

EVALUATING THE RELATIONSHIP BETWEEN PERFORMANCE APPRAISAL AND ORGANIZATIONAL EFFECTIVENESS IN GHANA: A COMPARATIVE ANALYSIS OF PUBLIC AND PRIVATE ORGANIZATIONS

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Abstract

The research sought to evaluate the relationship between performance appraisal and organisational effectiveness through a comparative analysis of public and private organisations within the Kumasi Metropolis. The study adopted the comparative research design to examine differences and similarities in performance appraisal system uses, effectiveness of performance appraisal, and the effect of performance appraisal system on organisational effectiveness. The study also employed the mixed research method to collect data for the study. Sample size for this study was 92. Descriptive statistics, one-sample t-test, independent t-test, Pearson Product Moment Correlation Coefficient and simple linear regression were used to analyse the quantitative data. The interview or qualitative data was analysed using thematic analysis. The study found that both public and private sector organisations use performance appraisal system to improve employee performance, train and motivate employees, among others. However,

these organisational uses of performance appraisal system in all cases were greater in the case of private organisations than the public organisations. Also, there is no significant difference in performance appraisal system effectiveness in both the public and private sectors. Finally, the study results indicated that performance appraisal system positively and significantly predicted organisational effectiveness. Additionally, the results showed that performance appraisal system also has a significant positive effect on organisational effectiveness in the private sector but insignificant positive effect in the public sector. The study concluded that organisations should attach significant attention to the way and manner their performance appraisal systems are designed and managed in order to enhance the overall effectiveness of their organisations.

Keywords: Performance Appraisal, organizational Effectiveness, Private and Public Sector, Motivation, Assessment

INTRODUCTION

Performance appraisal is one of the human resource management and development practices that have attracted extensive attention from both practitioners and academicians (Fletcher, 2001). It is an essential aspect of organizational effectiveness (Cardy, 2004). Both public and private sector organisations utilize staff appraisal systems increasingly (Afsharnejad&Maleki, n.d). Most institutions employ this tool globally. In Ghana, several administrative reforms in the public sector were implemented over the last four decades to enhance organisational effectiveness and productivity. In the area of performance management, a number of initiatives were implemented to inculcate performance management culture that seeks to align objectives, targets and outcomes to organisational and national development goals and effectiveness.

For example, in 1974, the Annual Confidential Reporting System was introduced with the aim of allowing appraisees the right to read and comment on their performance appraisal results. Performance Evaluation System in 1992 was introduced. It was under the auspices of the “Civil Service Reform Programme” which was lasted from 1987 to 1993. This was followed by Performance Agreement System in 1997. The current or new system for Ghana’s Public Service was aimed at helping the sector enhance its effectiveness in the area of performance excellence, transparency, as well as accountability. It also aimed at communicating public sector values and objectives to employees. Furthermore, the system ensures that organisational effectiveness and efficiency is enhanced through continuous feedback and employee development (Public Services Commission, n.d). Similar performance improvement efforts through performance appraisal systems also exist in the private sector of Ghana.

Likewise, private sector organisations cannot achieve their business objectives without taking their stakeholders' needs into consideration. Thus, they cannot manage in vacuum. This is because, the roles of customer, workers and other stakeholders in the daily administration and management of organizations are essential for the effectiveness and efficiency of every organisation. Hence, their interests and needs should be well managed in order to achieve the needed efficiencies and results for their companies. One way of accounting for the interest most private enterprises is to effectively manage the performance of their employees or workers for better results (Zaytseva, 2009). Performance appraisal systems or practices are thus, equally exceedingly relevant to the effectiveness of private organisations.

Problem Statement

It appears that researchers and academics are showing growing interest in determining the link between performance appraisal and organisational effectiveness as well as how performance appraisal may play crucial roles in improving the effectiveness of organisations (see Ahn, 2001; Ittner, Larcker & Randall, 2003; Said, HassabElnaby & Wier, 2003). As a result, various researchers have investigated the effect of performance appraisal in different contexts and sectors such as Spanish manufacturing sector (see Bayo-Moriones, Galdón-Sánchez, & Martínez-deMorentin, 2011). However, studies on Performance Appraisal and organisational effectiveness in Ghana are non-existent or very few. So far based on the researcher's literature reviewed, the only study investigating Performance Appraisal and organisational performance in Ghanaian context focused only on the public health sector (see Boateng, 2011) neglecting other government sector organisations as well as private owned enterprises. This study of Boateng (2011) also employed descriptive statistics which makes the generalisation of the findings deficient since descriptive statistics lack the statistical power of generalisation.

Moreover, some of these existing studies also produced mixed findings. For example, Seifert, Yukl and McDonald (2003) studied fourteen (14) researches that involved either upward or 360-degree response and concluded that even though some studies stated that performance had been improved, some did not, while others showed indecisive outcomes (Jawahar, 2010). Others were also limited by the small sample sizes they employed (Afsharnejad & Maleki).

In response to these research gaps and calls for further studies on the topic, the researcher's interest is attracted to investigate the influence of employee appraisal on organisational effectiveness within the Ghanaian context with empirical evidence from both public and private sector organisations in Kumasi Metropolis.

Objectives of the Study

The overall purpose of this research is to evaluate the relationship between employee performance appraisal system and organisational effectiveness. This researchers seek to achieve the following objectives;

1. To evaluate the use of employee performance appraisal systems in public and private organisations within the Kumasi Metropolis.
2. To determine whether there is a significant difference in the effectiveness of performance appraisal systems in public and private organisations within the Kumasi Metropolis.
3. To investigate whether performance appraisal systems relates significantly and positively to organisational effectiveness within the Kumasi Metropolis.

Research Questions

Consistent with the primary and the secondary objectives of the study, the researcher formulated the following research questions:

1. What are the uses of performance appraisal systems in public and private organisations in Kumasi?
2. Is there a significant difference in the effectiveness of performance appraisal systems in public and private organisations in Kumasi?
3. Will performance appraisal systems relate significantly and positively to organisational effectiveness in Kumasi?

Hypotheses

H1: There are various organisational uses of performance appraisal system in both the private and the public sectors in the Kumasi Metropolis.

H2: Performance appraisal systems are more effective in the private sector organisations than in public sector organisations in the Kumasi Metropolis.

H3: Performance appraisal systems relate significantly and positively to organisational effectiveness in both public and private sector organisations in in the Kumasi Metropolis.

LITERATURE REVIEW

Evolution of Performance Appraisal Systems

Performance appraisal system and performance management is among the most important human resource management issues (Boswell & Boudreau, 2002; Judge & Ferris, 1993). This is because performance management and appraisal is regarded as an important foundation of

human resource development. Since, it is used for taking important decisions like training and development, promotion (Rao,2009), among others.

Usually, performance appraisal system is designed by the human resources (HR department). It requires that supervisors or line managers appraise their employees' work performance regularly. The issue of performance appraisal is also one of the more greatly studied subjects in work psychology (Fletcher, 2002). It has gained the attention of researchers for more than seven decades (Landy & Farr, 1980). Before the 1980s, most empirical and theoretical studies focused on developing the psychometric characteristics of the appraisal method in order to decrease the bias inbuilt in performance assessments (Feldman, 1981).

During the 1960s and 1970s, for example, studies concentrated on rating scale format and development with development of some new formats such as the Behaviour Observation Scale (BOS), the Behaviourally Anchored Rating Scale (BARS) and the Mixed Standard Scale. Other related research areas included appraisers training to decrease appraisal biases and raise observational skills and evolving PA systems (Walsh, 2003).

Performance appraisal is indeed a very ancient art and might well lay claim to being one of the world's oldest profession (Grint, 1993). However, there is lack of consensus in the literature on exactly when performance appraisal started

In the views of Coens and Jenkins (2000), even though the precise commencement of performance appraisal system is not known, it has been in practice since the third century when emperors of Wei Dynasty (221-265AD) appraised the performance of the official family members. Similarly, Koontz (1971) and Goel (2010) also maintained that performance appraisal has a long etymology. Supporting the assertion made by Coens and Jenkins (2000) and Goel (2010) maintained that the earliest and first known performance appraisal took place during the Wei dynasty (AD221-265) in China when the emperor engaged an imperial rater to evaluate the performance of the official family (Koontz, 1971; Goel, 2010). Armstrong (2009, p.10) also observed that "in the 16th century Ignatius Loyola also established a system for formal rating of the members of the Jesuit Society".

Performance Appraisal System

The concept of performance appraisal system has been variously defined by several scholars or researchers (see Agyenim-Boateng, 2006; Lawaj, 2014; Grubb, 2007; Dessler, 2000; Aguinis, 2007; Adejoke, 2013; Jackson & Schuler 2003). Performance appraisal is about measuring, monitoring and enhancing the performance of employee as a contributor to the overall organizational performance (Agyenim-Boateng, 2006). Performance appraisal is "defined as evaluating employees on how well they do their jobs according to performance standards"

(Dessler, 2000, p.321). The performance evaluation is a review and discussion of an employee's performance of assigned duties and responsibilities (Adejoke, 2013). Performance appraisal is part of the overall management process and is considered as a process of making judgements about an employee's performance as a basis for effective and objective personnel decisions (Jafari et al., 2009).

Lawaj (2014, p.88) explained that: Performance appraisal is a methodical evaluation of staff performance compared to organisational performance standards. It includes the appraising and development of the performance of employees. Work standards are included in the process in order to assess the real work performance of employees compared to those standards and provide them with feedback, putting in mind their motivation to perform effectively.

Performance appraisal (PA) usually involves evaluating performance based on the judgments and opinions of subordinates, peers, supervisors, other managers and even workers themselves' (Jackson & Schuler 2003). It is a regular review of employee performance within organizations and is concerned with the process of valuing a person's worth to an organization with a view to increasing it (Blazer & Sulsky, 1990).

Begum et al. (2015, p.75) described performance appraisal system "as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development". Performance appraisal has also been defined as the process of identifying, evaluating and developing the work performance of employees in the organization. The objective is to ensure that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (Lansbury, 1988). To Erdogan (2002), it is the formal process of observing and evaluating an employees' performance.

The uses of Performance Appraisal systems in Organisations

"Performance appraisal systems are a lot like seat belts, most people believe they are necessary, but they don't like to use them" (Grote, 1996, p.214). Brown and Heywood (2005) attempt to offer some explanations for the above statement by Grote (1996). According to Brown and Heywood (2005), performance appraisal is employed by employers when they anticipate obtaining some benefits from its use. In their views, the employers will have to decide not only if it is important for them to adopt a formal system of performance appraisal, but also

how the appraisal system will be practiced so that the organisation can make gains from its usage.

According to Atiomo (2000), although performance appraisal is commonly thought of in relation to one specific purpose, which is pay, it can in fact be used to serve a wider range of goals. These goals of which performance appraisal can be used for may include; identifying training needs, enhancing current performance of workers, improving employees' abilities and talents, enhancing organisational or internal communication, stimulation employee morale and motivation, among many other uses. Similarly, Moats (1999) maintained that when conducted properly, appraisals may help by (1) showing workers how to enhance their performance, (2) setting goals for employees, and (3) helping managers to assess subordinates' effectiveness and also make decisions in relation to employee to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations.

In the views of Addison-Wesley (2001) cited in Boateng(2011), performance appraisal can be used to perform an administrative role. This can be done by facilitating an orderly means of determining rises in pay and other rewards as well as by delegating authority and responsibility to the most capable individuals. In support of Addison-Wesley (2001), Rasch (2004) posits that this process of performance appraisal system can also improve the quality of working life by increasing mutual understanding between superiors and their subordinates.

Generally, as can be observed from the above discussions, it is evident that various scholars and researchers have generally explain the uses of employee performance appraisal results in relation to employee reward and motivation, corporate communication, economic importance or performance value, and employee training and development.

The above studies suggested that performance appraisal can lead to organisational effectiveness. However, there is a difference between these studies. While Ramamoothie (2013) suggest an alignment of performance appraisal system with the organisational strategy for it to have significant impact on performance, Warokka et al. (2012) and Kuvaas (2006) argued that performance appraisal will have significant impact on performance when workers are satisfied with the performance appraisal process.

METHODOLOGY

Depending on the objective or purpose of the research, a study may be described as exploratory, descriptive, explanatory and correlational (Boateng, 2014; Saunders, Lewis & Thornhill, 2009). Exploratory research seeks to explore an area where little is known or little research has been done either in the context, (that is the research area), or on the research topic in that particular context (Boateng, 2014).

Descriptive research seeks to systematically describe a phenomenon, situations or problem. Descriptive research usually seeks to ask the 'what' question (Boateng, 2014). Explanatory research seeks to understand and explain a phenomenon, situation or problem (Boateng, 2014). Additionally, Saunders et al. (2009) also explains that studies that establish causal relationships between variables may be termed explanatory research. Even though the types of research purposes are different, it will be beneficial to this research to combine different types of research purposes as advised by Saunders et al. (2009).

Research Design

According to Creswell (2009, p. 3), research design is described as the "plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis". This study will adopt cross-sectional survey and statistical comparative research design. The use of the cross-sectional research design assists the researcher to collect data from the participants at a point in time. In addition, this study will adopt comparative research design. The major aim of comparative research is to identify similarities and differences between social entities (Sasaki, 2004). Comparative research aims to: develop concepts and generalizations based on identified similarities and differences among the social entities being compared, especially in their characteristic ways of thinking and acting; in their characteristic attitudes, values, and ideologies; and in the intrinsic elements of their social structures.

The use of comparative design in this study will ensure that the research collect data to compare and ascertain differences and similarities in performance appraisal practices from two selected organisations in Ghana's public and private sector.

The study also adopted the mixed research method. The use of this research technique helped the researchers to use questionnaire and interview guide to collect data for the study. In the views of Malina, Norreklit and Selto (2011), mixed methods research combines together qualitative and quantitative approach concurrently in order to produce a stronger outcome.

Population and Sampling Design

A population for a study is that group about whom or which an investigator wants to draw conclusions (Babbie, 2008). The target population for this study is defined as all faculty staff at four tertiary institutions in Ghana. Specifically, faculty staff from two public and two private tertiary institutions in the Ashanti Region of Ghana are targeted for data collection. The use of these two categories of workers ensured that the researcher obtains results that are reflective of the total organisation. The researcher adopted purposive sampling technique to select the

organisations. The purposive technique assisted the researcher to use her personal judgment and intuition to select the organisations or the institutions on the basis that the institutions are practicing performance appraisal as part and parcel of the organisational activities.

To select the participants from the selected organisations, the researcher employs stratified and purposive sampling techniques to select total of 92 respondents. The use of these sampling methods ensured that the researcher divides the heterogeneous target population into two homogeneous strata: faculty and administrative staff. After the population is stratified, the purposive sampling was then applied to select permanent or full time workers in the selected institutions. In addition to their permanent status as employees, they are also expected to have at least two years tenure at their respective organisations. This ensured that the researcher sample workers who have undergone performance appraisal exercise at least twice in their organisations. By this approach, workers who are on probation, part-time workers and workers who have tenure less than two years in the organisation will be excluded in the study. The sample size for the study was ninety-two (92), fifty (50) from the public sector organisations and forty-two (42) from the private sector organisation.

Data Collection and Analysis

Ninety of the total respondents completed the closed ended questionnaires. In addition, the study interviewed one participant each from the selected organisations. Descriptive statistics, one-sample t-test, independent t-test, Pearson Product Moment Correlation Coefficient and simple linear regression were used to analyse the quantitative data. The interview or qualitative data was analysed using thematic analysis.

FINDINGS

Participants' Gender

Table 1 showed the gender distribution of the research participants. From the table, majority (70%) of the participants is males and some (30%) were females.

Table 1: Gender Distribution of the Participants

Gender	Frequency	Percentage
Male	63	70
Female	27	30
Total	90	100

Age Distribution

Table 2 showed the age distribution of the research participants. From the results, more than half (52.2%) of the participants were 30-39 years old, some (43.3%) were 40-59 years old, and few (4.4%) of the participants were less than 29 years.

Table 2: Age Distribution

Age	Frequency	Percentage
Less than 29	4	4.4
30-39	47	52.2
40-59	39	43.3
Total	90	100

Educational Qualifications of the Research Participants

The educational qualifications of the research respondents were represented in table 3. From the results, most (74.4%) of the research respondents had Master degree, some (15.4%) had Bachelor degree and few (10.1%) of them had doctorate degree.

Table 3: Educational Qualifications

Education	Frequency	Percentage
Bachelor Degree	14	15.4
Master Degree	67	74.4
PhD	9	10.1
Total	90	100

Tenure of the Research Participants

Table 4: Organisational Tenure of the Research Participants

Years	Frequency	Percentage
1-5	38	42.2
6-10	43	47.8
11-15	7	7.8
16 years and above	2	2.2
Total	90	100

Objective One: To evaluate the use of employee performance appraisal systems in public and private organisations within the Kumasi Metropolis.

H1: There are various organisational uses of performance appraisal system in both the private and the public sectors of Kumasi.

Uses of Performance Appraisal System in Private Sector Organisations

The results as shown in the table below indicate that using performance appraisal system to improve employee performance has a mean (M) value of 4.30 with a standard deviation of 0.46. The t-value = 18.17 and was significant at 0.001%, indicating that there is a significant strong agreement among the research participants that organisations use performance appraisal to show workers how to enhance their performance. Also, there is a moderate agreement [$M = 3.87, SD = 0.60; t(1, 40) = 9.35, p < 0.001$] among the research participants that organisations use performance appraisal system to set goals for employees. Again, there is a moderate or medium agreement [$M = 3.90, SD = 0.77; t(1, 40) = 7.50, p < 0.001$] among the respondents that organisations use performance appraisal system to make decisions in relation to employee to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations. Similarly, there is a moderate or medium agreement [$M = 3.93, SD = 0.72; t(1, 40) = 8.22, p < 0.001$] among the research respondents that their organisation use performance appraisal system to give feedback and to enhance overall communication effectiveness within their organisation. The SD values range from 0.46 to 0.77, indicating less variability or difference in the perception of employees regarding organisational uses of performance appraisal system in private sector organisations.

Table 5: One Sample t-test Results of Employees' Perception of Performance Appraisal Uses in the Private Sector

Appraisal Uses	Mean	S.D	t	df	p-value
Employee Performance	4.30	0.46	18.17***	(1, 40)	0.000
Goal Setting	3.87	0.60	9.35***	(1, 40)	0.000
Motivation and Training	3.90	0.77	7.50***	(1, 40)	0.000
Internal Communication	3.93	0.72	8.22***	(1, 40)	0.000

Sample size (N) = 41 t-value = 3 *** Significant at 0.1% (0.001)

Uses of Performance Appraisal in the Public Sector

The table below showed employees' perception of organisational uses of performance appraisal system in the public sector. The results indicated that employees have moderate agreement

that their organisation use performance appraisal system to enhance employee performance [$M = 3.37$, $SD = 1.20$; $t(1, 48) = 2.17$; $p < 0.05$], to set goals for employees [$M = 3.47$, $SD = 1.12$; $t(1, 48) = 2.93$; $p < 0.01$], and to enhance employee motivation and training [$M = 3.47$, $SD = 1.02$; $t(1, 48) = 3.21$; $p < 0.01$]. However, there is a strong agreement [$M = 3.67$, $SD = 1.05$; $t(1, 48) = 4.50$; $p < 0.001$] among employees that organisations in the public sector use performance appraisal systems to enhance internal communication. In addition, the standard deviations (SD) ranged from 1.02 to 1.20, suggesting greater variations in employee perception regarding the various uses of performance appraisal system in the public sector.

Table 6: One Sample t-test Results of Employees' Perception of Performance Appraisal Uses in the Public Sector

Variables	Mean	S.D	t	df	p-value
Employee Performance	3.37	1.20	2.17*	(1, 48)	0.035
Goal-setting	3.47	1.12	2.93**	(1, 48)	0.005
Motivation and Training	3.47	1.02	3.21**	(1, 48)	0.002
Internal Communication	3.67	1.05	4.50***	(1, 48)	0.000

Sample size (N) = 41; t-value = 3; *** Significant at 0.1% (0.001); ** Significant at 1% (0.01); * Significant at 5% (0.05)

The results showed that both sectors: public and private use performance appraisal system to enhance employee performance, set goals for employees, motivates, demote and train employees. They also use performance appraisal system to improve communication within the organisation. However, the mean values in all cases are greater in the case of private than the public. This implies that private sector organisations use performance appraisal systems to better enhance employee performance, set-better goals, better motivate and train their employees as well as better use performance appraisal system to improve internal communication among employees and their subordinates compared to public sector organisations.

Objective Two: To determine whether there is a significant difference in the effectiveness of performance appraisal systems in public and private organisations.

H2: Performance appraisal systems are more effective in the private sector organisations than in public sector organisations in Kumasi.

This hypothesis sought to determine whether there is a significant difference in the effectiveness of performance appraisal systems in public and private organisations. Independent t-test was

used to test this hypothesis. The results in the table indicated that performance appraisal system effectiveness in the public sector has a mean value of 152.01 with a standard deviation of 27.72. Also, the average performance appraisal system score for the private sector was 147.80 with a standard deviation of 27.79. Based on the mean values or scores, performance appraisal system effectiveness differ significantly by sector, with the result suggesting that it is more effective in the public sector compared to the private sector. This difference in performance appraisal system effectiveness between the private and the public sector organisations was tested using independent t-test with the test value of 3. The results showed that statistically, there is no significant difference in performance appraisal system effectiveness in both the public and private sectors [$t(3, 87) = 0.71, p = 0.48 > 0.05$] at 95% confidence level. Thus, the results failed to provide empirical evidence in support of the second hypothesis.

Table 7: Independent t-test of Differences in Sector and Performance Appraisal Effectiveness

Sector	Mean	S.D	N	df	t	p-value
Public	152.01	27.72	48	(3, 87)	0.71	0.48
Private	147.80	27.79	41			

Objective Three: To investigate whether performance appraisal systems relates significantly and positively to organisational effectiveness.

H3: Performance appraisal systems relate significantly and positively to organisational effectiveness in both public and private sector organisations in Kumasi.

Correlation Analysis

The table below showed the Pearson correlation results between the study variables. As shown in the table, there is a significant positive relationship between performance appraisal system and organisational effectiveness ($r = 0.32, p < 0.01$). Also, there is a negative relationship between organisational effectiveness and sector dummy. However, this relationship is not statistically significant ($r = -0.23, p > 0.05$). Similarly, there is insignificant negative correlation between performance appraisal system and sector dummy variable ($r = -0.10, p > 0.05$). It is important to note that the sector dummy variable is a control variable, since the sector of operation can affect effectiveness of a particular organisation. However, the sector variable has no significant relationship with the main study variables. Hence, it has not been included in further analysis, that is, the regression analysis.

Table 8: Means, SD and Correlation analysis between Organisational Effectiveness, Performance Appraisal System and Sector Dummy

Variables	Mean	SD	1	2	3
Organisational Effectiveness	11.84	3.52	1.00		
Performance Appraisal	149.25	28.61	0.32**	1.00	
Sector Dummy	1.47	0.50	-0.23	-0.10	1.00

Sample Size (N) = 90 ** Significant at 1% (0.01)

Regression Analysis

In order to establish causal effect of performance appraisal system on organisational effectiveness, the study went beyond correlational analysis to conduct regression analysis. Three regression models were estimated. Model 1 includes samples from both the public and the private sector. Model 2 and Model 3 included samples from the private and the public sector respectively. The results in Model 1 showed that performance appraisal system has significant positive effect on organisational effectiveness ($\beta = 0.301$, $p < 0.01$). This result implies that holding all else constant, when performance appraisal system improves by 1%, organisational effectiveness will also improve by 30.10%. The r-squared value of 0.141 indicated that performance appraisal system accounted for 14.10% variance in organisational effectiveness. The F-test = 7.124 is also significant. This result provided empirical support in support of the third hypothesis.

With respect to sectoral effect, the results showed that performance appraisal system has a significant positive effect on organisational effectiveness in the private sector ($\beta = 0.333$, $p < 0.05$) in model 2. However, the results showed that performance appraisal system did not have significant positive effect on organisational effectiveness in the public sector ($\beta = 0.227$, $p > 0.05$).

Table 9: Linear Regression Predicting Organisational Effectiveness from Performance Appraisal System

Variables	All Sectors Model 1 (β)	Private Sector Model 2 (β)	Public Sector Model 3 (β)
Performance Appraisal System	0.301**	0.333*	0.227
R^2	0.141	0.111	0.051
F-test	7.124**	4.729*	2.556
Sample Size (N)	90	41	49

** Significant at 1% (0.01) * Significant at 5% (0.05)

DISCUSSION

Organisational uses of Performance Appraisal Systems

The results or findings of the first research objective which sought to ascertain the various uses of performance appraisal systems in public and private organisations showed that organisations in both sectors use performance appraisal systems to show their employees how to improve their daily operational efficiency and performance; set goals for employees; make decisions in relation to employee to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations, to give feedback and to enhance overall communication effectiveness within an entity. Similarly, findings from the qualitative results showed that organisations use performance appraisal exercises to assess their employee's performance by way of determining their strengths and weaknesses and how well they achieve set goals.

These outcomes are further used to determine their conditions of service and also to take decisions regarding their promotions. These results implied that by instituting effective performance appraisal system, organisations can better identify the training requirements of their employees using the performance appraisal results on their strengths and weaknesses and provide performance feedback for improvement and overall development.

These results are also consistent with prior findings by some earlier writers or researchers (eg., Begum et al., 2015, Coens & Jenkins, 2002; Lillian et al., 2011; Whitman et al., 2010). The research findings suggested that organisations in both the public and the private sector adopt performance appraisal systems because of its usefulness in employee training and motivation, performance improvement and internal communication. This therefore give credence to Brown and Heywood's (2005) assertion that performance appraisal is employed by employers when they anticipate obtaining some benefits from its use. It also reinforced the claims by Vanci-Osam and Askit, (2000) that an effective appraisal system can provide a lot of benefits to both the individual and the organization by indicating the specific benefits those organisations derived from instituting and managing their performance appraisal systems.

More so, it support the propositions of the goal-setting theory that organisations that use performance appraisal to set specific achievable targets or goals for their workers are more likely to effective compared to those who do not employ performance appraisals in setting specific goals that are also within their achievement.

It was also discovered that the results on organisational uses of performance appraisal system in all cases were greater in the case of private organisations than the public organisations. This implies that private sector organisations use performance appraisal systems to better enhance their employee performance, set-better goals, better motivate and train their employees as well as better use performance appraisal system to improve internal

communication among employees and their subordinates compared to public sector organisations. These research findings provided empirical evidence in support of the first hypothesis that *there are various organisational uses of performance appraisal system in both the private and the public sectors of Kumasi*. As a result, the hypothesis is accepted.

Sector Differences in Performance Appraisal Effectiveness

The second research question and objective sought to determine whether there is a significant difference in the effectiveness of performance appraisal systems in public and private organisations. Findings from the quantitative results showed that though the mean values suggested that performance appraisal system is more effective in the public sector compared to the private sector, statistically; there is no significant difference in performance appraisal system effectiveness in both the public and private sectors. Thus, there is no sector difference in performance appraisal effectiveness. Similarly, the qualitative results indicated mixed findings. Hence, using both the qualitative and quantitative findings, it is shown that the effectiveness of performance appraisal systems do not differ significantly by sectors.

This implies that both the public and private sectors employ similar management, criteria and principles in the management of their performance appraisal system. This is in line with the findings obtained by Khan et al. (2014) in Pakistan which showed that there are no differences in the practice of performance appraisal systems of public and private secondary schools in terms of policies and format. These findings however were inconsistent with some earlier findings that showed significant differences in performance appraisal in the public and the private sector in Russia (Zaytseva, 2009). Thus, these findings did not provide empirical evidence in support of the second hypothesis that *performance appraisal systems are more effective in the private sector organisations than in public sector organisations in Kumasi*. Hence, this hypothesis is not confirmed in this study.

Performance Appraisal and Organisational Effectiveness

The third research objective and question sought to examine the effect of performance appraisal system on organisational effectiveness. Findings from the quantitative results indicated that performance appraisal system positively and significantly predicted organisational effectiveness. Similarly, the qualitative results showed that performance appraisal can be used to enhance organisational effectiveness. This is because generally, performance appraisal system is aimed at helping workers to know their shortfalls and help them to improve their weaknesses. These empirical findings corroborated the findings obtained by some researchers such as Iqbal et al. (2013), Ramamoothie (2013) and Warokka et al. (2012).

These results imply that when organisations take measures to improve upon their performance appraisal system by eliminating the generally inherent difficulties of bias, unreliability performance appraisal measurement instrument, among others, organisations can improve their overall effectiveness. It also suggests that when the performance appraisal system is designed in such a way that it encourages employee training and development, motivation, and better information flow between supervisors and subordinates, organisations can enhance their effectiveness. This result could also mean that as managers, workers and their peers work together to review their performance, it will generate positive relationship among them, thereby creating a conducive environment for the workers to be more satisfied with their job. This in turn promotes employee performance as well as the overall organisational effectiveness. This result therefore provided empirical support for the third hypothesis. Hence, the hypothesis that performance appraisal systems relate significantly and positively to organisational effectiveness in both public and private sector organisations in Kumasi is accepted.

RECOMMENDATIONS

The following recommendations were made based on the findings of this study:

First, it is recommended that organisations should institute or review their performance appraisal system to make it more performance or result oriented. It should be designed to focus on how to set goals for employees, motivate employees and disseminate right information at the right time to workers.

Secondly, organisations should train their supervisors to effectively assess the performance of subordinates devoid of bias and favoritism. The human resource department should use their internal expertise or bring external expert to enhance their appraiser's capacity to appraise their subordinates well.

Thirdly, because of the useful benefits effective performance appraisal system brings to organisations, it is recommended that organisations should make employee appraisal regular affair or exercise instead of the dominant annual appraisal. In this way, they will be able to spot any weakness in their employees and organize training programmes for them to leverage on their strengths to overcome such weaknesses for effective job performance.

Again, policy makers, universities and other training institutions such as the Institute of Human Resource Management Practitioners, Ghana should regularly, organize capacity development programmes to teach human resource managers and students how to make performance appraisal an organisational resource by eliminating the bottlenecks most appraisers face.

CONCLUSIONS

The issue of performance appraisal and performance appraisal system has gained significant attention among scholars and practitioners globally and locally. It is an essential aspect of organizational effectiveness. However, studies on PA and organisational effectiveness in Ghana are few and largely focused on only a single organisation or sector. This study therefore sought to contribute to performance appraisal literature by comparatively evaluate the relationship between performance appraisal and organisational effectiveness between selected public and private sector organisations in the Ashanti region of Ghana.

The findings showed that both public and private sector organisations use performance appraisal systems to obtain several benefits. Specifically, they use their performance appraisal systems to improve goal-setting with the organisation; enhance communication and information flow among subordinates and their superiors; improves decisions regarding employee recruitment, training and motivation, as well enhancing the efficiency and effectiveness of their employees by determining their strengths and weaknesses and how well they achieve set goals. Interesting however, these results or organisational uses of performance appraisal system in all cases were in greater use in the case of private organisations than the public organisations. In addition, it was shown that there is no significant difference in performance appraisal system effectiveness in both the public and private sectors.

Finally, the study found that performance appraisal system positively and significantly predicted organisational effectiveness. In terms of sectoral effects, performance appraisal system also has a significant positive effect on organisational effectiveness in the private sector. However, the results showed that performance appraisal system did not have significant positive effect on organisational effectiveness in the public sector.

The study concluded that organisations should attach significant attention to the way and manner their performance appraisal systems are designed and managed can be benefit severally from enhanced employee motivation, better employee training and development, improved communication and information flow within the organisation, and consequently enhance the overall efficiency and effectiveness of their organisations. This will in turn differentiate them from organizations that design and manage their performance appraisal system poorly.

RESEARCH LIMITATIONS

Reluctance of some of the respondents to answer the questionnaires, not enough carefulness of some of the respondents in answering the questions, the researchers has to chase them

several times before data was given. Secondly, the sample size was too small, and might not represent the majority of the those questioned.

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