



# INFLUENCE OF PERFORMANCE APPRAISAL MANAGEMENT ON EMPLOYEES PRODUCTIVITY

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## **Abstract**

*This study sought to examine the influence of performance appraisal management on employee productivity. The main objective of this study was to examine the ways in which performance appraisal has impacted employee's performance, to know if Management by Objectives method of performance appraisal enhanced employee productivity in North South Power Company and to find out if feedback, as performance appraisal variable influence. From the findings, the study concluded that there a significant relationship between performance appraisal management and employee productivity. Additionally, feedback definitely has an impact positively on employee productivity. Performance appraisal management should be taken seriously by organizations because it yields good results that will take the company far.*

**Keywords:** *Performance Appraisal, Management and Employee Productivity*

## **1.1 Introduction**

Performance appraisal attributes to the success of every business organization. It is one of the most important tools that push workers to work actively, effectively and efficiently. A critical evaluation may lead to the need for training, rewards, development, motivation and good interpersonal relationship in an organization.

Performance appraisal is defined as "a structural formal interview between subordinate & supervisor, that usually takes the form of periodic interview (annually or semi-annually), in which the work preference of the subordinate is examined and discussed, with the view of identifying the weaknesses and strengths as well as opportunities for improvement and development" (Senyah et al., 2010). Performance appraisal can also be defined as a formal process which takes place from time to time, whereby employees are evaluated by a supervisor

or some type of judge, who determines the performance of an employee through a set of measures, attaches a grade or scores to the evaluation and then normally notifies the employee of his or her result. Basically, the reason for conducting an appraisal is to improve the performance of the workforce (DeNisi et al., 2017).

A lot of organizations have adopted performance appraisal as a process that improves business performance (Daonis, 2012). Performance appraisal has rampantly become a tool used to strategically to improve organizational effectiveness. Performance appraisal goes hand in hand or correspondently with evaluation, performance review, assessment and personnel appraisal. In any organization, performance appraisal significance has proved to be indispensable when we address organizational success address organizational success. Any organization's success depends deeply on how well the employee performance is effectively managed. The performance appraisal is a rare and important form of career development which encompasses a standard review of employee performance in an organization and then furthermore, conveys feedback to the employees (Paul et al., 2014). These authors see performance appraisal as a process that happens continuously as regards checking and measuring every employee input and through that, know their strengths and weaknesses. And of course, the results are communicated back to them (feedback).

### **1.2 Statement of the Study**

The negative effect of lack of performance appraisal is usually low productivity. When performance appraisal is not practiced in an organization, it brings about low job performance among the staff. Even though the labour union points out that it is good (in terms of increase in productivity) to know about employee's personal lives and also ask about their wellbeing, it could sometimes impact negatively on the performance appraisal and the management because they would be forced to increase salary or promote workers on seniority basis.

The main objective of an organization is to successfully achieve its set goals. These goals won't be attained if employee's effort or performance is ignored. It is very important to focus on performance appraisal so that the organizational goals can be achieved successfully. Employees will be enabled and enthusiastic to show higher productivity if an appealing incentive is attached to the performance appraisal. Appealing appraisal structures are set up by some organizations in order to aid in motivating them and work effectively to gain rewards and recognition. Any organization begins to see high productivity when employees are motivated.

Employees go all out to attain output at a maximum level by putting in effort, knowledge and working together as a team. Therefore, the significance of this research is to discover the role that performance appraisal has played.

### **1.3 Objectives of the Study**

The objectives of this study are:

- i. This study seeks to examine the ways in which performance appraisal has impacted employee's performance
- ii. To know if Management by Objectives method of performance appraisal enhanced employee productivity in North South Power Company

- iii. To find out if feedback, as performance appraisal variable influence productivity

#### **1.4 Research Questions**

The following questions were developed to guide the study.

- i. How has performance appraisal impacted on employee performance?
- ii. Has management by objectives method of performance appraisal enhanced employee productivity?
- iii. Does feedback, as a performance appraisal variable influence productivity?

#### **1.5 Scope of the Study**

This study is limited to the impact of performance appraisal on employee's productivity which will in turn, lead to effective performance and productivity in business organizations. This study is using Shiroro Hydro-Electric Power Company Limited – North South Power Company Limited as a case study. Therefore, the area of study that the data would be gotten is Shiroro Power Station, Niger state.

#### **1.6 Literature Review**

##### **1.6.1 Conceptual Framework**

A concept is an idea or notion. A conceptual framework is used to comprehend the place and clarify the direction of a research project. It makes use of past research to conclude a theory and methodology for a current research study. (Magher, 2018). In this research, there are two variables. They are: 'Performance appraisal' and 'Employee productivity'. We will investigate each variable separately and combined afterwards.

A performance appraisal is said to be a system that can be used for improvement, in terms of organization's work force performance. It is also said to be an important part in human resource management and an aspect of the administrative control process. it is important to plan an appraisal process which is to help achieve the said objectives like for example, development of work force, improvement, salary increase, employee's performance feedback, educational needs determination, etc (Mwema et al., 2014)

An employee is a person employed in and establishment to do any work for payment. He or She is hired for a wage, fee, and salary to perform work for the employer. Employee productivity is an assessment of how efficient a worker or a group of workers are. It is said that to be the driving force of any company's profitability and growth (Sheahan, 2017).The question now is, has performance appraisal really impacted on employee's productivity? be it positively or negatively.

According to Mwema et al., (2014), capable appraisal of individual performance in a company helps to better the general effectiveness of the body. The three (3) central and functional aspects of performance appraisal system are: informative, motivational and administrative performance. Appraisal influences administrative because it enrolls in the facilitation of organized means of rewards to employees, salary increase and authority delegation, responsibility to the most competent employees. The motivational role has to do with initiating learning experience which the same time, motivates employees to improve their performance. Finally, the informative

function is accomplished when the appraisal system gives feedback or data to managers and assessment about individual employee's strength and weaknesses when adequately or effectively used. Effective performance appraisal is benefitted greatly by the appraises and the appraisers in an organization. The appraises (employees) benefit in some ways. The appraises understand better, there and weaknesses and equally work on them and accordingly make behavioural adjustment. Appraises also initiate a valuable seminar for provision of feedback to employees on individual behaviour and to allow workers provide suggestions to their manager. Finally, employees are assisted when it comes to initiating plans for behaviour improvement and can understand better, the priorities and goals of the company (Mwema et al., 2014).

Performance appraisals have some related variables. Some of them are: Reward, Training, promotion, feedback, Demotion, termination, transfer, retrenchment and redeployment. Etc.

**Training:** Performance appraisals come to play when an organization wants to pinpoint the type and level of low performers among the employees. Employees get to be trained when some are known to be non-efficient in the performance in their specific duties. This training employees undergo will represent a means to let such employees to achieve and gain further and specific skills, knowledge, information, capacities and talent that would be needed in an employee's following tasks. Nevertheless, even if high performance is measured in both managers and employees, training should still be continuous, so there will be capability in providing impartial input (Paul et al, 2014).

**Feedback:** A performance appraisal can be used as a tool for management to classify or appraise and gives feedback to employee regarding how they performed in a job. And also, how to improve in areas they are lacking. Some studies have shown that the feedback aspect helps in pointing out employee's strengths and weaknesses. Some stated that for improvement of employee performance, it is crucial to first pinpoint the area that he/she needs to improve on through assistance and feedback which reassures the employee's improvement and commitment in terms of improving employee's performance. The feedback recording can be done verbally but mostly, experts in the legal field usually counsel employers to have records written so that they can legally protect themselves (Paul et al, 2014). We can use the 360-degree feedback to evaluate individual performance. This way of feedback gives the manager the chance to closely assess the employee performance through his interaction with colleagues, customers, and the himself. As the staff of a company increases, a more formally written appraisal form should be refined and used externally or internally, and the appraisal results should come with salary increases or bonuses. Even though appraisal is adopted verbally or in written, organization have to make provision for feedback consistently so that employees will make improvement at work.

According to Mwema et al., (2014), some studies pointed out that such factors like training, career development, promotion, feedback influence (directly or indirectly) employee satisfaction at work. If we record high performance for employees, it must be backed up with footing for increased pay and promotions. Nonetheless, when establishing an appraisal system, the link or

relation between the pay increases/promotion and the appraisals. Since for development/improvement intention, feedback on performance may be verbally given, a summary in writing of the individuals employees work performance must follow a promotion (or demotion or termination). Therefore, it is critical and important that a manager makes it he's duty to frequently archive to job performance of an employee.

The management of objectives usage became broadly known in the 1950's through a notable theorist known as Peter Drucker. This management by objectives method's essence is to measure the performance of employees. This is done by analysing the intensity to which fixed work aims have occurred.

### **1.6.2 Theoretical Framework**

There are several studies that could underpin this study, such as Edwin Locke's goal setting theory, Behaviour maintenance theory, two factor theory and Expectancy theory. However, for this study, expectancy theory is will be adopted.

Edwin Locke's goal setting theory explains a situation where employees are motivated to work in an organization when they are told or given particular goals to achieve. This theory points out that hard goal leads to a performance level that is higher whereas, easy goals do the opposite. Behaviour maintenance model was presented to show how people are motivated to efficiently perform in an organization. The behaviour model lays emphasis on the importance of effect in the motivational process. The model depicts that motivation and goal attainment occurs because of goal aspirations (Essays UK, 2013).

Expectancy theory explains that at any time, an individual's motivation onto an action is driven by that person's perception that a specific kind of action will be an effect of a certain outcome. This theory is termed as the probability of that specific action will lead to a reward. So, if an individual has a specific goal, some behaviour must occur so that the goal can be achieved. The likelihood of different behaviours will be weighed because behaviours will lead to the achievement of the desired goals and if those specific behaviours are termed to be more successful in comparison to others, the person will prefer that behaviour. Workers are motivated to put in more effort so their would-be production of better results because of the expected reward. The management could make provision for the relationship between performance and efforts. (Essays UK, 2013).

### **1.6.3 Empirical Review**

Several empirical studies have been done on performance appraisal importance. A case study of selected World Health Organization (WHO) offices in East Africa was done on the influence of performance appraisal on employee productivity in an organization. The selected WHO is of Kenya & Sudan Country Offices. For this study, they adopted descriptive design. Their population of employees is 410. The sample size used was stratified sampling for the selection of sample of study. 105 sample size were used in the study. In addition, questionnaires were used for data collection for both qualitative and quantitative information, while for top management, interviews were rendered. The Statistical Package of Social Sciences (SPSS) was used to analyse

the data collected. This study found out that performance appraisal carried out on employees has positive effect on productivity and that performance appraisal feedback affected the employee's productivity positively too.

### 1.7 Methodology

This study appears to be very descriptive and explanatory in nature. A questionnaire was used to collect data from the population through stratified random sampling. So, the population was grouped in junior and senior employees. The questionnaires included close ended form of questions. The population of the study was 316 consisting of 216 junior employees and 100 senior employees of the North South Power Company. Since the population is not very large, we decided to share questionnaires for every staff. The population of 316 employees was divided between the two groups (junior and senior employees).

The 5-point Likert scale was used for the responses: strongly agree, agree undecided, disagree and strongly disagree with the value of 5,4,3,2 and 1 that respectively corresponds to them. Performance appraisal was measured in the aspects of rewards, feedback, training, promotion, termination etc. On the other hand, employee productivity is measured on the company's productivity and growth which is very important. To assess and check the degree and nature of the relationship between the two variables, the Non-linear Regression model was used. The validity of the instrument adapted was gotten with the aid of field experts. This led to the confirmation of the range of concepts under study. They are defined operationally to guarantee relevant and apt results.

### 1.8 Discussions and Findings

Research Question 1: How performance appraisal impacted on employee performance or productivity?

S/N	Performance Appraisal impact on employee productivity	SA (Strongly Agree)	A (Agree)	U(Undecided)	SD (Strongly Disagree)	D (Disagree)
1	The training employees undergo helps them gain further and specific skills	250 (79.4)	35 (11.1)	0 0	13 (3.9)	18 (5.7)
2	A reward for performance acts as an incentive for employees	290 (92.0)	30 (8.0)	0 0	0 0	0 0

5= SA (Strongly Agree), 4=A (Agree), 3 = U (Undecided), 2 = D (Disagree), 1 = SD (Strongly Disagree)

Research Question 2: Has management by objectives method of performance appraisal enhanced employee productivity?

S/N	Management by objectives method of performance appraisal	SA (Strongly Agree)	A (Agree)	U(Undecided)	SD (Strongly Disagree)	D (Disagree)
1	The training employees undergo helps them gain further and specific skills	240 (76.2)	76 (23.9)	0	0	0
2	A reward for performance acts as an incentive for employees	270 (85.7)	46 (14.4)	0	0	0

Research Question 3: Does feedback (360 degree), as a performance appraisal variable influence productivity?

S/N	360 Degree Feedback and Employee Productivity	SA (Strongly Agree)	A (Agree)	U(Undecided)	SD (Strongly Disagree)	D (Disagree)
1	Employer's feedback about employee's productivity help build up self-development which improves productivity	205 (65.0)	101 (31.9)	0 (0)	5 (1.6)	5 (1.6)
2	Self-appraisal aids employees to examine strength and	156 (49.5)	115 (36.5)	7 (1.7)	9 (2.8)	30 (9.5)

weakness & areas of improvement that enhances their productivity						
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For each research question, the findings above show that:

- i. Performance appraisal has definitely impacted on employee productivity positively which means there is a significant relationship between them.
- ii. Management by objectives method of performance appraisal (based on the two variables) has enhanced employee productivity
- iii. And lastly, that feedback as a performance appraisal variable influences productivity in an organization

### **1.8 Conclusion**

Based on the findings, we can denote that statistically speaking, there a significant relationship between performance appraisal and employee productivity. Additionally, feedback definitely has an impact positively on employee productivity.

### **1.9 Recommendations**

Performance appraisal should be taken seriously by organizations because it yields good results that will take the company far. Also, the method of management by objectives of performance appraisal should be imposed by the management of North South Power. It will enable the staff to take part in the setting of organizational goals and comprehend their various roles for further improvement in terms of productivity in organizations.

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