

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Assessing the Effect of Performance Appraisal System at Kumasi Technical University, Ghana

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Abstract:

The study was quantitative and explanatory in nature. The population comprised all the teaching and non-teaching staff of the institution. A Simple Random Sampling techniques was used for selecting the sample from the population. Primary data was collected by administering questionnaires to the teaching and non-teaching faculty members of the school. Data was analyzed using frequencies, mean, standard deviation, one sample t-test and a multiple linear regression. After the analysis, it was found that the interpersonal justice aspect of performance appraisal fairness had a significant effect on employee performance. Staff was indifferent with performance appraisal systems, but according to management, frequently undertaken performance appraisal helps to recognize individual training and developmental needs. For this reason, performance appraisal is undertaken to examine and evaluate the performance of staff of Kumasi Technical University. One key challenge performance appraisal as identified from the management perspective indicated that the assessment of employees does not translate into an enhanced performance management. As part of employee performance, the staff agreed to possess increase knowledge on job, work with little supervision, improved skills due to new learning methods, and committed to work due to new skills acquired.

Keywords: Performance appraisal, performance evaluation

1. Introduction

Assessing employees' performance in an organization is very essential in the management of that organization's human resource as suggested by Yee and Chen (2009). It is worth knowing that evaluation of performance appraisal of employees in an organization cannot be over emphasized. Therefore, performance appraisal is a regular exercise that tries to assess employees' performance and helps in recognizing the employees' potential for further development and progression in the organization's career ladder. Currently, as suggested by Yee and Chen (2009), subordinates are gradually comprehending the significance of performance review because it would very much affect their rewards and upcoming profession pathway. More than ninety percent (90%) of big organizations employ some performance appraisal systems and above seventy-five percent (75%) national employment systems need yearly performance review (Seldon, Ingraham & Jacobson, 2001).

The performance of most employees in many companies is normally determined by performance appraisal. Performance appraisal system is used to check how far an employee has performed to enhance and motivate the employee which will result in increasing company morale and is an effective tool for understanding and evaluating the skill potential of the employee. According to a research conducted by Archer North (2015), the extensive use of performance appraisal could be ascribed to the conviction by a lot of supervisors and experts in human resource that performance appraisal is an analytically necessary tool for effectual human resource management and performance enhancement.

Moreover, performance appraisal when structured and implemented well can increase the performance of employees in any organization and thus ensure more productivity. Following Coens & Jenkins (2000), the assumption of structured performance appraisal is that if it is well designed, well executed, and well supervised, it can give lots of benefits to the organization, the manager and the employee as well.

The issue with performance appraisal at Kumasi Technical University is that, periodically (yearly), the staff are given an appraisal form to fill and endorsed by the immediate reporting manager or supervisor of the staff concerned. It is then forwarded to the Human Resource (HR) Department, but nothing happens afterwards: no feedback, as to whether the person is performing well in terms of regularity, punctuality, attending to task given on time, relationship with academic community, management, and other stakeholders. However, the researcher believes that as the basis of reward allocation such as salary increments, promotion, and other rewards etc. the definition and scope of performance appraisal systems should be clearly defined to enable staff to understand the concept behind it before they fill the form, but this is not the case in the Kumasi Technical University. The purpose of the study was to assess the effect of performance appraisal system at Kumasi Technical University.

The research questions for the study were:

- What are the challenges of performance appraisal system at Kumasi Technical University?

- What is the effect of performance appraisal on employees' performance at Kumasi Technical University?

2. Method

The study adopted the quantitative approach which used the teaching and the non-teaching staff which included management as two categories of respondents. The total population of the entire staff of the Technical University is seven hundred and sixty-five (765) comprising three hundred (300) teaching staff made up of the lecturers, research fellows, research assistants and teaching assistants belonging to the various faculties and academic institutes. The remaining four hundred and sixty-five (465) are the various non-teaching staff providing support services for the teaching staff and responsible for the running of the Technical University. They include the Registrars, the Finance team, the Internal Audit team, the Planning Unit officers, the Quality Assurance team, the Clinic team, the ICT Directorate officers, the Procurement team, the Works and Physical Development team and the Security Officers.

The Yamane formula was used to determine sample size of 103 teaching staff and 102 non-teaching staff. A simple random sampling technique was used to select both the teaching and non-teaching staff for everyone to have equal chance of being selected as a respondent. The instrument used for collecting data was questionnaire. The questionnaires contained seventy-two (72) items. It was separated into two sections: section A which is the demographic profile of the respondents and section B were items to elicit data on performance appraisal system used at Kumasi Technical University.

The data collected using the questionnaires were therefore grouped and given appropriate headings. The responses were then checked against the groupings by considering the reasons for conducting the study and the research questions to ensure compliance and consistency. The resulting data was then analyzed using descriptive analysis and discussed with the aid of Statistical Package for Social Sciences (SPSS) in the form of tables, frequencies and percentages.

A reliability analysis was done on the items which were grouped into four main constructs: the performance appraisal (with 10 items measuring it); performance appraisal fairness (with 13 items); challenges of performance appraisal (11 items); and employee performance (6 items). The reliability test using Cronbach's alpha was conducted for each of them, with each of them having an alpha value of greater than 0.7 (the minimum acceptable alpha). This means the data is very reliable for further analysis.

Latent Variables	Cronbach's Alpha	No. of Items
Performance appraisal	.751	10
Performance appraisal fairness	.820	13
Challenges of performance appraisal	.805	11
Employee performance	.805	6

Table 1: Test of Reliability

3. Results

Table 2 shows the distribution on the gender of staff indicates that, 55.4% of the staff were males and 44.6% were females. This showed a fairly distributed gender at the staff level. However, the gender of males in management dominated by possessing 72.7% and females 27.3%. This is however not surprising because usually women are few on management ladders, be it in education or corporate institutions. 2.4% of the staff of Kumasi Technical University were aged under 20 years, 29.5% were aged between 21 to 30 years, 40.4% were aged between 31 to 40 years, 21.7% were aged between 41 to 50 years, and 6% were aged 51 years and above. From the analysis, no management member was below 31 years. This may be due to the level of work experience required to enter management level in any organization. The table again shows that 45.5% of the management members were aged between 31 to 40 years, 36.4% were aged 41 to 50 years, and 18.2% aged above 50 years. Table 2, the dominate age group for staff and management was between 31 – 40 year group.

The staff who were single constituted 30.1%, the married 66.9%, and the divorced 3%. For management 9.1% were single, 81.8% were married, and 9.1% divorced. The married dominated both the staff and management, with most of the singles being at the staff level. The length of service for respondents were also covered in the questionnaire. From the responses of the staff, 12.7% had worked for less than 2 years, 30.7% had worked for 2 to 4 years, and 30.2% had worked for 5-7 years (54%) while 37% had worked for more than 7 years. A minority of the management respondents (9.1%) had worked between 5 to 7 years. The distribution indicates that, both categories of respondents (management and staff) had some level of experience and knowledge in their work.

Demographics	Options	Staff		Management	
		Frequencies	Percentages (%)	Frequencies	Percentages (%)
Gender	Male	92	55.4	8	72.7
	Female	74	44.6	3	27.3
	Total	166	100.0	11	100.0
Age of respondents	Under 20 years	4	2.4	-	-
	21-30 years	49	29.5	-	-
	31-40 years	67	40.4	5	45.5
	41-50 years	36	21.7	4	36.4
	51 years and above	10	6.0	2	18.2
	Total	166	100.0	11	100.0
Marital Status	Single	50	30.1	1	9.1
	Married	111	66.9	9	81.8
	Divorced	5	3	1	9.1
	Total	166	100.0	11	100.0
Length of service	Under 2 years	21	12.7	-	-
	2-4 years	51	30.7	6	54.5
	5-7 years	51	30.7	1	9.1
	8 years and above	43	25.9	4	37
	Total	166	100.0	11	100.0
Employment status	Teaching	56	33.7	3	27.3
	Non-Teaching	110	66.3	8	72.7
	Total	166	100.0	11	100.0

Table 2: Demographics Information of the Respondents

3.1. Performance Appraisal Systems at Kumasi Technical University

Mean, standard deviation, and t-test done is presented in Table 3. The mean ranking (in descending order) for each criterion was compiled to articulate the perceptions that the respondents expressed. Moreover, the mean for each variable with its corresponding standard deviation is presented. The higher ratings of 4 and 5 were chosen for the rating scale as 'agree' and 'strongly agree' respectively while the population mean was set at 3.5. The significance level was set at 95%

Performance Appraisal	Test Value = 3.5			
	Mean	Std. Deviation	t-score	Sig.
Performance review cover job responsibilities	3.23	1.050	-3.253	.001
Performance appraisal procedures are based on accurate information	3.18	1.038	-3.939	.000
Management communicates expectations during performance review	2.99	1.112	-5.934	.000
Performance appraisal done frequently	2.93	.942	-7.749	.000
Management arranges for work improvement after appraisal	2.92	1.090	-6.837	.000
Performance appraisal process free from bias	2.88	1.118	-7.071	.000
Feedback after performance appraisal	2.87	1.076	-7.573	.000
Explanation of performance appraisal procedure given	2.87	1.087	-7.495	.000
Performance appraisal system reviewed periodically	2.87	1.085	-7.498	.000
Both management and staff contribute to design, development, and criteria for performance appraisal	2.65	1.103	-9.914	.000

Table 3: Performance Appraisal System (Staff)

The analysis presented in table 4 indicates that staff from Kumasi Technical University were indifferent with all the ten items under the performance appraisal systems. The mean of all the items when approximated to the nearest whole number fall on 3 (neutral). This shows that none of the items had a mean greater than the hypothesized mean of 3.5 (the accepted). And the results were statistically significant at 0.05. Staff were indifferent that performance review covers job responsibilities; performance appraisal procedures are based on accurate information; management communicate expectations during performance review; performance appraisal done frequently; management arrange for work

improvement after appraisal; performance appraisal process free from bias; feedback after performance appraisal; explanation of performance appraisal procedure given; performance appraisal system reviewed periodically; and both management and staff contribute to design, development and criteria for performance appraisal.

Performance Appraisal System	Test Value = 3.5			
	Mean	Std. Deviation	t-score	Sig.
Frequently undertaken performance appraisal helps to recognize individual training and development	4.73	.467	8.714	.000
Performance appraisal is undertaken to examine and evaluate the performance of staff of Kumasi polytechnic	4.27	.647	3.963	.003
Performance appraisals are done to give superior opportunity to rate the performance of their subordinate	3.73	1.009	.747	.472
Appraisal is done to monitor the success of the organization's recruitment and selection practices	3.45	1.128	-.134	.896
Performance appraisal is frequently undertaken as a policy of Kumasi Polytechnic to evaluate staff	3.36	.924	-.489	.635
Performance appraisal is used as a basis for pay increases and promotions	3.27	1.191	-.633	.541
The performance appraisal system motivates people to work hard	3.27	.905	-.833	.424
Performance appraisal is undertaken when management is building a case to terminate someone	1.45	.934	-7.262	.000

Table 4: Performance Appraisal System (Management)

3.2. Perceived Performance Appraisal Fairness

Four observed items were used in measuring procedural justice, and respondents responded neutral to 3 of the items. The mean average of these items was approximately 3 and were all below the hypothesized mean of 3.5. Staff were indifferent that procedure for performance appraisal is consistent; performance appraisal procedures were based on accurate information; and able to appeal against the outcomes of performance appraisal procedures. These items were all statistically significant.

Performance Appraisal Fairness	Test Value = 3.5			
	Mean	Std. Deviation	t-score	Sig.
Procedural Justice				
Procedure for performance appraisal is consistent	3.05	.942	-6.054	.000
Performance appraisal procedures based on accurate information	2.93	.931	-7.815	.000
Able to appeal against the outcomes of performance appraisal procedures	2.72	1.102	-9.077	.000
Staff have influence over outcomes of performance appraisal systems	2.36	1.127	-12.956	.000
Distributive Justice				
The outcome of performance appraisal is justified	3.04	1.050	-5.599	.000
Outcomes of performance appraisal reflects what I put in my work	3.03	1.112	-5.425	.000
Outcomes of performance appraisal reflects my contribution to the organization	2.95	1.064	-6.623	.000
Interpersonal Justice				
Supervisors treat me with respect during performance appraisal meetings	3.18	1.111	-3.678	.000
Supervisors treat me with dignity during performance appraisal meetings	3.12	1.092	-4.456	.000
My supervisor refrain from improper remarks during appraisal	3.07	1.138	-4.893	.000
Informational Justice				
My supervisor is candid in communicating with me	3.18	1.072	-3.812	.000
My supervisor tailors communication to my specific needs	3.03	.946	-6.376	.000
My supervisor communicates details of performance appraisal in timely manner	2.98	1.093	-6.161	.000

Table 5: Performance Appraisal Fairness (Staff)

3.3. Challenges of Performance Appraisal

Table 6 and 7 below represent the challenges of performance appraisal systems. Surprisingly, the analysis showed that the staff did not respond positive to any of the items under challenges. The mean score of all the items were lower than the hypothesized mean of 3.5. With the exception of the first item with p-value of .135, the rest of the items were statistically significant at 0.05. Staff were indifferent that supervisors are not held responsible for not providing feedback; results of the performance appraisal end on the various files of the employees without any actions; there is no integration of the performance appraisal with training and development; supervisors are not trained on how to effectively appraise staff; personal relationship, likes and dislikes influence the performance appraisal system in this organization; supervisors hardly give feedback to staff on the performance; there is no involvement of employees in the performance appraisal process; the performance appraisal system does not assess actual performance; the supervisors' personal values and biases, sometimes, replaces organizational standards in the evaluation process; supervisors are reluctant in giving negative rating thereby reducing the validity of the performance appraisal; and standards and ratings vary widely and sometimes unfairly from supervisor to supervisor.

Performance Appraisal Challenges	Test Value = 3.5			
	Mean	Std. Deviation	t-score	Sig.
Supervisors are not held responsible for not providing feedback	3.37	1.092	-1.502	.135
Results of the performance appraisal end on the various files of the employees without any actions	3.33	1.108	-1.973	.050
There is no integration of the performance appraisal with training and development at Kumasi Polytechnic	3.32	.997	-2.272	.024
Supervisors are not trained on how to effectively appraise staff	3.26	1.094	-2.854	.005
Personal relationship, likes and dislikes influence the performance appraisal system in this organization	3.23	1.113	-3.112	.002
Supervisors hardly give feedback to staff on the performance	3.14	1.126	-4.115	.000
There is no involvement of employees in the performance appraisal process.	3.13	1.199	-3.973	.000
The performance appraisal system at Kumasi Polytechnic does not assess actual performance	3.00	1.076	-5.967	.000
The supervisors' personal values and bias sometimes replaces organizational standards in the evaluation process	2.91	.999	-7.501	.000
Supervisors are reluctant in giving negative rating thereby reducing the validity of the performance appraisal	2.84	1.062	-7.940	.000
Standards and ratings vary widely and sometimes unfairly from Supervisor to Supervisor	2.83	1.031	-8.332	.000

Table 6: Challenges of Performance Appraisal System (Staff)

They were indifferent with the rest of the items, even though none of them was statistically significant at 0.05. They were indifferent that there is no control over office equipment acquisition which may be a need for a better performance stated by the appraisal; the system is not a data-based assessment for supervisors to make reference; the existing form is too complex; their appraisal skills are not regularly refreshed and updated through training; it is the same job evaluations done every year; it demands too much time and effort from supervisors; it needs more training in conducting performance appraisal interviews; the existing form is too long; and are not able to use the appraisal instrument as intended.

Performance Appraisal Challenges	Test Value = 3.5			
	Mean	Std. Deviation	t-score	Sig.
Assessment of employees does not affect their performance management	3.55	1.036	1.762	.041
There is no control over office equipment acquisition which may be a need for a better performance stated by the appraisal	3.45	.934	-.161	.875
The system is not a data-based assessment for supervisors to make reference	3.27	1.104	-.683	.510
The existing form is too complex	3.18	1.168	-.904	.387
My appraisal skills are not regularly refreshed and updated through training	3.09	1.221	-1.111	.292
It is the same job evaluations done every year	3.09	1.044	-1.299	.223
It demands too much time and effort from supervisors	3.00	1.000	-1.658	.128
I need more training in conducting performance appraisal interviews	3.00	1.095	-1.514	.161
The existing form is too long	2.91	.944	-2.076	.065
I am not able to use the appraisal instrument as intended	2.82	1.168	-1.936	.082

Table 7: Challenges of Performance Appraisal System (Management)

3.4. Employee Performance

The study sought to assess the effect of performance appraisal on the performance of employees. It is therefore imperative to assess the level of employees' performance within the Kumasi Technical University.

Out of the six observed variables used in measuring employee performance, five were responded to positively by the staff, however, only the first four were statistically significant at 0.05. From table 4.9, the mean of those four items was approximately 4 (agree), with t-values greater than 1.65. Respondents agreed that they possess increase knowledge on job; worked with little supervision; had an improved skill due to new learning methods; and committed to work due to new skill acquired.

Respondents agreed that there exists high departmental productivity. They were however indifferent with improved performance due to the acquisition of new skills. However, these two items were all not statistically significant.

3.5. Effects of Perceived Fairness in Performance Appraisal on Employee Performance

A multiple regression analysis was conducted using the four dimensions of performance appraisal fairness (procedural justice, distributive justice, interpersonal justice and informational justice) as the independent variables. The dependent variable was employee performance.

From the regression output presented in table 4.10, there existed a moderate relationship between the perceived fairness of performance appraisal and employee performance. The result was positive. This means both dependent and independent variables move in the same direction. As a rule of thumb, any correlation (R) that falls with +.0 to .3 is weak, +.3 to .7 is moderate, and +.7 to 1 as strong. The R^2 showed that 12.4% change that occurs in employee performance was attributed to or explain by fairness in the performance appraisal at Kumasi Technical University. Other factors like employee motivation and others would also explain the remaining percentage but was not the focus of this current study. From table 4.8, procedural justice had an inverse impact on employee performance, however, it was not statistically significant. Distributive justice and informational justice were also not statistically significant.

Interpersonal justice was the only statistically significant variable among the four independent variables. From the output, when perceived interpersonal justice increases by 100%, employee performance would improve by 31.6%. The impact had a positive relationship. The t-value was 4.269 and p-value of 0.000. This shows that when supervisors treat employees with respect, dignity, and refrain from improper remarks during performance appraisal meeting, it increases the performance of employees by approximately 320%.

The regression equation formed was; Employee performance = $3.202 - .125(\text{Procedural}) + .066(\text{Distributive}) + .319(\text{Interpersonal}) - .100(\text{Informational})$. Although this current study found most of the items not statistically significant, Bowman in 2015 indicated that performance evaluation have a significant and overpowering impact on levels of worker inspiration and fulfillment.

Independent Variable	R	R ²	B	t-score	Sig.
(Constant)	.352	.124	3.202	11.397	.000
Procedural justice			-.125	-1.236	.218
Distributive justice			.066	.802	.424
Interpersonal justice			.319	4.269	.000
Informational justice			-.100	-1.066	.288

Table 8 Impact of Performance Appraisal Fairness on Employee Performance

Dependent variable: Governance

R Represents the Correction or Relationship between the Dependent and the Independent Variables

R² represents How Much of the Dependent Variable Can Be Explained by the Independent Variables

B Represents the Coefficients of the Independent Variables

Sig. Represents The Statistical Significance Level of the Model

(The Acceptable Level of Significance for This Research Was 0.05)

4. Conclusion

According to Wright (2004), employees found appraisals or assessments to be necessary when they are precise and focused, intended and well organized, not difficult to understand and when they are more involved and have control over the process. However, this study showed the staff of Kumasi Technical University were indifferent. Management of Kumasi Technical University were in agreement with items on appraisal system (see Table 7). This is in agreement with Iain (2000), performance assessment analysis can offer as useful instrument designed for improving a member of staff's performance along with output as well as shaping members of staff's developmental needs. It was also supported by Leigh (2015) that the development purpose of performance appraisal pays particular attention to both the improvement of employees' efficiencies and competencies and their personal development.

Performance appraisal system would only be effective and accepted by employees when it is perceived as fair and transparent. Jawahar, (2007) argues that for appraisal systems or assessment to be a success, it may well depend on the extent to which employees have knowledge of its fair dealing and their response to essential features of the way the assessment is done. As a result of this, Johnson (2015) is of the view that when employees are not satisfied as to how the assessment is done, that is, its fairness and equitability, any appraisal system will be destined to malfunction. The fairness was divided into four main sections: procedural, distributive, interpersonal and informational. Although respondents were indifferent with the appeal of performance outcome, Dicks (2006) suggests that if the disagreement involves an issue of fact, the supervisor should make the necessary corrections and request the employee for additional evidence if it is a matter of judgment. The supervisor should then determine whether that evidence is weighty enough to cause him or her to change his or her mind, to revise his/her judgment, and amend the appropriate rating that he or she has assigned on the employee's performance review. Considering the fact that staff disagreed they could influence the outcome of the appraisal process, it means it was fair. No staff could manipulate to get what he or she wants.

Erdogan (2002) argues that employees compare and contrast their efforts with the performance appraisal assessment they receive, and the fairness and sincerity of the assessment establishes or determines distributive justice perceptions in performance appraisal. Some studies established that employees anticipate ratings over and above standard in relation to others (Bartol et al., 2001). This may be the reason they could not respond positively to the items under distributive justice. Once again, under the interpersonal justice, the staff were indifferent that supervisors treat them with respect during performance appraisal meetings; supervisors treat them with dignity during performance appraisal meetings; and that supervisors refrain from improper remarks during appraisal. The mean score was approximately 3 (neutral), and were all statistically significant at 0.05. According to Balyan (2012), respect for the worker, mutual respect (from both parties), transparency of decision-making, and fairness in procedures must be adhered to during the development of performance management systems.

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