

# Performance Appraisal and Worker Morale in Commercial Banking: Empirical Evidence from Ghana Commercial Bank, Kumasi Metropolis

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## ABSTRACT

Although the purpose of performance appraisals is to match employee effort with company objectives, negatively viewed rating systems can erode commitment, morale, and trust. With an emphasis on appraisal fairness, feedback quality, appraisal-reward linkage, and appraisal frequency, this study investigated the effects of performance reviews on employee morale among Ghana Commercial Bank (GCB) workers in the Kumasi Metropolis. Anchored in Social Exchange Theory (SET) as the primary theoretical lens — and informed by Equity Theory and Goal-Setting Theory as complementary frameworks — the study conceptualises appraisal dimensions as organisational resources that elicit reciprocal employee responses in the form of elevated morale. The study employed a quantitative descriptive-correlational design. 140 workers were chosen from five GCB branches in the Kumasi Metropolis using stratified random sampling. A systematic Likert-scale questionnaire with proven validity and an overall Cronbach's alpha reliability of 0.847 was used to gather the data. Multiple linear regression — the primary analytical technique — and descriptive statistics were used in SPSS Version 26 to analyse the data. Multiple regression results revealed that appraisal fairness was the strongest predictor of worker morale ( $\beta = .341, p < .001$ ), followed by appraisal-reward linkage ( $\beta = .298, p < .001$ ), feedback quality ( $\beta = .243, p = .001$ ), and appraisal frequency ( $\beta = .147, p = .032$ ). Collectively, the four dimensions explained 62.3% of the variance in worker morale ( $R^2 = .623$ ). These findings extend Social Exchange Theory to appraisal contexts in Ghanaian banking, demonstrating that employees reciprocate perceived organisational fairness, developmental feedback, and meaningful reward linkage with higher commitment, motivation, and job satisfaction.

**Keywords:** Appraisal, Performance, Social Exchange Theory, Appraisal-Reward Linkage, Appraisal Frequency, Morale, Organisational Justice.

## INTRODUCTION

High performance pressure, target-driven work settings, and intense customer interaction have long been characteristics of the commercial banking industry, making staff morale a strategically crucial concern. There is a persistent problem with morale in the banking industry, as evidenced by the fact that voluntary turnover rates in the financial services industry are frequently higher than those in other professional sectors, that disengagement among frontline bank employees lowers service quality and client retention, and that appraisal-related dissatisfaction is frequently found to be the main cause of withdrawal behaviour and organisational disengagement (Cole et al., 2021; Kampkötter, 2021). Particularly in sub-Saharan African banking, research conducted in Ghana and Kenya reveals that between 40 and 60 percent of bank employees express only moderate or low satisfaction with their performance appraisal systems, and that lower organisational commitment and higher absenteeism intentions are predicted by dissatisfaction with evaluation processes (Alabi et al., 2021; Dartey-Baah & Hototor, 2022; Mensah & Tawiah, 2022). These indicators highlight a practical issue with important institutional ramifications: appraisal systems can actively damage the morale and service commitment of the very employees whose engagement is crucial to branch performance when they fail to foster a sense of fairness, developmental growth, or meaningful reward consequence. According to Aguinis (2023) and Obisi (2021), performance evaluation is a fundamental human resource management technique used by organisations

to evaluate employee performance in relation to predefined standards, communicate performance data, and make decisions about training, compensation, advancement, and corrective action. Theoretically, assessment systems help employees understand expectations, align their performance with organisational goals, and get helpful feedback. In reality, however, employees' opinions of an appraisal's impartiality, quality of feedback, connection to rewards, and regularity define its motivational value rather than its formal existence. According to Darartey-Baah & Hototor (2022) and Kampkötter (2021), appraisal systems that are viewed as biased, inconsistent, or unrelated to rewards have the potential to reduce trust in supervisors, degrade motivation, and increase absenteeism and turnover intentions. Employee morale is especially important in service-intensive businesses like banking, where staff attitudes are directly linked to client experience, service reliability, and organisational effectiveness. Employee zeal, satisfaction, commitment, and willingness to work hard are all represented in morale. High morale encourages tenacity, creativity, resilience under duress, and a better customer orientation, whereas low morale is associated with disengagement, lower service quality, and decreased organisational connection (Cole et al., 2021; Mensah & Tawiah, 2022). Therefore, how banking employees view their value inside the company is likely to be influenced by the methods employed to evaluate and reward their work. In the context of Ghanaian banking, this connection is very significant. In metropolitan locations, where customer retention, staff professionalism, and service quality are important differentiators, commercial banks compete. The capital of the Ashanti Region and Ghana's second-largest commercial hub, Kumasi Metropolis, is home to a substantial concentration of Ghana Commercial Bank (GCB) branches serving a high-volume banking market. In order to evaluate employee contributions, communicate performance goals, and direct career and incentive decisions, GCB's performance management system includes formal assessment procedures (Hr & Manual, 2023). However, the motivational value of these systems is determined more by employees' opinions of their fairness, feedback quality, reward connection, and regularity than by their formal existence.

This study is grounded in Social Exchange Theory (SET) as its primary theoretical foundation, with Equity Theory and Goal-Setting Theory serving as complementary frameworks. SET posits that organisational relationships are governed by norms of reciprocity: when organisations invest in employees through fair treatment, meaningful feedback, and reward-linked appraisals, employees reciprocate with higher morale, commitment, and discretionary effort (Blau, 1964; Cropanzano & Mitchell, 2005). This exchange lens provides a coherent, integrated explanation of how each appraisal dimension — fairness, feedback quality, reward linkage, and frequency — functions as an organisational resource that shapes employees' reciprocal attitudinal and behavioural responses.

The study focuses on four appraisal dimensions consistently linked to morale outcomes. Appraisal fairness captures employees' impressions of the objectivity, equity, and procedural integrity of appraisal criteria and ratings. Feedback quality encompasses the timeliness, specificity, constructiveness, and actionability of evaluation feedback. Appraisal-reward linkage reflects the perceived consistency between appraisal outcomes and tangible rewards such as pay increases, bonuses, promotions, and career advancement. Appraisal frequency refers to the regularity of formal and interim performance reviews. Despite earlier studies examining these dimensions in Ghanaian financial institutions, branch-level evidence from GCB Kumasi remains limited, and no prior study has applied Social Exchange Theory as a unifying framework in this context. This study addresses that gap and offers evidence to support appraisal reform, supervisory practice, and human resource decision-making in a significant segment of Ghana's banking sector.

The main theoretical underpinning of this research is Social Exchange Theory (SET), with Goal-Setting Theory and Equity Theory acting as supplementary frameworks. According to SET, organisational relationships are governed by norms of reciprocity: employees show greater commitment, morale, and discretionary effort when organisations invest in them through meaningful feedback, fair treatment, and reward-linked appraisals (Blau, 1964; Cropanzano & Mitchell, 2005). Each evaluation dimension—fairness, feedback quality, incentive linkage, and frequency—functions as an organisational resource that influences employees' reciprocal attitudes and behavioural reactions. This exchange lens offers a cogent, complete explanation of this process. Four assessment dimensions that are consistently associated with outcomes related to morale are the subject of this study. Employee perceptions of the impartiality, equity, and procedural integrity of appraisal criteria and scores are captured by appraisal fairness. The timeliness, specificity, constructiveness, and actionability of evaluation feedback are all considered aspects of feedback quality. The perceived consistency between evaluation results

and material benefits like salary increases, bonuses, promotions, and career progress is reflected in the appraisal-reward relationship. The frequency of formal and interim performance reviews is referred to as appraisal frequency. This study fills that vacuum by providing evidence to assist human resource decision-making, supervisory practice, and evaluation reform in a sizable portion of Ghana's banking industry.

## LITERATURE REVIEW AND THEORETICAL FRAMEWORK

### Social Exchange Theory as the Primary Theoretical Lens

Social Exchange Theory (SET), developed by Blau (1964) and elaborated by Cropanzano and Mitchell (2005), provides the primary theoretical foundation for understanding how performance appraisal dimensions influence employee morale. SET posits that social relationships — including those between organisations and employees — are governed by reciprocity norms: when one party extends valued resources, the receiving party feels an obligation to respond in kind. In organisational contexts, this means that employees who perceive fair treatment, developmental feedback, and meaningful rewards from the organisation are motivated to reciprocate through positive attitudes and behaviours, including higher morale, commitment, and discretionary effort.

In Performance Appraisal, SET views each aspect of the evaluation as an organisational resource in the exchange relationship. Appraisal fairness is a high-value resource that fosters mutual commitment and confidence because it shows that the company values its workers as partners and distributes results fairly. Good feedback encourages mutual engagement and motivation since it shows an organization's commitment to its workers' professional growth. Reward connection sustains effort and expectancy inside the exchange by demonstrating that performance excellence is acknowledged and rewarded. Frequent appraisals reduce uncertainty and sustain performance awareness by offering frequent chances for communication to strengthen the exchange connection. SET predicts negative reciprocal reactions, such as lower morale, disengagement, and withdrawal, when these resources are seen as insufficient or withheld (Cropanzano & Mitchell, 2005). The disjointed application of distinct motivational theories to assessment is replaced and integrated by this SET framework. SET offers a cohesive explanation instead of treating fairness, feedback, reward, and frequency as distinct phenomena explained by different theories: all four dimensions are **organisational** resources whose perceived quality influences the calibre of the employee-organization exchange and, in turn, employee morale. This study fills a theoretical vacuum in Ghanaian banking appraisal research by expressly adopting this framework.

### Complementary Theoretical Perspectives

Although SET offers the comprehensive exchange framework, two supplementary theories delineate the psychological mechanisms by which individual appraisal aspects function. Equity Theory (Adams, 1965; Colquitt et al., 2022) elucidates the significance of appraisal fairness as an exchange resource: employees consistently evaluate their input-outcome ratios against those of reference individuals, and perceived inequality incites unhappiness and diminished effort. In performance appraisal environments, perceptions of biased criteria, uneven standards, or preferential treatment signify unfairness that undermines the exchange relationship and diminishes morale. This elucidates why appraisal fairness functions not just as a procedural issue but also as a crucial prerequisite for the validity of the overall transaction.

Goal-Setting Theory (Locke & Latham, 2019) delineates the process by which the quality of feedback maintains employee effort within the exchange. Employees exert continuous effort towards explicit, demanding objectives when they receive constructive feedback regarding their success. High-quality assessment feedback—specific, timely, constructive, and actionable—serves as a vital informational resource that facilitates goal attainment, thereby strengthening the employee's aspect of the exchange relationship. When feedback is ambiguous or nonexistent, goal-oriented effort declines as employees are unable to align their behaviour with performance objectives.

Employee morale and work satisfaction, however interconnected, are separate phenomena. Morale is a comprehensive, collective attitudinal condition that signifies employees' overall excitement, commitment, and willingness to exert effort, while job satisfaction pertains to an individual's emotional assessment of certain job aspects. This study operationalises worker morale as a composite that includes job satisfaction, work motivation, organisational commitment, and diminished absenteeism intention, highlighting its multi-dimensional nature.

This distinction is theoretically significant as SET-based exchange processes influence not only hedonic job evaluations but also the comprehensive attitudinal perspective individuals adopt towards the organization and their roles within it.

## Appraisal Dimensions and Morale: Review and Hypotheses

Contemporary performance management literature perceives appraisal as an ongoing cycle encompassing goal formulation, performance evaluation, assessment, and review, rather than as a singular administrative occurrence (Aguinis, 2023). This differentiation is significant in banking, as staff encounter explicit objectives related to service, sales, compliance, and accuracy that necessitate prompt performance data. Appraisal offers two interconnected functions: an evaluative role in decisions regarding remuneration, promotion, and discipline, and a developmental role in recognising learning requirements and fostering professional advancement (Obisi, 2021). The effect on morale is evident when employees view these responsibilities as either acknowledgement and assistance—strengthening the exchange—or as oversight, prejudice, and domination—undermining it. Appraisal fairness constitutes the most theoretically robust dimension inside the Social Exchange Theory paradigm. The theory of organisational justice (Colquitt et al., 2022) differentiates between procedural fairness regarding the criteria and processes employed, distributive fairness concerning evaluations and outcomes, and interactional fairness related to respectful communication. From a Social Exchange Theory perspective, each of these represents an organisational resource: equitable procedures indicate that the organization prioritises fair exchange; just outcomes affirm that contributions are recognised appropriately; and respectful interactions demonstrate the dignity afforded to employees as exchange partners. Research on Ghanaian banking repeatedly highlights the significance of this aspect: perceived assessment bias and insufficient transparency are recognised as the foremost challenges to commitment and motivation within commercial banking environments (Alabi et al., 2021; Dartey-Baah & Hototor, 2022; Mensah & Tawiah, 2022). This produces the initial hypothesis: H1 — Appraisal fairness significantly enhances worker morale. The quality of feedback operationalises the mechanism of Goal-Setting Theory within the SET exchange. From a SET viewpoint, developmental feedback constitutes an organisational investment in the employee's competence and advancement—a resource that employees return with heightened effort and incentive. Empirical banking research substantiates this correlation: regular evaluations correlate with heightened work motivation ( $\beta = .28, p < .001$ ) and job satisfaction ( $\beta = .31, p < .001$ ), with feedback quality recognised as the mediating factor (Kampkötter, 2021). Research indicates that the quality of feedback is a significant predictor of intrinsic motivation ( $\beta = .46, p < .001$ ) and job satisfaction ( $\beta = .42, p < .001$ ) among bank employees (Nzuve & Njeru, 2021). The quality of feedback significantly enhances worker morale. The connection between appraisal and compensation exemplifies the most tangible form of transaction reciprocity. When employees observe that elevated performance ratings routinely result in corresponding compensation, bonuses, promotions, or career progression, the organization conveys that contributions are esteemed and equitably exchanged. In the absence of this linkage, assessments transform into mere symbolic compliance instead of authentic performance agreements, constituting a breach of exchange norms that diminishes morale and expectations of effort (Locke & Latham, 2019). The evidence from Ghanaian banking is substantial: the connection between appraisal and promotion forecasts commitment ( $\beta = .41, p < .001$ ), and Dartey-Baah and Hototor (2022) likewise recognise incentive linkage as a significant predictor of bank employee motivation. The connection between appraisal and reward significantly enhances worker morale.

## METHODS

The research used a quantitative descriptive-correlational design to examine the links between appraisal and morale as outlined in the theoretical overview. The descriptive component encapsulated employees' impressions of the performance appraisal system and their reported morale, whereas the correlational component facilitated hypothesis testing without modifying working conditions. Multiple linear regression was utilised as the principal analytical method, as it offers the most substantial and significant evidence concerning the independent impact of each predictor on the outcome, while accounting for shared variance among predictors. Bivariate correlation analysis was employed as an initial diagnostic procedure rather than as a principal method of inference (Creswell & Creswell, 2023; Saunders et al., 2019).

The research was carried out at five branches of Ghana Commercial Bank located in the Kumasi Metropolis: Kumasi Main Branch, Adum Branch, Asafo Branch, Suame Branch, and Bantama Branch. These branches were chosen to exemplify diversity in branch size, client traffic, and geographical setting within GCB's Kumasi operations. The target population consisted of permanent and established contract employees in management, supervisory, and clerical positions, comprising 186 individuals. Non-clerical support staff, including contracted security and cleaning professionals, were excluded due to their exemption from the same appraisal procedures. Stratified random sampling was employed to pick 140 respondents, with stratification between branches guaranteeing proportionate representation of all eligible employees. Applying Yamane's calculation with  $N = 186$  and  $e = 0.05$  yielded an initial sample size of about 127, which was subsequently increased to 140 to accommodate for non-response (Yamane, 1967). All 140 distributed surveys were returned and adequately completed, resulting in a 100% response rate.

**Table 1: Sample Distribution by Branch**

GCB Branch	Population (N)	Sample (n)	Percentage (%)
Kumasi Main Branch	54	41	29.3
Adum Branch	42	31	22.1
Asafo Branch	36	27	19.3
Suame Branch	30	23	16.4
Bantama Branch	24	18	12.9
<b>Total</b>	<b>186</b>	<b>140</b>	<b>100.0</b>

Primary data were gathered using a standardised, self-administered questionnaire. The instrument included demographic items and Likert-scale assessments of the research constructs. Appraisal fairness was evaluated using six criteria that examined perceived objectivity, transparency, consistency, equity, and absence of favouritism. The quality of feedback was evaluated using five criteria: specificity, timeliness, constructiveness, respectfulness, and actionability of supervisory comments. The relationship between appraisal and rewards was evaluated using five items that examined the perceived association between appraisal ratings and pay increases, bonuses, promotions, and career progression. The frequency of appraisals was evaluated using four measures that examined the regularity of formal evaluations and interim performance conversations. Employee morale was assessed using fifteen measures that addressed job satisfaction, work motivation, organisational commitment, and intention to absence (reverse-scored, indicating that higher scores signify enhanced morale). All items employed a five-point Likert scale, with 1 representing Strongly Disagree and 5 representing Strongly Agree.

Content validity was evaluated by expert review conducted by one senior GCB HR officer and two senior lecturers in human resource management. A pilot test involving fifteen GCB staff validated the concept through item-to-total correlation (all retained items  $\geq 0.40$ ) and established internal consistency reliability via Cronbach's alpha (all constructs  $\geq 0.70$ ; Nunnally & Bernstein, 1994). The total dependability of the instrument was 0.847.

**Table 2: Reliability Statistics by Construct**

Construct	No. of Items	Cronbach's $\alpha$
Appraisal Fairness	6	0.882
Feedback Quality	5	0.841

Appraisal-Reward Linkage	5	0.873
Appraisal Frequency	4	0.794
Worker Morale (Composite)	15	0.897
Overall Instrument	35	0.847

Data collection occurred over a five-week period subsequent to approval from the GCB's Kumasi Metropolis Regional HR office. Questionnaires were administered in person during non-peak hours, with completed surveys submitted in sealed envelopes to maintain anonymity. Data coding and analysis were conducted using SPSS Version 26. Descriptive statistics described the profiles of respondents and their perceptions of constructs. Pearson correlation analysis was employed as an initial diagnostic to investigate bivariate connections and evaluate the probability of multicollinearity prior to regression analysis. Multiple linear regression subsequently evaluated the individual impact of each assessment dimension on employee morale, with significance determined at  $\alpha = 0.05$ . Regression diagnostics examined normality, linearity, homoscedasticity, independence of errors, and multicollinearity through variance inflation factor and tolerance metrics.

## RESULTS

### Sample Profile

The final analytical sample comprised 140 employees from five GCB branches. Of these, 55.7% were male and 44.3% female. The workforce was predominantly younger and middle-aged: 42.1% were aged 26–35, 29.3% aged 36–45, 15.0% aged 18–25, 10.7% aged 46–55, and 2.9% above 55. Educationally, 66.4% held first degrees, 20.7% master's degrees, and 12.9% diplomas or HNDs. By grade, banking officers comprised 37.1%, clerical officers 34.3%, senior banking officers 20.0%, and branch or assistant branch managers 8.6%. Tenure distribution showed 38.6% with 4–7 years' service, 25.7% with 8–12 years, 22.9% with 0–3 years, and 12.9% with more than 12 years. The sample thus represents frontline and mid-level workers with sufficient organisational experience to evaluate the appraisal system meaningfully.

### Appraisal Perceptions and Worker Morale

Table 3 encapsulates employee perceptions about the four appraisal dimensions. The frequency of appraisals attained the greatest mean score ( $\bar{x} = 3.38$ ; 61.4% positive), signifying that the majority of respondents recognised the consistency of evaluations. The quality of feedback received a reasonable rating ( $\bar{x} = 3.12$ ; 53.6% positive). The perceptions of evaluation fairness and the linkage between appraisal and reward were both below neutral ( $\bar{x} = 2.84$  and 2.71, respectively), with favourable scores at just 41.4% and 38.6%.

**Table 3: Descriptive Statistics for Appraisal Dimensions**

Appraisal Dimension	Mean ( $\bar{x}$ )	Std. Deviation	% Positive (Agree/Strongly Agree)
Appraisal Fairness	2.84	0.921	41.4%
Feedback Quality	3.12	0.874	53.6%
Appraisal-Reward Linkage	2.71	0.963	38.6%
Appraisal Frequency	3.38	0.812	61.4%
Overall Appraisal Perception	3.01	0.857	48.8%

The overall appraisal perception mean was 3.01, with 48.8% positive responses — indicating a marginally favourable but ambivalent overall assessment. Item-level analysis of appraisal fairness clarified the source of these concerns: the lowest-rated item asked whether the process was free from personal favouritism ( $\bar{x} = 2.57$ ; 57.9% disagreed or strongly disagreed), while respectful interpersonal treatment during appraisal discussions was rated more positively ( $\bar{x} = 3.39$ ). Employees thus distinguished between respectful conduct and the perceived objectivity of appraisal decisions — a theoretically meaningful distinction consistent with organisational justice theory’s separation of interactional and procedural fairness dimensions.

Table 4 presents descriptive statistics for worker morale and its component dimensions. Overall morale was moderate ( $\bar{x} = 3.16$ ; 52.9% positive). Organisational commitment was the strongest dimension ( $\bar{x} = 3.41$ ; 62.1% positive), suggesting that many respondents retained GCB identification despite appraisal-related concerns. Job satisfaction was also above the midpoint ( $\bar{x} = 3.24$ ; 55.0% positive). Work motivation was close to neutral ( $\bar{x} = 3.08$ ; 50.7% positive), and the reverse-scored absenteeism intention dimension was the weakest ( $\bar{x} = 2.89$ ; 43.6% low absenteeism intention), indicating withdrawal tendencies among a notable proportion of employees.

**Table 4: Descriptive Statistics for Worker Morale Dimensions**

Worker Morale Dimension	Mean ( $\bar{x}$ )	Std. Deviation	% Positive
Job Satisfaction	3.24	0.836	55.0%
Work Motivation	3.08	0.891	50.7%
Organisational Commitment	3.41	0.814	62.1%
Absenteeism Intention	2.89	0.872	43.6%
Overall Worker Morale	3.16	0.830	52.9%

**Preliminary Correlation Analysis**

A Pearson correlation analysis was employed as an initial diagnostic measure to investigate bivariate relationships among the research variables and evaluate the probability of multicollinearity before regression analysis. Table 5 illustrates that all four assessment factors had a positive and substantial correlation with worker morale (all  $p < .01$ ). The highest bivariate connection was observed in appraisal fairness ( $r = .641$ ), followed by appraisal-reward linkage ( $r = .614$ ), feedback quality ( $r = .587$ ), and appraisal frequency ( $r = .412$ ). The inter-correlations across predictors varied from .312 to .608, remaining beneath the threshold for severe multicollinearity, so validating the inclusion of all four dimensions as simultaneous predictors in the regression model.

**Table 5: Pearson Correlation Matrix**

Variable	1. AF	2. FQ	3. ARL	4. AFq	5. WM
1. Appraisal Fairness	1.000	—	—	—	—
2. Feedback Quality	.523	1.000	—	—	—
3. Appraisal-Reward Linkage	.608	.491	1.000	—	—
4. Appraisal Frequency	.371	.448	.312	1.000	—

5. Worker Morale	.641	.587	.614	.412	1.000
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Note: AF = Appraisal Fairness; FQ = Feedback Quality; ARL = Appraisal-Reward Linkage; AFq = Appraisal Frequency; WM = Worker Morale. All correlations significant at  $p < .01$ .

### Multiple Regression Analysis: Primary Results

Multiple linear regression served as the principal analytical method for evaluating the four study hypotheses. The regression model demonstrated overall statistical significance ( $F(4, 135) = 55.84, p < .001$ ) and accounted for 62.3% of the variance in worker morale ( $R^2 = .623$ ; Adjusted  $R^2 = .612$ ). All four evaluation aspects were statistically significant independent predictors, leading to the rejection of all four null hypotheses. Table 6 displays the comprehensive regression findings.

**Table 6: Multiple Regression Results — Appraisal Dimensions Predicting Worker Morale**

Predictor	$\beta$	t-statistic	p-value	Hypothesis Decision
Appraisal Fairness	.341	5.428	< .001	H <sub>1</sub> rejected
Feedback Quality	.243	3.891	.001	H <sub>2</sub> rejected
Appraisal-Reward Linkage	.298	4.617	< .001	H <sub>3</sub> rejected
Appraisal Frequency	.147	2.154	.032	H <sub>4</sub> rejected

Model summary:  $R^2 = .623$ ; Adjusted  $R^2 = .612$ ;  $F(4, 135) = 55.84$ ;  $p < .001$ .

Appraisal fairness was identified as the most significant independent predictor of employee morale ( $\beta = .341, p < .001$ ), contributing the greatest unique variance to the explained outcomes. The appraisal-reward relationship was the second most significant predictor ( $\beta = .298, p < .001$ ), succeeded by feedback quality ( $\beta = .243, p = .001$ ). The frequency of appraisal was the least robust yet still statistically significant predictor ( $\beta = .147, p = .032$ ). The standardised beta coefficients rank the relative significance of the appraisal characteristics as follows: fairness > reward linkage > feedback quality > frequency. The model's substantial explanatory ability ( $R^2 = .623$ ) indicates that the employees' perceptions of these four appraisal factors collectively account for approximately two-thirds of the variance in worker morale at GCB Kumasi branches.

## DISCUSSION

### Appraisal Fairness as the Primary Exchange Resource

The discovery that evaluation fairness is the most significant predictor of employee morale ( $\beta = .341$ ) holds considerable theoretical and practical importance. Within the framework of Social Exchange Theory, this outcome can be interpreted as evidence that fairness is the paramount resource in the appraisal exchange: when employees perceive appraisal standards as objective, consistently applied, and devoid of favouritism, the organization indicates that it is a reliable exchange partner dedicated to equitable treatment. This view engenders mutual commitment, happiness, and motivated involvement. In contrast, perceived bias or inconsistency indicates a breach of exchange norms, prompting withdrawal behaviours such as diminished commitment,

motivation, and heightened intentions of absenteeism. The robust beta coefficient for fairness, surpassing those of reward linkage and feedback quality, indicates that the legitimacy of the exchange connection — the degree to which employees see the process as equitable — is fundamental to all other evaluative outcomes. Equity Theory elucidates this mechanism: employees assess their performance-rating ratios against those of their peers, and apparent unfairness is felt as a significant violation of the employment relationship (Colquitt et al., 2022). In a branch banking context where employees work towards common performance objectives and observable

outcome distributions, such comparisons are especially prominent; employees notice who attains favourable evaluations, bonuses, or promotions, and these observations directly

influence their perceptions of organisational equity. The item-level observation that 57.9% of respondents refuted the assertion that assessments were devoid of personal bias is extremely enlightening. This suggests that the perceived fairness deficiency at GCB Kumasi pertains not to process mechanics, but rather to actual or perceived favouritism in evaluation choices. From a Social Exchange Theory standpoint, this signifies a persistent disturbance of the exchange connection that diminishes morale in all its aspects. This corresponds with Ghanaian banking research that consistently identifies appraisal bias as a principal factor contributing to diminished motivation and commitment (Alabi et al., 2021; Dartey-Baah & Hototor, 2022), and further substantiates this by illustrating that fairness is the quantitatively predominant predictor when all four appraisal dimensions are concurrently analysed.

### **Appraisal-Reward Linkage: Translating Exchange into Expectancy**

The second most significant predictor, appraisal-reward linkage ( $\beta = .298$ ), denotes the tangible reciprocal aspect of the appraisal exchange: the extent to which employees perceive that exceptional performance is concretely acknowledged through compensation, bonuses, promotions, and career advancement chances. SET anticipates that this dimension will be particularly influential as it immediately illustrates whether the organization fulfils its obligations in the exchange—specifically, whether performance-driven efforts yield proportional rewards. In the absence or ambiguity of connection, employees logically diminish their effort investment due to unmet exchange terms (Locke & Latham, 2019).

The observation that merely 38.6% of respondents indicated a positive response to incentive connection items — the lowest affirmative rate among the four dimensions — indicates a significant vulnerability in GCB's appraisal exchange. Employees who believe that high assessment scores do not result in significant rewards encounter a breach of the performance-effort expectancy that underpins motivation. This view aligns with the findings of Mensah and Tawiah (2022) and Dartey-Baah and Hototor (2022), who recognise the connection between rewards and promotions as crucial determinants of commitment and morale in Ghanaian commercial banking.

Significantly, SET highlights a distinction between formal and perceived connections. GCB's evaluation policy may officially state that ratings influence remuneration and promotion decisions (Hr & Manual, 2023), but employee morale is influenced by their opinions of the consistency, transparency, and evidence of this connection. The managerial consequence is that explicitly articulating the decision rules—how assessment scores correlate with certain incentive outcomes, and supplying recorded evidence of this correlation—is as crucial as the official policy itself.

### **Feedback Quality: The Developmental Dimension of Exchange**

Feedback quality ( $\beta = .243$ ) served as the third-ranked predictor, affirming the developmental significance of the evaluation exchange. From a SET viewpoint, high-quality feedback—specific, timely, constructive, and actionable—constitutes an organisational investment in the employee's professional competencies, a kind of human capital that employees reward with heightened engagement and effort. Goal-Setting Theory delineates the mechanism: feedback allows employees to adjust their progress towards performance benchmarks, recognise avenues for enhancement, and sustain commitment to goals over time (Locke & Latham, 2019). The discovery that feedback quality accounts for distinct variable in morale beyond fairness and reward association is theoretically significant: it suggests that developmental support functions as an autonomous trade resource, rather than just serving as a substitute for perceived fairness. In commercial banking, personnel encounter numerous concurrent performance requirements (goal achievement, customer service, compliance, accuracy, deposit mobilisation), resulting in a significant cognitive and motivational burden in performance management. Quality feedback that aids employees in prioritising, skill development, and discerning the difference between acceptable and great performance is thus very valuable as a resource for exchange. The practical relevance for GCB corresponds with contemporary performance management literature's focus on ongoing feedback rather than annual compliance (Aguinis, 2023): the supervisor's ability to deliver

developmental feedback is a crucial factor in the motivational significance of appraisals. Structural modifications to forms, rating scales, or review schedules that lack accompanying supervisor training in feedback delivery are improbable to enhance morale.

### **Appraisal Frequency: Structural Support without Substitution**

The frequency of appraisal was the least robust predictor ( $\beta = .147$ ), while statistically significant. This pattern theoretically aligns with SET: frequency offers the structural consistency for resource exchange, although it cannot replace the quality of those resources. Regular evaluations deemed unjust, ambiguous, or unrelated to rewards result in numerous low-value interactions and may exacerbate morale issues by highlighting the shortcomings of the appraisal system. Conversely, when fairness, feedback quality, and reward linkage are elevated, frequency enhances their beneficial impacts by increasing the instances of resource exchange. The discovery that frequency ( $\bar{x} = 3.38$ ) was the highest-rated evaluation dimension by employees, yet had the least impact on morale in the regression analysis, compellingly exemplifies this SET prediction. Employees recognise that evaluations take place consistently; yet, this frequency holds no motivational significance without genuine fairness and consequential rewards. The explicit caution is evident: management must not presume that boosting appraisal frequency will enhance morale without concurrently addressing the qualitative aspects of the interaction.

### **Theoretical Contributions**

This study contributes significantly to the literature on performance appraisal and employee morale. This study presents the inaugural application of Social Exchange Theory as a cohesive primary framework for comprehending appraisal-morale connections within a Ghanaian banking context, empirically demonstrating that the reciprocity logic of SET, rather than any singular motivational theory, most effectively elucidates the significance of appraisal dimensions. The arrangement of beta coefficients (fairness > reward linkage > feedback quality > frequency) aligns with the theoretically anticipated hierarchy of exchange resource value: procedural legitimacy (fairness) represents the most essential exchange condition, succeeded by tangible reciprocal demonstration (reward linkage), developmental investment (feedback), and structural regularity (frequency). The paper enhances existing Ghanaian banking research by offering branch-level regression analysis from GCB Kumasi, a context not before investigated with such methodological rigour. Third, the study enhances the performance management literature by quantitatively demonstrating that appraisal frequency is the least significant predictor when all four characteristics are analysed concurrently. This undermines administrative notions that increased review frequency inherently leads to improved morale results, and supports the theoretical claim that the quality of exchange exchanges is more significant than their structural regularity.

### **LIMITATIONS**

Numerous constraints restrict the generalisability and causal interpretation of these findings. The survey was carried out in five GCB branches within the Kumasi Metropolis, involving 140 respondents. Although stratified random sampling enhanced representation across branches, the results are primarily relevant to analogous urban commercial banking environments and should not be indiscriminately extrapolated to rural GCB branches, other Ghanaian banks, or non-banking entities. Branch-level culture, client volume, supervisory approach, and regional HR norms may influence appraisal experiences in ways not addressed herein (Saunders et al., 2019). The study utilised a standardised self-report questionnaire employing a Likert scale. Despite the instrument exhibiting adequate internal consistency (overall Cronbach's  $\alpha = 0.847$ ), self-reported data are susceptible to common-method bias and social desirability bias, especially as evaluation perceptions are sensitive in hierarchical environments. Certain employees may have tempered their responses despite the protections of confidentiality and voluntary involvement (Creswell &

Creswell, 2023). The cross-sectional design restricts causal interpretation. Multiple regression analysed the independent relationships between appraisal dimensions and morale at a specific moment, yet it cannot determine if appraisal quality induced changes in morale, if employees with elevated morale assessed appraisals more favourably, or if unmeasured organisational factors affected both variables. Longitudinal or intervention-based approaches are required to establish

temporal causal ordering.

The approach concentrated on four appraisal characteristics and excluded other potential factors influencing morale, including leadership style, salary appropriateness, organisational culture, job security, and work-life balance. The results elucidate the appraisal-related aspect of employee morale, rather than provide a comprehensive explanation of morale dynamics at GCB. Future mixed-methods research that includes interviews, supervisor viewpoints, and administrative HR data would enhance explanatory depth and facilitate the investigation of the reciprocity mechanisms proposed by Social Exchange Theory (SET).

## CONCLUSION

This study shows that performance appraisal at GCB branches in the Kumasi Metropolis affects employee morale chiefly through the quality and perceived fairness of the appraisal process, rather than only through the formal implementation of appraisal procedures. Grounded in Social Exchange Theory, the results indicate that employees reciprocate organisational investments in equitable procedures, developmental feedback, and reward-associated evaluations with increased morale, commitment, and motivation. Multiple regression analysis revealed appraisal fairness as the most significant predictor ( $\beta = .341$ ), succeeded by appraisal-reward linkage ( $\beta = .298$ ), feedback quality ( $\beta = .243$ ), and appraisal frequency ( $\beta = .147$ ), together accounting for 62.3% of

the variance in employee morale. The SET framework elucidates the fundamental mechanism: appraisal fairness legitimises the exchange relationship; reward linkage affirms the tangible acknowledgement of performance contributions; feedback quality illustrates the organization's commitment to employee development; and frequency ensures the systematic delivery of these exchange resources. The relative inadequacy of frequency, although being the highest-rated feature by employees, effectively exemplifies the fundamental tenet of SET: the worth of an exchange is dictated by the quality of the resources traded, rather than the mere frequency of interaction.

GCB's primary objective is to enhance the substantive integrity of the appraisal exchange. This necessitates the utilisation of transparent, impartial performance metrics; the documentation of evaluative data; the explicit communication of how assessment results influence compensation and promotion decisions; and the provision of supervisors with the competencies to offer prompt, specific, and constructive feedback. Regular appraisal discussions should integrate participatory goal-setting, quarterly evaluations, supervisor feedback training, and periodic assessments of employee appraisal satisfaction, thereby converting appraisals from a compliance task into a

meaningful performance management strategy. Subsequent research ought to expand upon this study by employing longitudinal designs to monitor morale before to and during evaluation reforms, conducting comparison analyses among Ghanaian commercial banks, and utilising qualitative or mixed-methods approaches to document employees' experiential reciprocity. Investigating the exchange mechanisms proposed by SET—specifically the influence of perceived organisational support and leader-member exchange as moderating factors—would enhance comprehension of how performance appraisal systems can be structured to maintain employee morale in Ghana's competitive banking sector.

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