

Relevance of Employee Performance Appraisal on Organizational Growth and Development

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Abstract: The study was an empirical research that was premised on the relevance of employee performance appraisal on the growth and development of Caprihans (Nigeria), a plastic manufacturing company situated in Lagos. To achieve the objectives of the study, research questions were formulated on questionnaires and administered to three hundred and sixty two respondents in the area. The model specification for the test of hypothesis was product moment correlation coefficient. The result from the study indicates that employee performance appraisal motivate workers to do their best on the job, but Caprihans seldom appraise the effort and performance of their workers hence the high quit rate. Though, management claimed that the non-appraisal of some workers was as a result of their poor attitude to work. Caprihans as a company was accused of only being interested in profit maximization to the detriment of those who milk the profit. Furthermore, the study clearly showed that there was a positive correlation between employee performance appraisal and the growth and development of contemporary organizations. In conclusion, it was recommended that Caprihans and other companies in Nigeria should try as much as possible to appraise the performance of their employees for the growth and development of the companies and for the benefit of the individual.

Keywords: Employee, Appraisal, Growth, Attitude and Evaluation.

Citation: Sunday Ewah and Patrick Igbaji. 2018. Relevance of Employee Performance Appraisal on Organizational Growth and Development. International Journal of Recent Innovations in Academic Research, 2(7): 242-251.

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Introduction

It has become a widely held opinion that people provide organizations with important source of sustainable competitive advantage in a work environment, when they are engaged as employees, thus an individual employee has a responsibility to the organization where he or she is working. Such individuals have to put in their best in the form of skills, energy, temperament and commitment, etc to attain organizational goals (Oberg, 1972).The organization or company also has responsibility to the individual employees, by providing the enabling environment that would warrant the performance of their work. It should be able to shower employees with such variety of incentives that would stimulate and increase their output level for the attainment of organizational objectives. Therefore there is an enduring relationship between organization and its employees. Both have to co-exist, because people need companies to survive, likewise companies need people as workers to continue as profit oriented concern. In recent years companies have been urged to adopt a variety of

performances enhancing practices to improve the output level of their workers especially in the organized private sector to the competitiveness of their firms and products in the global market (Wagner, 1994).

This is because the performance of each employee is tied to what the organization is prepared to offer and how such employee's effort is commended and appraised. Behavioural and business researchers have long asserted that the way in which an organization manages people and appraise their contribution to total production in a work environment can influence current and future growth of the organization (Osterman, 1987). For instance employee participation, empowerment, training, performance contingent incentive and compensation are widely believed to improve the performance and development of organizations (Pfeffer, 1994). Therefore employee performance appraisal is frequently acknowledged to play a central role in linking employee capabilities and tends to motivate or spur workers into action while on the job. It becomes imperative that contemporary organizations should encourage and harness the productive potentials of their employees through appraisals and other methods to boost the growth and development of companies in Nigeria.

In most organizations today, what stakeholders and managers emphasis more is how to maximize profit. They want their businesses to prosper and continue as a profit oriented venture. The more reason they set benchmark for their workers. One peculiar problem that was common amongst these capitalist organizations was the non-appraisal of workers contributions. This was quite true of Caprihan Limited, because their workers were complaining bitterly that their company has no room for employee appraisal. The company does not see it as a priority to motivating workers to do their best while on the job. The effect of this ugly situation led to the drastic reduction in the productivity of workers. For instance the total production of plastic buckets per day drop by 15%. Moreover, the quit rate of workers in the company is on the increase. Though, the manager of the company attributed the non-appraisal of some workers of the company to their negative attitude to work. That some of the workers deliberately stay longer hours on break and some pretend to be sick while on the job, even when they are healthy. The border line is that if a manager of a company refuses either objectively or subjectively (as the case of Caprihans) to appraise the performances of workers, and they become dissatisfied with the job definitely total output will suffer or drop. Thus, the justification for this study is based on its ability to improve both employer and employee relationship in a work environment.

This is because if workers performances are appraised objectively, this will motivate them to even work harder for self-growth and the growth and development of the company. Hence all parties involve will definitely benefit and the economy at large will prosper. Therefore the objectives of this study includes.

- To inculcate the attitude of appraising workers performance in an organization.
- To find out why some workers are not appraised.
- To find out the effect of non-appraisal of workers on productivity and the general growth of the company.
- To ascertain employees' attitude to work.

The other part of the study is divided into theoretical framework, relevance of performance appraisal, contents of an appraisal system, appraisal process and methods, methodology, data analysis and discussion of findings . Others are summary conclusion and recommendations.

Theoretical Framework

There is hardly any programme in the entire portfolio or personnel management that is difficult to objectively and effectively implement and yet so crucial to individual and organizational growth than performance appraisal (Banjoko, 2000). Performance appraisal is a systematic, organized and formulized process of assessing or evaluating individual employee's job-related strengths and weakness (Oberg, 1972). Either in a public or private enterprise, effective results and maximum individual employee performance is crucial to the organization growth and survival. Hence Performance standards and goals are established for corporate goal attainment. Consequently, there is need for individual employee's performance to be evaluated against established goals or specific, set of expected behaviour. By appraising individual's performance, area of relative strengths can be identified and reinforce while areas of shortcoming can be communicated to the appraises and be encouraged to redirect their work habits in a manner that is conducive to better performance growth.

The Relevance of Performance Appraisal

According to Banjoko (2000), performance appraisal performs two major functions. These functions can be broadly categorized as evaluative and developmental.

Performance Appraisal as an Evaluation Tool

As evaluative tools, performance is helpful as it:

- Provides a realistic and reliable basis for making many crucial personnel decisions; such as deciding who is to be promoted, transferred, dismissed, laid-off, demoted, and who is to be given merit increase or confirmation of appointment. In other words, it provides a basis for deciding who gets rewards for higher performance and who gets the boot for marginal or low performance.
- Provides information for correct placement of employees.
- Helps to audit management talents so as to be able to evaluate the quality and resourcefulness of an organization present supply of human resources for purposes of replacement planning.
- Serves as a basis for validating personal decisions. For example, if at the end of the first year of employment, an employee's performance appraisal report indicates that he is a terribly poor worker, the management would tend to believe that it has made a wrong selection and hence its recruitment and selection techniques are faulty. Otherwise, such an employee could not have successfully scale through the various employment screening devices.

Performance Appraisal as a Development Tool

As a development tool, performance helps to:

- Identify individual employee's weakness in job skills, job knowledge and other areas that may result in performance deficiencies so as to help in determining the appropriate training and developmental programmes needed to address such weaknesses or deficiencies in the employees.
- Provides information which can give adequate counseling to the employees.
- Provides a framework for improving organizational development by identifying employees with good managerial skills and developing them in preparation for higher future responsibilities.

- Enable the supervisors to closely monitor their subordinates and in the process perform better coaching job.
- Motivate individual employees towards higher performance by allowing employees to know how well they have fared in the past years and how much effort they need to put in to achieve better performance.

The Contents of an Appraisal System

The determination of the content or the critical variables of the appraisal system which are to be assessed is very crucial to the development of an effective appraisal system. From the onset, every organization must decide on what attributes are to be appraised.

Generally, the contents of the appraisal system is based on the nature and contents of the job being done by the individual employee or the contents of his responsibilities as determined through the job analysis. Such elements or attributes to be appraised according to Rao and Rao (1993) may be in the form of contributions to organizational objectives, like higher production, cost saving, return on capital, etc. other measures are based on

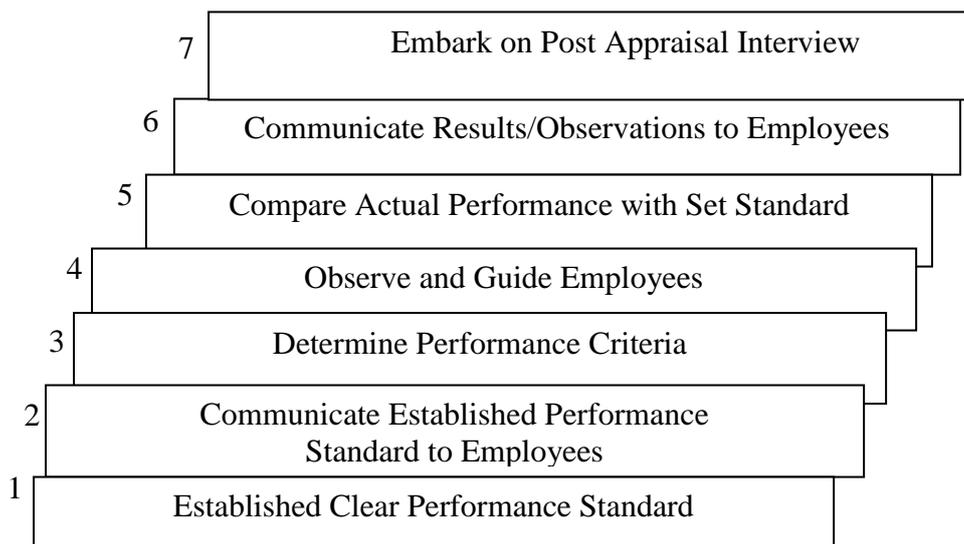
- Objectives which measure observable physical actions and results.
- Objectives which measures job-related results like amount of sales recorded, amount of deposits mobilized and
- Traits which are measures in terms of personal characteristics observable in employee’s job activities. While the contents of appraisal may vary from company to company and from job to job, the attributes listed in figure one usually forms part of the major contents of any appraisal system.

1	Imitative
2	Leadership styles and abilities
3	Technical ability/knowledge
4	Originality and resourcefulness
5	Judgmental skill
6	Integrity
7	Thoroughness in job and organizational knowledge
8	Honesty, diligence and sincerity
9	Ability to work with others
10	Capability to assume responsibility

Figure 1: Performance Appraisal Attributes

Appraisal Process and Methods

In order to have a good understanding of the appraisal system, it is better to begin by focusing on the 7-steps appraisal stages necessary in achieving an effective appraisal system. These crucial steps are displayed below.



In the first stage of the appraisal process, efforts are made to establish performance standard in a precise, concise and unambiguous manner. Followed by the second stage here, attempts are made to communicate the established performance standards to all and sundry so that everyone knows what is expected of him.

In the third stage, the organization must determine its performance measurement i.e, it must choose those attributes or traits and the quantum of each of them that make for good performance. For examples, such attribute could be the quantity of output produced, the quantity of scraps or wastages produced or the quality of services rendered.

Following the setting of performance standards and the communication of same to the employees, the next stage is to observe and guide each employee in the performance of his job. At stage five, actual performance is compared with the established standards. Results and observations with respect to the extent of goal attainment are communicated to the employees in stage six.

The post appraisal interview is stage seven, where efforts are made to discuss with every employee his performance rating during the period under review. Here, discussions are centered on finding out why there is a shortfall in the employee's performance relative to the set standard. What changes are needed to ensure better performance in future?. The appraiser takes the time and the patience to guide, counsel, coach and direct the employee on how to improve on his performance.

Methodology of the Study

This research study was carried out in Lagos where Caprihans (Nigeria) is situated. It is a company noted for the production of plastic of various kinds. To answer the problem of the study, a total of seven questions were formulated in questionnaires and administered to three hundred and sixty two respondents. The data collected were analyzed and presented in tables, and the model specification for the test of hypothesis is Pearson Product Moment Correlation Coefficient. This statistical model seeks to establish the strength or degree of association between the dependent and independent variables. A five point Likert type scale was used to measure the independent variables. The scale measurement shows the magnitude of the

characteristics of interest possess by the variables. Thus correlation coefficient is represented as:

$$r = \frac{n\sum(xy) - (\sum X)(\sum y)}{\sqrt{(n\sum x^2y - \sum(x)^2)(n\sum y^2 - \sum(y)^2)}}$$

Where n = the number of all observations

r = correlation coefficient

x = Respondents who hold the view that association exist between the variable tested in the hypothesis,

y = Represent how the respondents rate the relation between dependent and independent variables.

As a rule the relationship between the two variables as measured by ‘r’ must fall between –1 to +1, where r = + 1, the correlation is said to be perfectly positive. When it is –1, it becomes perfectly negative. But where r = 0, the variables are considered to be uncorrelated. Therefore the value ‘r’ ranges between – 1 or 0 to +1.

The hypothesis was tested at n – 2 degree of freedom and at 0.05 significance levels.

Test of significance: $t = r \sqrt{\frac{n-2}{1-r^2}}$

Data Analysis and Discussion of Findings

Table 1: Number of years spent in the company

No of Years	No of Respondents	% of Respondent
1 -5	200	55.2
6 – 10	100	27.6
11 – 15	40	11.1
16 and above	22	6.1
Total	362	100.0

Source: Field work, 2017

Table 1 showed that between one year and five years had 200 (55.2%) respondents. Those that have worked between six and ten years were (100 27.6%) respondents. Also between 11 and 55 years had 40 (11.1%) respondents, while 16 years and above were 22 (6.1%) respondents. It means that most of the workers are not willing to stay too long with the company, especially when they have other opportunities open to them.

Table 2. Responses to Research Questions

S. no	Question	Responses											
		SA	%	A	%	U	%	D	%	S D	%	Total	%
1	Employee performance appraisal motivates workers	210	58	110	30.4	12	3.3	10	2.8	20	5.5	362	100
2	Employee performance appraisal is important	100	27.6	220	60.8	30	8.3	10	2.8	2	0.5	362	100

3	Employee performance appraisal contribute to growth and development	138	38.1	136	37.6	42	11.6	36	9.9	10	2.8	362	100
4	Quit rate is high because of the non-appraisals of Employees	138	38.4	156	43	48	13.2	16	4.4	4	1	362	100
5	Management of Caprinhans is more interested in profit maximization	160	44.2	152	42	30	8.2	10	2.8	10	2.8	362	100
6	Some workers attitude to work contributes to their non-appraisal	100	27.6	102	28.2	60	16.6	30	8.3	70	19.3	362	100
7	Lack of appraisal affects productivity	125	34.5	135	37.3	20	5.5	42	11.6	40	11.1	362	100

Source: Field work 2017

The result in question one of table 2 showed that 210 (58%) of the respondents strongly agreed. 110 (30.4%) also agreed, and 12 (3.3%) of the respondents are undecided. Those respondents that disagreed and strong disagreed were 10 (2.8%) and 20 (5.5%) respectively. From the result it can be concluded that majority of the respondent were of the opinion that frequent employee appraisal motivate them to achieving greater height in a work environment. Hence it is necessary that they should be motivated to achieve predetermined goals of the organization. Observation from question two in the same table showed that 100 (27.6%) of the respondents strongly agreed. Those that only agreed were 220 (60.8%) and the undecided respondents were 30 (8.3%). The remaining 12 (3.3%) respondents represent disagreed and strongly disagreed. Hence the majority response rate is accepted, that employee performance appraisal is important and necessary in an organization or corporate firm. This is because it yield positive results in terms of increased workers performance and growth.

In question three, it was observed that 138(38.1%) of the respondents strongly agreed, and 136 (37.6%) agreed with less emphasis. Those respondents that were yet to take a decision were 42 (11.6%). The disagreed and strongly disagreed group were 36(9.9%) and 10 (2.8%) respectively. It therefore suffice to say that employee performance appraisal contribute to the growth and development of modern organization or firms.

This is based on the majority response rate it is equally advisable for firms to take care of their human resources by appraising their total effort in a work situation. This was confirmed when the best of hypothesis was carried out.

The response rate in question four indicated that 138 (38.4%) and 156 (43%) of the respondents strongly agreed and accept that, the quit rate in most organizations and companies was as a result of non-appraisal of their performance. 48 (13.2%) of the respondents were neutral in their decision, while those respondents that completely refuted were 20(5.5%). It is therefore necessary and important for firms to maintain a steady

workforce by encouraging workers to reduce the incessant quit rate or mobility of the labour currently experienced in most companies in Nigeria, apart from the one under study.

Findings in question five confirmed that 160 (44.2%) chooses strongly agreed, and 152 (42%) equally indicated positive response. 30 (8.2%) of the respondents vehemently did not give support to the question asked. Based on the majority response above most companies and management of Caprihans Nigeria Limited were more interested in profit maximization and not to better the welfare of those who see to the actualization of the goal of the company. Question six showed that 202 (55.8%) respondents accepted and supported the research question. 60 (16.6%) of the respondents were not certain, hence they maintained neutrality. Those respondents that disagreed and strongly disagreed were 30 (8.3%) and 70 (19.3%) respectively. Though, it is necessary in an ideal situation for companies to appraise the efforts and commitment of their workers. But the study clearly indicated that some workers are not appraised because of their negative attitude to work. This assertion is based on the majority response as seen above.

Finally, question seven showed that a total of 260 (71.8%) of the respondents answered the research questions in the affirmative. 20(5.5%) of the respondents were undecided. The remaining 82 (22.7%) of the respondents refuse completely. Based on the majority response rate above, it is accepted that the non – appraisal of employee of Caprihans Nigeria Limited has affected its production capacity adversely, hence the recent drop in the quantity of plastic buckets by 15%.

Test of Hypothesis Formulated

Ho: Employee performance appraisal does not contribute to the growth and development of Caprihans.

Hi: Employee performance appraisal contributes to the growth and development of Caprihans.

Table 3 Test of Hypothesis using Response to Question three

Response	Y	X	Y ²	X ²	XY
SA	5	138	25	19044	690
A	4	136	16	18496	544
U	3	42	9	1764	126
D	2	36	4	1296	72
SD	1	10	1	100	10
Total	Σ = 15	Σ = 362	Σ = 55	Σ = 40700	Σ = 1,442

Source: Researchers’ computation, 2017

$$r = \frac{5 \times 1442 - 15 \times 362}{\sqrt{(4 \times 40,700 - (362)^2)(5 \times 55 - (15)^2)}}$$

$$r = \frac{7210 - 5430}{\sqrt{(203500 - 131044)(275 - 225)}}$$

$$r = \frac{1780}{\sqrt{362.280}} = \frac{1780}{1904} = 0.94$$

$$t = 0.94 \frac{\sqrt{5 - 2}}{1 - (0.92)^2} = \frac{0.94\sqrt{3}}{0.1164}$$

$T = 0.94 \times 5.07 = 4.77$ calculated value

Degree of freedom (DF) = $n - 2$ i.e. $5 - 2 = 3$ at 0.05% implies 3.18, this becomes the table value or critical value

Decision Criteria “Ho” should be rejected and “Hi” should be accepted. This is because the calculated value 4.77 is greater than the critical or table value, which is 3.18. In conclusion, it can be said that employee performance appraisal contribute to the growth and development of Caprihans and other companies in Nigeria.

Summary and Conclusion

The study started with the identification of the research problem, which was the relevance of employee performance appraisal on organizational growth and development. Findings from the study indicated that most of the workers of the company have worked for very few years and are most likely not going to keep working with the company if the condition of service does not change. Furthermore, it was discovered that employee performance appraisal motivate workers to put in the best they can in order to enhance and increase production, this confirmed Banjoko’s work in 2000. Therefore the importance of employee appraisal cannot be undermined rather it should be seen as a crucial aspect of managerial responsibility and function. This is as a result of the fact that it identifies employee strength and weakness. Other findings confirmed that employees performance appraisal contribute to the growth and development of any organization and not necessary Caprihans alone.

This result was also confirmed to be true when the hypothesis was tested. To achieve maximum result firms must encouraged and boost the moral of their workers. For a satisfied worker, whose welfare and personal development is encourages, may be willing to continue with such a company. But the study indicates that the quit rate or mobility of workers in the industry is high just because most of them complained of non-appraisal of their performance despite spending years with the company.

Management should take into consideration the cost of recruiting new employees and updating their skills (both technical and otherwise) to meet the demand and requirement of the company. This task will be too expensive to bear considering the cost of recruitment. Therefore Caprihans and other organizations should try as much as possible to maintain a steady workforce to reduce cost of hiring new employees. This can only be achieved in a well defined work structure that appraises the performances of its human resources. Though, the study showed that management or Caprihans are more interested in profit maximization motive, without much concern for those who generate the profit. The study equally deduced that workers attitude often contribute to the non-appraisal of their performance, especially for upward progression or promotion. Some of them deliberately spend more hours on the same job without any meaningful progress. For such workers there is a need for change of attitude, especially on the job. The study concluded with the submission that lack of appraisal in totality affects production capacity adversely. Thus workers performance should be appraised and incentive should be given for performing excellently. This will encourage other employees to achieve the same height.

Recommendations

- Caprihans and other organization should frequently appraise the performance of their employee. It should be taken as an important ingredient for achieving organizational growth and development. This should be done using comparative methods or absolute standard method.

- Caprihans should motivate their workers to indicate the desired enthusiasm to attain and achieve company predetermine goals. This will reduce or stop the high quit rate currently experienced in the company , and improve production and growth of firms.
- Profit is good for the survival and continuous existence of any company, but it is advisable that the management of Caprihans should not ignore other sensitive issues that could hamper the actualization of set objectives. Therefore the human element should be taken care of, through appropriate appraisal methods.

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