

Performance Appraisal and Organizational Performance

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Abstract

The study examined performance appraisal and organizational performance. A study of Larfage and Niger Mills in Cross River State. The specific objectives were to: examine the relationship between management by objective and employees service quality, determine the relationship between judgmental evaluation and employee commitment, and to investigate the relationship between performance evaluation and employees output. Survey research design was employed in this study. Data for this study were gathered from primary sources and through the use of structured questionnaire from respondents of the selected company in Cross River State. The study employed Pearson Product Moment Correlation analysis to measure the relationship between variables tested in the study. Based on the analysis, the major findings revealed thus: there was a significant relationship between management by objective and employees service quality, there was a significant relationship between judgmental evaluation and employee commitment, there was a significant relationship between performance evaluation and employees output. In line with the findings of this study, the study recommended that managers should act to implement and achieve their desired plans, which will help achieve those of the organization. Also, recommended that rewards should be given to employees on the basis of how close they come to meeting their goals. Employees and management should work together to set goals with the determination of helping employees to achieve continuous development through a continuing process of goal setting, feedback and correction.

Keywords: *Performance appraisal, management by objective, Employees service quality, Judgmental evaluation, Employees commitment, performance evaluation, employees output.*

INTRODUCTION

In most human endeavors it is argued that it is not the winning or losing that counts, but how you play the game. The efficiency of business organizations can be achieved through an effective performance appraisal scheme which offers a number of potential benefits to both individual and the organization(Ajayi,2011). Employee performance can be improved through the process of performance appraisal which is a measure of the employee's performance based on the objectives agreed upon by the departmental and corporate body. Appraisal system is important in dealing with the future of individual human beings who make up the organization. With a good appraisal system, those who contribute most will be adequately rewarded and the right type of people will most likely be promoted into positions of higher responsibility. The

efficiency of any business organization, therefore, depends largely on a good appraisal system. The general (and basic) aim of performance appraisals as a personnel management function is to effect improvement in the performance of the employee on the job in order to achieve efficiency in business (Obiora, 2013). Performance appraisal is a component of performance management and it is vital in that it directly reflects the organizational strategic plan. It points out to the fact that many organizations in the world today have realized the tremendous need for performance appraisal systems. If it is done well it could yield the desired results for the organization. According to Hayford (2016), It is a well known fact that the growth and success of an organization to a very large extent depends on the performance of its employees which could be measured by performance appraisal. It is uncommon to find that most employees are promoted to their high level of incompetence. They are given responsibilities they cannot effectively carry out. This has affected the performance of the firm and even denied the firm of its competitive ability.

Performance appraisal ought to ensure the promotions, demotions and other forms of reward. Many employees also exhibit attitudes that are detrimental to the organization particularly in the area of lateness to work, absenteeism, and waste of organization resources, among others. Performance appraisal ought to inform employees how they are doing and suggest ways of changing their behaviors, attitudes, skills or job knowledge. These problems have affected the level of efficiency of the firm.

LITERATURE REVIEW

This study is anchored on Vroom's Expectancy Theory as postulated by Victor H. Vroom. The theory states that the effort of an employee will result into performance, and performance will subsequently result into rewards. This theory advocates that the magnitude of a tendency to perform in a desired form largely relies on the expectation that the act will lead to a given outcome and based on the attractiveness of that outcome to the individual. Performance appraisal can be regarded as the process of recording and assessing employee's performance for the purpose of drawing conclusions about employees that lead to decisions (Crossman, 2014). Performance appraisal is an analysis of an employee's recent failures and successes, individual strengths and weaknesses and the suitability for promotion or advance training and time to time evaluation of employee's performance measured against the job's requirements or stated. In simple terms, performance appraisal refers to the assessment of employee's productivity in a systematic manner, the productivity being measured against factors such as initiative, job knowledge, supervision, leadership abilities, quality and quantity of output, judgment, cooperation, versatility, health and the like (De Waal, 2014). Performance appraisal is a formal and organized interaction between a subordinate and supervisor, that regularly takes the method of a periodic interview which can be annually or semi-annually, in which the work performance of the employee is well examined and discussed with a sight of recognizing strengths and weaknesses as well as threats and opportunities for skills development and improvement (Omusuebe, 2013). A long-term process for evaluating employee's performance would not only be in the interest of the individual but also to the organization. Stalz (2016) explains that organizations should look at the content of the appraisal system first and satisfy itself that the appraisal system is well understandable and in order not only to the appraiser but also to the appraisee. He also suggests that the appraisal system should be given to the appraisee who will return it to the appraiser, who then rates the appraisee and returns the form to the appraisee to go through and sign if he/she agrees with the rating. But even if the employee does

not agree with his supervisor's rating he/she would give his/her own remark, and still signs the appraisal arrangement. The arrangement then goes to the next senior officer or personnel department or the appraisal committee or the managing director as the case may be where the boss rating is changed, added to, and challenged, but the final appraisal result should be communicated to the appraisee through his/her immediate boss who will later on discuss the final performance appraisal result in a post appraisal interview. Marmoria (2015) agreed that the process of performance appraisal starts with the creation of performance standards, followed by communicating principles to the workers because if left to themselves, would find it extremely difficult to know what is expected of them. This is followed by measurement of actual performance and then compare and contrast the actual performance to the performance standard required and discuss the outcome of the appraisal with the employee and if required, initiate corrective action.

Employee Productivity

In the organizational setting, employee productivity is defined as the degree to which an employee of an organization contributes to achieving the goals of the organization(Wayne,2012). Employee productivity is a measure of the quality and quantity of work done, considering the cost of the resources used. McNamara (2000) additionally states that results are always the final and specific outputs desired from the worker. Results are regularly stated as products or services for an internal or external customer. They may be in form of impact on a community, financial accomplishments, and so those results are conveyed in terms of quality, quantity, time or cost. Employee productivity includes quality of output, quantity of output, presence at work and cooperativeness, timeliness of output. Employee productivity is simply understood as the related accomplishments expected of an employee and how well those accomplishments are executed.

Performance appraisal and employees' productivity

Cardy (2011) identify performance appraisal as an interaction that is formal and structured which exist between an individual and his overseer, which comes in shape of interviews that are periodic (yearly or less), where output of that individual is assessed and appraised, with the intention of pinpointing strengths and weaknesses together with chances for likely improvement and subsequent skills development. Various organizations use appraisal results, directly or indirectly, so as to determine reinforcements(Elisha,2015). This is to say that the results are used to get employees who seem good and who would be given higher merit remuneration increases, bonuses, and or promotions. Performance review of workers is surely among the best practices to boost performance, morale and increase productivity. Performance appraisal according to Manoharan (2019) is a very significant management tool for measuring the efficiency of employees in a place of work. It is meant to boost the efforts of a worker and his team to gradually see to the success of the overall organizational mission accomplishment (Cardy, 2011). It is used in some companies to interpret resultant rewards in the company, that is, people that may be given merit allowance increases, bonuses, or cadre movement. Also, it can be employed to get the low performers who may be advised, demoted, dismissed or suffer remuneration decrease. Armstrong (2012) pointed out that it often includes performance management system. This is a management system used to manage and direct the resources of an organization so as to get the optimum likely performance. According to Dessler (2008) it involves ensuring the main objective, establishing goals of a team, developing performance plan,

performance analysis (through appraisal system) identifying developmental needs and rewards assignment.

Empirical Review

Performance appraisal's influence related to worker's performance in some public sectors and also on workers' output in some private sectors. There is no consensus in the literature related to this topic leading to a divide among policy makers as to whether performance appraisal increases workers' performance or not. So many researches were done in relation to the topic of study. Remarkable among these studies are; Mollel-Eliphaz(2017) who studied the influence of performance appraisal practices on employee productivity: A case of Muheza District, Tanzania. The researchers discovered that employee productivity in a company is affected by recognition and feedback. Similarly, Ojebiyi (2013) studied the employee productivity of public universities in South-Western Nigeria related to lecturers' performance. They discovered a relationship quite significant and positive that exist between performance appraisal and employee productivity in the institutions. Similarly, Baqerkord (2012) looked into the performance appraisal and employee productivity, they discovered that performance appraisal seems to be integral and an approach that is strategic in boosting employee and organizational productivity. Marsor (2011) investigated the performance appraisal and employee productivity, where he showed that structures that are laid properly may be reappraised and assumed to be good in other parts in boosting the output of an employee. Odunayo (2014) looked into relationship modeling between organizational productivity and performance appraisal in the government own sector of Nigerian enterprises. They showed a relationship that is positive and significant that exists in performance appraisal and work output. Again, Onyije (2015) looked at the concepts related to Nigerian University. He saw a relationship that is significant and positive in performance appraisal and employees' productivity. But Hayford(2016) digressed to look at "If performance appraisal is Anachronistic in tertiary institutions in Ghana": Evidence from University of Cape Coast. Their result proved that university staff there saw reasons for performance appraisal pointing at it being for administration or for development. But Omusuebe (2013) collaboratively looked at the topic related to Mumias Sugar Company limited. They realized that between performance appraisal and employee productivity in a company a correlation really exists. In their own part Ajayi (2011) scrutinized the topic related to South West Nigerian Universities' academic staff. In their part they found out that a positive and significant relationship exists in the performance appraisal and employees' productivity of the staff. Obiora (2013) investigated the topic as it relates to Nnamdi Azikiwe University, Awka and he came up with the realization of the existence of relationship between performance appraisal and employees' productivity in the time of the study.

MATERIALS AND METHODS

The design employed in this study is survey research design. Data for this study were gathered from primary sources and through the use of structured questionnaire from respondents of the selected company in Cross River State. The study employed Pearson Product Moment Correlation analysis to measure the relationship between variables tested in the study.

RESULTS AND FINDINGS

Based on the analysis of the results, the following finding were revealed thus; In hypothesis one, it was revealed that there is a significant relationship between management by objective and employee productivity. The finding is in line with the works of Mollel-Eliphaz (2017) who

studied the influence of performance appraisal practices on employee productivity. He posited that employee productivity in a company is affected by recognition and feedback. Similarly, The finding is in line with the works of Ojebiyi (2013) who studied the employee productivity of public universities in South-Western Nigeria related to lecturers' performance. They discovered a relationship quite significant and positive that exist between performance appraisal and employee productivity in the institutions. The finding is in line with the works of Marsor (2011) who posited that structures that are laid properly may be reappraised and assumed to be good in other parts in boosting the output of an employee. Odunayo (2014) showed a relationship that is positive and significant that exists in performance appraisal and work output. Ajayi (2011) found out that a positive and significant relationship exists in the performance appraisal and employees' productivity of the staff.

CONCLUSION AND RECOMMENDATIONS

The study revealed that there is a significant relationship between management by objective on employee service quality, there is a significant relationship between judgmental evaluation and employee commitment, and there is a significant relationship between performance evaluation and employees output., the following recommendations are proffered;

1. Managers should act to implement and achieve their desired plans, which will help achieve those of the organization.
2. Rewards should be given to employees on the basis of how close they come to meeting their goals.
3. Employees and management should work together to set goals with the determination of helping employees to achieve continuous development through a continuing process of goal setting, feedback and correction.

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