

# **AN INVESTIGATION INTO PERFORMANCE MANAGEMENT PRACTICES: CASE STUDY OF OTI-YEBOAH COMPANY LIMITED**

By

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## DECLARATION

‘I hereby declare that this submission is my own work towards the Master of Business Administration (Human Resource Management Option) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text’

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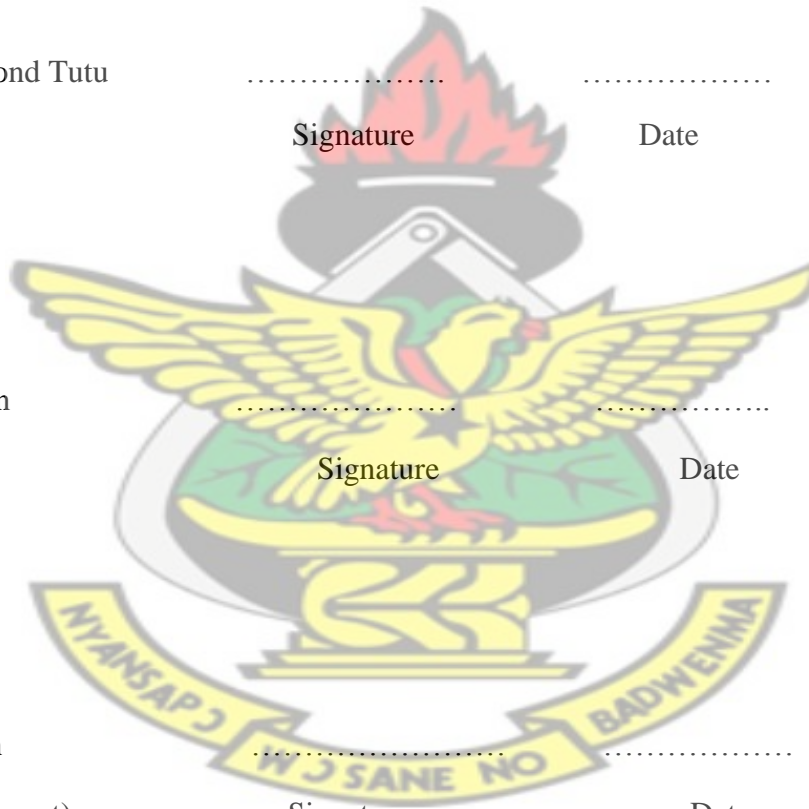
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## ABSTRACT

Good performance management practice is crucial in modern times. Unfortunately for many years, corporate executives and academic scholars have been debating the consequences of poor performance management practices in organizations. The main objective of the study is to determine how performance management practices are carried out at Oti-Yeboah Company Limited. The purpose of the study is exploratory. As a result, a single case study organization is chosen instead of multiple case studies. The study adopted a multi-method qualitative case study approach using both primary and secondary data sources. The primary data sources were from semi-structured interviews and questionnaires while the secondary data were from journals, articles, text books, web pages, and reports. A stratified random sampling technique was used in the study with a sample size of 111 respondents from all six departments of the Company. The research has revealed that Supervision and Control System, Coaching, Delegation and Performance Measurement are the main performance management practices applied in managing employee performance at the Company. The Company does not use any method of performance appraisal system in managing employee performance. Furthermore, line managers and supervisors do not involve employees in setting targets or goals of the Company. The study also found that coaching is the only measure used in addressing performance gaps. There is no link between individual goals, team goals and organizational goals. The study recommends that Oti-Yeboah Company Limited should introduce a performance appraisal system and should also allow the participation of employees in setting performance targets. The company should also align its corporate goals with the goals of individual employees and team goals.

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## DEDICATION

This dissertation is dedicated to many people, to whom I am forever indebted to their great contribution. To Prof. Ebow Mensah for his valuable support and devotion to my studies and to my family, parents, friends and to all group ten members especially, Ninette, Antwi, Frank, Mystic, Rex, Maggi, Serbeh etc for their support and sacrifice.

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## LIST OF ABBREVIATIONS

ACR	Annual Confidential Report
BARS	Behavioural Anchored Rating Scale
GBMR	Goals-Behaviours-Metrics-Rewards
GDP	Gross Domestic Product
KSA	Knowledge Skills Attitude
MBO	Management by Objective
PMP	Performance Management Practices
PM	Performance Management
SMART	Specific Measureable Achievable Realistic Time Bound



## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background of the study

Ghana's economy has been doing well for the past decade until the recent global financial crisis. Despite the crises, Ghana's real Gross Domestic Product (GDP) growth rate for 2008 was 7.2%, which happened, to be the highest in many years (State of the Ghanaian Economy Report 2009). Ghana's private sector has been described by many scholars as the engine of growth and the hope for a better Ghana, and the major source of wealth creation, poverty reduction and the best way to modernize the economy. The recognition of Ghana's private sector as the engine of growth was fully realized following the launch of the economic reforms in 1983 (Baah-Boateng 2008).

The domestic private sector is predominantly micro and quite unstructured, most of the private firms are medium and small-scale enterprises established by individual entrepreneurs (Legon observer 2008). Since the introduction of the economic reforms, there are many great changes in Ghana's economy and domestic private sector plays a significant role in it (Bentil 2008). This target group has been identified by many scholars as the vehicle for economic growth (Mensah 2004). With the development of the economy in recent times, Ghana's private sector firms have experienced a great deal of development. However, they also encountered lots of Challenges including energy, human resources and raw materials, performance management, competition from foreign companies (Bentil 2008). Performance management practices experience important changes in Ghana since the establishment of subsidiaries of multinational companies and the increasing numbers of foreign companies operating in the country.

Before the establishment of many multinational companies in Ghana, performance appraisal was only used for the basis of promotion and transfer of employees which was the only and most widely used tool in performance management. During that period, the results of appraisals relied on the overall assessment of managers and supervisors and employees never received feedback. Many Ghanaian private firms and public sector organizations have not any actual performance management systems for managing performance before the mid-1990s. At the time, it was in multinational companies where performance management systems were in operation. Today, the trend has changed but not significantly because performance appraisal is still the most widely used tool and one obvious feature in Ghanaian performance management practices in many firms (Ohemeng 2009).

Managing employee performance is an important part of the work that all managers perform in every organization. It is as significant as managing financial resources because employee performance has a direct effect on both the financial and non-financial components of any organization. Performance management is not just an integrated set of decision support tools but it is also a discipline intended to maintain a view of the larger picture and to understand how an organization is working as a whole. Performance management applies to managing any organization, whether a business, a university, a hospital, or any legal entity that has employees, either profit-driven or non profit-driven. Performance management provides a systematic link between organizational strategies, resources, and processes (Aguinis 2007). It is a comprehensive management process framing the continuous improvement journey, by ensuring that everyone understands where the organization is and where it needs to go to meet stakeholders' needs. Performance management system is the establishment of a framework necessary for planning, supervising, and revising what an organisation does towards accomplishing its objectives. It is a process which helps in managing both the individuals and the teams towards achieving the goals of the organisation effectively. Thus, the purpose of every organisation is to develop a culture

with high standards and excellence in quality of service (Aguinis and Pierce 2008). To ensure that the aims set forth by an organisation are achieved, appropriate actions in this direction must be undertaken by understanding the sequential profile of a particular organisation in terms of its performance in the past or its present status of performance level.

For effective execution and reaping benefits, an organisation can direct, monitor and refine employees' performance by establishing a good communication with him/her to contribute to any area of the business organisation for its improvement and success. Therefore, organisations must equip themselves with employees who are able to work in this dynamic environment where a highly professional approach is a prerequisite to deliver the best performance. Within this competitive organizational context, management alone cannot attain the goal of achieving high level of performance. Consequently, performance management practices have gained increased significance. The role of employees' in organisations today has assumed all the more importance; employees' need to respond to the issues of the day and above all in this times where the whole focus has been laid on performance in every organization. Therefore, a good performance management practice is crucial in modern times.

Oti-Yeboah Company limited is one of these private firms that have adopted performance management practices. The company was founded in 1991, and has more than 1,015 employees. It mainly deals with ply mill and veneer products for export. Oti-Yeboah Company limited is among the many Ghanaian private firms still lacking modern performance management skills; they may not easily get success and be able to compete with multinational companies. It is therefore necessary to explore this research into the performance management practices in Oti-Yeboah Company Limited.

### **1.1 Statement of the problem**



Performance management practices have a significant role to play in enhancing organizational performance by ensuring that all employees understand their expected contribution to organizational objectives. Unfortunately for many years, corporate executives and academic scholars have been debating on the consequences of poor performance management practices in organizations. The frequency of inappropriate and the lack of effective and efficient performance management practices are damaging workplace climate and leading to decrease in productivity, it has also ended up with ethical and legal problems in many organizations in developing economies.

In most organisations performance management is basically an annual event, a form completed by individual employees prior to the end of the financial year. The appraisal form is usually filed by all employees and accessed by managers or supervisors but in most situations will not be touched at all, until the next review session the following year. While other performance management practices consist of an annual appraisal which may review a list of objectives. The link between individual employee objectives and organisational strategies are not made (Leanne 2004; Aguinis 2009b). Octavius and Debbie (2011) also noted that “in most companies performance management has a poor reputation. It takes up valuable time and resources, yet delivers little return”. It is not then surprising that over the years, research consistently indicates that in most organizations, performance management practices are of poor quality and poorly executed.

If private sector companies continue with poor performance management practices, they will not only be wasting time and money, but jeopardizing their overall efficiency and earning potentials. Also, the consequence of this practice is that employees become dissatisfied and lack the motivation to contribute immensely to the growth of the organization. Hence, establishing effective performance management practices and structured methods of identifying poor performance and improving performance is the most effective management approach. Such a practice makes sure that each

employee has clear objectives and understands how these affect others; employees will also know what's needed to meet the required objectives, and is confident of having the necessary skills and experience to deliver good results.

The key questions to be addressed in this study are: what are the various performance management practices and how are they applied in enhancing efficiency? What are the benefits and challenges of performance management practices among local companies? What needs to be done to overcome the various impediments that continue to affect performance management practices? What lessons can be learned from the Oti-Yeboah company Limited experience? In this study, the researcher will make an intense investigation into the performance management outlook and practices in the company and how the company should deal with performance management in the future.

## **1.2 Objectives of the study**

The objectives are grouped into two. These are general objective and specific objectives.

### **1.2.1 General Objective**

The general objective of this study is to determine how performance management practices are carried out in Oti-Yeboah Company Limited.

### **1.2.2 Specific Objectives**

The following are the specific objectives of the study

- (a) To identify the various performance management practices available at Oti-Yeboah Company Limited.

- (b) To determine how performance management practices are applied at Oti-Yeboah Company Limited.
- (c) To determine the benefits associated with the use of performance management practices at Oti-Yeboah Company Limited.
- (d) To determine the challenges associated with the use of performance management practices at Oti-Yeboah Company Limited.
- (e) To make recommendations on how to improve performance management practices at Oti-Yeboah Company Limited.

### 1.3 Research Questions

The research questions are as follows:

- (a) What are the various performance management practices available at Oti-Yeboah Company Limited?
- (b) How are the identified performance management practices applied at Oti-Yeboah Company Limited?
- (c) What are the benefits associated with the use of performance management practices at Oti-Yeboah Company Limited?
- (d) What are the challenges associated with the use of performance management practices at Oti-Yeboah Company Limited?
- (e) How should Oti-Yeboah Company Limited deal with performance management practices?

### 1.4 Significance of the study

The significance of this study is to provide extra knowledge in performance management in the context of a timber (plywood) manufacturing company. Since this is the first study focusing on

the design and use of performance management practices in a plywood manufacturing company, one major contribution of the study will therefore be the creation of knowledge of performance management in a ‘new’ organisational context.

Besides, the findings may be used as inputs for future research. For example, the study could be a basis for developing hypotheses to be tested on, for instance, a larger sample of firms, or firms in other industries or organisational contexts can be carried out in subsequent researches. This study may also be useful to people who are interested in the study of performance management. Furthermore, the study offers information and recommendations on best performance management practices at Oti-Yeboah Company Limited. The study will therefore contribute to the growth and development of the Company and the national economy when the recommendations of the study are implemented.

### **1.5 Overview of Research Methodology**

The purpose of this study is exploratory. As a result, a case study strategy was suitable in this work. A case study not only requires that evidence and data collections must come from the reality, but also needs a comprehensive observation on the research. Thus, case studies apply a useful and effective method in management research (Saunders *et al.* 2009). The study adopted a multi-method qualitative approach to make the investigation. Oti-Yeboah has not established its website on the Internet, because of that the researcher made general observations on it through printed documents and in-depth interviews. Both primary and secondary data sources were used in this research. Primary data of this study were from semi-structured interviews and questionnaire while the secondary data were from limited documents because the company has no website. The research results are based on the data

collected. Consequently, in order to make the study as reliable as possible, the researcher sampled 111 respondents using stratified random technique, most of who were from the various departments.

### **1.6 Scope of the study**

The study is limited in scope. It considered a single timber (plywood) manufacturing company located in Abesim in the Sunyani municipality of the Brong Ahafo Region. The study involved all the 6 departments and units in the company during the investigation process. The subject area to be studied and discussed includes performance management theories, performance management tools, performance management processes, and benefits and challenges of performance management practices in organizations and empirical literature of related works. However, the study is limited to a single company but covers the entire company (all departments and units).

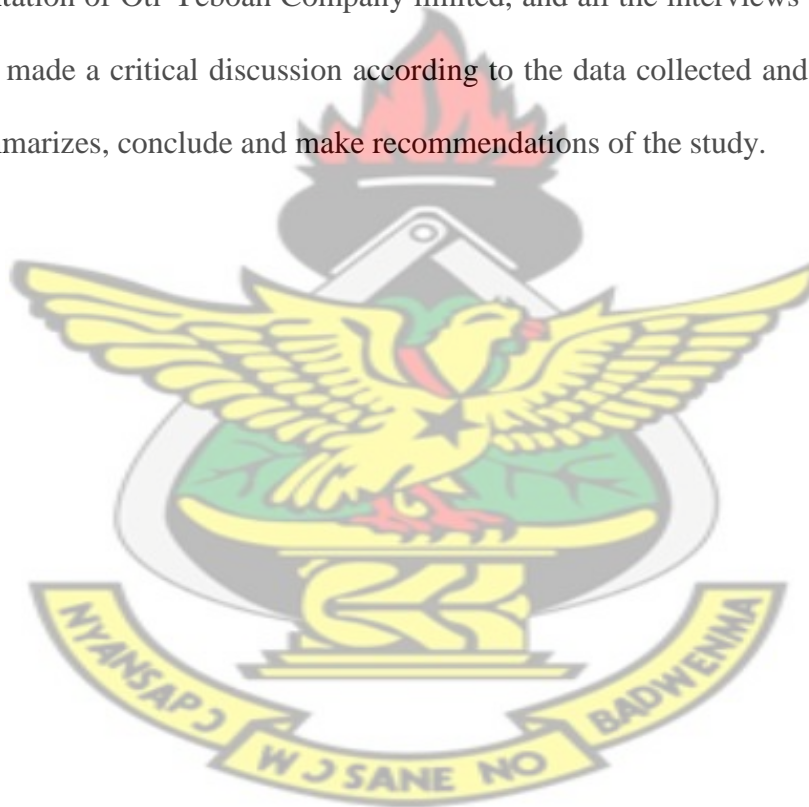
### **1.7 Limitations of the study**

This study was a single case study. Moreso, the researcher could not undertake an in-depth investigation into the performance management practices due to limited time and financial constraints. They were difficulties in getting access to secondary data from the management of the organization due to the poor data storage and management systems. Finally, Oti-Yeboah Company Limited does not have a website on the Internet, and because of that the secondary data collection for this study was limited. Therefore, this study focused on primary data sources.

### **1.8 Organization of the study**



This work is divided into five chapters. The first chapter is on introduction of the study. It presents the background of the study, statement of the problem, objectives of the study, research questions and significance of the study, overview of research methodology, scope and limitations of the study. Chapter two of the study discussed performance management theories, which contain performance management, performance management tools, performance management processes, benefits and challenges of performance management practices. Chapter three covered the methodology of the study. Meanwhile, chapter four deals with the empirical findings including presentation of Oti-Yeboah Company limited, and all the interviews and questionnaire information and made a critical discussion according to the data collected and theories. Finally, chapter five summarizes, conclude and make recommendations of the study.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**



This chapter concentrates on performance management practices in both theoretical and empirical literature. However, it addressed the definitions of key concepts of performance management, performance management processes, and performance management tools. The chapter also explored the benefits and challenges of performance management practices in organizations and concluded with empirical studies of related works on performance management practices.

## **2.1 Definition of performance management**

Most people associate performance management with concepts such as: appraisal, targets and objectives, performance-related pay, motivation and discipline, yet performance management is much more than this. According to Adkins (2006) Performance management is about giving managers and employees and teams the capability to improve their organization's direction. He argues that performance management direction should be as clear and focused as a laser beam, pointing towards its defined corporate strategy. However, Mabey and Salaman (1995) define performance management as a process of creating a positive, effective work environment through goal setting, feedback, encouragement and support, and rewards for success in which employees perform to the best of their abilities. Arguing in the same vein, Armstrong and Baron (2004) explained performance management as a process which contributes to the effective management of employees' performance towards the achievement of high levels of organizational performance. Similarly, Aguinis (2007) describes Performance management as a systematic link between organizational strategies, resources, and processes towards the achievements of corporate objectives.

Considering more collectively, Mabey and Salaman (1995) and Armstrong and Baron (2004) gives a comprehensive explanation of performance management, their definitions establish a shared

understanding about what is to be achieved and an approach to leading and developing people which will ensure that the goals of the organization is achieved. However, Adkins (2006) and Aguinis (2007) in their definitions stress that performance management is a strategy which relates to every activity of the organization set in the context of its human resource policies, activities, objectives and processes. They further argue that the nature of the strategy depends on the organizational context and can vary from organization to organization.

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Hellqvist (2011) a writer who has contributed most significantly to the study of performance management, proposes her own definition after a brief critical assessment of what other writers have offered. She argues that performance management is a tool for managing performance and motivating employees to act in accordance with the strategy, vision and values of the company for better performance. Her definition of performance management further highlights on the need for performance management alignment with strategic goals. Her definition is supported by the good work of Aguinis, (2009a: p.3) who further define Performance management as a “continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of an organization”. It is critical to note that the key components of the various definitions are that performance management is a continuous process and that there should be an alignment with corporate strategic goals. If managers and supervisors fill a form once a year because this is an obligation of the Human Resource Management function, then this is not a continuous process. In addition, evaluating employee performance that is performance appraisal without clear consideration of the extent to which an employee is contributing to the organizational performance and how his/her performance will improve in the future is also not in line with the definition of performance management. One could follow up the above arguments by saying that Performance management is about getting results. It is an approach to achieving a shared vision of the purpose of the organization

and is concerned with helping individuals and teams achieve their potentials and recognize their role in contributing to the overall goals of the organization.

### **2.1.2 Early Performance Management Practices**

There has not been any clear evidence found in literature of when exactly performance management practices were introduced (Aslam and Sarwar 2010). As is well-known, Ward (2005) noted that the first formal system of performance review was the good work of Fredrick W. Taylor before World War I for rating officers in US armed services. However, one of the early performance management practices was the Graphic Rating Scale which requires an evaluator to indicate on a scale the degree to which an employee demonstrates a particular trait, behaviour, and performance result (Ward 2005). He further added that the drawback of this practice was the focus on personal characteristics of employees as indicator of job performance and also personality traits are difficult to define and lead to different interpretations.

Another early performance management practice is put forward by Aslam and Sarwar (2010) which is the Annual Confidential Report (ACR) introduced in the 1940s, and is still in use in public sectors of many developing economies. This is a comprehensive report written once in a year about an employee by his/her manager or supervisor for his/her responsible duties and performance. Audience of these reports is not the employee but the top level management because in this report decisions are made as to whether the employee should be promoted or not. The weaknesses of these practices are: First, the lack of involvement of employees, second, there is no feedback about their performance which means no learning and development (Stafylarakis and Eldridge 2002 cited by Aslam and Sarwar 2010). Also, the problems of communication gap and personal biases could occur in this type of assessment. A person

promoted on the basis of ACR is always unaware of the fact that in which part of the year and work was he/she the most efficient (Aslam and Sawar 2010). Ward (2005) again noted that the term Performance Management was first used in the 1970s by Beer and Ruh (1976) but did not become a recognized process until the latter half of the 1980s.

Although most of the Human Resource Management literature has focused on the western countries, very little has been written on performance management practices in Ghana. Today, emerging Human Resource Management practices in Ghana still lag behind those found in Western countries although some progress is being made. Recent studies have noted significant advancement in the area of performance appraisal, recruitment, staffing, compensation and the introduction of Management by Objectives (MBO) in some Ghanaian organizations.

### **2.1.3 Performance Management Practices**

#### ***(i) Performance Planning***

Baron and Armstrong (2004) are of the opinion that performance planning is the fundamental constituent of any performance management process which forms the foundation of any performance appraisal system in every organization. Performance planning is jointly done by the employee and also by the manager or supervisor at the beginning of a performance period. During this stage, individual employees and teams decide upon the targets/goals and the key areas of performance which would be performed over a year within the organizational performance plan, which is finalized after a shared agreement between the manager or supervisor and the employee or the team (Panda 2011).

#### ***(ii) Performance Review***

In most organizations, performance appraisals are normally performed two times in a year, in the form of midyear performance assessment and reviews and annual assessment and reviews which are held at the end of the year. In this practice, the individual employee and teams first provides the self filled up ratings using the self appraisal form and also describe individual employees' or the team's achievements over the period in quantifiable terms. After the self appraisal has been carried out, the final ratings are provided by the manager or supervisor for the quantifiable and measurable achievements of the employee or team being appraised. The whole process of performance review seeks for an active participation of both the employee and the supervisor for analyzing the causes of loopholes in employees and teams performance and how it can be overcome (Aguinis 2007; Aguinis *et al.* 2011).

### ***(iii)Feedback and Performance Facilitation***

Feedback and facilitation is given a lot of significance to performance management practices over the years. This is the period in which the individual employees and teams acquire awareness from the supervisor concerning the key areas of improvement and also information on whether the employee or team is contributing the expected levels of performance or not within the organization (Armstrong 2005). The employee or team receives an open and a very transparent feedback and alongside the training and development needs of the employee or team. The manager or supervisor adopts all possible steps to ensure that the employee and team meets the expected outcomes for the organization through effective guidance and personal counseling and representing the employee or team in either on- the job training or off the job training programmes which develop the competencies and improve the overall productivity (Aguinis 2009a).

### ***(iv)Performance Improvement Plan***

Shore *et al.* (1998) are of the view that for performance improvement to be effective, new set of goals must be established for individual employees and teams with new time limits for achieving those goals.



They further argued that organizations must communicate clearly to employees and teams about the specific areas in which they are expected to improve and a stipulated time also assigned within which the employees and teams must show this improvement. Armstrong (2005) in a similar vein argued that a performance improvement plan should be jointly developed by the supervisor or manager and the employee or team which can be mutually agreed.

#### ***(v) Potential Appraisal***

Armstrong (2006) define potential appraisal to refer to the appraisal which leads to the identification of the hidden talents and skills of a person. The person might or might not be aware of them. He further argued that potential appraisal is a future oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Aslam and Sarwar (2010) in a similar assertion noted that many organisations consider and use potential appraisal as part of the performance appraisal processes which provide crucial input for succession planning, identification of training needs and motivate employees to further develop their skills and core competencies.

#### ***(vi) Learning, Training and development***

A performance based management handbook developed by Artley and Stroh (2001) highlighted on the role of learning and development in performance management practices. They are of the opinion that employee development is the main route to improved organizational performance, which in turn need an understanding of the techniques and processes of organizational, team and individual learning. Performance development reviews may be regarded as learning events, during which employees and teams can be encouraged to think about how and in which ways they want to develop themselves. This can lead to the establishment of a personal development



plan outlining the actions they suggest to take to meet their development needs. Research clearly show that many organizations are now putting more emphasis on talent management as a means of re-defining performance management with the aim of identifying needs, nurturing and retaining talented employees.

However, according to Chiaburu and Tekleab (2005) training is designed to enhance employees' job performance in an organization and helps employees to improve their ability. Mullins (2005) claimed that training may reduce frustration or anxiety of employees who are not familiar with skills for their jobs. After training, employees learn more and may improve their confidence and performance. Consequently, Harrison (2000) also made a similar conclusion that training contributes to the positive performance of an organization.

#### ***(vii) Performance Measurement***

According to Qureshi *et al.* (2010) measurement is define as evaluating the performance results against pre-established expectations. In a similar vein, the U.S. General Accounting Office (1992) provides the following definition: Performance measurement is the ongoing monitoring and reporting of program accomplishments, particularly progress towards pre-established goals. Rossi and Freeman (1989) suggested that performance measurement has increasingly become a powerful tool for assessing program outcomes and program activities. They further argue that the concepts of managing and measuring performance are not entirely new and are embedded in the principles of evaluation. For performance to be managed effectively, individuals must know the basis on which their performance will be measured. Measures should be transparent and applied fairly across the organization (US General Accounting Office 2001). According to Kaatz B (nd) Performance measurement can be a

valuable tool for managers, policy-makers, and other decision makers. It can assist with making better and informed decisions, determining the best uses of scarce resources, enhancing service quality, and improving communications with employees and also have the potential to act as an innovative force in organizations

#### ***(viii) Pay and Reward Systems***

Pay and reward systems are considered to be important tools not only for recruitment retention and motivation of staff, but also for encouraging skills development (Yiannis *et al.* 2009). Rewarding performance means providing incentives to, and recognition of, employees for their performance and acknowledging their contributions to the objectives of the organization. Recognition is an ongoing, natural part of the day-to-day experience. Good performance should be recognized without waiting for nominations for formal awards to be solicited. Awards may come in many forms, including cash, time-off job, non-monetary items, and honour awards (Aguinis 2007; Milkovich and Newman 2008).

Performance management is often linked to performance-based pay, although by no means all organizations claiming to use performance management systems have performance base pay structure. Nevertheless, performance base pay is a significant component in many performance management practices as it is believed to: motivate people in their work, and also deliver the message that performance is important and fair to reward people according to their performance (Milkovich and Newman 2008; Mujtaba and Shuaib 2010). They further identified competence-related pay as an alternative to performance related pay, which provides for a pay progression to be aligned to individual competence levels using a competence framework. Other available pay systems are team-based pay, a

kind of performance base pay for teams; and also contribution-related pay system, which might involve linking pay to competence as well as results achieved by employees.

#### **(ix) Coaching**

Coaching is the art of inspiring, facilitating the performance, learning and development of employees towards the improvement of performance (MTD Training 2010). Considering more collectively, Aguinis (2007) defined coaching as a collaborative ongoing process in which the superior interacts with his subordinates and takes an active role and interest in their performance; coaching involves giving employees advice, support, confidence and competence. He further argued that coaching involves directing, motivating and rewarding employees' behaviour.

However, Boyatzis *et al.* (2006) advocated that to ensure sustainable leaders, coaching with compassion should be made a key part of every manager's leadership role in every organization, as this behaviour would reduce their chronic power stress and serve as a remedy against poor performance. Mirvis (2008) cited by Segers *et al.* (2011) argued that coaching has become part of leadership development programs, and several authors have empirically or theoretically justified the use of coaching techniques to increase self-awareness in executive development programs. MTD training (2010) argued in a similar vein that during coaching, the coach must realize that doing it well is not just a science but an art; coaching requires that two people remain in a continuous communication and partnership. According to MTD training (2010), coaching becomes effective when the following six functions have been met by a coach.

**(a) Inspiring**- the coach should help each employee to reach his or her true potential. Coaches can help employees see what is possible for them in their career, both in the present as well as

the future. Inspiration comes in many forms and it is important to understand what will motivate each person in order to inspire them well.

(b) **Energizing**- by using effective communication, the coach can help to keep the level of energy up for the individual and the team as they pursue their goals. Energizing an individual requires getting and taking into consideration their suggestions and demonstrating and encouraging a ‘can do’ attitude.

(c) **Facilitating**-meaning you do not do coaching on your own- the coach does the coaching in partnership with the employee. The role is just as important as the coach and the coachee are likely to have insight into their own situation.

(d) **Performance**- improving performance means reaching for greater effectiveness and efficiency. Exactly how this goal will depend on the type of work that you do and the individual that you are working with. However, it may involve learning and development.

(e) **Learning**- improving performance might require learning a new way of doing things or a new approach to an old problem. Learning does not always require formal training programmes. Although that is certainly a valid way of increasing knowledge, the coach could simply teach an employee a new skill or habit that will help them reach their goals.

(f) **Development**-Learning is certainly one way to develop an individual, but there are others. Any time a coach help employees to increase their abilities, their confidence, their understanding, or their self-awareness; the coach is helping employees to develop.

#### **(x) Delegation**

Yukl and Fu (1999) describe delegation as the process of assigning important new tasks to subordinates, given subordinates some responsibility for decisions formerly handled by the manager, and increasing the amount of latitude and discretion allowed subordinates in how they

do their work, including the authority to take action without getting prior approval. They further propose that delegation is widely acknowledged to be an essential element of effective management and it offers a number of potential benefits, both to the manager and the subordinate. Delegation may improve the speed and quality of decisions, reduce overload for the manager, enrich the subordinate's job, increase the subordinate's intrinsic motivation, and provide opportunities for subordinate development of leadership skills (Yukl and Fu 1999). In order to meet the goals of the organization; focus on objectives and to ensure that all work is accomplished effectively and efficiently, managers and supervisors must delegate authority.

Delegation in most cases is the top-down transfer of formal authority from superiors to junior employees. The individual employee in this situation is empowered to act for the superior, while the superior remains accountable for the final outcome. Delegation of authority is a person to person relationship requiring trust, commitment between the supervisor and the employee (Yukl and Fu 1999). The superior assists in developing the employee in order to strengthen the organizations' capability in the future. This implies that the superior allows subordinates some degree of freedom to make mistakes and learn from them. In delegation, the superior does not supervise subordinates' decision-making, but allows subordinates the opportunity to develop their own skills. The superior allows subordinates the opportunity to achieve and be credited for the outcome.

Johnston (2000) is of the view that an organization's most valuable resource is its people, by empowering subordinates to perform delegated jobs with the authority to manage those jobs, superiors free themselves to manage more effectively and efficiently; successfully training future leaders and managers means delegating authority to subordinates. This gives employees the



experience, skills and confidence to develop themselves for managerial positions in the future. Research consistently shows that delegation provides better managers and leaders with higher degree of efficiency. Therefore, collective effort resulting in the growth of an organization is dependent on the use of delegation of authority (Johnston 2000).

#### **2.1.4 Performance Appraisal methods**

Selden and Sowa (2011) described performance appraisal as the centerpiece of performance management practices. Performance appraisal is the process of assessing the performance of an employee within a given time period by a Manager or supervisor. It helps in measuring the exact performance of the employee, his strengths and weaknesses and the required improvements (Aguinis *et al.* 2011). It is a tool that benefits both the employee and the organization by addressing work performance in terms of attendance, initiative, attitude, and work quality. Many organizations operate performance appraisals regularly, usually annually, during which an individual manager or supervisor assesses performance, potential and development.

The major addition is feedback which was missing in ACR and MBO practices where managers do not discuss performance but just write the report according to their own judgement which may be wrong sometimes. This approach offers an opportunity to both the manager and employee to sit together once in a year and discuss strategic and personal issues which are difficult to discuss otherwise. Barrett and Kernan (1987) agreed that it will be better to have more than one appraiser to conduct the appraisal, and all of them should assess employees independently. Furthermore, appraisers should record all the information and reasons supporting any decision. At this stage, it requires that the supervisor observe and record employees' performance. However, for making an effective performance appraisal system, it



is important to understand who assesses performance. This can be done by supervisors, peers, subordinates, self-appraisal and customers (Aguinis 2007).

Many scholars are of the opinion that performance appraisal has positive experience and contributes to the overall performance and welfare of organizations. Performance appraisal is a very effective system to improve employee performance and productivity and developing employees if carried out properly. It also helps individuals to do better, raises self-esteem and motivation. Above all it strengthens management/subordinate relationship and fosters commitment.

There is much research to show that individuals have a strong need and interest to know how well they are doing and where they stand in the eyes of their supervisors. Recognizing the importance of performance feedback is essential for organizations to undertake performance review for more than once in a year. There should be regular discussions of performance on an on-going basis and this can be seen as an opportunity for effective communication between the supervisor and the employee (Simpson 2001). In recent times, performance appraisal has been recognized for its value as one of several tools available to organizations for employee motivation. The various forms of performance appraisal are: Management by Objectives (MBO), the Balance Scorecard, 360 Degree Appraisal, Critical Incident Assessment, Forced Distribution, Written Essay Method, Behavioural Anchored Rating Scale (BARS), Paired Comparison, Self Appraisal and Graphic Rating Scale.

#### ***(i) Management by Objectives (MBO)***

Ward (2005) provides that appraisal schemes in the 1950s were focused on personality traits which led to the publication of McGregor's Harvard Business Review article (1957) criticizing the reluctance of managers to give feedback to employees because they felt uncomfortable "playing God". McGregor

then advocated a change from appraising personality to appraising job performance by assessing against set goals hence, incorporating Peter Drucker's "MBO principle". Many organizations set performance objectives or 'goals' to be accomplished by individuals, departments and the organization over a period of time. MBO is one of the most frequently used performance-management tools in many organizations.

Aslam and Sarwar (2010) describe MBO as a systematic approach which allows the managers and employees to know what is being expected of them. However, (Ward 2005; Legreid *et al.* 2006) further highlighted on the same point saying MBO consist of three main components. Firstly, management must formulate clear goals and targets and give employees flexibility in their daily work and must be based on the requirement that the objectives are specific, measurable, achievable, realistic and time bound (SMART) with performance indicators. Secondly, employees must report on results using a well-developed system of performance indicators. Improved methods for monitoring results and for measuring efficiency and goal achievement are needed. Finally, management must use the reported results to reward good performance and punish poor performance.

#### ***(ii) The Balance Scorecard***

The history of the Balanced Scorecard is short with mixed experiences and is not a common performance management practice in most developing economies. (Anand *et al.* 2005; Rompho 2011) noted that the Balance Scorecard provides a clear prescription as to what organisations should measure; it also translates the vision and strategy, defines the strategic linkages to integrating performance across an organisation, communicates objectives and measures to a business unit, and aligns strategic initiatives. They further argue that the Balance Scorecard aligns every employee within the organisation so that all employees understand how and what they can do to support the strategy.

Rompho (2011) is also of the opinion that the Balance Scorecard can be used for compensation purposes and provides feedback to management as to whether the strategy is working. The Balanced Scorecard suggests that an organization's performance can be viewed from four main perspectives: customer, financial, business process, and learning and growth. These four perspectives are linked to the organization's strategy which allows all employees to see how they can contribute to the overall success of the organisation. Anand *et al.* (2005) further argued in favour of the Balance Scorecard on the grounds that it leads to the identification of cost reduction opportunities in the organization, which in turn, have resulted in the improvement in the bottom line of most organizations.

### ***(iii) 360 Degree Appraisal***

Artley and Stroh (2001) put forward that feedback is one of the critical components of performance management practices. It is therefore vital for the manager to ensure that the feedback provided is meaningful, and that the employees have the chance to ask questions and provide input. However, Aguinis *et al.* (2011) in a similar vein argued that the most effective appraisal system is 360-degree's approach in which data is collected from employee himself, his peers, customers and seniors. He concluded it is the best method because when everyone reviews a person's performance we get an appropriate figure for calculation and the spectrum for review increases.

### **2.1.5 Benefits of performance management practices**

Performance management is an essential tool in business management today. A similar argument is attributed to Baron and Armstrong (2005) where they argue that management activity of this type makes it easier to evaluate the productivity of individual employees as well as entire departments. As a

result, the company will function more efficiently, keep overhead low, and has a better chance of succeeding. Many writers have identified the benefits of performance management that have a direct bearing on the day-to-day operation, which in turn makes the overall picture for an organization much brighter. Here we might cite the celebrated work of Aguinis (2007) in which he identified the following benefits of using an effective performance management system:

- (i) **Improved business profits:** the bottom line of an organization improves significantly by increasing employee productivity and quality of work.
- (ii) **Increased employee responsibility:** Communicating realistic but challenging job expectations and making employees accountable for their decisions and actions result in noticeable improvements in employee tardiness, absences, and organizational commitment.
- (iii) **Equitable treatment of employees:** All employees are treated fairly by implementing standardized procedures that promote consistency throughout an organization.
- (iv) **Enhanced quality of work life:** Employees experience greater job satisfaction because they become more successful. In addition, employee conflict is kept to a minimum.

Adams and Embley (1988) are of the view that a well-formed PM process gives the organization a powerful tool for addressing poor performance issues, should they arise. They further argued that if the employer and employees have agreed upon what their duties and responsibilities are, then both parties have something to refer to when they are not holding up their end of the agreement. A similar assertion was made by Aguinis (2007) and Armstrong (2006) arguing that a good PM system increases employee motivation; increases their self esteem; organizational goals are made clear; the employee become more competent; and organizational change is facilitated.

Organizations work more effectively when the goals and objectives of the organization, those of the smaller work units, and the job responsibilities of each employee are all linked. When people in the

organization understand how their work contributes to the success of the company, morale and productivity usually improve. Performance management is the key to making these links clear to everyone (Aguinis 2007). A similar assertion was made by Selden and Sowa (2011) where they concluded that organizations purposefully develop performance management systems to motivate employees. The process can motivate employees by establishing expectations and providing feedback on an employee's progress toward meeting those expectations. They further noted that managing individuals and teams' performance in an organization should result in higher employee satisfaction, morale and lower employee turnover, a process that has been demonstrated in human resource management research.

#### **2.1.6 Challenges in Performance Management Practices**

Despite the many benefits associated with performance management practices to the individual employee and the organization as a whole. The implementation of performance management practices comes with many challenges. The following are some of the challenges associated with performance management practices.

##### ***2.1.6.1: The challenge of aligning organizational goals and individual goals***

Aligning organizational goals with individual goals is one of the most essential areas in performance management practices. According to Panda (2011) the organizational objectives and measures taken at the strategic levels have to be cascaded from the top level to the lower level. He further argue that individual employees' role and goal clarity, setting individual targets, designing performance benchmark for different level of employees, providing necessary human and technical support to employee's and other related strategic and functional aspects are the challenging areas in performance management



practices. However, Simpson (2001) identified similar reasons why performance management practices are not as effective as it could be. First, many organizations lack clearly established corporate objectives and goals to undertake proper performance reviews. Second, managers and supervisors, specifically in large corporate organizations, regularly complete the required performance appraisal forms and the subject never mentioned again until the next review session, usually a year.

For performance management practices to be effective in most organizations, they should develop clear corporate objectives for doing performance appraisals. Managers and employees in the organization should understand the significance of undertaking appraisals. Third, the procedure of performance evaluations in most organizations lack credibility. He further argued that the failure of many managers in most organizations to clearly spell out to employees, the aspects of the job to be evaluated and the standards against which performance would be measured has been a big challenge. Many performance management scholars and writers came to the conclusion that it would simply be unfair to appraise employees' performance if it is not made clear to employees and teams at the beginning as to what aspects of the job will be evaluated and what standards would be used to measure their performance.

#### ***2.1.6.2: The challenge of linking pay and reward to performance***

Designing appropriate performance management practices and its implementation requires periodical review, incorporation of rewards and recognition are really challenging functions for the managers and supervisors (Panda 2011). The appraisers play key role in the performance management processes. The immediate supervisor has to appraise subordinates achievements neutrally based on which the incentives and rewards of the employee would be determined. Performance linked incentive is one of

the controversial areas where enough care needs to be taken with maintaining neutrality in rating. Therefore, the Company should provide excellent communication and support system for facilitating employee performance.

#### ***2.1.6.3: The challenge of measuring performance***

According to the performance appraisal handbook developed by the US Department of the Interior, it was noted that the lack of clearly defined performance measurements can sometimes lead to intellectual dishonesty in the evaluation of employees; unfair evaluations and loss of credibility of management by employees in the appraisal process were among the many weaknesses of performance management practices. In a similar vein, Armstrong and Baron (2005) argued against performance appraisal on the ground that it is controlled and implemented by HR department for linking performance with pay which does not motivate the managers because they hesitate to give opinions that affect their colleagues pay, this leads to rating error and bias.

#### ***2.1.6.4: Rating Biases***

No performance management practice is absolute and error free. The implementation of appraisal system is an important requirement of performance management practices. Poor judgment by the appraiser, lack of performance feedback, inadequate resources, unrealistic expectations, failure to communicate the performance expectations, harassment, biasness in rating, lack of attention, unfair treatment to employee's are some of the main problematic issues in performance management practices (Kohli 2008 cited by Panda 2011). A similar argument has been put forward by Aguinis (2007) which include the halo effect, central tendency, first impression error, similar to me error, leniency or strictness bias, and relationship effect are all challenges in performance management practices. Patton (2001:277) identified two weaknesses of performance appraisal at the division level. First, "lack of

relevant competitive information that adds objectivity to the appraisal process and second, the lack of will power to apply the information”.

#### ***2.1.6.5: The challenge of using performance related pay***

Critics of Performance Related Pay by contrast argue that other factors are more significant than performance based pay in enhancing employee motivation. Therefore, arrangements could be based on subjective assessments of employee performance and finally, the performance related pay hinders teamwork because of its individualistic in nature. The performance-based management handbook developed by Artley and Stroh in 2001 for implementing the government performance and results Act of 1993 (GPRA) identified the following challenges affecting performance measurement: the cause and effect of outcomes are not easily established; poor results do not necessarily point to poor execution; numerical quotas do not fix defective processes and finally, measurements only approximate the actual system.

#### ***2.1.6.6: The challenge of using MBO***

MBO is now becoming a common performance management practice in most developing economies. However, many critics say MBO focuses on results that are accomplished at the end but fail to notice the job behaviour. Aguinis (2007) is of the opinion that MBO is not appropriate in situations where we need to know how the results are achieved. In a similar vein, Carvalho (1972) identified three major weaknesses of MBO. These are difficulty in measuring performance; difficulty in getting subordinates to accept the program that is recognize, and develop measures of shared responsibilities and finally, difficulty in determining what are appropriate objectives. He further argued against the MBO on the issue of attitude formation which is critical during the implementation phase. He has observed that a successful implementation of MBO requires that all managers have a fundamental results-oriented attitude.

Unfortunately, organizations structures frequently work against developing this attitude uniformly in all managers at all levels.

#### **2.1.6.7: The challenge of using the Balance Scorecard**

The critics of the Balanced Scorecard approach argue that it is difficult to achieve balance between the financial and non-financial measures and that the firms do not adhere to this balancing act because of implementation problems. According to (Kaplan and Norton 1996b cited by Maltz *et al.* 2003) the Balanced Scorecard has been found to be inadequate on the ground that it neither has stakeholders' perspective nor a 'two way evaluation process'. They also noted that it fails to highlight the employees, suppliers, and community's contribution in the achievement of organizational objectives.

Smith (1998) cited by Maltz *et al.* (2003) is also of the opinion that in the service sector, the role of motivated employees is critical to success and that the Balanced Scorecard fails to consider it. Meyer (2002) argued against the Balanced Scorecard on the ground that it makes non-financial performance indicators difficult to measure. The financial measures dominate as far as employee compensation is concerned. According to Meyer, it did not provide guidance on how to combine the different measures into an overall appraisal of performance.

#### **2.2 Conceptual framework of performance management practices**

According to Harris (2007) organizations should recognize that there is no simple step they can take to create an effective performance management process. However, research consistently shows that there are a number of key practices that when used together can greatly improve the effectiveness of performance management practices in an organisation. Before developing the conceptual framework, the researcher reviewed existing performance management literature on performance management

processes. Here we might cite the celebrated work of (Aguinis 2009a; Grote 1996; and Armstrong 2006) in which they identified various stages of performance management processes. However, Aguinis (2007) developed six stages of performance management processes, where he concluded that for performance management to be effective in any organization, they must adopt the PM stages. Following the review of the literature, the researcher presents a modified framework for performance management as a process. The flow of the researcher's seven stages of the performance management process is illustrated graphically below.





## PERFORMANCE MANAGEMENT FRAMEWORK

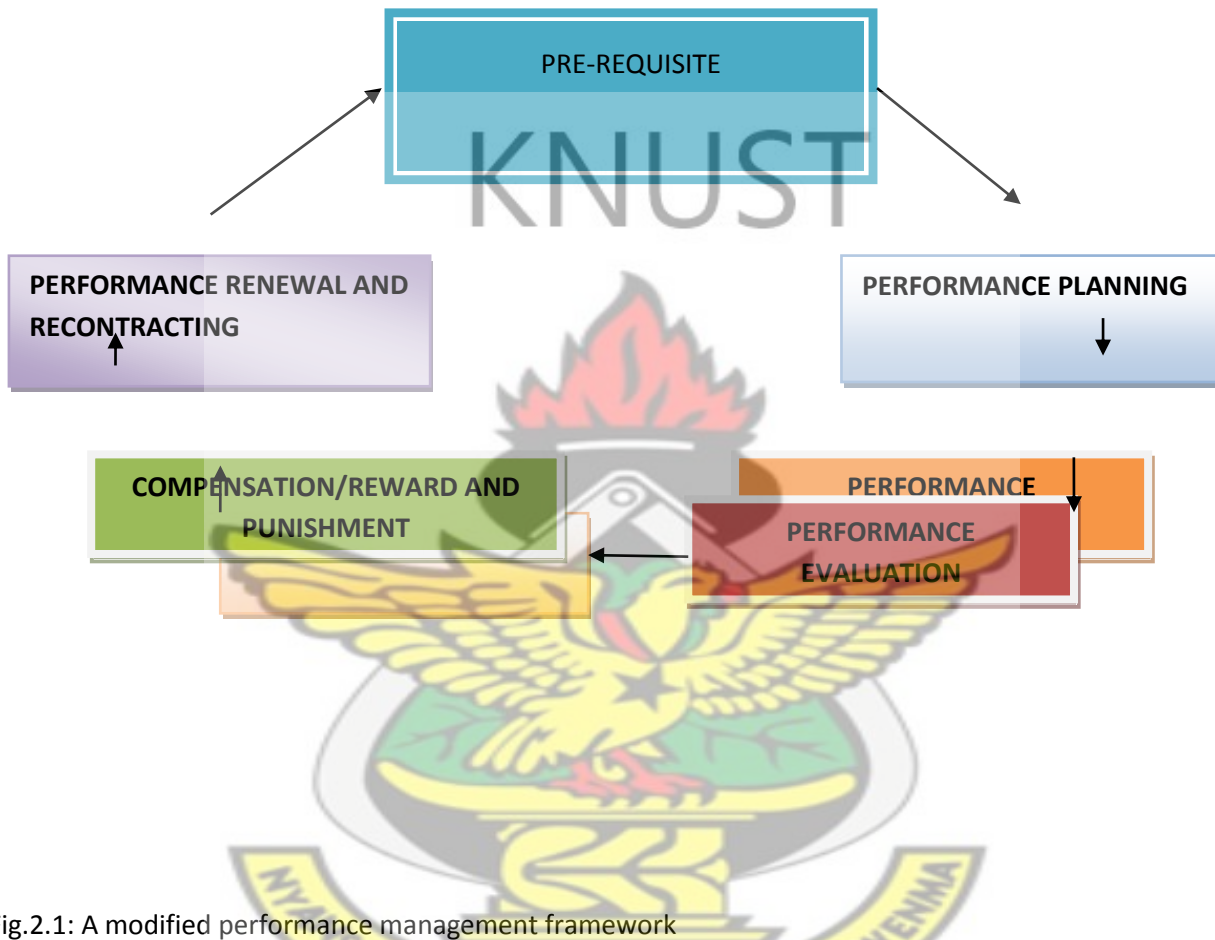


Fig.2.1: A modified performance management framework

**Source:** Adopted and modified from *Aguinis (2009a)*, an expanded view of performance management. In J. W. Smitter and M. London (Eds), *Performance management: Putting research into practice*. San Francisco: Wiley

### (i) Pre-requisites

Aguinis (2009a) concluded that two important prerequisites are needed before a performance management programme is implemented in an organisation. In his view, the knowledge of the organization's mission and strategic goals and the knowledge of the job in question are of relevance to the successful implementation of a PM system. If there is a lack of clarity regarding where the organization wants to go, or the relationship between the organization's mission and strategies and each of its unit's mission and strategies are not clear, there will be a lack of clarity regarding what each employee needs to do and achieve to help the organization get there (Fifield 2007). An organization's mission and strategic goals are as a result of strategic planning, which allows an organization to clearly define its purpose, where it wants to be in the future, the goals it wants to achieve, and the strategies it will use to attain these goals (Johnson *et al.* 2008). Once the goals for the entire organization have been established, similar goals flow downward to middle and lower level management, with the departments setting objectives to support the organization's overall mission and objectives. The process continues to flow downward until each employee has a set of goals compatible with those of his or her unit and the overall organizational goals (Armstrong 2005; Aguinis 2007).

The second important pre-requisite before a performance management system is implemented, is to understand the job in question; this is done through job analysis. Job analysis according to Milkovich and Newman (2008:87) is "the systematic process of collecting information that identifies similarities and differences in the work". In performance evaluation, both the employees and managers look to the required behaviours and results expected in a job to help assess performance. A job analysis is a fundamental prerequisite of any performance management system. In the view of (Aguinis 2009a; Milkovich and Newman 2008) without a job analysis, it is difficult to understand what constitutes the required duties for a particular job. If we do not know what an employee is supposed to do on the job, we would not know what needs to be evaluated and how to do so.

### ***(ii) Performance Planning***

Performance planning stage has the goal for employees to have a thorough knowledge of the performance management system in an organization. In fact, at the beginning of each performance cycle, the supervisor and the employee meet to discuss, and agree on, what needs to be done and how it should be done. This performance planning discussion includes a consideration of results, behaviours, and development plan (Aguinis 2007; Milkovich and Newman 2008).

### ***(iii) Performance Execution***

Once the review cycle begins, the employee strives to produce the results and display the behaviours agreed on earlier as well as to work on development needs. The employee has primary responsibility and ownership of this process. Employee participation does not begin at the performance execution stage. However, employees need to have active input in the development of the job descriptions, performance standards, and the creation of the rating form. In addition, employees are active participants in the evaluation process in that they provide a self - assessment and the performance review interview is a two way communication process (Aguinis 2009a :19). Although the employee has primary responsibilities for performance execution, the supervisor also needs to do his or her share of the work. Supervisors have primary responsibility over the following issues: observation and documentation, updates, feedback, resources and reinforcement (Aguinis 2009a; Milkovich and Newman 2008)

### ***(iv) Performance Assessment***

In the assessment stage, both the employee and the manager are responsible for evaluating the extent to which the desired behaviours have been displayed, and whether the desired results have been achieved. Although many sources can be used to collect performance information, in most cases the direct supervisor provides the information. This also includes an evaluation of the extent to which the goals stated in the development plan have been achieved (Aguinis and Pierce 2008; Bennett *et al.* 2006).

It is important that both the employee and the manager take ownership of the assessment process. When both parties are involved in the assessment process, it provides good information to be used in the review stage. When both the employee and the supervisor are active participants in the evaluation process, there is a greater likelihood that the information will be used productively in the future.

#### ***(v) Performance Review***

This is the more formal evaluation stage where performance review over the specified period takes place in which achievements, performance agreements and development plans are analyzed and can lead to performance ratings (Aslam and Sarwar 2010). The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance. In spite of its importance in performance management, the appraisal meeting is often regarded as the backbone of the entire PM process (Kikoski 1999). This is because many managers are uncomfortable providing performance feedback, in cases where employees or teams perform poorly (Ghorpade and Chen 1995). Providing feedback in an effective manner is extremely significant because it leads not only to performance improvement but also to employee satisfaction with the system (Aguinis 2009a).

#### ***(vi) Compensation, reward and punishment***

Compensation according to Milkovich and Newman (2008:33) refers to “all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship”. Milkovich and Newman (2008:33) are of the opinion that “the pay system must be align with the organisation’s business strategy”. The emphasis should be place on employee contribution as an important policy decision since it directly affects employees’ attitude and work behaviour. Goncharuk and Monat (2009) provide a performance management model, which is called employee goals-behaviours-metrics-rewards (GBMR) model. In their model, they emphasize the importance of motivation in employee performance management. They argue that motivation can encourage the adoption of employees’ new behaviour. When improving their behaviours, employees can make better performance. Organizations must keep an effective reward system to improve their behaviour. Furthermore, rewards should have values, which means, they are financial or symbolic. Finally, rewards must be offered consistently to meet employees’ needs. According to Stone (2005:424) “punishment is a kind of motivation. It is used when a negative performance appear after the undesired behaviour is presented”.

#### ***(vii) Performance Renewal and Recontracting***

The final stage in the performance management process is renewal and recontracting. Essentially, this is identical to the performance planning component. The main difference is that the renewal and recontracting stage uses the insights and information gained from the other stages. For example, some of the goals may have been unrealistically set high given an unexpected economic downturn. This would lead to setting less ambitious goals for the upcoming review period.

The performance management process includes a cycle that starts with prerequisites and ends with performance renewal and recontracting. The cycle is not over after the renewal and recontracting stage.



The process starts all over again; there need to be a discussion of prerequisites, including the organization's mission and strategic goals and the job's KSAs. Because markets change, customers' preferences and needs change, and products change, there is a need to continuously monitor the prerequisites so that performance planning, and all the subsequent stages, are consistent with the organization's strategic objectives.

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## CHAPTER THREE METHODOLOGY

### 3.0 Introduction

This chapter discusses the methodology of the study. The topics covered include the research design, the strategy of the study, population identification, sampling procedures and data collection methods. The chapter also considered how the data were analyzed, validity and reliability, ethical considerations and finally, the organizational profile of the case study.

### 3.1 Research Design

There is a significant difference between qualitative and quantitative study approaches. In quantitative research, the data obtained from the respondents is expressed in mathematical form. However, in qualitative research, the data obtained from the study is not expressed in numerical form. Qualitative research emphasizes on the stated experiences of respondents and on the meaning they attach to themselves, to other people, and to their environment (Saunders *et al.* 2009).

Qualitative research approach has been adopted for conducting this study. As the main purpose of the research was to explore the various performance management practices and how they are applied in the management of employee performance, the benefits and challenges associated with the various performance management practices and how the organization should deal with PM practices in the future. As Saunders *et al.*(2009) asserted that case study research “provides an analysis of the context and processes involved in the phenomenon under study” and provides an opportunity to have quick glimpse of people’s inner feelings, their beliefs and observations about these contexts. In addition, qualitative research provides the avenue to understanding the respondents in the research as rounded individuals in a social context. Qualitative research must be conducted by a deep and intense research on the situations. Thus, the rationale for adopting a qualitative approach for this case study.

### 3.2 Research Strategy

The purpose of this study was exploratory. As a result, a case study strategy was suitable for this work. In this study, a single case study organization was chosen instead of multiple case studies for some reasons. Firstly, this single case study ‘represents the critical case in testing a well-formulated theory’ (Yin 2003 cited by Saunders *et al.* 2009). The case study organization was chosen to find out whether or not the various PM practices reported in literature that led to successful PM practices are sufficient and whether Oti-Yeboah Company has implemented the various PM practices successfully. Secondly, this is a revelatory case, in which the researcher has an opportunity to observe and analyze the phenomenon. Finally, this is a cross-sectional case and therefore must be studied at a particular given period to discover how PM practices are operational in the organization (Saunders *et al.* 2009). Based on these reasons, one Ghanaian ply mill and veneer manufacturing business was chosen as a case study.

### **3.3 Sources of data**

This study used both the primary and secondary data sources.

#### ***3.3.1 Primary data source***

Primary data means the researcher gets information directly from the organization (Saunders *et al.* 2009). The source of primary data contains experiment, observations, surveys (questionnaires) and interviews. Primary data is collected for the particular project at hand; its main advantage is that it can make the research consistent and objective. In this study, the researcher used the primary data to make the investigation. The primary data were from the interviews, questionnaires and observations made during visits to the organization.

#### ***3.3.2 Secondary data source***

Secondary data are data which were written or collected by other people, and it is often for other purposes (Saunders *et al.* 2009). In other words, if the information has existed, it is secondary data when we use it. In this study, the source of secondary data includes internet sites and web pages, government or organization studies and reports, text books, articles, journals, and other published data. There are some advantages when using secondary data. For instance, it is available, and then people can get and analyze it. In general, secondary data has high quality. It offers useful information to the researcher to make the investigation. In this study, the researcher only got limited documents from Oti-Yeboah Company limited because it has no website on the Internet.

### **3.4 Population**

The population size of the study is 1,015 employees. The population is categorized as follows in table 3.1 below.

**Table 3.1: *The population of the organization based on positions***

Management staff	7
Senior staff(administrative and technical)	62
Junior staff(administrative and Technical)	83
Menial staff/ Labourers	863
<b>Total</b>	<b>1015</b>

Source: Author's construct, 2012

For the purpose of this research, the study population was grouped according to departments from which the sample was selected proportionately from each department. However, the officer from the Personnel Department was selected because he is the only employee in the department as at the time of the study. The table below is a breakdown of employees according to the various departments as grouped by the researcher.

**Table 3.2: *Population of employees based on departments***

Department	No. of employees
Production	822
Engineering/ workshop	123



Administration and Accounts	48
Security unit	18
Sales and Marketing	3
Personnel	1
<b>Total</b>	<b>1,015</b>

Source: Author's construct, 2012

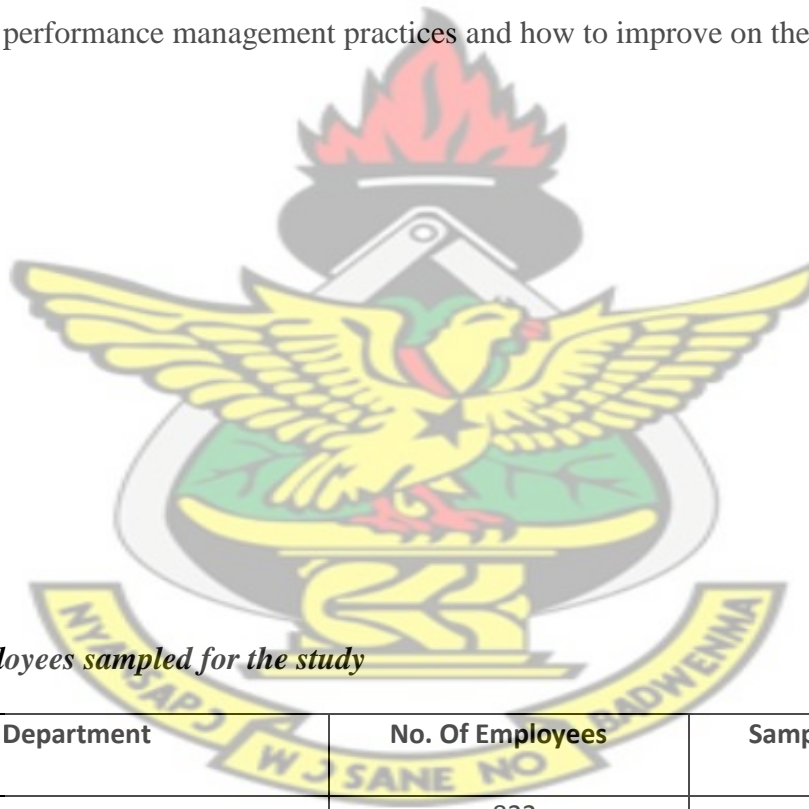
### 3.5 Sampling techniques

The sampling technique for the study is stratified random sampling. The rationale for choosing this strategy was to give equal representation to all the departments of the organization. Thus, 89 participants were selected from the Production Department, 13 participants from engineering and workshop, 5 participants from Administration/Accounts, 2 participants from Security Services one each from Marketing/Sales and Personnel Department. The researcher considered a sample size of 111 participants in the study. The sampling size was determined using (Yamane 1967:886 cited by Israel 1992) simplified formula for calculating sample sizes. Which is  $n = \frac{N}{1 + N(e)^2}$  where “n” is the sample size, “N” is the population size, and “e” is the level of precision. The level of precision, sometimes also called sampling error, which is the range in which the true value of the population is estimated to be. For the purpose of this study, the level of precision was  $\pm 9$ . Thus,  $e = (0.09)$ .

The sample of the study comprised of two forms of respondents: heads of departments or line managers and floor workers of the organization. The different perspectives provided by these heads of department and employees deemed significant to totally capture the dynamics of the performance management practices in the organization. More specifically, heads of departments

have a closer view and understanding on how performance management tools are applied and accepted by the users (employees), their benefits and challenges and its effectiveness towards the improvement of performance.

However, employees will have experienced the performance management practices used and are better able to state on benefits and challenges and the effectiveness of the various performance management practices. This sampling procedure will be relied upon to gain a broader perspective on how performance management practices are applied, the benefits and challenges associated with the various performance management practices and how to improve on them in the future.



**Table 3.3: *Employees sampled for the study***

Department	No. Of Employees	Sample selected
Production	822	89
Engineering/workshop	123	13
Administration/ Accounts	48	5
Security unit	18	2

Sales and Marketing	3	1
Personnel	1	1
<b>Total</b>	<b>1015</b>	<b>111</b>

Source: Author's Construct, 2012

### **3.6 Data collection instruments**

In this study, the main data collection instruments used were semi-structured interviews and questionnaires.

#### ***3.6.1 Semi-structured interview***

The study used a semi-structured interview which involved a standard set of questions. However, few employees at the factory floor could not be interviewed in English; the questions were translated into the “Akan” language. Individual interviews were conducted by the researcher in person in all six (6) departments. In order for the researcher to obtain precise descriptive information on the performance management practices, the researcher asked heads of departments to focus on the various performance management practices that they were involved in, and how they are applied, and their benefits and challenges. For employees, the researcher required them to describe the most performance management practices that they have experienced since they joined the organization. The second part of the process was qualitative as respondents were asked about the benefits and challenges associated with the use and administration of the various PM practices; solutions to these challenges; and their opinion about the future of PM practices in their respective departments.

#### ***3.6.2 Questionnaires***

Questionnaire according to Saunders *et al.* (2009) refers to all techniques of data collection in which each participant is asked to respond to the same set of questions in a predetermined order. The researcher adopted this approach to collect the data because of the large number of respondents involved in the study, therefore, the researcher believes that primary data collected through questionnaires would be the best option and most appropriate for the study.

### 3.7 Data Analysis techniques

The study used a multi-step content analytic method to analyze the responses for each participant (Brutus *et al.* 2008). Responses collected from the interview were tabulated using Statistical Package for Social Sciences (SPSS). The researcher also reviewed all the responses and grouped those that have related meaning and labels were provided to capture the meaning reflected in the responses. Agreement between the researcher and participants was high as the interview responses were quite specific. Emergent responses were tabulated in order of the frequency of occurrence (Brutus *et al.* 2008).

When major differences are observed between the responses from the heads of department and employees; the data were to be presented differently, but when there were no major differences between the responses from both respondents, the data were presented jointly. The researcher divided the findings into four units. The researcher, first described the performance management practices found and highlighted the notable characteristics of each, a more detailed description of the performance management practices and how they are applied in the organization. Second, the researcher outlined the main benefits associated with the use of the various performance management practices. Third, the researcher presented challenges associated with the use of performance

management practices. Finally, the researcher reported participants' views as to the future of performance management practices in the organization.

### 3.8 Validity and Reliability

The quality of every research work significantly depends on its validity and reliability. Saunders *et al.* (2009:373), argue that validity involves “the extent to which a test measures what we actually wish to measure”. It concludes three forms, which are content, criterion-related and construct validity. For making a good content validity, the data collection instrument must be adopted correctly and relate to the topic, or use a group of people to make the investigation. A perfect criterion-related validity concludes four qualities, which are relevance, freedom from bias, reliability, and availability. In construct validity, it should consider the theory and measuring tools (Saunders *et al.* 2009). After knowing the theory, the measure instrument can be adopted adequately. In this study, the researcher chose a case study research. For obtaining the valid data, the interview questions are designed carefully, which relate to the topic of the theories used. Also, the researcher interviewed 111 participants (heads of department and employees).

Reliability implies that the research findings can be repeated by another researcher. It requires that interview questions be answered in high quality by respondents (Saunders *et al.* 2009). Thus, it is important for the researcher to conduct the interviews in an efficient way. Meanwhile, reliability involves stability, equivalence and internal consistency of the research results. For improving reliability, some methods can be used, such as minimizing external sources of variation, standardizing conditions under which measurement arises (Saunders *et al.* 2005). The research result in this study is based on the collected data. Consequently, in order to make the study as reliable as possible, the researcher sampled



111 participants using stratified random technique. Finally, the researcher evaluated the different opinions of participants to do the analysis and discussions of the findings.

### **3.9 Ethical Considerations**

Ethical concerns always emerge as the researcher plans the research, seeks access to organizations and to individuals, collection of data, analyzing data and reporting the data. Ethics as defined by Saunders *et al.* (2009) refers to the appropriateness of the researchers' behaviour in relation to the rights of those who become the subject of the study or are affected by it. In this study, the researcher provided a clear account of the purpose and type of access required which was able to address the concerns of the organization. Participants took part in the study voluntarily and had the right to pull out completely from the research. Finally, the maintenance of the confidentiality of data provided by identifiable participants and their anonymity and reactions of participants was also observed.

### **3.10 Case study: Oti-Yeboah Company Limited**

#### **3.10.1 Historical Background**

Oti-Yeboah Company Limited is located at Abesim in the Sunyani Municipality in the Brong Ahafo Region of Ghana. The Company is a Limited Liability Company Incorporated under the Companies' Code 1963, Act 179. The Company was born out of Chiraa Forest Mill in 1991 from a very modest and small-scale beginning. The Company now ranks amongst the best veneer and ply mill factories in the country. It is one of the pioneer ply mill and veneer manufacturing companies established in early times in the Brong Ahafo Region. The main objective of the Company is to process quality wood at a very moderate cost to meet the needs of both local and

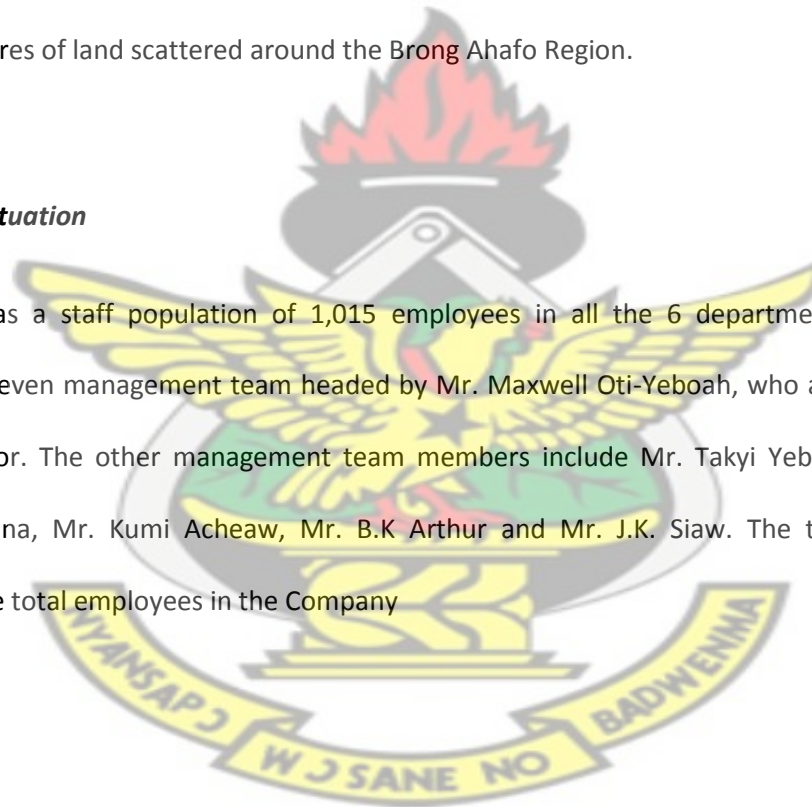
foreign markets. During the last twenty years, the Company has groomed itself from a small ply mill and veneer manufacturing company to a major exporter of ply mill and veneer.

### ***3.10.2 Main Activities of the Company***

The main activities of the Company are the manufacturing of ply mill and veneer. The Company currently exports about 60 percent of the total output to Europe and some parts of Asia, while the remaining 40 percent is supplied to the Ghanaian market. The company has afforestation programme which in the future will help sustain operations. For instance, they have planted various species of wood in over 800 hectares of land scattered around the Brong Ahafo Region.

### ***3.10.3 Staffing Situation***

The Company has a staff population of 1,015 employees in all the 6 departments. However, the Company has a seven management team headed by Mr. Maxwell Oti-Yeboah, who also doubles as the Managing Director. The other management team members include Mr. Takyi Yeboah, Mr. Sampson Ogyiri, Mr. Rohana, Mr. Kumi Acheaw, Mr. B.K Arthur and Mr. J.K. Siaw. The table below is the breakdown of the total employees in the Company



**Table 3.4: Total employees according to their respective departments**

Department	No. of employees
Production	822
Engineering/ workshop	123
Administration and Accounts	48
Security unit	18
Sales and Marketing	3
Personnel	1
<b>Total</b>	<b>1,015</b>

Source: Author's Construct, 2012

The company is currently producing at 70% of installed capacity, due to lack of raw materials.

However, the management of the Company is still maintaining their workforce in anticipation of getting renew concessions to operate in full capacity as soon as possible.

#### ***3.10.4 Preliminary investigations into the performance management practices in the Company***

It is interesting to note that causal investigations in the Company have revealed that even though they are some performance management practices, there is no performance appraisal system in the Company which is unusual of an organization. Performance appraisal is the centerpiece of performance

management practices in every organization. Therefore any organization that does not operate performance appraisal system would not have a good performance review and feedback system in the organization. The non existence of performance appraisal system does not create avenue for the development of performance improvement plans. Also, learning, training and development needs of employees would not easily and properly be identified for the benefit of the Company. As a result, the success of any performance management practices depends on a good and properly developed performance appraisal system.

Another interesting finding from the preliminary investigation has revealed that the use of personal connection have become part of the organizational culture of the Company. Personal connection as the employees call it “*Me nipa*” is one of the most deeply rooted Ghanaian cultural values. “*Me nipa*” is the tie connection with people, and it is a societal value in Ghana. “*Me nipa*” does not only mean friendship, but also mean salient role obligation argued by Farh et al. (1998). Meanwhile, the shared obligations are only offered to individuals who have a strong relationship with managers and supervisors. Thereby, a person who has strong ties has more opportunities to get success than others who have weak ties.

Managers and supervisors in Oti-Yeboah Company Limited treat their employees according to their relationship. Employees who have relationships with them obtain more preferential treatment than others. Thus, “*Me nipa*” affects performance management practices and especially it influence the result of performance appraisal and how employees are promoted in the Company. This therefore means that if one employee has no good relationship with managers and supervisors, even if the employee has a perfect activity in reality, it is hard for him or her to obtain a good result during performance appraisal process.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4.0 Introduction

This chapter deals with data presentation, analysis and discussion of findings of the study. The data is analyzed using Statistical Package for Social Sciences (SPSS) and findings are presented in tables and figures and discussed accordingly.

#### 4.1 Characteristics of Respondents

This study considered a total number of 111 employees. The demographic statistics of respondents is shown in Table 4.1. The findings in Table 4.1 shows that of all the respondents, 43 (38.7%) respondents were aged between 36 – 45 followed by the age groups of 25-35 and 46-56 which accounted for 42 (37.8%) and 16 (14.4%) respondents respectively. Males accounted for 107 (97.3%) respondents while 4 (2.7%) represented female respondents. Workers at non-managerial position represented 86 (82.9%) of the total respondents with supervisors accounting for 13 (11.7%). Additionally, 6 (5.4%) respondents were managers. Most of the respondents were from the Production Department represented by 89 (80.1%) respondents with another group from Workshop and Engineering constituting 13 (11.7%) respondents. Administration/Accounts and Security Services Departments represented 5(4.5%) and 2(1.8 %) respondents respectively, while one respondent each were from Marketing/Sales Department and Personnel Department.

In terms of employees' qualifications, 75 (67.6%) respondents had completed basic school/middle school form four, while a total of 17(15.3%) respondents were senior high school/NVTI levers and 12 (10.8%)



respondents had no formal education while only 7 (6.3%) respondents have tertiary education. In terms of employee's length of working experience, 89 (80%) respondents have worked with the Company for over 6 years or more. Only 22 (19.8%) respondents have worked with the organization between 2 and 5 years respectively.

**Table 4.1: Demographic statistics of respondents**

Demographic		N	Percentage
Gender	Male	107	97.3%
	Female	4	2.7%
Age group	Below 24 yrs	5	4.5%
	25-35yrs	42	37.8%
	36-45 yrs	43	38.7%
	46-56 yrs	16	14.4%
	57 years and above	5	4.5%
Position	Managers	6	5.4%
	Supervisors	13	11.5%
	Employees	86	82.9%
No. of years of working experience	Less than 1 year	-	-
	2-5 years	22	19.8
	6-9 years	37	33.3%
	10-13 years	22	19.8%
	14-17 years	27	24.3%
	18 years and above	3	2.7%

Level of education	Basic school/Middle school	75	67.6%
	NVTI/ SHS/ 'O' Level	17	15.3%
	HND		
	1 <sup>ST</sup> Degree	5	4.5%
	2 <sup>nd</sup> Degree	2	1.8%
	None	-	-
		12	10.8%

Source: field work, 2012

The findings have shown that of the 111 respondents, 85 (76.5%) were aged between 25 –45 years, meaning that this age group could account for a significant portion of the Oti-Yeboah Company Limited labour force. Most of these employees were working at an entry-level, with basic educational background and some employees without any basic educational background. This finding is an indication that a significant proportion of the Oti-Yeboah Company Limited labour force does not have tertiary education. Additionally, 89 (80%) respondents have worked with the organization for six years and above. This finding in the opinion of the researcher could be attributed to the lack of alternative jobs readily available in the region due to lack of similar companies. Therefore employees have no option than to remain in the Company or it could also be an indicator of low employee turnover rate in this industry. This is a confirmation of suggestions by Bentil (2008) that economies with low rate of labour turnover could be experiencing high rate of unemployment.

The few female employees in the Company is an affirmation by Armstrong (2006) that few women are always engaged for jobs that requires the use of physical strength. In the opinion of the researcher, the only 4 (2.7%) female employees in the Company could also be attributed to the recent practice by many

Ghanaian small and medium scale enterprises to avoid the recruitment of more women due to the cost incurred during maternity leave.

#### 4.3 Availability of Performance Management practices

Question 1 (see Table 4.2) deals with the operations of performance management practices. The question proposed was “whether the organization operate any performance management practices” while respondents were given choices to choose from. All respondents agreed to the existence and operation of performance management practices in the Company.

##### *4.2: The operation of any performance management practices*

	N	Percentage
Yes	111	100%
No	-	-
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: Field work, 2012

The finding shows that all respondents asserted to the presence and use of performance management practices could be validated by the argument put forward by Nicolaou and Staviou-Costea (nd) that a fundamental shift is occurring in the world economy and as we move increasingly away from a world in which national economies were relatively isolated from each other into an interdependent global economic system, have made performance management practices to become critical to the success of all companies, large and small, regardless of industry. The more effectively a firm manages its employee's performance, the more successful the firm is likely to be. Subsequently, a similar conclusion

was reached by Dessler (2000) that it has become a commonplace to say that performance management practices is and should be a major part in developing and implementing a company's strategy.

Today, it would be difficult to imagine any organization achieving and sustaining effectiveness without efficient performance management practices. This explains why respondents in this study believe that performance management practices are as important as any other resources. However, when respondents were asked the question "Who sets performance goals and targets for employees in the Company", all respondents indicated that the line managers set performance targets for employees.

**Table 4.3: Setting of performance goals/targets for employees**

	N	Percentage
Line managers	111	100%
Personnel manager	-	-
Apraiser and Appraisee	-	-
Employees themselves	-	-
Others	-	-
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: field work, 2012

In this question, the answer that "line managers exclusively sets performance goals and targets for employees" by all respondents in this study is in direct contrast with existing literature as put forward by and Baron Armstrong (2006) and Aguinis (2007) who argued that performance planning is the first crucial component of any performance management practice and forms the basis of performance appraisal. Therefore, performance planning should be jointly carried out by the employee and also the

manager/supervisor in the beginning of a performance session. During this period, the employees should decide upon the targets and the key performance areas which can be performed over a year within the performance period, which is finalized after a mutual agreement between the supervisor and the employee.

#### 4.4 The various performance management practices

Question 2 (see table 4.4) deals with the various performance management practices applied in the Company. The question proposed was “Which of the following are part of your performance management practices” while respondents were given choices to choose from. About 70 (63.1%) employees identified Supervision and Control System, 26 (23.4%) employees identified Coaching while 11 (9.9%) employees identified Delegation. Additionally, 4 (3.6%) employees identified performance measurement as a performance management practice used by the Company.

**Table4.4: performance management practices used in the company**

	N	Percentage
Supervision and control system	70	63.1%
Coaching	26	23.4%
Delegation	11	9.9%
Performance measurement	4	4.3%
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: field work, 2012

From table 4.4, the finding shows that 70 (63.1%) respondents emphasized on Supervision and Control System as the most widely and frequently used performance management practice to ensure that



employees meet their daily targets and improve on the overall employee performance in the Company. This finding could be attributed to the responses gathered from the researcher's interviews with some employees from the Production and Engineering Departments where employees stated that they were treated unfairly, an employee who work as a jointer said "I have been working for this company for the past 8 years and receive the same salary with colleagues who were employed 3 years ago".

Additionally, some employees also indicated that their salaries were below the minimum wage, some employees benefit from social security while others do not and the provision of protective equipments are not forthcoming. In the opinion of the researcher, the above mentioned conditions might have brought about low morale among employees in the Company. Thus, effective supervision and control system has become the most important avenue by which management can ensure employees achieve the desire results. Also, the finding could be attributed to the work of McGregor. McGregor labeled some employees as Theory X workers: individuals who dislike work and avoid it where possible; individuals who lack ambition, dislike responsibility and prefer to be led; individuals who desire security. The management implications for Theory X workers are that, to achieve organisational objectives, an organization would need to impose a management system of coercion, control, supervision and punishment.

From the results illustrated in table 4.4, the importance of Coaching to these respondents of the Company were seen obvious, which complied with Aguinis's (2007) work that coaching is increasingly becoming a means for creating more effective and efficient performance, for assessing and reformulating values and goals and reaching solutions for many organizations all over the world. Nevertheless, Delegation was still the third most important performance management practice used in the Company with higher percentage than performance measurement. Even though the Company used performance measurement as a

practice, in the opinion of the researcher, its application is not in line with best practices in existing literature. In the Company, performance measurement is only applied in the Production Department, while in other departments performance are not measured. This means the use of performance measurement is not properly applied in the management of performance in the organization.

#### 4.5: Application of the various performance management practices

From table 4.4, there is strong evidence to show that Oti-Yeboah Company Limited is using volume of output in assessing the performance of employees. About 84 (75.7%) employees responded that performance are assessed based on the volume of output employees are able to produce daily. However, 26 (23.4%) employees indicated the Company assesses employees' performance based on what has been observed by managers and supervisors. Additionally, 1(0.9%) employee said performance is assessed based on the quality of output.

**Table 4.5: Methods used in assessing employee performance**

Method	N	Percentage
Volume of output	84	75.7%
Observation	26	23.4%
Quality of output	1	0.9%
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: field work, 2012

From table 4.5 above, 84 (75.7%) employees asserted to the extensive use of volume of output in assessing employees' performance in the Company. This finding could be attributed to the nature of the industry (manufacturing), also assessing performance by volume of output is cost-effective and less time

consuming. The volume of output approach in performance assessment seems to be objective, bias free and is intuitively very appealing to both managers and employees in the manufacturing sector. However, the study shows a surprising finding that quality of output is the least factor considered in assessing employee performance, representing 1 (0.9%) respondent (See Table 4.5). This finding is in direct contrast with the good work of Deming (1950) on total quality management in existing literature.

#### **4.5.1: The Performance Appraisal system**

The study clearly and surprisingly shows that Oti-Yeboah Company Limited does not use any form of performance appraisal in the management of employees' performance. All employees in the study responded "none" when asked "Which of the following methods of performance appraisal is a part of your performance management practices" (See table 4.6).

**Table 4.6: The methods of performance appraisal used**

Method	N	Percentage
Written Essay method	-	-
Graphic rating scales	-	-
Ranking method	-	-
360 degree appraisal	-	-
Self appraisal	-	-
Critical Incident assessment	-	-
Behavioural Assessment (BARS)	-	-

Paired Comparison Method	-	-
Forced distribution method	-	-
Balance Scorecard	-	-
None	111	100%
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: field work, 2012

The finding that the organization does not use any performance appraisal system in managing employees' performance is at variance with Selden and Sowa's (2011) position that performance appraisal system is the centerpiece of any performance management practices. They further argued that performance appraisal is a tool that benefits both the employee and the organization by addressing work performance in terms of attendance, initiative, attitude and judgment and work quality. A similar assertion was put forward by Armstrong (2006) that many organizations operate performance appraisal regularly, usually annually, during which managers or supervisors assess employees' performance, potentials training and development needs. Aguinis (2007) in his research concluded that performance appraisal can have a positive experience and contribute to the overall welfare of the organization and if done properly, is a very effective tool to improve performance and productivity and developing employees. Above all, it strengthens the management-subordinate relationship and fosters commitment.

#### **4.5.1: Determinants of job performance**

Question 9 (see table 4.7) deals with the determinants of employee job performance. The question proposed was "What are the determinants of job performance in your organization" while respondents were given choices to choose from. About 86 (77.5%) employees identified quality of supervision as the

major determinant of job performance in the Company, 23 (20.7%) employees asserted to the fact that experience is a determinant of job performance. Additionally, 2(1.8%) employees identified technology as a determinant of job performance.

**Table 4.7: Determinants of job performance**

	N	Percentage
Quality of supervision	86	77.5%
Experience	23	20.7%
Technology	2	1.8%
<b>Total</b>	<b>111</b>	<b>100</b>

Source: field work, 2012

On the question of the determinants of job performance, 86 (77.7%) employees affirmed quality of supervision as a major determinant of performance. This finding could be as a result of the low morale of employees in the organization as indicated by a significant proportion of employees from the Production and Engineering Departments in an interview with employees. In the opinion of the researcher, when employees are not motivated enough, they turn to dislike work, in such a situation, management would have to ensure they supervise and sometimes coerce employees to ensure the goals of the organization are achieved. It is therefore, not surprising to the researcher that quality of supervision was asserted by 86 (77.7%) employees as the main determinant of performance in the Company.

The study also revealed that about 23 (20.7%) employees responded that experience is the second most important determinant of job performance. In the opinion of the researcher, as employees perform one task for so long, they acquire certain skills and knowledge which assists them to improve on their



performance, this finding can be inferred from the over 89 (80%) employees who have worked in the Company for six years and more (See Table 4.7).

#### ***4.5.2: The Approach used in measuring performance***

Table 4.8 shows that 81(73%) employees ranked both behaviour and results as the major approach in measuring employee performance while 24 (21.6%) employees ranked results as the approach used in measuring performance. Nevertheless, 6 (5.4%) employees ranked behaviour as the approach used in measuring performance.

**Table 4.8: Approach used in measuring employee performance**

Approach	N	Percentage
Behaviour and results	81	73.0%
Results	24	21.6%
Behaviour	6	5.4%
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: field work, 2012

From the above table, it could be observed that 81 (73%) employees asserted that the Company considered both results and behaviour in measuring the performance of employees. This finding is in consonance with the work of Aguinis (2007) that measuring performance using both results and behaviour is most appropriate and has been adopted by many organizations.

#### ***4.5.3: The Link between individual goals, team goals and organizational goals***

The finding shows that there is no link between individual goals, team goals and the goals of the organization. All managers asserted that there is no link between individual goals and organizational goals. This finding is at variance with the good work of Aguinis (2009a) that performance management practices are ongoing process of developing the performance of individuals and teams and aligning individual performance with the strategic goals of the organization. His work further concluded with the assertion that it is critical to note that the key components of performance management practices is a continuous process and that there should always be an alignment between individual goals and corporate strategic goals.

#### ***4.5.4: Expectations of Changes in the current performance management practices***

From the study, 5 (88.3%) managers responded “yes” to the question on “whether they expect to see changes in the current performance management practices within the next twelve months”. Majority of the managers expect to see the introduction of performance appraisal system, the introduction of a performance base pay system, training and development of employees, establishment of award schemes for best employees and finally, the introduction of state of the art technology in the organization. However, 1 (11.7%) manager did not expect any changes in the current performance management practices within the next twelve months.

#### **4.4.5 Performance planning process**

Question 1 (see questionnaire section C) deals with performance planning. The question proposed was “do you undertake performance planning in your organization” while respondents were given choices to choose from. About 107 (96.4%) employees asserted to the presence of performance planning which is carried out daily. However, when employees were asked “if there were any forum to discuss performance with them”, 94 (84.75) employees responded “Yes” to the availability of forum to discuss performance which is done through superior-subordinate interaction. Nevertheless, 17(15.3%) employees responded “No” to the question on the presence of forum to discuss performance.

The finding from question 1, of the study shows that performance planning is a major component in performance management practices of any organization whether small or big. This finding is in consonance with the work of Armstrong and Baron (2005) that performance planning is the foundation of any performance management system or practice. However, the study also revealed that the Company has established a forum to discuss performance with employees which is a positive development because it creates an avenue for both supervisors and employees to discuss issues of mutual interest towards improving individual employee performance.

#### **4.5.6 Measures to address performance gaps**

From table 4.9 below, 98 (88.3%) employees identified coaching as the major means of addressing performance gaps. However, 13 (11.3%) employees of the sampled population emphasized the absence of any measure to discuss performance gaps.

**Table 4.9: Measures used to address performance gaps**

	N	Percentage
Coaching	98	88.3%
Mentoring	-	-
Training	-	-
Compensation	-	-
Others	13	11.7%
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: field work, 2012

From Table 4.7, the finding shows that 98 (88.3%) employees identified coaching as the major practice in addressing performance gaps in the Company. This finding is in consonance with the work of Mirvis (2008) cited by Segers *et al.* (2011) position that coaching has become part of leadership and organizational development programmes, and several authors have empirically and theoretically justified the use of coaching techniques to increase self-awareness in executive development programmes. Therefore, the finding on the use of coaching as a performance management practice is a confirmation in literature that coaching is still an effective performance management practice as a measure of addressing performance gaps.

In the opinion of the researcher, the extensive use of coaching as a means of addressing performance gaps could be attributed to the low cost involved in the use of coaching as compared to training and compensation schemes. The reason for the organization not using training as a measure could be attributed to the low educational background of employees, about 75 (67.6%) employees have only basic education and 12 (10.8%) employees do not have any formal education. The researcher however, observed that training and compensation were not used to address performance gaps. The findings on training and compensation is in direct contrast with the research of Chiaburu and Tekleab's (2005) position that training is designed to enhance employees' job performance in an organization and helps employees to improve their ability.

#### ***4.5.7 Methods of communicating performance to employees***

On the question of the method the organization uses to communicate performance feedback to employees, almost all respondents emphasized the absence of a formal method for communicating performance to employees in the organization. About 98 (88.3%) employees responded "none" to the question on the availability of any formal method of communicating performance to employees. Only 13 (11.7%) employees indicated the presence of informal feedback (verbal) method of communicating performance to employees (See Table 4.10).

**Table 4.10: Method of communicating performance to employees**

	<b>N</b>	<b>Percentage</b>
Formal feedback (written)	-	-
Informal feedback (verbal)	13	11.7%
None	98	88.3%



<b>Total</b>	<b>111</b>	<b>100%</b>
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Source: field work, 2012

From table 4.10, the position of about 98 (88.3%) employees of the sample strongly asserted that the organization does not have a means of giving employees feedback on their performance is at variance with Armstrong's (2006) position that feedback gives a lot of importance to performance management practices. He is of the opinion that this is the stage in which the employee acquires awareness from the appraiser about the areas of improvements and also information on whether employees are contributing to the expected levels of performance or not.

#### ***4.5.8: The effectiveness of the current performance management practices in improving performance***

Table 4.11 gives a clear indication that the current performance management practices are moderately effective in improving overall performance as revealed by 45 (40.5%) employees of the total sample. However, 42 (37.8%) employees asserted that the current performance management practices are ineffective. Only 24 (21.6%) of employees responded that the current performance management practices are effective in improving overall performance.

**Table.4.11: Effectiveness of the current PM practices in improving overall performance**

	<b>N</b>	<b>Percentage</b>
Moderately effective	45	40.5%
Ineffective	42	37.8%
Effective	24	21.6%

<b>Total</b>	<b>111</b>	<b>100%</b>
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Source: field work, 2012

From table 4.11, 42 (37.8%) employees responded that the current performance management practices are ineffective in improving overall performance of the organization. This finding could be attributed to the responses of employees gathered through interviews and personal observations by the researcher during the data collection period of the study. The responses of a significance number of employees includes, the use of unfair salary structure, the absence of career progression and development opportunities, the current practices treat employees unequally. For instance, according to an employee from the Workshop and Engineering Department *“the organization contribute social security to all management and senior staff, supervisors and some few labourers while myself and some few others does not benefit from any social security contribution”*. Employees at the factory floor does not enjoy any heat allowance, neither are the employees given protective gadgets like special clothing, shoes, mask and milk. Employees do not have any avenue to lodge their concerns and problems to top management. Some employees have been dismissed unfairly without receiving any benefit from the organization. Promotion is done based on personal connections with supervisors and line managers. Many employees are paid below the minimum wage; there exist nothing such as job security as employees who fell sick for a week were dismissed from the organization without any severance package, and finally, employees have not experienced any salary increment for the past five (5) years.

In the opinion of the researcher, these concerns could account for the majority of respondents indicating that the current performance management practices are moderately effective or ineffective in improving overall performance of the organization. Nevertheless, 24 (21.6%) employees confirmed that the current performance management practices are effective in improving overall performance. This

class of respondents could be employees who have good personal relationship with supervisors and line managers and who have been registered under the social security and enjoy certain benefits that other employees do not enjoy within the organization.

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## **4.5.9: Employees level of satisfaction with the current performance management practices**

From table 4.12, it could be observed that 91(82%) respondents were not satisfied with the current performance management practices, while 20 (18%) respondents were satisfied with the current performance management practices in the organization.

**Table 4.12: Employees' level of satisfaction with the current performance management practices:**

	N	Percentage
Yes	91	82%
No	20	18%
<b>Total</b>	<b>111</b>	<b>100%</b>

Source: field work, 2012

The findings of table 4.11 could justify the low level of employees' satisfaction with the current performance management practices, as a significant proportion (82%) of respondents strongly asserted to the fact that they are not satisfied with the current performance management practices in the

organization. Thus, in the opinion of the researcher, there can be a positive correlation between the ineffective or the moderately effective responses of the current performance management practices and the low level of satisfaction with the current performance management practices by employees. This finding is in consonance with the argument put forward by Aguinis (2007) that when performance management systems are poorly implemented the organizations becomes ineffective in improving performance.

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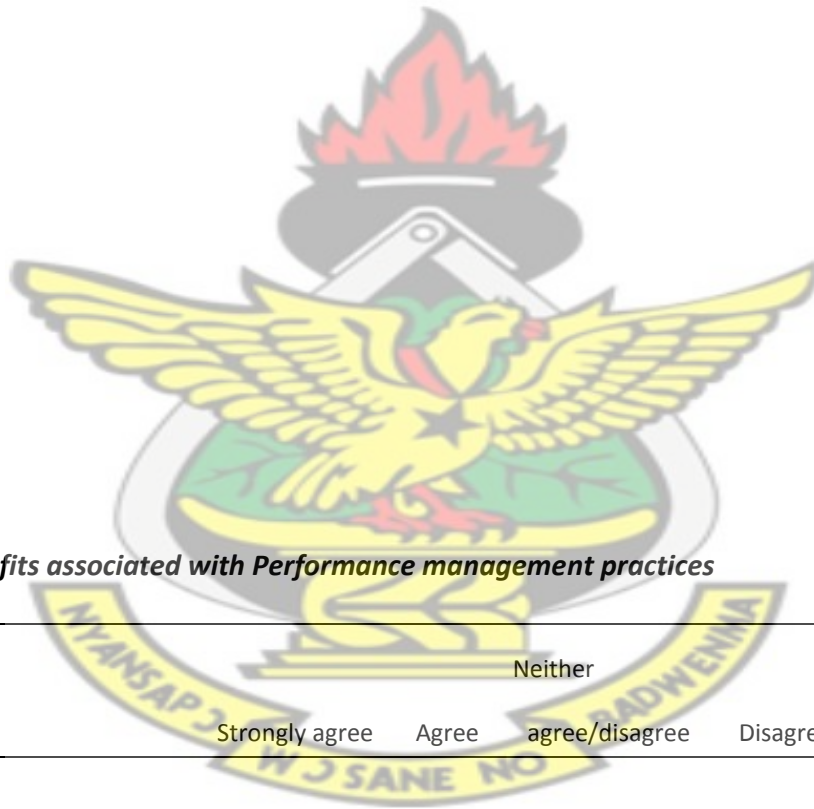
## 4.5 Findings on the benefits associated with performance management practices

Table 4.13 of the study shows there is a surprising amount of disagreement. About 44 (39.6%) respondents disagreed with the statement that performance management practices bring about equal treatment of employees. However, 32 (28.8%) respondents agreed that performance management practices bring about equal treatment of employees. Potentially even more controversial is that 35 (31.5%) respondents neither agreed nor disagreed that performance management practices bring about equal treatment of employees. This finding is in direct contrast with Aguinis's (2007) position that one of the benefits of performance management practices is equal treatment of employees.

The highest level of agreement (100%) seems to be around the assertion that performance management practice improve business performance; increase employees' responsibility; enhance quality of work; increase employee motivation to perform; help employees become more competent in their work; help managers gain more insight about subordinates; help makes the company's goals clearer to all employees; help the company identify employees training and development needs easily; make poor performance easily identified and corrected; help to facilitate promotion, transfer and termination decisions and help to clarify employee's job requirements. Even though 7 (6.3%) respondents disagreed

with the statement that performance management practices aid in company's retention strategy, but still a sizeable number of 104 (93.7%) respondents agreed with the statement (See table 4.13).

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**Table 4.13: Benefits associated with Performance management practices**

	Strongly agree	Agree	Neither agree/disagree	Disagree	strongly Agree
PM practices improve business performance	94.6%	5.4%	--	--	----
PM practices increase employees' responsibility	80.2%	19.8%	----	----	----



PM practices bring about equitable treatment of employees	13.5%	15.3%	31.5%	36.0%	3.6%
PM practices enhance quality of work	89.2%	10.8%	----	----	----
PM practices increase employee motivation to perform	91%	9%	----	----	----
PM practices help employees become more competent in their work	38.7%	61.3%	----	----	----
PM practices help managers gained more insight about subordinates	41.4%	58.6%	----	----	----
PM practices help makes the company's goals clearer to all employees	37.8%	62.2%	----	----	----
PM practices help the company Identify employees training and development needs easily	89.2%	10.8%	----	----	----
PM practices make poor performance easily identify and corrected	86.5%	13.5%	----	----	----

PM practices help to facilitate promotion, transfer and termination decisions of the company	86.5%	13.5%	----	----	----
PM practices aid in company's retention strategy	25.2%	68.5%	6.3%	----	----
PM practices help to clarify an employee's job requirements	45%	55%	----	----	----

Source: field work, 2012

From table 4.13, the finding from the study show a surprising amount of disagreement by respondents about the statement that performance management practices bring about equal treatment of employees. The reasons for this finding could be linked to the extensive use of personal connection by most employees in the organization. As the Akans call it *"Me nipa"* is one of the most deeply rooted Ghanaian cultural values. *"Me nipa"* is the tie personal connection with people, and it is a societal value in Ghana. Thereby, a person who has strong ties has more opportunities to get success than others who have weak ties. Employees who have relationships with managers and supervisors obtain more preferential treatment than others.

A similar research by Ohemeng (2009) concluded that personal connection affects performance management, especially it influence the result of performance appraisal in Ghana. This might have been

the reason why about 44 (39.6%) respondents demonstrated the strong disagreement with the statement that performance management practices bring about equal treatment of employees.

#### **4.6 Findings on the challenges associated with performance management practices**

From table 4.14 below, there is also a surprising amount of disagreement about the statement that performance management practices are expensive in terms of time and money and also the statement that litigation is a challenge associated with performance management practices. About 52 (46.8%) respondents disagreed with the statement that time and money are major challenge affecting performance management practices. Similarly, 51 (45.9%) respondents agreed with the statement that time and money are major challenge associated with performance management practices. Only 8 (7.2%) employees neither agreed nor disagreed with the statement. Additionally, 57 (51.8%) respondents disagreed with the statement that litigation is a challenge to performance management practices. Nevertheless, 50 (45.3%) respondents agreed that litigation is a challenge associated with performance management practices.

The highest level of agreement seems to be around the assertion that the challenges associated with performance management practices includes the lack of clearly established corporate objectives; the lack of feedback; if the process of performance review lacks credibility; management failure to clearly define the aspect of the job to be evaluated; emerging biases; when employees do not see performance results implemented and poor data collection or poor information management. Only 9 (8.1%) respondents neither agreed nor disagreed with the statement that poor results do not necessarily point to poor performance (See table 4.14).

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**Table 4.14: Challenges associated with Performance management practices**

	Strongly agree	Agree	Neither agree/disagree	Disagree	strongly Agree
Lack of clearly established corporate objectives is a challenge to PM practices	91%	9%	----	----	----
Lack of feedback/inadequate feedback is a challenge to PM practices	88.3%	11.7%	----	----	----
If the process of the performance Review lacks credibility is a challenge to PM practices	71.2%	27.9%	0.9%	----	----
Management failure to clearly	73.9%	26.1%	----	----	----

define the aspect of the job to be  
evaluated to employees is a challenge  
to PM practices

Lack of defined measurement of performance is a challenge to PM practices	71.2%	28.8%	0.9%	-----	-----
---	-------	-------	------	-------	-------

Emerging biases are challenges to PM practices	80.2 %	18.9%	0.9%	-----	-----
---	--------	-------	------	-------	-------

When employees do not see performance results implemented, it affect PM practices	49.5%	50.5%	-----	-----	-----
---	-------	-------	-------	-------	-------

When causes and effects of outcomes are not easily established is a challenge to PM practices	43.2%	48.6%	8.1%	-----	-----
---	-------	-------	------	-------	-------

Expensive in terms of time and money is a challenge to PM practices	20.7%	25.2%	7.2%	37.8%	9%
--	-------	-------	------	-------	----

Poor results do not necessarily point to poor performance is a challenge to PM practices	34.2%	57.7%	8.1%	-----	-----
--	-------	-------	------	-------	-------

Damage relationship as a result of increase litigations is a challenge to PM practices	29.3%	18%	0.9%	50.9%	0.9%
--	-------	-----	------	-------	------



Poor data collection and information management is a challenge to PM practices	77.5%	21.6%	0.9%	-----	-----
--	-------	-------	------	-------	-------

Source: field work, 2012

From table 4.11, the finding shows a strong amount of disagreement by respondents with the statement time and money is a challenge to performance management practice. Majority of respondents believe that there are most performance management practices that does not require money to implement, also the benefits associated with performance management practices to the organization and employees are enormous compared with the cost to the Company. Thus, the argument that time and money does not really become a challenge associated with performance management practices.

Also the finding shows that over 50% of respondents disagreed with the assertion that litigation was a challenge in performance management practices. Respondents are of the view that if performance management practices are carried out in a fair, objective and transparent manner, they would not be any occurrence of any litigation between managers/supervisors and employees which would result in damaging relationship. This finding complies with the argument put forward by Aguinis (2007) that damage relationship becomes a challenge in performance management as a consequence of a deficient performance management system or as a result of a poorly implemented performance management practices. However, there was a high level of agreement among the rest of the statements on the challenges associated with performance management practices (See Table 4.7), which is in consonance with the works of Armstrong (2006) and Aguinis (2007).

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## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter summarized what the researcher has done so far and answered the research questions stated in the beginning. Summary of findings generated from the research are presented in the chapter also. The researcher discussed the findings of the study and gave suggestions for future research and finally provided some recommendations to the management of the Company.

#### 5.1 Summary of findings

The following are the summary of the findings of the study:

#### ***5.1.1: Line managers exclusively set performance targets without the participation of employees***

The study revealed that line managers set performance targets without the inclusion of employees which makes employees feel like they are not recognized as people who have been contributing to the growth of the organization.

#### ***5.1.2: Supervision and Control Systems, Coaching, Delegation and Performance Measurement are the practices applied.***

The study identified supervision and control system as the most frequently used performance management practice in the organization. These practices make employees feel they have to be coerced and monitored before they undertake any activity in the organization.

#### ***5.1.3: Quality of output is not considered in assessing the performance of employees***

The study also revealed that the organization does not consider the quality of the product produced by the employees but their major concern is the quantity employees are able to produce a day. This is very worrying because performance does not only rest on the volume of output produced only but the quality of output is also essential in ensuring customer satisfaction.

#### ***5.1.4: The non-existence of a Performance Appraisal system***

The study revealed a surprising finding which is the non-existence of a performance appraisal system. This means employees do not know how well they have performed over the year and which areas of their jobs need improvement. Many employees complained they do not know the basis of promoting one from labourer to supervisor because they do not conduct performance appraisal. Therefore, favoritism, nepotism and discrimination on the part of some line managers and supervisors have made the whole performance management practices in the organization ineffective and biased.

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## ***5.1.5: Quality of Supervision is the determinant of job performance in the Company***

Quality of supervision has been revealed by the study as the major determinant of job performance in the organization. This is an indication that the morale of employees is down so the only way the job can be carried out by an employee is to supervise such employee. Therefore, in the absence of the supervisors, the job will not be carried out properly.

## ***5.1.6: Both results and behaviour are used in assessing employee performance***

The study discovered that the organization considers both the outcome of employees and the behaviour used in achieving the outcome. This approach is most appropriate for assessing employees' performance. Therefore, the assessment of employees could be effective in identifying key areas for employees to improve their performance.

## ***5.1.7: No Link between individual employee and team goals and organizational goals***

The alignment between individual employees' goals and organizational goals is essential for success. However, the study revealed that there is no link between individual goals, team goals and organizational goals. This finding makes the whole performance management practices ineffective.

#### ***5.1.8: Performance Planning is done only at the Production Department***

The study revealed that performance planning is poorly and unfairly implemented in the organization. The other five departments do not undertake performance planning but work as and when work is available while employees at the production department are given daily targets to meet. This means, some of the performance management practices are not fairly implemented.

#### ***5.1.9: Coaching is the only means of addressing performance gaps***

Even though coaching is the only means of addressing performance gaps. It is not carried out in a proper manner. Supervisors serve as the coaches for newly recruits to learn how to operate machines that they are not familiar with, sometimes employees complain coaches usually insult (make employees feel stupid) them before they are given guidance as to how to improve on their performance. This practice is not a good coaching practice.



***5.1.10: No opportunity for employees to receive feedback from supervisors and managers about their performance***

The study found that employees in the organization do not know whether they have been performing well or not, and which key areas of their work they need to improve. This is because they do not receive any form of feedback concerning their work.

***5.1.11: The current Performance Management Practices are ineffective***

The study revealed that the current performance management practices are full of inefficiencies such as biases, discrimination, favoritism, nepotism and the lack of performance appraisal system, no proper salary structure, and no avenue for supervisors and employees to have performance review to solve poor performance in the organization. Thus, the current performance management practices do not improve employees' performance and affect productivity.

***5.1.12: Employees are not satisfied with the current Performance Management Practices***

The study found that employees are not satisfied with the current performance management practices because their working lives have been deteriorating as days come by, they do not see any improvement in their salaries. Employees are dismissed any time and day without any severance package, no opportunity for career development, no opportunity for training, no job security and employees' do not have any avenue to make complains concerning their work. Many employees are sometimes denied their annual leave; some are paid below the minimum wage and finally, employees are not recognized for good performance.

***5.1.13: Employees disagreed with the view that Performance Management Practices bring about equal treatment of employees***

The study revealed a strong amount of disagreement with the assertion that performance management practices bring about equal treatment of employees. This finding could be linked to the use of personal connection, favoritism, nepotism and other discriminatory practices in the organization. Thus, respondents believe they can not be any practice that can overcome these behaviours since they are personal. However, there was a high level of agreement with the statements that performance management practices improve business performance; increase employees' responsibility; enhance quality of work; increase employee motivation to perform; help employees become more competent; help managers gained more insight about subordinates; help make goals clearer to all employees; help the company identify employees training and development; make poor performance easily identify and corrected; help to facilitate promotion, transfer and termination decisions and help to clarify employee's job requirements.

***5.1.14: Employees disagreed with the view that time; money and litigation are challenges to performance management practices***

The study revealed that there was a strong amount of disagreement with the statement time and money is major a challenge to performance management practice. Also the finding also shows a high degree of disagreement with the assertion that litigation was a challenge in performance management practices. However, the highest level of agreement seems to be around the assertion that the challenges associated with performance management practices includes the lack of clearly established corporate

objectives; the lack of feedback; if the process of performance review lacks credibility; management failure to clearly define the aspect of the job to be evaluated; emerging biases; when employees do not see performance results implemented and poor data collection or poor information management.

## **5.2: Conclusion**

This research explored the performance management practices in Oti-Yeboah Company limited. The study concluded that Oti-Yeboah Company Limited should introduce a formal performance appraisal system to improve employee's performance. In this study, the researcher developed a new theory or model in performance management, which involves pre-requisite, performance planning, performance execution, performance assessment, performance review, punishment/reward system and performance renewal and recontracting. Also, the whole performance management practices in the organization need to be fair, transparent and objective to all employees. This research highlights performance management practices in Oti-Yeboah Company Limited, but the research on how a formal performance management system can improve the effectiveness of employee performance is limited. Therefore, for further research, it would be essential to explore how a formal performance management system can improve the effectiveness of employee performance. This further research may help Oti-Yeboah Company Limited and other Ghanaian organizations to improve their performance management practices.

## **5.3: Recommendations**

On the basis of the findings of the study, the researcher therefore provides the following recommendations to the management of Oti-Yeboah Company Limited:

***5.3.1: Line managers should allow the participation of employees in setting performance targets or goals.***

The study revealed that line managers set performance targets without the inclusion of employees which makes employees feel like they are not recognized as people who have been contributing to the growth of the organization. Therefore, the researcher recommend to the management of the Company to involve employees in setting performance targets.

***5.3.2: Quality of output should be considered as a major factor in assessing the performance of employees***

The study observed that the Company does not consider the quality of the product produced by the employees in assessing employees' performance but their major concern is the quantity employees are able to produce a day. This is very disturbing because performance does not only rest on the volume of output produced but also the quality of the output. Thus, the researcher recommend to the Company to consider the quality of output as one of the main factors in assessing employees' overall performance.

***5.3.3: The establishment of Performance Appraisal System***

The Company does not use any form of appraisal system. This means employees do not know how well they have performed over the year and which areas of their jobs needs improvement. Many employees

complained they do not know the basis of promoting one from a labourer to a supervisor because they do not conduct performance appraisal. It is therefore recommended to the management of the Company to establish a performance appraisal system.

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## ***5.3.4: Quality of Supervision should be maintained in the Company***

Quality of supervision has been revealed by the study as the major determinant of job performance in the organization. Therefore, in the absence of supervisors, the job will not be carried out properly. As a result, the researcher recommend to management to ensure that quality of supervision is maintained to make sure the targets of the Company are always achieved.

## ***5.3.5: Management should continue to apply both results and behaviour in assessing employee performance.***

The study discovered that the organization considers both the outcome of employees and the behaviour used in achieving the outcome in assessing employee's performance. This approach is most appropriate for assessing employees' performance. Hence, the researcher recommend to management to continue using both results and behaviour in assessing employees' performance in the Company.

## ***5.3.6: They should be a link between individual employee goals, team goals and organizational goals***



The alignment between individual employees' goals and organizational goals is essential for performance management success. However, the study revealed that there is no link between individual goals and organizational goals. This finding makes the whole performance management practices ineffective. It is therefore recommended to management to ensure that they establish a link between individual employee goals, team goals and organizational goals.

#### ***5.3.7: Performance Planning should be carried out in all departments of the Company.***

The study discovered that performance planning is poorly and unfairly implemented in the organization. The other five departments do not undertake performance planning. To ensure that performance planning is carried properly. It is recommended to management to make sure performance planning is carried out in all departments of the Company.

#### ***5.3.8: Coaches (Supervisors) should be giving training in Coaching***

The study found that coaching is the only means of addressing performance gaps in the Company. However, the coaching process is poorly implemented. It is the supervisor who serves as the coach for newly recruits to learn how to operate machines that they are not familiar with, sometimes employees complained coaches usually insult (make employees feel stupid) them before they are given guidance as to how to improve on their performance. This practice is not a good practice when coaching. The researcher therefore recommend to management to establish a coaching training programme for all supervisors to ensure coaching is carried out properly.

***5.3.9: The Company should establish a formal Channel of giving feedback to employees about their performance***

The study established that employees' in the Company does not know whether they have been performing well or not, and which key areas of their work they need to improve. This is because they do not receive any form of feedback concerning their performance from supervisors and managers. It is recommended to management to establish a formal system of providing feedback to employees about their performance.

***5.3.10: The current Performance Management Practices are to be made effective***

The study revealed that the current performance management practices are full of inefficiencies such as biases, discrimination, favoritism, nepotism and the lack of performance appraisal system. Additionally, there is no proper salary structure and no avenue for supervisors and employees to have performance review to address poor performance. Therefore, the researcher recommend to management to ensure that the current performance management practices are devoid of biases, favoritism, discrimination and nepotism. Management should also establish a proper salary structure and create avenue for supervisors and employees to have performance review meetings to discuss poor performance.

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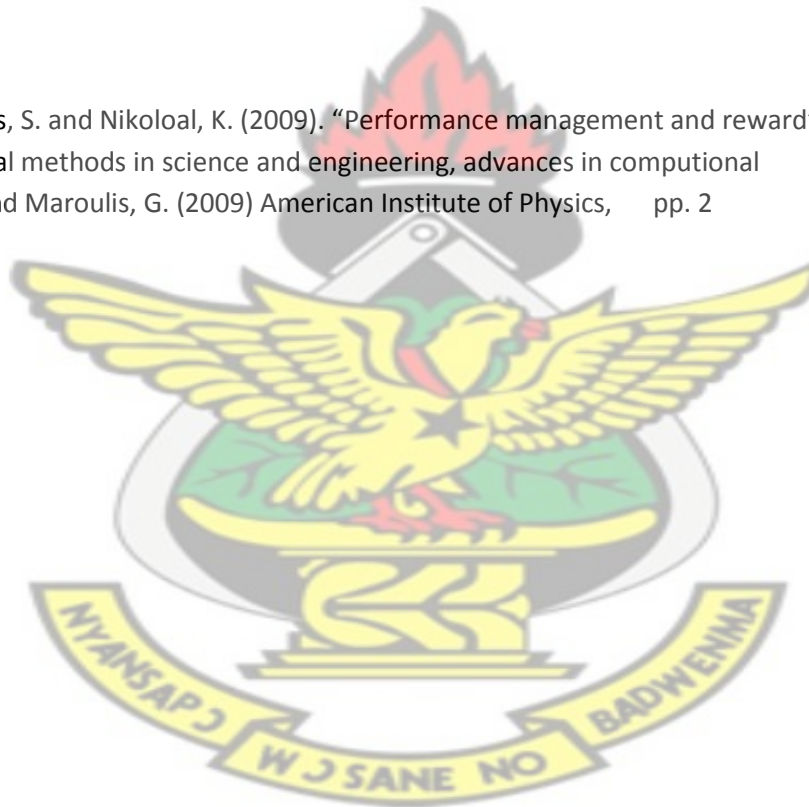
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