of attributes utilizing a quantitative research approach, just like physical occurrences in the scientific disciplines (Williams, 2017). According to Williams (2017), this strategy is ideal since it enables the researcher to collect data using standardized processes based on well set up research instrument(s), well-specified study subjects, and pertinent data. Research is frequently conducted in a manner that is defined by its paradigm, strategy, and in certain cases, the tools used to meet the study's objectives (Creswell & Plano-Clark, 2012). Quantitative research often contains statistics and statistical measures that normally explain, characterize, investigate, and highlight the relationships that exist between variables," according to Saunders, Lewis, and Thornhill (2015). Quantitative research, as the name implies, involves many numbers, so statistical techniques are used to analyse the data collected for the study (Miller & Brewer, 2013). However, one flaw in the technique is that, it is artificial and it has a propensity to suffer from the problem of being overly generalised (Alghamdi 2013; Bryman, 2011). Quantitative study was utilized to examine the impact of performance appraisal on employee performance, despite some of its drawbacks.

Research Design

In order to build and apply structures among the study variables and handle the study objectives, research design serves as a strategy and a framework (Kothari, 2004). According to Kothari, the choice and efficacy of the study design are crucial for producing the most information possible while

evaluating the research purpose. As a result, the study design offers a framework for efficiently and cheaply gathering pertinent data. The overall plan created to solve the research challenge is known as the research design. There are three subcategories that it might fall under: causal, descriptive, and exploratory (Bui & Porter, 2010).

The study used an explanatory research design since it had a cause and effect relationship. Consequently, research utilising performance appraisal (independent variables) and employee performance (dependent variable) provides the justification for connections between relevant cause and effect factors. Explanatory design study was used by Zikmund, Babin, Carr, and Griffin (2012) to determine the type and strength of cause-and-effect relationships. Explanatory studies look at a certain area or problem to try to explain how various variables interact (Creswell 2014). Explanation and prediction of future occurrences are the primary goals of explanatory research (Maxwell, 2017). It is furthermore influenced by the use of a quantitative framework for the problem since, statistically speaking; a statistical test is always required to determine the validity of the linkages.

Study Area

This study was carried out in the Sekondi-Takoradi the capital of Western Region of Ghana. It has a population of 445,205 people and is known for industrial and economic hub (Ghana Statistical Services, 2014). Timber, cocoa processing, plywood, shipbuilding, harbour and railways, as well as crude oil, are the main industries of Sekondi-Takoradi. This makes the Metropolis a major hub for many SME businesses, thereby justifying the study's being conducted there.

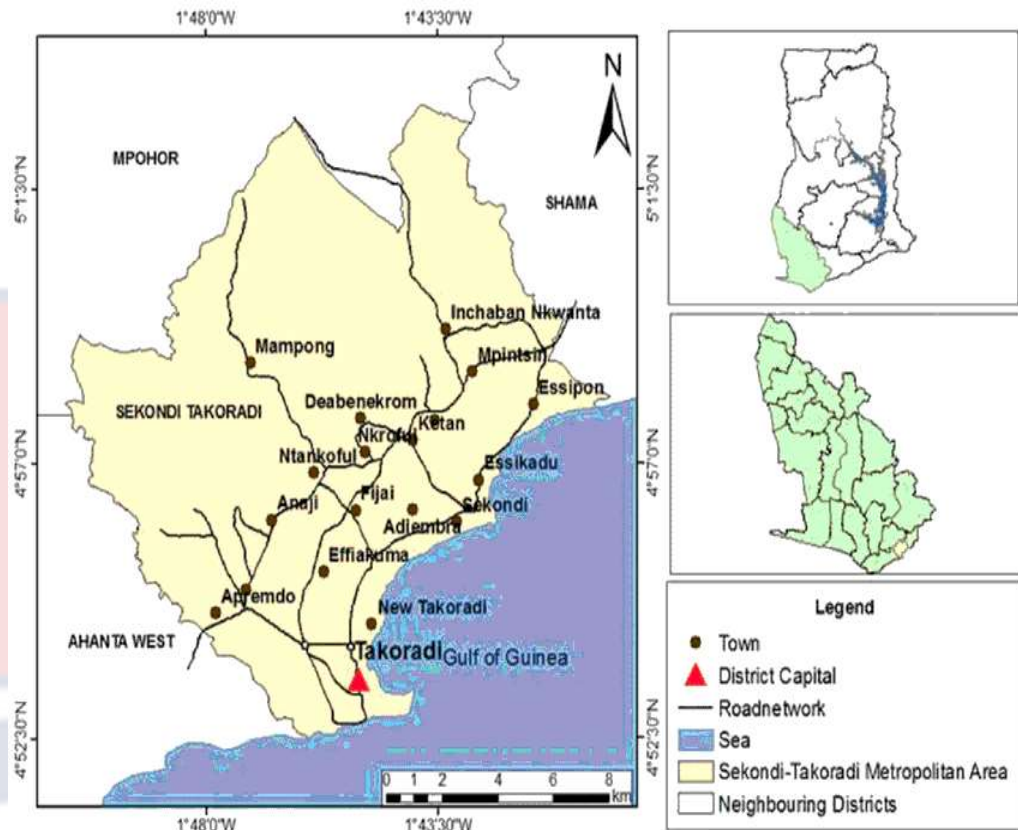


Figure 2: Map of Sekondi-Takoradi Metropolis

Population

The group for which a researcher is gathering data and making judgements is the target audience of a study, according to Leedy and Ormrod (2010). Every instance under review, according to Robinson (2012), fits the concept of "population." Numerous things, including circumstances in which someone can be questioned as well as occasions and places, are referred to by the term "population" Robson continued. The target population for this study were workers from five selected registered SMEs in Sekondi-Takoradi Metropolis. These include 60 professionals from Best point savings and loans, 45 workers from Christ the King Credit Union, 30 workers from Icode Ghana, 30 workers from Ernest Chemist and 32 workers from Benie Yankson Ventures respectively. The total population for the study consists of 197

workers from the various listed SMEs in Sekondi-Takoradi Metropolis. The staff population was identified by contacting the various SMEs.

Sample Size and Sampling Procedure

A subset of the entities used to collect evidence is known as a sample (Smith et al., 2012). Due to the difficulty in obtaining thorough coverage of the whole population when dealing with large populations, researchers prefer sample surveys over censuses (Saunders et al 2016). As a result, when a large population is involved, sample surveys assist researchers in conducting studies in the most effective method possible.

Out of the total 197 employees selected from SMEs in Sekondi-Takoradi, the study opted to use a sample size of 132 employees. This sample size is justifiable by Yamane's sample size determination formula (1967).

$$\begin{aligned}\text{The formula is given as; } n &= N / [1+N (e)^2] \\ n &= 197 / [1+197 (.05)^2] \\ n &= 132\end{aligned}$$

Where n = sample size; N = population frame; and e = margin of error. A margin of error of 5%, as suggested by Yamane (1967), was applied.

The sample size for the investigation was determined using simple random sampling. Each selected SMEs receives the same sampling percentage, providing every element same likelihood of selection within the population (Foley, 2015). The study chose the desired number of elements from each SME at random. At least one element was chosen for representation in the sample. Two items were chosen for the margin of error of estimates generated from the data gathered. This is also a prerequisite for predictive research (Creswell, 2014).

Table 1: Simple Random Sampling for Sample Size Used

SMEs	Population (N)	Sample (%)	Sample (n)
Best Point Savings and Loans	60	30.5	40
Christ The King Credit Union	45	22.9	31
Icode Ghana	30	15.2	20
Ernest Chemist	30	15.2	20
Benie Yankson Ventures	32	16.2	21
Total	197	100	132

Source: Author's Sample, (2022)

Data Collection Instrument

To get accurate and reliable information, the study used both primary and secondary data sources. The works of other researchers found in books, journals, papers, and on the internet were considered secondary or documentary sources, whereas fieldwork data was the primary source. The researcher used both primary and secondary sources of information, including published and unpublished materials, for this cross-sectional survey study. This was done to minimize the drawbacks of utilizing only one source of data by combining the benefits of using both sources. Given this, the research collected information from primary and secondary sources while employing a variety of methodologies.

Primary data was collected through surveys. Both closed-ended and Likert scale items were included in the survey. The instrument gave respondents the chance to justify their choice of response for questions that only allowed a yes "or no" response through follow-up questions.

There are a total of 43 questions spread among Sections A, B, C, D and E of the study's questionnaire. Sections B, C, D and E were utilised to gather information on performance appraisal method, rater accuracy, feedback and employee performance respectively. In contrast, respondents' categorical variables were collected in Section A. All of the questions in Parts B, C, D and E were answered using a five-point Likert scale, where 1 meant "Strongly disagree," 2 meant "Disagree," 3 meant "Neutral," 4, meant "Agree," and 5 meant "Strongly agree." It was estimated that the survey would not take more than 20 minutes to complete. Despite the fact that some basic demographic data was requested up front, all survey responses were treated as though they came from completely anonymous sources. Researchers using questionnaires should be mindful of collecting biased or incomplete data, as warned by Dowson and McInerney (2001).

Data Collection Procedures

Prior to the conduct of the administration of the questionnaires, permission was sought from the administration of the sampled SMEs through an introduction letter from the HRM Department of the University of Cape Coast, Ghana. The respondents was contacted through the reception, who forwarded the introductory letter to the HR Departments of the sampled SMEs for permission to be granted. Once that is done, the respondents were sampled from their various departments. The respondents were chosen from the Human Resource Management Department, Marketing Department, IT Department, Corporate Affairs, Accounting Department, and Operations Department.

Furthermore, consent were sought by the researcher in order to have access to information necessary for the research. The time given for

administering questionnaires was in the morning, and collection was to be done on the same day. Those who were unable to finish the completion of the questionnaires were given one more day to complete them. Constant reminders was done through the head of departments to ensure that respondents provide adequate responses and also submit their questionnaires within the time frame. This allowed most of the respondents to submit the questionnaires on time and answered.

Data Processing and Analysis

The data analysis entails evaluating the scientific data and evidence gathered for the purpose of answering the study's research question. The researcher physically reviewed the replies to ensure they were accurate and filled. To guarantee correctness, uniformity, and consistency with other facts, a closer examination of the completed questionnaire was conducted. Neutral values were assigned to any missing values. In order to make entry easier, coding was done by giving the response a number. The researcher created a coding system that was summarized and narratively analysed after fixing any inaccuracies that might have affected the data analysis.

The Statistical Package for the Social Sciences V 26 computer software was used to conduct the analysis. Based on the assumptions made in the structural equation modelling, the variables were examined to extract or remove any other anomalies (SEM). Following that, the data was analysed using partial least square structural equation modelling (PLS-SEM). According to Ong and Puteh (2017) PLS-SEM is a second-generation statistical method suitable for big and small sample sizes. This is thought to be a good option for this study because it both models and evaluates predictive

models. Similarly, the PLS-SEM methodology has a number of advantages over other statistical methods, including the ability to develop statistical models without a sample size constraint, the ability to predict with accuracy, the precision of estimate, and the use of soft modelling assumptions (Rigdon et al., 2017).

Validity and Reliability

Validity and data reliability are crucial factors to consider while assessing an instrument to get accurate information from the respondents. The Alpha value of Cronbach calculates the reliability level of a measuring instrument. According to Irvine, Drew and Sainsbury (2013), the consistency of data gathering has three major weaknesses: a mistake of the subject or participant, bias, and observer error. Kimberlin and Winterstein (2008) suggested that, a measuring instrument's internal consistency includes correlating the answers to each question with other questions in the questionnaire. On the other hand, an instrument's validity denotes how well it tests the particular definition it intends to measure (Kimberlin & Winterstein, 2008). They continued by saying that a measuring instrument must be accurate in order for it to be considered genuine. This implies that it must be consistently repeatable. After completing this, the tool may be checked to see whether it is indeed what it claims to be.

The researcher investigated other pertinent literature, such as studies by Curtis et al. (2016), which provided a support and verified the responses acquired using the questionnaire, in order to ensure the validity of surveys. The emphasis of their research question and their assessment led them to identify the importance of this review (Saunders et al., 2016). According to

Zikmund et al. (2013), explanatory investigations are conducted as opposed to exploratory research after the researcher has a clear grasp of the subject under investigation. The designed questionnaire was also shown to the project manager for review, approval, and modification before being sent to the respondents. The internal consistency method (Cronbach's Alpha) was used to determine the dependability of the scale's component structures.

Ethical considerations

First, before the questionnaires were circulated, the researcher requested official approval from the University of Cape Coast's Ethical Clearance Committee. The researcher further acquires the consent of the entire research sample. For this purpose, permission letters were sent to the managers of the SMEs concerned to seek permission. Second, the researcher ensured anonymity and confidentiality. Respondents were assured that no information concerning them will be divulged or, for that matter, leaked out without their prior consent and permission. Respondents were informed that they are at liberty to opt-out of the study if they feel so at any point of the study. At the data collection stage, honesty was exercised. The respondents were allowed to complete their questionnaires privately to ensure confidentiality. Measures were taken during the dissemination of results to protect each participant's confidentiality, privacy, and anonymity. The participants' names were not mentioned or made public at any point during the study.

Chapter Summary

This chapter provides thorough and methodical descriptions of the methodology used for the study, including the research environment, the

research design, the study population, the instruments used, the data collection and analysis procedures followed, and the sampling and sampling procedures used for the study. The discourse formed the basis for selecting the research population and the study sample. The chapter included an extensive discussion of the research instrument to be utilized and the analysis to be performed. Statistical techniques such as structural model interactions, bootstrapping, reliability and validity will be analysed using all of the partial least square's structural equation modelling. It enshrines the security of the privacy of the respondents.



CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This section contains the data analysis methods and description of the study's findings. To clarify on their constituents, descriptive statistics for respondents and characteristics are provided. Partial Least Squares-Structural Equation Modelling (PLS-SEM) is used to examine the presented research model and offer additional study results. First, the validity and reliability check outcomes were assessed as part of the measurement model evaluation, and then the structural model results are analysed, as well as a discussion of the outcomes in relation to the variables and other related studies as explained in previous chapters.

Response Rate

According to Glaser (2011), researchers may use the response rate, a mathematical formula they calculate, as tool to make sense of the percentage of respondents who successfully finish a survey. Moreover, response rate is frequently dubbed result rate and has often drawn tremendous empirical interest by researchers as it brings out the nonresponse in a survey and thereby revealing the validity of the survey. Although Grover (1998) suggests that, anything below 20% response rate is cause for concern. Following data cleaning 10 questionnaire set did not return, 8 questionnaire sets were excluded from the final analysis, with 132 valid sets of questionnaires out of the total issued questionnaire of 150, being used for the final analysis, representing an 93.3% response rate as presented in table two (2) below

Table 2: Summary of response rate

Questionnaire	Frequency	Percentage
Issued	150	100
Returned	140	93.3
Valid	132	88
Invalid	8	5.3

Source: Field survey (2022)

Demographic characteristics of Respondents

This section comprises of an illustration of the demographic characteristics of the study participants. The respondents' age, gender, educational qualifications, years of experience, and category of staff are profiled in the table below.

Table 3: Demographic profile of Respondents

Variables	Category	Frequency	Percentage
Gender	Male	85	64.4
	Female	47	35.6
	Total	132	100
Age	Less than 25	24	18.2
	25 – 34	48	36.4
	35 – 44	24	18.2
	45 – 54	20	15.1
	Above 54	16	12.1
	Total	132	100
Educational Qualification	Senior High	20	15

	HND	20	15
	Bachelor Degree	36	27.1
	Postgraduate	36	27.1
	PHD	21	15.8
	Total	132	100
Years of experience	Less than 1	25	19.3
	1 – 5	35	26.5
	6 – 10	45	34
	11 - 15	32	24.2
	16 and above	20	15.3
	Total	132	100
Rank	Senior Staff	50	37.9
	Junior Staff	62	47.1
	Other	20	15
	Total	132	100

Source: Field survey (2022)

The characteristics of the subjects employed in the study are shown in the tabular form above (Table 3). The demographic factors for respondents were gender, age, level of education, number of years of service, and rank. Males (64.4%) outnumbered girls (35.6%) in the research sample, according to table 3 of the study. Additionally, 24 respondents representing (18.2%) were under 25 years, 48 respondents (36.4%) were between "25 and 34 years," 24 respondents (18.2%) were between "35 and 44 years," 20 respondents representing 15.1% were between "45 and 54 years," and 16 respondents

(12.1%) were above 54 years old. The results show that, people between the ages of 25 and 34 provided the most responses (36.4%), while people above the age of 54 provided the lowest (12.1%).

Concerning academic achievement or academic levels, the significant proportion of those who participated in the study had a bachelor's degree (36 respondent) and Postgraduate (36 respondent) accounting for 27.1% each of the total proportion, pursued by those with other higher level education came in second place with a total of (21 respondents), representing 15.8%. Senior High and HND came in third place with (20 respondents each) representing 15% as shown in table 3. Moreover, the participants' years of work experience were evaluated. From the table 3, 25 respondents (19.3%) had spent less than 1 year on the job, followed by the highest 45 respondents (34%) who have spent 6-10 years on the job, 35 respondents (26.5%) spending 1-5 years on the job, 32 respondents (24.2%) spending 11-15 years and the least 20 respondents (15.3%) spending 16 and above years of work experience in the industry.

Finally, it was discovered from table 3 that 62 respondents, accounting for 47.1% of the total sample were Junior Staff, followed by Senior Staff with 50 respondents accounting for 37.9% of the total ratio, and 20 respondents accounting for 15% of the total ratio were neither Junior nor Senior Staff. The examination of the respondents' demographic profile is immediately followed by the descriptive statistics for the numerous constructs considered in this study.

Descriptive statistics of constructs

The term "descriptive statistics" refers to the use of concise descriptive coefficients to summarize a particular data set, which may be a sample of a population or a representation of the entire population (Amrhein et al., 2019).

The central tendency and variability in descriptive statistics are measured (Jankowski, Laccourreye & Lisan, 2021). According to Kaur, et al., (2018), measures of central tendency include the mean, median, and mode, while measures of variability include standard deviation, variance, minimum and maximum variables, kurtosis, and skewness. The Likert scale has an optimum value of 5 and a baseline value of 1. Table 4 summarises the results for the variables used in the study.

The model's descriptive statistics are shown in Table 4. To confirm that the data was normal, the skewness and kurtosis values for each construct were also examined. Survey data is deemed normally distributed, according to Azzalini et al. (2021), when the absolute values of skewness and kurtosis of a construct normality test are less than 3 and 10, respectively. The constructs utilized in this work are thought to have satisfied Azzalini's normalcy criterion because the results for skewness and kurtosis are considerably lower than 3 and 10, respectively. The data for each construct were averaged on a scale of 1.00 to 5.00. Again, according to Kaur et al (2018), a mean score of constructs Low degree of agreement fall within the range of 1.00 to 2.90, and high levels of agreement fall within the range of 3.00 to 5.00 because there were no extreme scores in the sample, mean scores were favoured above the median. (Adam, 2015). To accomplish this goal, four constructs (performance appraisal method, feedback, rater accuracy and employee performance) were

evaluated using a five-point Likert scale, where 1 represents strongly disagreement, 2 disagreements, 3 neutralities, 4 agreements, and 5 strongly agreement.

Table 4: Descriptive statistics of variables

Variables and Indicators	Mean	Standard Deviation
PERFORMANCE		
APPRAISAL METHOD (PAM)		
PAM 1	2.826	1.125
PAM 2	3.182	0.999
PAM 3	3.280	1.082
PAM 5	3.015	1.015
PAM 6	3.000	1.015
PAM 7	3.121	1.000
PAM 8	3.174	1.070
PAM 9	3.250	1.040
Total Averages	3.106	1.036
RATER ACCURACY (RA)		
RA1	3.242	1.088
RA3	3.379	0.989
RA4	3.250	0.956
RA5	3.189	0.955
RA6	3.341	0.991
RA7	3.045	1.079
RA8	3.379	1.063
Total Averages	3.268	1.022
FEEDBACK (FB)		
FB 3	3.689	1.116
FB 8	3.667	1.035
FB 9	3.538	1.062
Total Averages	3.631	1.050

EMPLOYEE**PERFORMANCE(EP)**

EP 1	3.123	1.033
EP 3	3.083	1.052
EP 4	3.167	1.009
EP 7	3.012	1.167
EP 8	3.242	1.096
EP 9	3.194	1.032
Total Averages	3.136	1.066

Source: Field survey, 2022.

Performance Appraisal Method has an overall average of 3.111 (SD = 1.036). The indicator with the highest mean score in the variable is PAM3 that is mean score of 3.280. PAM1 has the lowest mean rating, with a mean score of 2.826, as well as the remaining indicators (PAM2, PAM5 – PAM9) loading between mean scores of 2.826 to 3.280. This demonstrates that PAM1 self-appraisal mostly is not used by firms however the findings indicate that SMES in Sekondi-Takoradi Metropolis relies heavily on 360-degree, ranking method, management by objective, essay method, and behaviourally anchored rating form of performance appraisal method in assessing the performance of their employees. The results support Khanna and Sharma's (2014) assertion that there are several methods to perform performance appraisal and that there is no one optimum approach that applies to all types of evaluations. That is, all forms of performance appraisal Depending on the objectives established, approach will have a big influence on employee performance.

Again, as shown in Table 4, the second variable in the study, Rater Accuracy, had an overall average of 3.268 (1.022). The highest-rated indicator is RA3 and RA8 with a mean score of 3.379 each, and the lowest indicator

RA5 has a mean score of 3.189, with all other indicators falling between the lowest and highest scores (3.189 and 3.379), indicating an acceptable measure of the Rater Accuracy variable. In conclusion, the above table's aggregate level of agreement regarding the overall impact of rater accuracy on employee performance reveals that SMEs employees trust the organization's performance appraisal ratings and that this perception of fairness and accuracy of the ratings has an impact on their performance ($M=3.268$). This indicates that rater accuracy of performance appraisal leads to great employee greater performance and, as a result, better humanitarian assistance provided by the relevant organizations. The results agree with the studies of Alsaqqaf et al (2022) and Agyare et al. (2016) among others, who discovered that the evaluation process' rater accuracy had an impact on an employee's performance.

Also, Feedback had an overall average of 3.631 (1.050). The highest-rated indicator is FB3 with a mean score of 3.689, and the lowest indicator FB9 has a mean score of 3.538, with all other indicators falling between the lowest and highest scores (3.689 and 3.538), indicating an acceptable measure of the Feedback variable. This demonstrates that the impact of appraisal feedback on employee performance is both favourable and significant. Therefore, an increase in employee performance is more likely to follow from improved appraisal feedback. The result is in line with Diamantidis and Chatzoglou's (2018) suggestion that performance appraisal feedback can help employees learn about their strengths and flaws so they can improve.

The dependent variable employee performance, had a mean standard deviation of 1.066 and an overall rating of 3.135. The rating for EP8 is the

highest, with a mean of 3.242. All remaining indicators have mean values over 3.012 except for EP7, which has a mean score of 3.012, indicating acceptable measurement indicators of the variable employee performance, as presented in table 4 above.

Results of the Inferential Statistics

This section outlines the analytical techniques used to draw inferences about a population based on sample responses. PLS SEM was used to achieve the goal of inferential statistics, which is to make generalisations about a population based on the study's research questions. This was accomplished by first analysing the measurement instrument and then the structural model (Chin, 2010; Hair et al., 2017).

Assessment of the measurement model

The validity and reliability of construct measures are evaluated as part of the evaluation of measurement models. This assessment uses a range of measures depending on whether a conceptual framework is examined reflectively or formatively; as a result, based on the conceptual framework of this study, the reflective measurement assessment is utilized. Therefore, the reliability (indicator reliability and internal consistency reliability) and validity assessments (convergent and discriminant validity) is required in reflective measurement.

Indicator reliability

The item outer loadings are primarily used in PLS-SEM to examine reliability of the measuring items of a specified construct (Baah et al., 2021; Hair et al., 2019). Thus, to guarantee indicator reliability of a concept, the indicator outer loadings must be greater than 0.7 (Hair et al., 2014). Figure 2

shows that all of the measuring items loaded above the acceptable threshold set by the various authors for the application and evaluation of PLS-SEM results in research (Acquah, 2020; Baah et al., 2021; Hair et al., 2019;), that is a minimum loading of 0.709 and 0.974 as the maximum loading. This means that indicators with loadings < 0.70 were all deleted from the initial model as proposed by Hair et al. (2019). This was done to guarantee that every indication is a reliable reflection of the underlying constructs. More specifically, in terms of PAM, items such as PAM 4 were removed; FB also had FB1, FB2, FB4, FB5, FB6, and FB7 removed; RA had RA2 removed; and finally, EP had EP2, EP5, and EP6 removed respectively. This implies that the items maintained were quality measures of performance appraisal and EP at SMES in Sekondi-Takoradi Metropolis. As a result, the ultimate model provided below (Figure 2) represents the base for which further examination of the structural model is carried out.

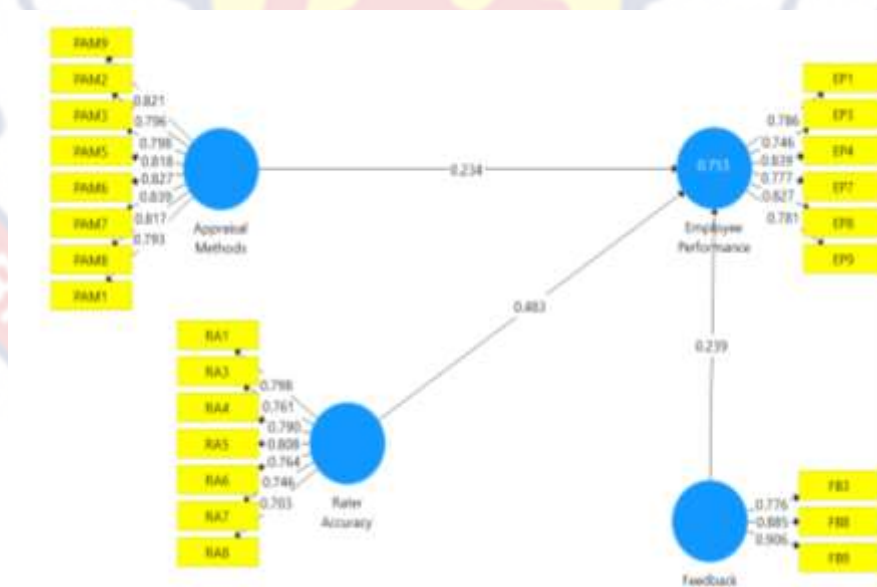


Figure 3: Indicator outer model assessment output

Source: Field survey, 2022.

Internal consistency reliability

This is primarily a metric premised on the correlations between separate test items (Hair et al., 2019). Cronbach's alpha (α) and composite reliability (CR), as well as the item outer loadings are used to assess the construct's reliability. Every dependability criterion must, as a general rule, be larger than 0.70 (Sarstedt et al., 2022) Weighted composite reliability is more accurate than unweighted Cronbach alpha since indications are not all equally trustworthy, and CR is evaluated and presented accordingly in the table below (Table 5). As presented in the table, all items used to measure the various construct loaded above 0.70 (i.e., 0.709 as the minimum indicator loading and 0.974 as the highest outer loadings of all the measurement items), thus meeting the first criterion for internal consistency reliability. Again, the CA and CR total score represented as the second and third metrics in determining the reliability of the measurement items of this study, respectively. As shown in table 6, the CA scores for Performance Appraisal Method (PAM), Employee Performance (EP), Feedback (FB) and Rater Accuracy (RA) are 0.927, 0.882, 0.818 and 0.889 respectively, all of which are greater than the 0.70 threshold established by Hair et al. (2014). The final and most important criterion for internal reliability assessment was the CR, which was 0.940 for PAM, 0.911 for EP, 0.892 for FB and 0.909 for RA as shown in table 6.

Convergent validity

The degree to which two measures of ideas that should be connected conceptually are related is referred to as convergence validity (CV) (Taherdoost, 2016). The "Average Variance Extracted (AVE)" in PLS-SEM is frequently used to assess CV. By averaging the indicator reliabilities

for a project, the AVE is determined. The average variance that the notion and its component measurements share is examined using this metric. The value must be at least 50% in proportional terms or fulfil the AVE criterion of 0.5 in numerical terms (Fornell & Larcker, 1981, Sarstedt et al., 2019 ;). The AVE values in the table 5 show that there is no convergent validity problem because all constructs scored an AVE score greater than the Ab Hamid et al., (2017). criterion of 0.5. (i.e., 0.662, 0.629, 0.735, 0.589 for PAM, EP, FB and RA respectively).

Table 5: Reliability and validity output of indicators

Variables	Outer Loadings	CA	CR	AVE
Performance Appraisal Method		0.927	0.940	0.662
PAM 1	0.821			
PAM 2	0.796			
PAM 3	0.798			
PAM 5	0.818			
PAM 6	0.827			
PAM 7	0.839			
PAM 8	0.817			
PAM 9	0.793			
Feedback		0.818	0.892	0.735
FB 3	0.776			
FB 8	0.885			
FB 9	0.906			

Rater Accuracy	0.889	0.909	0.589
RA1	0.798		
RA3	0.761		
RA4	0.790		
RA5	0.808		
RA6	0.764		
RA7	0.746		
RA8	0.703		

Source: Field survey, 2022.

Discriminant validity (DV)

DV quantifies a construct's uniqueness. Discriminant validity is demonstrated when the amount of variance (AVE) within a component outweighs the common variance between the constructs. The “Heterotrait-monotrait (HTMT)” causal connection ratio is the technique used to evaluate DV (Henseler et al., 2015). Many researchers (example, Acquah, 2020; Agyei & Bossman 2022; Asthana, 2020; Baah et al., 2021; Hair et al., 2020) tested their HTMT results using cutoff numbers such as 0.85 and 0.90. Furthermore, Franke and Sarstedt (2019) to further assess HTMT ratios and discriminant validity proposed a new primary aim with confidence intervals. The HTMT statistics in table 6 show that all of the causal links met the required values of “0.85 or 0.90”. As a result, each construct was clearly distinct from the others, asserting that no common bias in methodology exists.

Table 6: Heterotrait-Monotrait Ratio (HTMT) output

Variables	PAM	EP	FB	RA
PAM				
EP	0.829			
FB	0.842	0.886		
RA	0.749	0.838	0.815	

NB: PAM – Performance Appraisal Method, EP –Employee Performance, FB –Feedback, RA-Rater Accuracy Source: Fieldwork, 2022.

Assessment of the Structural Model

The study used SmartPLS 3.0 to evaluate the research objectives proposed after adopting a satisfactory measurement model. For the path model, 5000 replications were used for bootstrapping analyses. According to Hair et al. (2016), the resulting test statistic, that is, variance inflation factor (VIF), coefficient of determination (R^2) and the effect size (f^2) reports the model's collinearity, path coefficient, and significance, were evaluated in order to improve the effectiveness of the investigation's goals.

Assessment of common method variance (CMV)

CMV refers to comorbidity between metrics of different constructs generated by identical measurement modalities instead of the constructs themselves (Brannick et al., 2010). This study employed the VIF in testing for the probability of error in every measure. Table 7 shows the lateral collinearity test results for the three constructs used in this study. The outcome for collinearity in all constructs is less than 3 that is, VIF scores of 2.566, 2.548 and 2.457 for relationship between Performance appraisal method and Employee performance (PAM → EP), Feedback and Employee Performance

(FB → EP) and Rater Accuracy and Employee Performance (RA → EP) respectively, a statement that suggests this study's multi-collinearity of constructs is not a problem (Kock, 2014).

Path coefficient (β)

The path coefficients inside the measurement models are normalized values, and path coefficients (β) in the structural model ranging from “0 to .10, .11 to .30, .30 to .50, and $>.50$ are indicative of weak, modest, moderate, and strong effect sizes, respectively” (Hair & Almer, 2022). As presented in table 4, the β value for PMB → EP = 0.234, FB → EP = 0.239 and RA → EP = 0.483, depicting modest, modest and moderate effect sizes, respectively. As a result, all of the theorized paths outlined in the predictor constructs are statistically considerable.

Coefficient of determination (R^2)

After ensuring that the model is devoid of collinearity concerns and that the connections are significant, the next process is to evaluate the R^2 significance in the result (Alamer & Hair 2022). This forecast represents the variance described by the exogenous constructs in the output. Hair et al. (2019) established that, “ R^2 values between 0 to .10, .11 to .30, .30 to .50, and $>.50$ are indicative of weak, modest, moderate, and strong explanatory power, respectively”. The R^2 values shown in the table 8 demonstrate that PAM, as a predictor construct, has a strong descriptive value of 75.3% over employee performance in the relationship between PAM and EP. Again, is displayed in the table, FB as a predictor construct had a strong 75.3% % interpretative power over EP in the FB → EP relationship. Finally, the R^2 score for the

relationship between RA and EP showed that RA had a strong explanatory influence over EP ($R^2 = 75.3\%$).

Effect size (f^2)

The effect size (f^2) component of SEM analysis assesses the effect of the causative concept on the intrinsic one (Cohen, 1988). The f^2 is used in this study to determine whether the prescribed causative latent factors have a significant influence on the consequent variables (Tolliver et al., 2020). Cohen (1988) suggested the preceding rough guidelines: “a score less than 0.02 indicates no effect, 0.02 - 0.15 indicates a small effect size, 0.15 - 0.35 indicates a medium-sized effect, and greater than 0.35 indicates a large effect size”. The f^2 scores presented in the table 8 ranges from $f^2 = 0.086$ for PAM → EP, $f^2 = 0.090$ for FB → EP and $f^2 = 0.384$ for RA → EP, depicting small, small and large sized effect respectively (Hair et al., 2016).

Predictive relevance (Q^2)

The Q^2 indicates the data sets of reflective metrics exogenously in models, allowing the prognostic significance of a specified latent variable endogenously to be assessed (Russo & Stol, 2021). Predictive precision can be low ($Q^2 < 0$), medium ($Q^2 > 0.25$), or strong ($Q^2 > 0.50$) (Hair et al., 2019). Table 7 shows the Q^2 predict scores for each of the independent variable on the explained variables, which are as follows: $Q^2 = 0.464$ $Q^2 = 0.464$ for the association between rater accuracy and employee performance, $Q^2 = 0.464$ for the association between feedback and employee performance, and $Q^2 = 0.464$ for the association between performance appraisal method and employee performance, indicating medium and acceptable predictive relevance (Henseler et al., 2012).

Table 7: Output of the structural model analysis

	β	R^2	Adjusted R^2	f^2	Q^2	VIF
PMB → EP	0.234	0.753	0.747	0.086	0.464	2.566
FB → EP	0.239	0.753	0.747	0.090	0.464	2.548
RA → EP	0.483	0.753	0.747	0.384	0.464	2.457

Source: Field survey, 2022.

Significance of the structural model

The next stage is to assess the statistical significance and application of the coefficients of the recommended structural routes in the model after establishing the model's predictive and explanatory power (Hair et al., 2018). As demonstrated in Table 8, the exogenous variables effect of PAM on EP, effect of FB on EP and effect of RA on EP did explain 23.4%, 23.9%, and 48.3% and were assumed to be low and substantial correlated respectively, by Cohen (1988).

According to the t-statistic and p-values, all of the variables considered for this study were statistically significant. The outcomes were presented using the t-stat parameters proposed by Hair et al (2014). They recommended that “t-stat values greater than 1.96 correlate to p-values greater than 0.05, and inversely”. In addition, the path coefficients were outlined using Cohen (1988)'s criteria. He proposed that a “correlation coefficient (R) of 0.10 indicates a weak or small correlation, a correlation coefficient of 0.30 indicates a moderate correlation, and a correlation coefficient of 0.50 indicates a large or strong correlation”.

Table 8: Significance and size of structural model coefficient

DEP	IND	Beta	STDEV	Tstatistics	P values	Remarks
EP	PAM	0.234	0.075	3.098	0.002	Supported
EP	360D	0.429	0.087	4.907	0.000	Supported
EP	MBO	0.213	0.096	2.221	0.026	Supported
EP	BARS	0.242	0.086	2.807	0.005	Supported
SEP	FB	0.239	0.072	3.323	0.001	Supported
EP	RA	0.483	0.066	7.333	0.000	Supported

Source: Field survey, 2022.

Model fit evaluation

PLS-SEM was created as a prediction method akin to multivariate regression testing. Considering this, model fit criteria for PLS-SEM were not developed, although analyses of their efficacy in dismissing mistitled models were conducted in recently. The “goodness-of-fit index (GoF), standardized root mean square residual (SRMR), Euclidean distance (dL), and geodesic distance (dG)” are among these measurements (Alamer & Hair). Because of the volatility of their effectiveness in identifying anomalies in the domain of PLS-SEM, advocates of model-fit-indices are suspicious about selecting cut-off values to assess structural model misfit (Alamer & Hair, 2022).

The study's overall structural model is evaluated using the Goodness of Fit (GoF) metric. A simple indicator for evaluating the overall effectiveness of the measurement and structural models is the GoF index. This GoF value is generated by multiplying the average value of the R² model by the average value of the communalities index squared. GoF values range from 0 to 1, and

their meanings are as follows: 0.1 (small GoF), 0.25 (mid GoF), and 0.36. (high GoF) (Purwanto et al., 2021).

Main Analysis

This section examines the various research objectives based on the direct links, which are summarised in table 7. The given pictorial outcomes were founded on 5,000 iterations, which produced a two-tailed 0.95 CI.

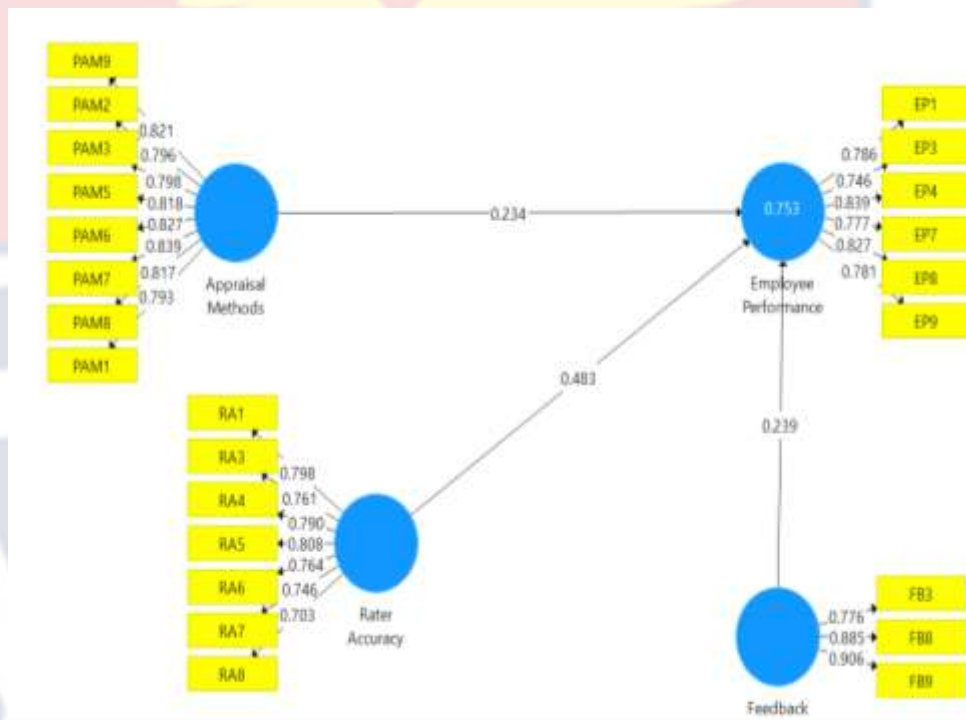


Figure 4: Outcomes of the structural paths

Source: Field survey, 2022.

Effect of performance appraisal method on employee performance

The initial objective of the study was to ascertain how Performance Appraisal Method (PAM) affected SMES employees' performance (EP) in the Sekondi-Takoradi Metropolis area. The study found that PAM significantly improved employee performance (PAM = 0.234, $t = 3.098$, $p = 0.000-0.02$) and that there is a substantial positive correlation between PAM and employee performance of SMEs in the Sekondi- Takoradi Metropolis area.

This is because the predicted link's t-stat was 3.098, which is higher than 1.96, and its beta value (β) was 0.234, validating the association's positive but weak association and suggesting that a unit rise in PAM would result in a 23.4% rise in EP. Additionally, the adjusted R^2 value in Table 7 reveals that 74.7% of differences in employee performance were due to PAM modifications. As a result, the residual percentage difference in employee performance is due to variables not explored in this research. In terms of predictor variable impact sizes, G had no influence ($f^2 = 0.086$) as presented in table 7, on the adjusted R^2 of employee performance. Overall, PAM exhibited a minimal predictive relevance on the long-term success of Employee Performance of SMEs in Sekondi- Takoradi Metropolis.

According to the study's findings, SMEs employee performance is positively and significantly impacted by the employee performance appraisal method. The study's findings suggest that, if SMEs management in the Sekondi-Takoradi area focuses on picking the best appraisal method to gauge employee performance, employee performance will be improved. It is consistent with Amilariba's findings from 2021, which show that employee performance at the Ghana Education Service (GES) in the Bolgatanga Municipality significantly positively correlates with the performance appraisal method and employee performance. This finding contradicts Segbenya and Bonsu's (2019) findings that performance appraisal methods have no significant effect on employee performance. Performance appraisal methods, in accordance with Cudjoe (2021), have a positive effect on employee performance. Anetoh et al. (2021) reported that the study's findings indicated

that management by objective technique, in particular, is favourably connected with employee performance.

Effect of feedback on employee performance

According to Figure 3, there is a strong positive link between employee performance of SMEs and feedback from performance appraisals, according to a favourable and significant correlation between the constructs in Sekondi-Takoradi Metropolis, as per the outcome of the SEM results ($\beta = 0.239$, $t = 3.323$, $p = 0.001 < 0.05$). As a result, the study discovered that Feedback (FB) had a considerable impact on employee performance (EP).

This occurs because the model's t-stat was 3.323, which is significantly higher than 1.96, validating the above assumption, and a beta score of 0.239, signalling that a unit change in FB will result in a 23.9% rise in EP. Similarly, the adjusted R^2 value in Table 7 implies that 74.7% of the differences in EP were due to changes in FB. As a consequence, the rest of the fluctuation in EP is due to additional parameters not studied in this study. In terms of predictor variable impact sizes, FB had a substantial effect ($f^2 = 0.090$) as presented in Table 7, on the adjusted R^2 of employee performance. FB exhibited a medium predictive usefulness on EP of employee performance of SMEs in Sekondi- Takoradi Metropolis.

According to the study's findings, feedback from performance appraisal has a positive and significant influence on employee performance. Based on the study's findings, it is possible to infer that when SMEs managers in Sekondi- Takoradi desires to increase employee performance, it should consider providing feedback from performance appraisal for employee to know how they fared in other to improve their performance. The conclusion is

congruent with the findings of Gabris and Mitchell (2019) who discovered that feedback employee performance is positively correlated with feedback from performance appraisal. According to Aguinis (2019) feedback from performance appraisal and employee performance are positively correlated. The study provided a novel insight of employee performance of health care sectors in Kenya Nairobi. It was discovered that effective management of the performance appraisal feedback process between managers and their subordinates is crucial in enhancing employee and organizational performance.

The study's findings, according to Boadi et al. (2016) revealed that there is a positive association between feedback and employee performance of firms in Kenya. Moraa and Datche (2019) also concluded that, the adoption of good performance appraisal feedback process will eventually help the SMEs to improve their economic performance as well as employee performance. The finding also contradicts with Kihama and Wainaina (2019) who found out that, feedback from performance appraisal has a significant impact on employee performance but however it was a blunder between a positive and negative effect.

Effect of rater accuracy on employee performance

The third assumption looked at how Rater accuracy (RA) affected employee performance, as shown in figure 3, with the goal of figuring out the strength and size of the link between the constructs. The study provided sufficient data to support the claim that RA had a favourable and scientifically significant effect on EP ($= 0.483$, $t = 7.333$, $p = 0.000$ 0.05), failing to reject

the claim. *research hypotheses 3: there is a significant positive relationship between rater accuracy and employee performance.*

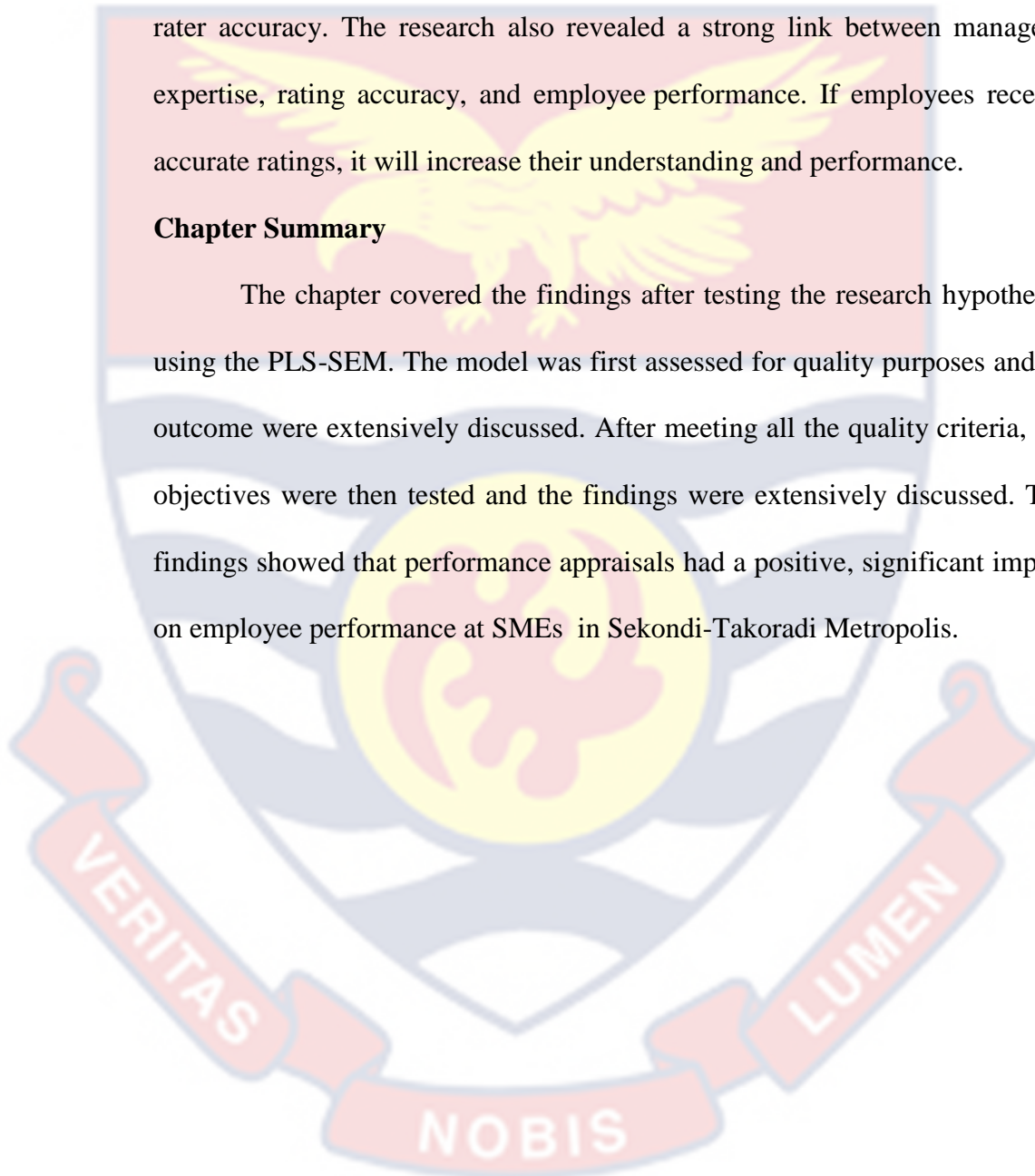
This is accounted for by the model's t-stat score, which was 7.333, which exceeds the 1.96 minimum t-stat threshold. As a result, the study discovered that RA had a considerable impact on employee performance. According to this, employee performance will increase by 48.3% as a result of a change in RA units. It is interesting to note that the adjusted R² result in Table 7 shows that RA changes were responsible for 74.7% of the variations in employee performance. As a result, other factors that were not included in this study account for the remainder of the percentage difference in employee performance. In terms of predictor factor influence magnitude, RA had a considerable influence ($f^2 = 0.384$) as shown in table 7, on the adjusted R² value of EP. Overall, RA exhibited a modest predictive relevance on EP of SMEs in Sekondi-Takoradi Metropolis ($Q^2 = 0.464$).

According to the study's findings, rater accuracy positively and significantly affects employee performance (Ravichandran, Srivastava & Taneja, 2015). According to the study's conclusions, perceptions of all forms of justice have an impact on how satisfied employees are with raters; distributive justice is one of the main factors influencing rater contentment, followed by interpersonal, procedural, and informational justice. The study attempted to examine the importance of employees' fairness perception in terms of rating by managers. The conclusion is congruent with the findings of Phuong (2018) whose result revealed that, rater accuracy has strong influence on employee performance. The result implies that managers rating plays a vital role and has multiple effects in enhancing employee performance at

SMEs . In addition, Kwamifoli (2017) study's findings revealed demonstrated dedication and performance were positively impacted when employees believed their appraisal to be fair and truthful. Subsequently according to Gabris and Ihrke (2019), there is a link between employee performance and rater accuracy. The research also revealed a strong link between managers' expertise, rating accuracy, and employee performance. If employees receive accurate ratings, it will increase their understanding and performance.

Chapter Summary

The chapter covered the findings after testing the research hypotheses using the PLS-SEM. The model was first assessed for quality purposes and its outcome were extensively discussed. After meeting all the quality criteria, the objectives were then tested and the findings were extensively discussed. The findings showed that performance appraisals had a positive, significant impact on employee performance at SMEs in Sekondi-Takoradi Metropolis.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The study's executive summary and the main conclusions are provided in this chapter. In this chapter, conclusions were reached and suggestions based on the findings were provided.

Summary of the study

This research looked at the effect of performance appraisal on employee performance of SMEs in Sekondi- Takoradi Metropolis. The studies were quantitative in character because quantitative research approach was used since it was thought to be the most appropriate. The study used an explanatory research design and aimed at a population that constituted of 132 employees from selected SMEs from Sekondi-Takoradi specifically Best point savings and loans (40), Christ the King Credit Union (31), Icode Ghana (20), Ernest Chemist (20), and Benie Yankson Ventures (21). Due to the vastness of the population, simple random sampling was utilized in the study. Primary data were collected by the use of a structured questionnaire. Completed questionnaires were collected within an agreed period of one week.

The 43 items in the questionnaire were split into five sections as follows: 'Section A examined the respondents' demographic details, whereas Section B examined the appraisal methods (8 items); 'Section C' collected data on the feedback from performance appraisal (3 items), Section D' collected data on the Rater accuracy (7 items) and Section E collected data on employee performance at SMEs (6 items); The questionnaire's Sections B, C, D, and E were scored on a five-point Likert scale, with a score of 1 denoting

"Strong Disagreement" and a score of 5 denoting "Strong Agreement." The quality of the study was improved by a process of refining that looked at the validity and reliability of the scales while also ensuring their robustness. The study instrument was also approved by a supervisor using professional judgment.

Both inferential statistics (Pearson's correlation coefficient) and descriptive statistics were used to characterize continuous data (mean, standard deviation, minimum value, maximum value). For categorical data, frequency tables and the accompanying percentages were used. For strict adherence to the rules of research ethics, a clause guaranteeing respondents' anonymity and confidentiality was inserted in the questionnaire's introduction. The length of time required to complete the questionnaire was also agreed upon both the researcher and responders.

The research objectives, which were developed to drive and guide the investigation, were considered while organizing the study's results. The results showed that performance appraisal method used by SMEs, on an average mean indicates that it has an effect on result achieved and employee performance. However, most managers of SMEs in Sekondi-Takoradi use more of management by objective form of appraisal to measure employee performance. Once more, performance appraisal feedback had a favourable, considerable impact on employee performance. The study also revealed that appraiser accuracy, measured as an average mean, implies that it positively and significantly affects employee performance.

Summary of Key Findings

The results were presented in figures and tables; however, this section presented the summary of the study's key findings in line with the objectives.

The first research objective examined how performance appraisal methods used by SMEs in Sekondi-Takoradi Metropolis impacted the performance of their employees. According to the study, there is a statistically significant link between performance appraisal methods and employee performance of SMEs. This suggests that if the right appraisal method is used in appraising at the unit level, it will result in improvement in employee performance. In order to improve the employee performance of SMEs in Sekondi-Takoradi Metropolis, the type of performance appraisal method used in appraising is essential. As a result, the appraisal method used should meet the aims of the employees.

The relationship between performance appraisal feedback and employee performance was then examined in research aim two. The study's findings revealed a statistically significant positive association between performance appraisal feedback and employee performance. This suggests that a corresponding rise in feedback will result in a rise in employee performance. Thus, performance appraisal feedback plays a vital role in improving employee performance since employees who don't receive feedback are ignorant of their performance improvements or declines as the amount of effort necessary to execute a task may be difficult to estimate.

Finally, study goal three looked at the relationship between rater accuracy from performance appraisal and employee performance of SMEs in Sekondi-Takoradi Metropolis. According to the study, there is a statistically

significant link between rater accuracy and employee performance. This suggests that an increase in rater accuracy at the unit level results in improvement in employee performance. In order to improve employee performance at SMEs in Sekondi-Takoradi Metropolis, rater accuracy is essential. As a result, employee performance will increase if ratings are not dependent on factors like age, gender, race or ethnicity.

Conclusions

The study aimed to examine how performance appraisal affects employee performance of SMEs in Sekondi-Takoradi Metropolis. The study attained this goal by developing three key objectives and three hypotheses which were largely achieved. The following conclusions were drawn from the key findings:

In objective one, the study found out that, performance appraisal methods used by SMEs has an impact on employee performance. This outcome has principally been buttressed by empirical studies, which revealed that adopting a good performance appraisal method which is in line with employee objectives will eventually help improve employee performance. There are several performance rating methods in use by managers of SMEs in Sekondi-Takoradi, most of them made use of management by objective form of appraisal. The study concluded that performance appraisal method used at SMEs is vital in promoting employee performance since some appraisal methods gives accurate measure of employee performance based on the predetermined objectives sets.

The study also found that, employee performance at SMEs in Sekondi-Takoradi Metropolis is significantly and favourably impacted by feedback from performance appraisals. This finding has largely been supported by related studies. Employees who do not receive feedback are ignorant of their performance improvements or declines as the amount of effort impacted in executing a task may be difficult to estimate. This feedback from performance appraisal should be a two-way form of feedback between the manager and subordinate.

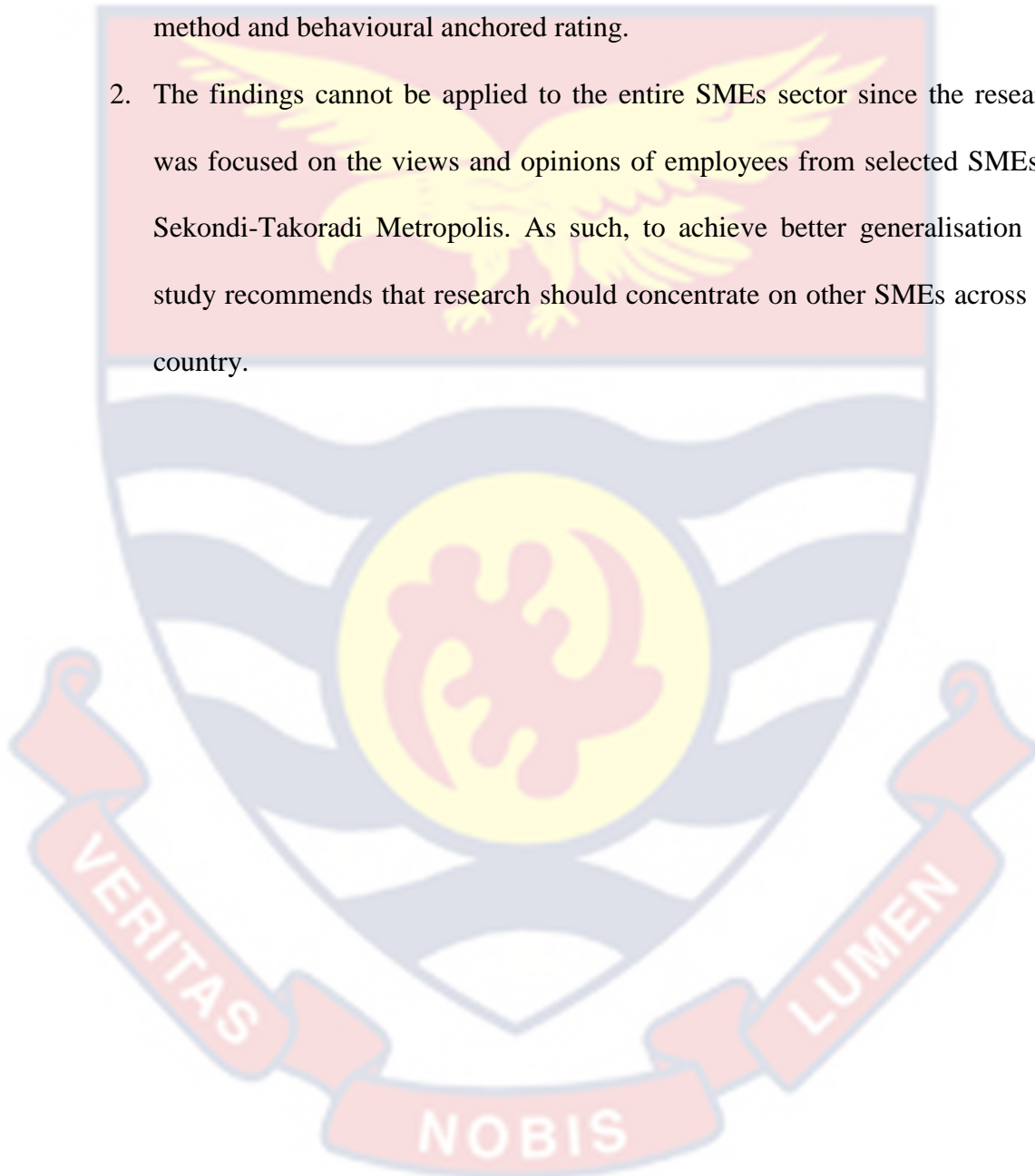
Concerning the third objective, the study concluded that, rater accuracy from performance appraisal has a considerable and advantageous impact on employee performance. In other words, employee performance will increase if ratings are not dependent on factors like age, gender, race or ethnicity.

Recommendations

1. Managers are encouraged to help maintain and improve the existing performance appraisal method used in appraising. This can be done by selecting appraisal method based on predetermined set objectives.
2. It is also recommended that; managers of SMEs should foster effective communication after appraisal that is, feedback should be provided to employees for them to have fair knowledge of their performance over the period. Such feedback should be a two-way form of feedback with suggestions from employee's especially junior and senior staff taken into consideration in decision making after appraisal.
3. In addition, according to the outcome of rater accuracy on employee performance at SMEs, as suggested by the respondents, managers of SMEs should get training on how to appraise well without being biased.

Suggestion for Future Research

1. Further studies should investigate other performance appraisal methods that influences employees' performance aside self-appraisal, supervisor rating, 360-degree appraisal, ranking method, management by objective, essay method and behavioural anchored rating.
2. The findings cannot be applied to the entire SMEs sector since the research was focused on the views and opinions of employees from selected SMEs in Sekondi-Takoradi Metropolis. As such, to achieve better generalisation the study recommends that research should concentrate on other SMEs across the country.



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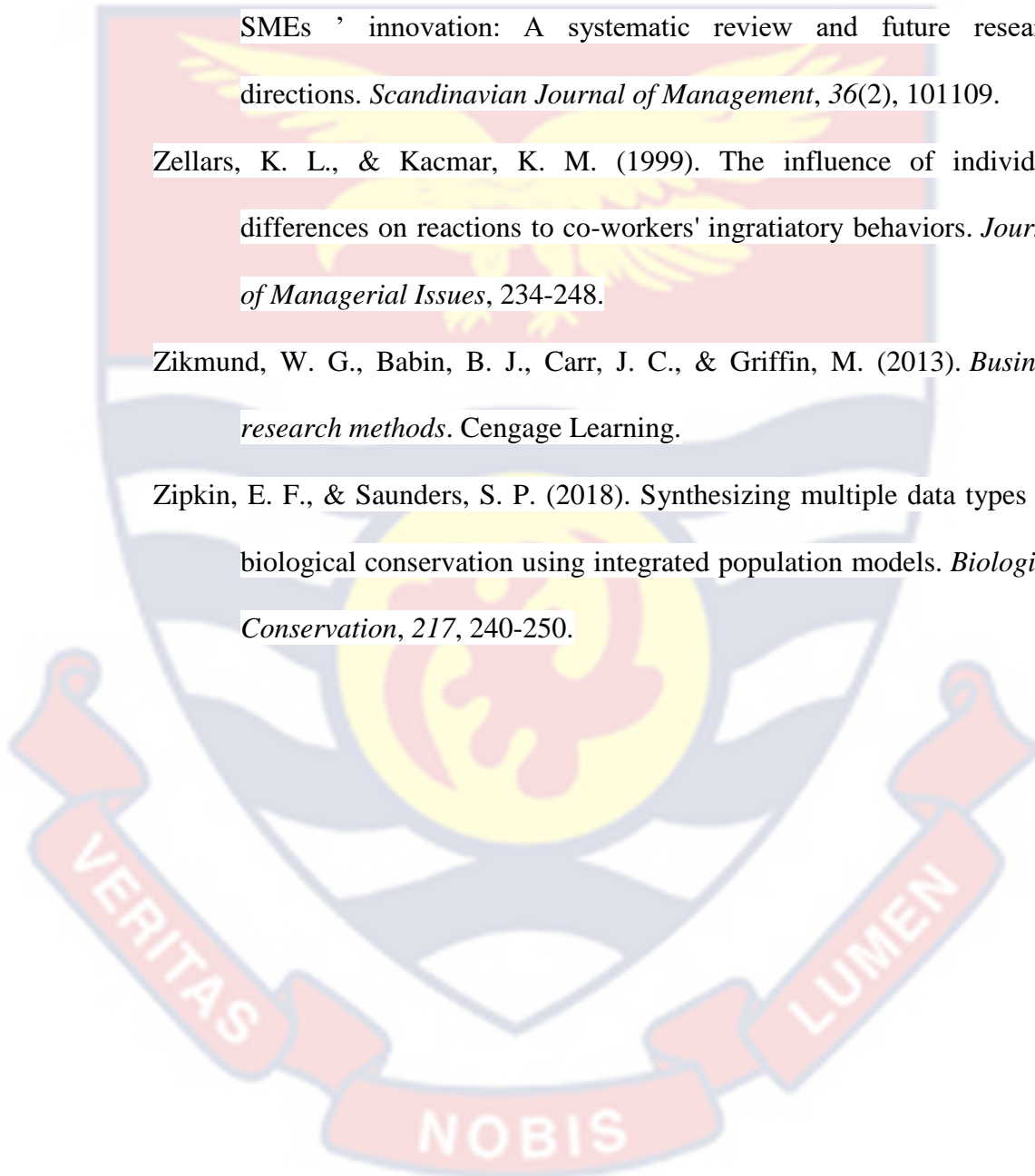
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APPENDICES

APPENDIX A: QUESTIONNAIRE

UNIVERSITY OF CAPE COAST

COLLEGE OF HUMANITIES AND LEGAL STUDIES

SCHOOL OF BUSINESS

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

QUESTIONNAIRE FOR EMPLOYEES

Dear respondent,

I am a student pursuing Masters degree in Commerce (Human Resource) at the University of Cape Coast. This questionnaire has been designed purely for academic purposes. It has been designed to examine “*Performance Appraisal and its effect on employee performance at SMEs in Sekondi-Takoradi Metropolis*”. You have been selected as one of the respondents of your organisation to respond to the issues to the best of your ability. You are however assured that information provided to complete this questionnaire would be treated strictly confidential. Thank you in advance.

SECTION A: DEMOGRAPHIC

Kindly provide the appropriate response and tick [] the box that correctly describe you.

1. Gender

a. Male []

b. Female []

2. Age

a. less than 25 years []

b. 25-34 []

c. 35-44 []

d. 45-54 []

e. 55 and above []

3. Educational Qualification

a. Diploma []

b. HND []

c. First degree []

d. Second degree []

e. PhD []

f. Other specify

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4. Length of Service / Years of Experience

a. Less than 1 year []

b. 1-5 years []

c. 6-10 years []

d. 11-15 years []

e. 16 and above []

5. Which category of staff do you belong to?

a. Senior Staff []

b. Junior Staff []

c. Other []

6. How often is performance appraisal done in your organisation?

a. Fortnightly []

b. Monthly []

c. Six Month []

d. Annually []

SECTION B: PERFORMANCE APPRAISAL METHOD

Please indicate the extent to which you agree to each statement by ticking [√] one number of each item. The response scale for the questions is as below: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree

	SECTION B: PAM	1	2	3	4	5
PAM1	Our managers believe we are more familiar with ourselves and allow us to appraise ourselves (Self-appraisal)					
PAM2	Our immediate supervisor appraise us (Supervisor rating)					
PAM3	We are appraised by all (360 degree appraisal)					
PAM4	Employees are ranked from the highest to the lowest or from the best to the worst during appraisal (Ranking Method)					
PAM5	Performance is measured based on objectives achieved during performance appraisal (Management by objective)					
PAM6	Managers write an essay of					

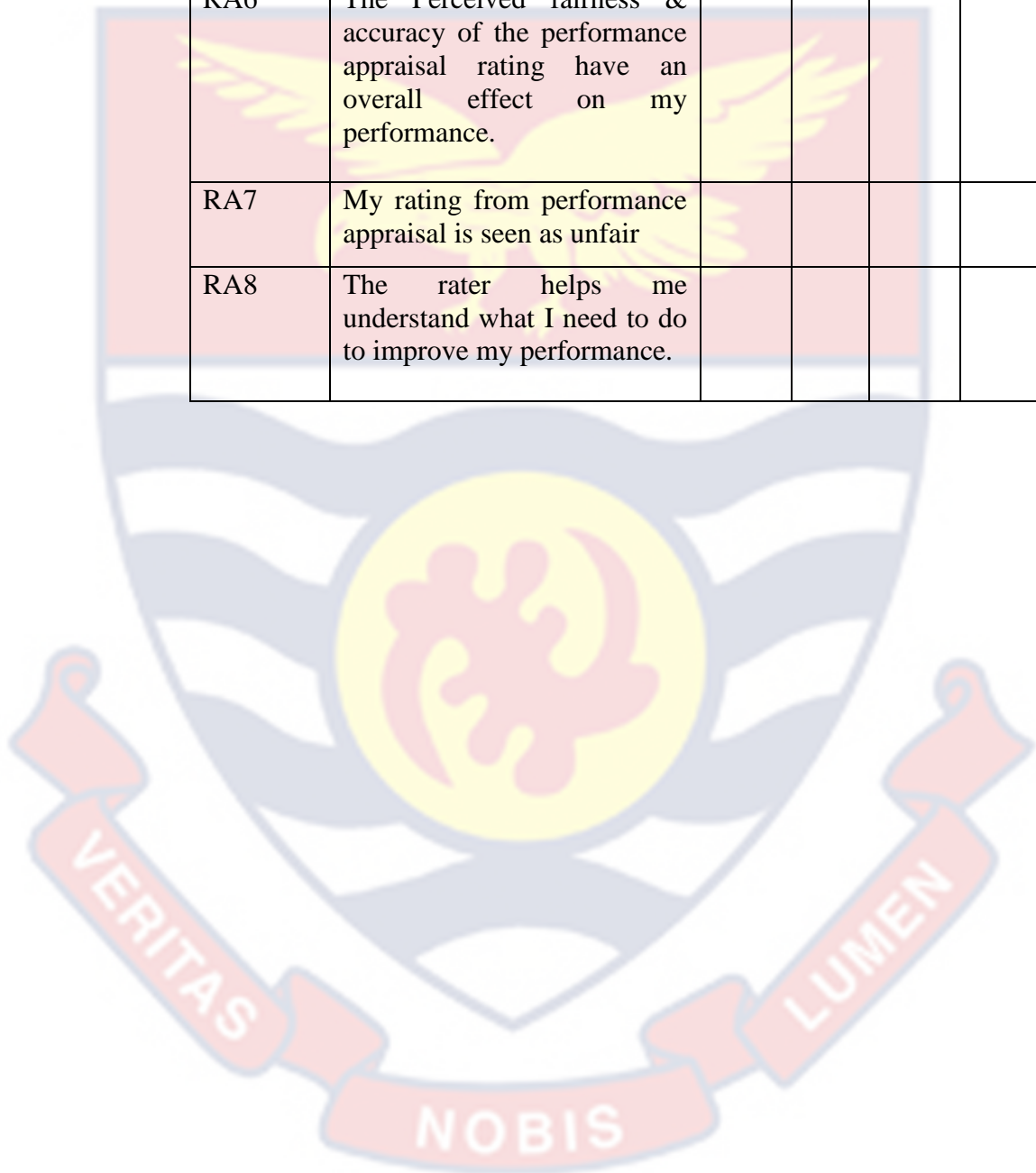
	my past performances and put it on my file (Essay Method).					
PAM7	Performance is measured during appraisal based on behaviour (Behavioural Anchored Scale).					
PAM8	Performance appraisal methods used in my organization is easily understood by staff.					
PAM9	I am satisfied with the current appraisal methods used in appraising my performance.					

SECTION C: RATER ACCURACY

Please indicate the extent to which you agree to each statement by ticking [√] one number of each item. The response scale for the questions is as below: 1= Strongly Disagree, 2= Disagree, 3= Uncertain, 4= Agree, 5 = Strongly Agree

	SECTION C:RATER ACCURACY	1	2	3	4	5
RA1	My organization makes sure that I am assigned a rater who understands the requirements and difficulties of my work.					
RA2	Managers are trained prior to appraisal.					
RA3	My rating is treated with dignity and without subjectivity, which strive me to perform more.					
RA4	I feel that the manager take into consideration my performance throughout the rating rather than looking at the short-term achievement or failure.					

RA5	My last performance appraisal represented my past year's performance, which strive me to perform more in future.					
RA6	The Perceived fairness & accuracy of the performance appraisal rating have an overall effect on my performance.					
RA7	My rating from performance appraisal is seen as unfair					
RA8	The rater helps me understand what I need to do to improve my performance.					



SECTION D: FEEDBACK

This section of the questionnaire seeks to explore how feedback from performance appraisal affect employees' performance at SMEs in Sekondi-Takoradi Metropolis. Please express your opinion on performance appraisal by indicating to what level you agree or disagree with the statements. Please tick [] one answer appropriately. 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree.

	SECTION D:FEEDBACK	1	2	3	4	5
FB1	Feedback received from my manager is confidential.					
FB2	My performance is effectively monitored.					
FB3	Feedback from performance appraisal take a longer time before getting to know my results.					
FB4	Managers communicate to you frequently about my performance.					
FB5	I am provided with verbal and written feedback about my performance.					
FB6	Evaluation feedback from performance appraisal impact on my behaviour, attitudes and morale.					
FB7	As employee I believe feedback received reflect my performance.					
FB8	I receive both positive and negative feedback.					
FB9	Feedback from managers comes with the necessary solutions to resolve any further issues concerning my performance.					

FB10	My institution use performance appraisal feedback to reward employees.					
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SECTION D: EMPLOYEE PERFORMANCE

This section of the questionnaire seeks to assess how performance appraisal improves employee performance at SMEs . Please express your opinion on how performance appraisal impact employee performance by indicating to what level you agree or disagree with the statements. Please tick [√] on one answer appropriately. 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree.

	SECTION D: EMPLOYEE PERFORMANCE	1	2	3	4	5
EP1	Performance appraisal has had impact on my performance over the years.					
EP2	Performance appraisal has modified my work behaviour, which has consequently increased my performance on the job.					
EP3	There is massive improvement in the capacity and quality of my work performance due to performance appraisal.					
EP4	There is quality improvement in my performance at work due to performance appraisal.					
EP5	Performance appraisal has enabled me to properly execute my task with the objectives of the company in mind.					

EP6	I have seen massive improvement in my quality of work due to performance appraisal.					
EP7	I receive high recognition when I perform well compared to my past performance.					
EP8	Performance appraisal has helped in my professional development.					
EP9	Appraisal feedback are used for administrative decision in my organisation.					
EP10	Performance appraisal help in determining factors that affect my performance.					

THANKS FOR YOUR COOPERATION

