

The Effectiveness of Performance Appraisals in Measuring Employee Performance: A Study of the First Capital Plus Limited.

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ABSTRACT

This project is about the effectiveness of performance appraisals in measuring employee performance: A case study of the First Capital Plus Limited. The study was based on the perception that Performance Appraisals was not categorically effective means of measuring Employee Performance at First Capital Plus Limited. Three (3) Regional capitals (Kumasi, Accra and Takoradi), four (4) branches, Upper Level Management, Middle and other employees were sampled, making a total sample size of ninety (90) for the study. The design adopted was a descriptive survey, questionnaires and interviews were used in collecting the data and analyze the data collected which involved the use of tables, pie charts and histogram to display frequencies and percentages. The findings revealed that a higher percentage of the respondents see positive relationship between appraisals and employee effectiveness and overall organizational performance. It is therefore recommended that First Capital Plus Limited should apply progressive human resource Strategies and provide effective and productive methods regarding employee motivation and subsequent appraisal.

Key words: Performance, Appraisal, Organization, Effectiveness and Human Resource

1.0 Introduction

All organizations manage performance to some extent. Managing employee performance is an integral part of managing financial resources and program outcomes because employee performance or the lack thereof, has a profound effect on both the financial and program components of any organization. Boxall (1996) affirms the link between the performances of the organisation with the performance of the individual. With market globalisation and increased competition on the global market, organisations are coming under increasing pressure to increase productivity and reduce costs. In achieving this, most organisations manage employee performance by using performance appraisal systems.

Performance appraisal systems aim to evaluate the job performance of employees, so that appropriate corrective action and management decisions can be taken (DeVries et al., 1981). Armstrong (2006) described the role of performance appraisal as a tool for looking forward to what needs to be done by people in the organisation in order to achieve the purpose of the job: to meet new challenges and ensure better use of technology, skills and attributes. In addition, it develops both organisational, individual capabilities and also targets areas where performance needs to be improved. It is also a method in which the organisation obtains feedback on the effectiveness of its employee's generating information which influences many of the organisations decisions (Szilagyi and Wallace, 1990).

Performance appraisal systems have always played a very important role in human resource management. For decades, this topic has received considerable attention in the literature, from both researchers and practitioners alike. Many authors (Thomas & Bretz, 1994) maintain that there is a considerable gap between theory and practice, and that human performance appraisals are critical mechanisms for organizational control, through which the employees can view, see their past performances and take concrete action for improvement. On the other hand, its conduct, also provides substantial information for human resource management to make fair and correct decisions regarding promotions, transfers, compensations, incentives and training programs as well as career management. Specific enterprises typically demand different performance appraisal system tailored to the needs of its functions and processes.

It was stated by Marsden (1999) that any performance appraisal system that did not consistently measure work performance accurately cannot be considered an effective one. The conduct of performance appraisals in the Ghanaian banking industry necessitates a need for review to ensure added effectiveness. An effective system ensures that feedback is provided regularly and an understanding by managers that all employees have a need to know how effectively they have been performing. At First Capital Plus, it is important that performance appraisal is understood and agreed in order to have a standard by which employees can be objectively measured. Where proper standards and measurement are not used, reliability problems may arise due to a lack of objective criteria, making the performance evaluation progress invalid.

2.0 Problem Statement

A study by Yeung, Woolcock, and Sullivan (1996) found that less than 35% of trained human resource professionals possessed the necessary competencies (knowledge, skills, and abilities) to perform their jobs effectively and efficiently. A study of more than 3,000 managers found that while formal education was associated with competence to perform managerial tasks, the academic major itself was not particularly important (Duncan, 1978). Fletcher (1992) contends that the dilemma of ineffective and inefficient workforce could be remedied by the frequent conduct of performance appraisals in the workplace. Armstrong (2006) found that performance appraisals not only improve employee skill and competence, but also employee confidence and motivation.

In most Ghanaian banks, the practice of performance appraisal is widespread. More often than not, the appraisal is based on opinions rather than real performance indicators as real performance measurement takes time and follow-up to do well. On the other hand, performance appraisals are widely disliked and viewed as a time consuming nuisance, a source of friction and employee resentment, and a barrier to the fulfillment of the organizational goals. In short, appraisals currently fail to deliver a dependable measure of the value and contribution of employees who are assessed. The appraisal system is also used as a tool for witch-hunting and showing subordinates where power lies. This practice defeats the whole appraisal system though it has the potential to deliver good results for the company. Owing to the above, there is a need to conduct empirical studies to assess the effectiveness of performance appraisal systems in Ghanaian banks and how it influences high employee performance.

3.0 Research Questions

The following research questions were formulated to guide the study

1. What are the aims of appraisal at First Capital Plus Limited?
2. What performance appraisal methods exist at First Capital Plus Limited?
3. How effective are these performance appraisal methods in achieving the stated aims and objectives of First Capital Plus Limited.
4. What are the effects of the performance appraisal programmes on employee performance?

4.0 Methodology

This section deals with techniques used in gathering data for the study. It discusses the research design, the population sample and sampling technique, instrumentation, data collection procedure and methods of data analysis.

Table 1 Distribution of Sampled Respondents by Staff Category

STAFF CATEGORY	POPULATION	SAMPLE SIZE	SAMPLE TECHNIQUE
Upper Level Management (Branch Managers, Department Managers, etc)	26	10	Purposive Sampling
Middle Level Management (Team Managers, etc)	38	20	Purposive Sampling
Other Employees	104	60	Random Sampling
TOTAL	168	90	

Table 2 Distribution of Sampled Respondents by Bank Branch

BRANCH	REGION	POPULATION	SAMPLE SIZE
Kumasi Pampaso Branch	Ashanti	41	20
Takoradi	Central	27	15
Dansoman	Greater Accra	54	30
Tesano	Greater Accra	46	25

5.0 Sampling Procedure

Ninety (90) employees out of the total number of one hundred and sixty eight (168) employees at four branches were included in the study. Ten (10) upper level managers and twenty (20) middle level managers were purposively selected whilst the other employees were randomly selected. The data collected for the study comprised of primary and secondary data. The type of data, their sources and the instruments used in gathering them are discussed as follows:

A structured questionnaire was designed and administered in the form of interviews and self reporting responses. These gave flexibility to respondents to answer the questions at their own time and convenience. Respondents who required further explanations were guided in completing the questionnaires. The questionnaire was made to collect demographic data and information related to the research objectives. The questionnaire sheet was short in

order to encourage participation, ensuring that it would not take more than 5-7 minutes to answer. The questionnaire included a paragraph explaining the purpose of the study. Management members were interviewed briefly to collate opinions and observations.

A documentary analysis was conducted to achieve a contextual understanding of appraisals as they exist in our financial institutions. Relevant documents were collected and analyzed. These documents included policy statements, technical reports, regulation and standards related to hospital management and operations, etc.

A structured questionnaire was used in collecting data. This questionnaire was constructed by the researcher with guidance from his academic supervisor and pretested on a sizeable number of respondents. The questionnaire was a 5-point Likert scale (1= Strongly Disagree, 2 = Disagree, 3 = Uncertain, 4= Agree, and 5 = Strongly Agree) in which higher score indicate more perceived positive responses.

A pre-test was conducted with a small group representative of the population to assess the face validity of the questionnaires. The questionnaire was pretested on five (5) employees of MultiCredit Savings and Loans. Respondents were conveniently selected as statistical conditions are not necessary in the pilot study (Cooper and Schindler, 2003). Respondents were asked to fill out the questionnaire accompanied by interviews in order to refine the meaning, understanding, wording and formatting of the questionnaire. During the individual pretest, the researcher and each of the respondents went through each question to determine what they (respondents) think the questions are trying to ask. Likewise, a list of questions was used to check on pertinent issues related to the pretest questionnaire. Revisions were made based on the feedback, comments and recommendations from the respondents. Therefore, respondents in the large survey had no difficulty in answering the questions.

After sorting out the questionnaires, the data was computed and analyzed using Microsoft Excel and the Statistical Package of Social Sciences (SPSS) version 16.0.

6.0 DATA ANALYSIS AND PRESENTATION

This section discusses data collected from respondents. A sample size of ninety (90) was chosen. Tables, pie charts and histograms were used to present the data for the study.

6.1 RESULTS AND DISCUSSIONS

6.1.1 Demographic Characteristics of Respondents

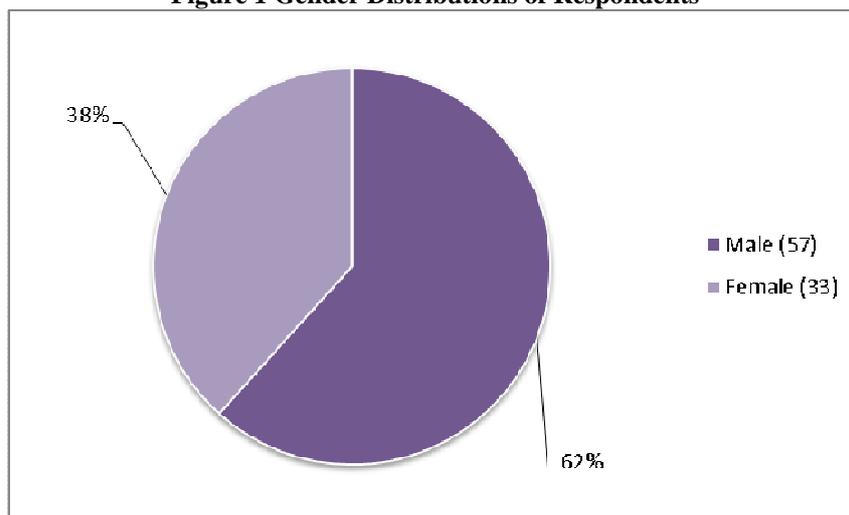
Table 3. Distribution of Respondents According to Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25yrs	6	6.7	6.7	6.7
26-35yrs	44	48.9	48.9	55.6
36-45yrs	22	24.4	24.4	80.0
46-60yrs	18	20.0	20.0	100.0
Total	90	100.0	100.0	

Source: Field Data, March, 2013

Table 3 above shows age distribution of respondents. The study indicates a wide difference in respondent ages with forty four (44) respondents, representing 48.9% of the sample size falling in the age range of twenty six to thirty five (26-35). Respondents with ages falling in the range of thirty six to forty five (36-45) numbered twenty two (22), representing 24.4% of sample population. 20% of respondents were between 46-60 years whilst 6.7% were aged 25 years and below. This finding shows that most employees of First Capital Plus Limited are aged between twenty six and forty five (26-45) indicating a high youth component within the company's workforce. According to McKenna and Beech (2002), employees in their youth stage are able to easily imbibe learning and accept changes in working situations and personal conditions. This characteristic gives employees within this age range a higher capacity to achieve higher productivity levels relative to much older or younger populations. Relatively older percentage of the workforce is also high (20%) indicative of experience within the workforce. Cole (2002) contends that experience is a major trainer of employees. He contends that experience improves skills in a particular category of employees. When sections of the workforce have acquired experience over time, these sections are sure to give better output in terms of quality and sometimes, quantity.

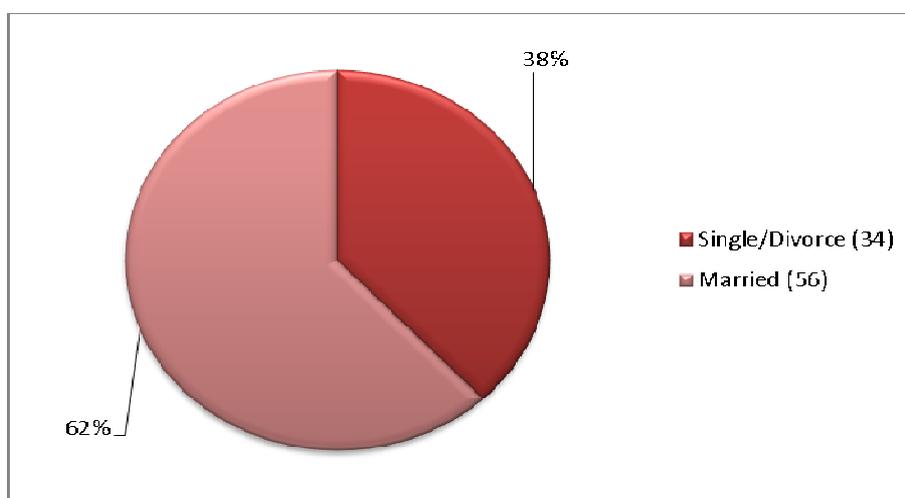
Figure 1 Gender Distributions of Respondents



Source: Field Data, March, 2013

Figure 1 above shows the gender distribution of Respondents in this study. The data reveals that out of a sample size of ninety (90) respondents, males formed two thirds (62%) whilst females were only on third (38%) of the sample size. This instrument was necessary in finding out which gender was predominant among employees of First Capital Plus Ghana Limited. This finding is an indication of the masculinity of the caliber of works at First Capital Plus Ghana Limited hence the higher male component of the company's workforce.

Figure 2 Marital Statuses of Respondents



Source: Field Data, March, 2013

As shown in figure 2 study respondents who revealed themselves as married were in the majority (62%) whilst unmarried or single respondents were in the minority (38%). Marital status, according to Armstrong (1996) is a proven indicator of irresponsibility at the workplace. Detailed study has revealed that married people tend to be more careful and take responsibility in the workplace than unmarried people (Armstrong, 1996). However, no study has detailed the effects of performance appraisals in measuring performance on married and unmarried employees.

Table 4 Respondents Department of Work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Adm./Management Staff	11	12.2	12.2	12.2
	Sales Dept.	33	36.7	36.7	48.9
	Frontline Staff	23	25.6	25.6	74.4
	Backroom Staff	23	25.6	25.6	100.0
	Total	90	100.0	100.0	

Source: Field Data, March, 2013

Table 4 above indicates job classifications of the study respondents according to departments. The study discovered that sales executives were the most surveyed job category with 36.7% of respondents. This was followed by frontline and backroom staff each with 25.6% of sampled respondents each. The remaining 12.2% of sampled staff were administrative and management staff. This finding is important as it helps determine if all categories of employee go through appraisal and competency assessments or just a few departments go through it. This finding showed that appraisals are universal in terms of work departments or categories of work that go through it.

Table 5 Respondents Position at Work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Upper Level Management	10	11.1	11.1	11.1
	Middle Level Management	20	22.2	22.2	33.3
	Individual Contributor	60	66.7	66.7	100.0
	Total	90	100.0	100.0	

Source: Field Data, March, 2013

Table 5 above shows the positions of respondents within the First Capital Plus Company Limited. The study discovered that majority of 60 respondents; representing 66.7% were individual contributors. 22.2% were middle level staff whilst the remaining 11.1% were upper level management staff. This findings show that the most, if not all of the various levels of responsibility within First Capital Plus Company Limited were included in the study. This gives more authenticity to the findings of the study.

Table 6 Respondents Work Experience (Years)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5yrs	26	28.9	28.9	28.9
	6-10yrs	44	48.9	48.9	77.8
	11-20yrs	20	22.2	22.2	100.0
	Total	90	100.0	100.0	

Source: Field Data, March, 2013

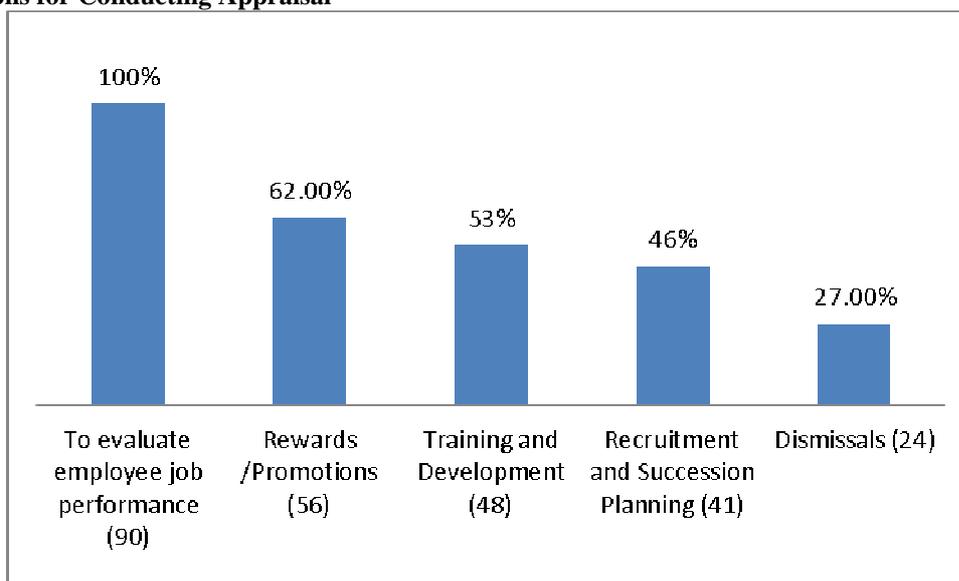
Data on table 6 shows respondents' years of work with First Capital Plus Limited. It can be seen that majority of the employees representing (48.9%) have worked with the company for periods between six to ten (6-10) years whilst 28.9% have been in employment with First Capital Plus Limited for five years or less. The remaining 22.2% have been with the company for more than ten (10) years. In correlation with the age ranges of employees, there seems to be perfect harmony, the majority of respondents were found to be in their middle years (26-45) whilst a significant minority was found to be older. With such age ranges, it is not hard to fathom that most respondents have worked with First Capital Plus Limited for periods between five and ten (5-10) years notwithstanding the fact that First Capital Plus Limited is only a little over ten years old. Years of work has a significant positive influence on the amount of money a company spends in not only training its workforce but also the amount of productivity the workforce are able to achieve. Krietner (1995) states that more experienced workforces need less training to reach full efficiency than less experienced employees. The presence of a relatively experienced workforce is a sure indication that First Capital Plus Limited would relatively spend less

on training old employees than in recruiting new hands. It is believed that the longer employee stays with a particular company, the more experience he or she gains to work more effectively and efficiently. The general objective of the study was to assess the effectiveness of performance appraisals in measuring employee performance using a case study of the first capital plus limited. Under this broad objective, the specific objectives of the study were to:

6.2 Identify the aims of performing performance appraisal at First Capital Plus Limited.

Research question one sought to identify the aims of carrying out performance appraisal at First Capital Plus Limited. In order words, the research sought to find out the reasons for the conduct of performance appraisals at First capital Plus Ghana limited. The study shows that, reasons for the conduct of performance appraisals at first capital plus is myriad but some are prioritized above others. In answering this question, respondents were given the option to tick all the factors that apply and add a few if the response they seek to provide is not in the options provided on the questionnaire.

Figure 3 Reasons for Conducting Appraisal

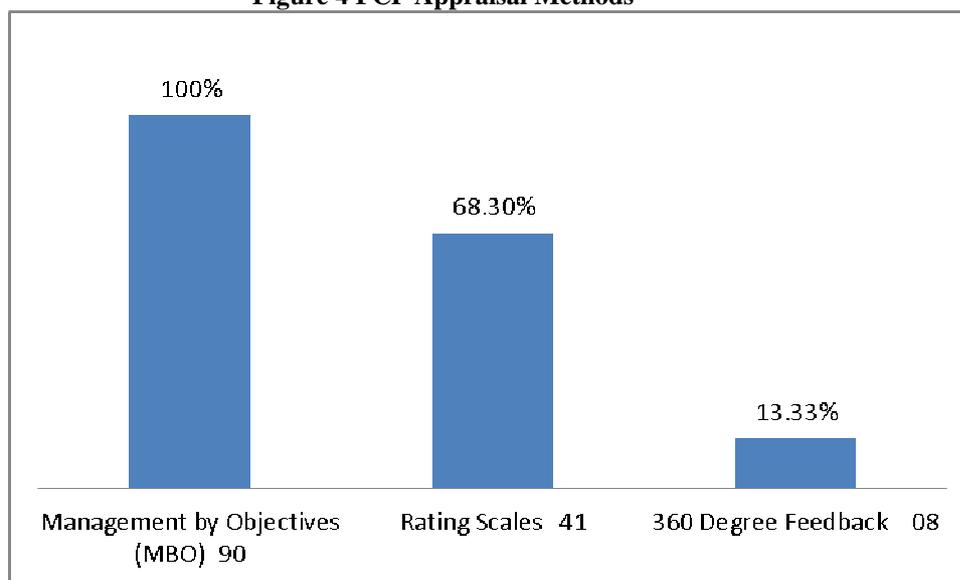


Source: Field Data, March, 2013

Data on figure 3 shows the Reasons for Conducting Appraisal at First Capital Plus Limited. The study shows that the need to evaluate the job performance of employees is the most important reason for the conduct of appraisals at first capital plus limited. The supreme importance of this need to evaluate employee performance was attested to by all 90 respondents, representing 100% of sampled respondents. This was followed by the need to find reasons for rewarding and promoting employees, attested to by 62% of sampled respondents. next reason is the need to find areas for employee training and development (53%), the need to succession planning and recruitments (46%) and finally, the need to discover underperforming employees for dismissal which was attested to by 27% of the sampled respondents. This finding shows that multiple reasons exist for the conduct of appraisals and competency assessment of employees at first capital plus limited. The finding correlates with those of other studies. Many authors (Bernardin & Klatt, 1985; Hall, Posner, & Hardner, 1989; Maroney & Buckley, 1992; Thomas & Bretz, 1994) maintain that there is a considerable gap between theory and practice, and that human performance appraisal and competency assessment are critical mechanisms for organizational control, through which the employees can view, see their past performances and take concrete action for improvement. On the other hand, its conduct, also provides substantial information for human resource management to make fair and correct decisions regarding promotions, transfers, compensations, incentives and training programs as well as career management. Specific enterprises typically demand different performance appraisal system tailored to the needs of its functions and processes (Michlitsch, 2000).

6.3 Identify existing performance appraisal methods at First Capital Plus Limited.

Figure 4 FCP Appraisal Methods



Source: Field Data, March, 2013

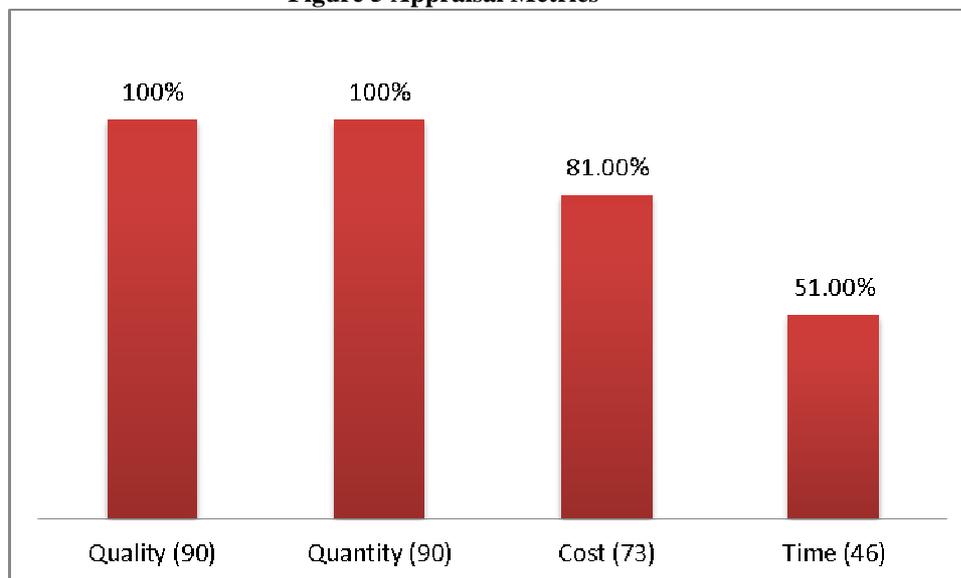
Data on figure 4 show existing performance appraisal methods at First Capital Plus Limited. Respondents were required to tick all the options that apply amongst the list of options given on the questionnaire. The results show that the most prominent appraisal method used at First Capital Plus Limited is the Management by Objectives (MBO) Method. 100% of sampled respondents attested to this finding. Rating Scales Method followed with 68.30% attestations by respondents whilst 360 Degree Feedback method was the least used appraisal method with only 13.33% of sampled respondents attesting to it. Earlier researches have established the effectiveness of these appraisal methods. Locher & Teel (1977) found that the three most common appraisal methods in general use are results- oriented or MBO methods (13%), rating scales (56%) and essay methods (25%). Management by Objectives (MBO) is a process of agreeing upon objectives within an organization so that management and employees agree to the objectives and understand what they are in the organization (Atkins & Wood, 2002) (English, Rose & McClellan, 2009). The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities (English, Rose & McClellan, 2009). The principle behind Management by Objectives (MBO) is basically for employees to have clarity of the roles and responsibilities expected of them. They then understand the objectives they must do and the overall achievement of the organization. They also help with the personal goals of each employee (English, Rose & McClellan, 2009).

The rating scale method offers a high degree of structure for appraisals. Each employee trait or characteristic is rated on a bipolar scale that usually has several points ranging from "poor" to "excellent" (or some similar arrangement). The traits assessed on these scales include employee attributes such as cooperation, communications ability, initiative, punctuality and technical (work skills) competence. The nature and scope of the traits selected for inclusion is limited only by the imagination of the scale's designer, or by the organization's need to know. The one major provision in selecting traits is that they should be in some way relevant to the one being appraised job (Atkins & Wood, 2002). The traits selected by some organizations have been unwise and have resulted in legal action on the grounds of discrimination (Caputo and Roch, 2009). The greatest advantage of rating scales is that they are structured and standardized. This allows ratings to be easily compared and contrasted - even for entire workforces.

In human resources or industrial/organizational psychology, 360-degree feedback, also known as multi-rater feedback, multisource feedback, or multisource assessment, is feedback that comes from all around an employee. "360" refers to the 360 degrees in a circle, with an individual figuratively in the center of the circle (Bracken and Timmreck, 2001). Feedback is provided by subordinates, peers, and supervisors. It also includes a self-assessment and, in some cases, feedback from external sources such as customers and suppliers or other interested stakeholders. It may be contrasted with "upward feedback," where managers are given feedback by their direct reports, or a "traditional performance appraisal," where the employees are most often reviewed only by their managers. The results from 360-degree feedback are often used by the person receiving the feedback to plan training and development. Results are also used by some organizations in making administrative decisions,

such as pay or promotion (Bracken, Timmreck, Fleenor & Summers, 2001). When this is the case, the 360 assessment is for evaluation purposes, and is sometimes called a "360-degree review." However, there is a great deal of controversy as to whether 360-degree feedback should be used exclusively for development purposes, or should be used for appraisal purposes as well (Waldman et al., 1998). There is also controversy regarding whether 360-degree feedback improves employee performance, and it has even been suggested that it may decrease shareholder value (Pfau & Kay, 2002).

Figure 5 Appraisal Metrics

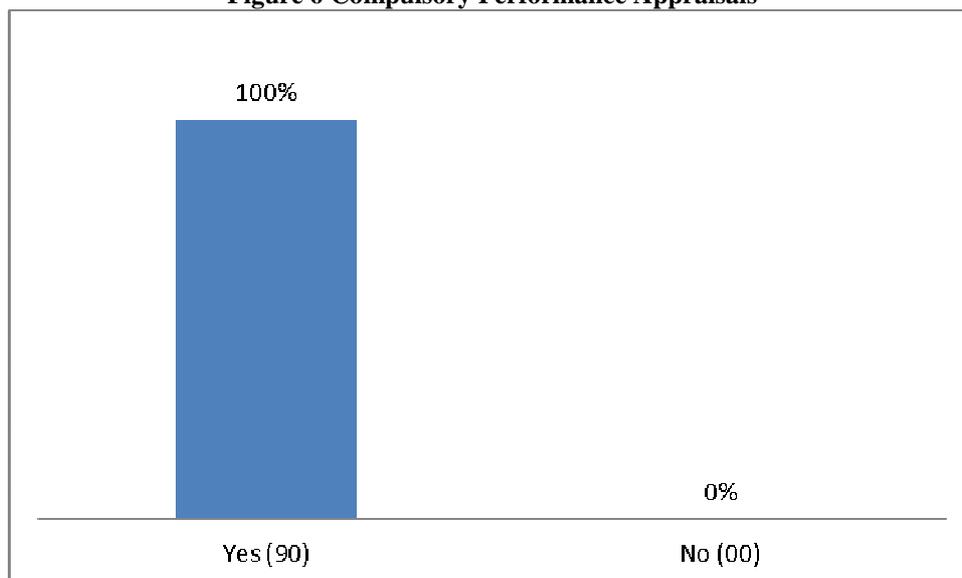


Source: Field Data, March, 2013

With the appraisals methods identified, the results showed that the general metrics used for employee work evaluation were based on the units of quality, quantity, cost and time. The metrics of the quality of the employee's work, the quantity of productivity within a given time period and at what cost to the company. The cost is determined in terms of how much training and remuneration the company has to bear to obtain a certain level of productivity from an employee compared to hiring someone else or using another production method. Many companies all over the world have considered the use of robots or other technological systems just to reduce the cost of labour. The metrics used at First Capital Plus include Quality, attested to by 100% of sampled respondents, Quantity / productivity level (100%), cost (81%) and Time (51%). According to Wikipedia, performance appraisal is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost, and time) typically by a corresponding manager or supervisor against business need competency levels in order to identify and develop both competent and non-competent employees.

The basic purpose of using performance appraisal techniques within an organization is to align the employee's efforts with the overall objective of the firm.

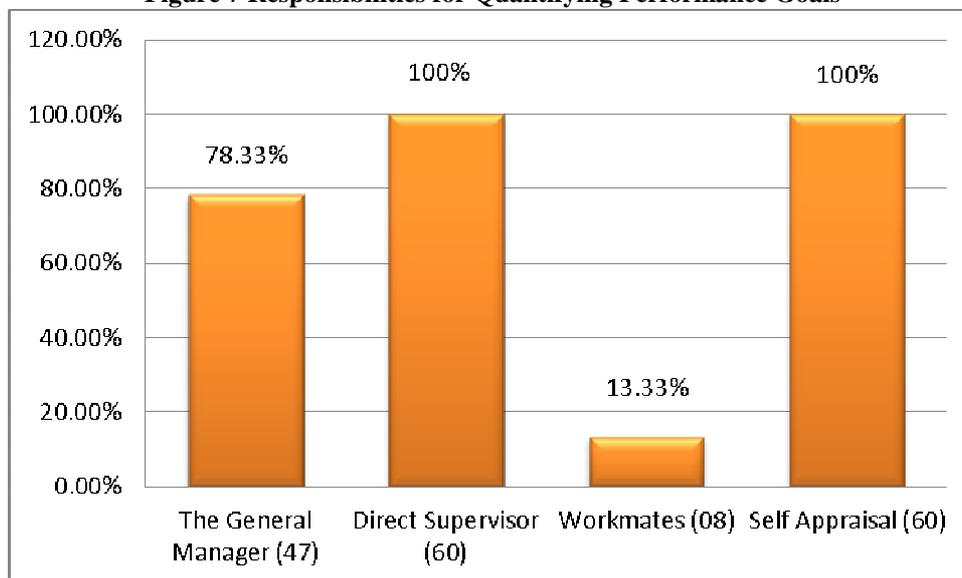
Figure 6 Compulsory Performance Appraisals



Source: Field Data, March, 2013

Data on figure 6 shows that appraisals are a universal practice on all employees. This finding was attested to by 100% of respondents. This finding represents a good phenomenon for First Capital Plus Limited since previous studies have shown that, an appraised workforce is a productive workforce. There are many advantages mentioned in literature regarding the use of performance appraisals within an organization. It has been suggested that it improves the communication between the higher to lower level management; identify areas of improvement; show employees training needs; help in promotion, retention and termination decisions; and means of managerial control (Fletcher, 1992).

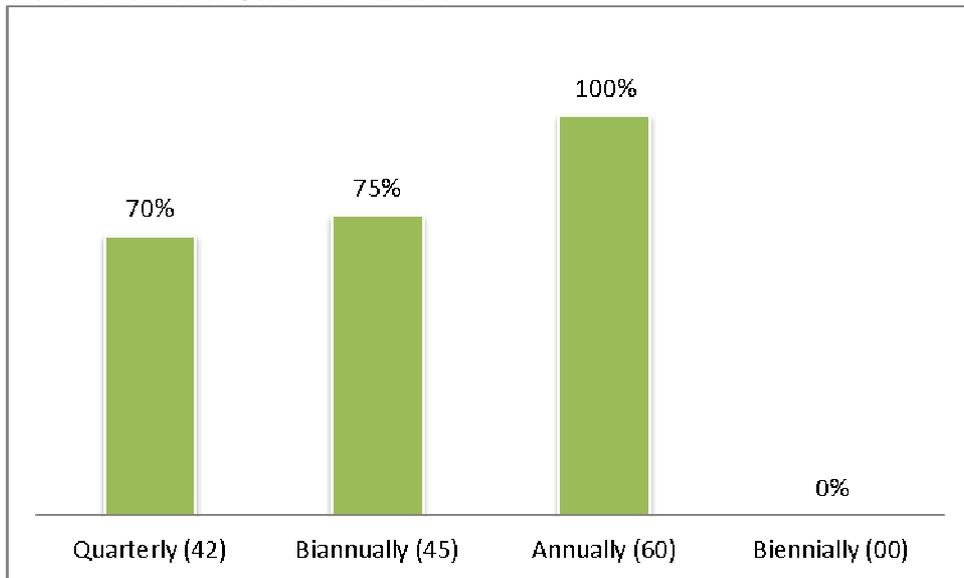
Figure 7 Responsibilities for Quantifying Performance Goals



Source: Field Data, March, 2013

Data on figure 7 shows that 100% of the sampled respondents identified themselves (self-appraisal) and their direct supervisor as the individual responsible for quantifying performance goals at First Capital Plus Limited. 78.33% of respondents identified the general manager of the branch whilst only 13.33% identified their workmates. This finding is in line with the findings on the method of appraisal used at First Capital Plus Limited.

Figure 8 Periods Performance Goals Are Assessed

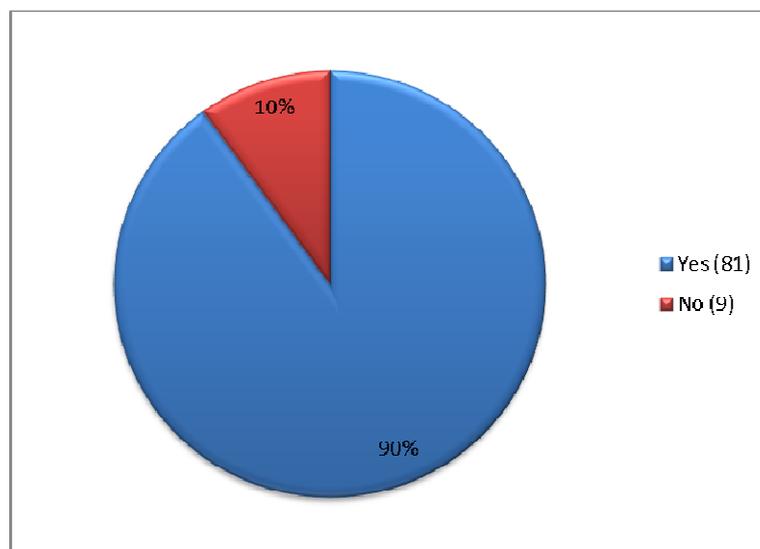


Source: Field Data, March, 2013

Data on figure 8 shows the periods at which employee performance goals are assessed. 100% of respondents said performance goals are assessed annually at First Capital Plus, 75% of respondents cited biannually and 70% cited quarterly. This finding shows that performance appraisals are done quarterly, biannually and annually at first capital plus limited. Performance appraisal is often the central pillar of the performance management process as highlighted by the CIPD survey (2005) in which it was discovered that 65% of organizations surveyed used individual annual performance appraisal and 27% twice yearly.

6.4 Examine the effectiveness of these performance appraisal methods in achieving its aims.

Figure . Effectiveness of Performance Appraisal Methods



Source: Field Data, March, 2013

Data on figure 9 shows responses to whether or not the methods of appraisal are effective in achieving their aims. 85% of respondents confirmed that indeed the appraisal methods used at first capital plus limited are effective in achieving their aims whilst 15% of respondents deplored the lack of effectiveness of these appraisal methods. Performance appraisal systems aim to evaluate the job performance of employees, so that appropriate corrective action and management decisions can be taken. As performance appraisal is part of organizational control, the components of the control system are indispensable in the appraisal system. In general, a basic control system consists of control standards, measurement, and corrective actions (Newman, Warren & McGill, 1987). Among these three phases, control standards are based primarily on organizational missions or

departmental goals, which reflect the role a performance appraisal plays in the organization. From the evidence of the study, performance appraisal at FCP is effective to a very large extent.

6.5 Determining the effects of the performance appraisal programmes on employee performance.

Table 7 Performance Appraisals Positively Affect Employee Efficiency

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	7	7.8	7.8	7.8
Disagree	15	16.7	16.7	24.4
Uncertain	2	2.2	2.2	26.7
Agree	41	45.6	45.6	72.2
Strongly Agree	25	27.8	27.8	100.0
Total	90	100.0	100.0	

Source: Field Data, March, 2013

Table 7 shows responses to the questionnaire instrument on the effects of the performance appraisal programmes on employee performance. The study shows that 27.8% of respondents strongly agree that Performance Appraisals Positively Affect Employee Efficiency. 45.6% agree. However, 16.7% disagree whilst 7.8% strongly disagree. However 2.2% of respondents were uncertain. The findings show that a high percentage of respondents see positive effects between appraisals and employee efficiency, effectiveness, motivation and overall performance. The overall performance and standing of the organization is to a large degree dependent upon the efficiency and effectiveness of staff employed. The literature identifies two specific themes which appear in the management of poor performance; the reluctance of managers to deal with poor performance, (Hutchinson & Purcell, 2003) and the lack of consistency in dealing with poor performance (Cunningham, 2001). The need in particular for consistency is vital as organizations invest time and money into upward and multi assessor appraisal systems. There has been some debate as where the responsibility for the management of poor performance should rest within the organization. Some consider that this should be a strategic HR function, as stated by Renwick (2003) who considered the front line managers can often be 'unwilling conscripts' finding their role problematic which may undermine the organization.

Table 8 Performance Appraisals Positively Affect Employee Effectiveness

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	2	2.2	2.2	2.2
Disagree	4	4.4	4.4	6.7
Agree	48	53.3	53.3	60.0
Strongly Agree	36	40.0	40.0	100.0
Total	90	100.0	100.0	

Source: Field Data, March, 2013

Table 8 shows responses to the questionnaire instrument on the effects of the performance appraisal programmes on employee Effectiveness. The study shows that 40% of respondents strongly agree that Performance Appraisals Positively Affect Employee Effectiveness. 53.3% agree. However, 4.4% disagree whilst 2.2% strongly disagree. It is the ongoing appraisal system which managers use to influence behavior which plays a key role in performance management. However, it is the reluctance of managers to deal with the issue of poor performance that can undermine organizational effectiveness and compromise the integrity of the appraisal system.

Table 9 Performance Appraisals Positively Affect Employee Motivation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	15.6	15.6	15.6
	Disagree	14	15.6	15.6	31.1
	Uncertain	8	8.9	8.9	40.0
	Agree	36	40.0	40.0	80.0
	Strongly Agree	18	20.0	20.0	100.0
	Total	90	100.0	100.0	

Source: Field Data, March, 2013

Table 9 shows responses to the questionnaire instrument on the effects of the performance appraisal programmes on employee Motivation. The results show that 20% of respondents strongly agree that Performance Appraisals Positively Affect Employee Motivation. 40% agree. However, 15.6% disagree whilst another 15.6% strongly disagree. However 8.9% of respondents were uncertain. In order to take full advantage of the performance appraisals, the goal in designing such systems should be congruent to the overall aim and vision of the company. For instance, it is evident that there is a direct correlation between the performance of employees and their rewards as businesses do seek creation of wealth as their primary goal. Therefore one of the increasingly adopted uses of performance appraisals is to motivate employees to perform better by linking it with reward packages (Michlitsch, 2000).

Table 10 Performance Appraisals Positively Affect Employee Overall Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	4.4	4.4	4.4
	Disagree	14	15.6	15.6	20.0
	Uncertain	6	6.7	6.7	26.7
	Agree	38	42.2	42.2	68.9
	Strongly Agree	28	31.1	31.1	100.0
	Total	90	100.0	100.0	

Source: Field Data, March, 2013

Table 10 shows responses to the questionnaire instrument on the effects of the performance appraisal programmes on employee Overall performance. The study shows that 30% of respondents strongly agree that Performance Appraisals Positively Affect Employee Overall performance, 30% agreed, 23.3% disagreed whilst 6.7% strongly disagreed. However 10% of respondents were uncertain. Cleveland, Murphy, and Williams (1989) argued that that there is a relationship between overall organizational performance and the uses of a performance appraisal and competency assessment systems. Stonich (1984) also argued that performance measurement in an organization should be in tune with its structure and culture. Since the nature of the enterprises in which each industry is engaged varies, its organizational type, business policy, internal and external environment are also usually different. There are many advantages mentioned in literature regarding the use of performance appraisals within an organization. It has been suggested that it improves the communication between the higher to lower level management; identify areas of improvement; show employees training needs; help in promotion, retention and termination decisions; and means of managerial control (Fletcher, 1992).

Table 11 Correlations

		Employee Efficiency	Employee Effectiveness	Employee Motivation	Employee Overall Performance
Employee Efficiency	Pearson Correlation	1	.773**	.911**	.969**
	Sig. (2-tailed)		.000	.000	.000
	N	90	90	90	90
Employee Effectiveness	Pearson Correlation	.773**	1	.697**	.792**
	Sig. (2-tailed)	.000		.000	.000
	N	90	90	90	90
Employee Motivation	Pearson Correlation	.911**	.697**	1	.907**
	Sig. (2-tailed)	.000	.000		.000
	N	90	90	90	90
Employee Overall Performance	Pearson Correlation	.969**	.792**	.907**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	90	90	90	90

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 11 above, the study discovered that all the variables that performance appraisal could have effects on positively correlate with each other. These variables are Employee Efficiency, Employee Effectiveness, Employee Motivation and Employee Overall Performance. This means that any change in any one particular factor affects the other factors. These findings show that an appraised employee is more likely to be efficient and effective as well as exhibit motivated on the job and have good overall performance.

6.6 Regression of Training on Factor of Overall Employee Performance

Linear simple regression analysis was conducted to assess the effect of performance appraisal on overall Employee Performance. In this analysis, overall employee Performance was treated as the study dependent variable, while Performance appraisal was treated as independent. The result are presented in table 12 below

Table 12 Regression Analysis on Study Variables

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.615	.122		21.406	.000
	Performance Appraisal	1.385	.335	.404	4.138	.004

a. Dependent Variable: Employee Overall Performance

Source: Field Data, March, 2013

Data on table 12 shows the effects of performance appraisal on overall employee performance. Regression analysis conducted gave a significant value of .004 which shows a positive correlation between the two variables. Therefore, the study found significant relationship between performance appraisal and employee performance. The study therefore concludes that performance appraisal has positive effects on the overall performance of an employee at First Capital Plus Limited.

6.7 Identify the aims of performing performance appraisal at First Capital Plus Limited.

Research question one sought to identify the aims of performing performance appraisal at First Capital Plus Limited. The study shows that the need to evaluate the job performance of employees is the most important reason for the conduct of appraisals at first capital plus limited. The supreme importance of this need to evaluate employee performance was attested to you all 90 respondents, representing 100% of sampled respondents. This was followed by the need to find reasons for rewarding and promoting employees,. Next reason is the need to find areas for employee training and development, the need to succession planning and recruitments and finally, the need to discover underperforming employees for dismissal. This finding shows that multiple reasons exist for the conduct of appraisals and competency assessment of employees at first capital plus limited.

6.8 Identify existing performance appraisal methods at First Capital Plus Limited.

Research question two sought to identify existing performance appraisal methods at First Capital Plus Limited. The study shows that the most prominent appraisal method used at First Capital Plus Limited is the Management by Objectives (MBO) Method. 100% of sampled respondents attested to this finding. Rating Scales Method followed with majority attestations by respondents whilst 360 Degree Feedback method was the least used appraisal method with only a small percentage of sampled respondents attesting to it.

6.9 Examine the effectiveness of these performance appraisal methods in achieving its aims.

Research question three sought to examine the effectiveness of these performance appraisal methods in achieving its aims. The study shows that a significant majority of respondents confirmed that indeed the appraisal methods used at first capital plus limited are effective in achieving their aims whilst a small percentage of respondents deplored the lack of effectiveness of these appraisal methods. From the evidence of the study, performance appraisal at FCP is effective to a very large extent.

6.10 Determining the effects of the performance appraisal programmes on employee performance.

Research question four sought to determine the effects of the performance appraisal programmes on employee performance. The study shows that a high percentage of respondents see positive effects between appraisals and employee efficiency, effectiveness, motivation and overall performance.

6.11 Conclusion

The management of those staff who fail to meet the identified and communicated performance standards expected by the organization is one of the most challenging aspects of management particularly in service organizations who deal directly with the customer. The overall performance and standing of the organization is to a large degree dependent upon the staff employed. At the end of an allotted period of time, an assessment of some sort is to be made to verify whether set targets have been reached. If these targets have not been attained, then answers need to be found to questions like, what should be done to bring about improvements in the situation? Who needs to be trained or retrained? Who needs to be sacked? Who should be promoted? And who needs to mark time in a particular position? If on the other hand, set targets have duly being reached, there is the need to encourage the hard work of that employee for it to encourage other workers. The role of performance appraisal is geared towards fulfilling all of the above. The process of going about it, perceptions about the process and the assessor could on the other hand hinder the process from achieving its set targets. If conducted effectively, performance appraisal has the potential to significantly and effectively enhance employee performance and subsequently, company productivity.

6.0 Recommendations

Based on the findings of the study, the following recommendations are made:

6.1 Apply Progressive Human Resource Strategies

The research, in its findings, recommends that the banking Sector in general and First Capital Plus Limited in particular, apply progressive human resource strategies and provide effective and productive methods regarding employee motivation, productivity and subsequent appraisal. The research also recommends that management of First Capital Plus Limited accept the role that appraisals and competency assessments play in today's work environment and strive to find out how best to institute the right appraisal and competency assessment models in order to enhance employee awareness and attitude, thereby increasing employee performance and total company productivity.

6. 2 Offer Training to Supervising Staff

There are many advantages mentioned in literature regarding the use of performance appraisals within an organization. It has been suggested that it improves the communication between the higher to lower level management; identify areas of improvement; show employees training needs; help in promotion, retention and termination decisions; and means of managerial control (Fletcher, 1992). Therefore, the research recommends that extensive training not only be given to management, but all supervising staff, regarding the right conduct of performance appraisals and the role it can play enhancing employee performance.

6.3 Incorporate Appraisals into Company Systems

The important issue of appraisals and competency assessment and its right conduct should be incorporated in all systems and procedures of First Capital Plus Limited to ensure employee satisfaction, attitude and productivity.

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