

## EMPLOYEE PERFORMANCE APPRAISAL AND ITS IMPLICATION FOR INDIVIDUAL AND ORGANIZATIONAL GROWTH

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### ABSTRACT

Organizational performance and its resultant efficiency and effectiveness can only be achieved when individuals are continuously appraised and evaluated. The inability of organization to install an effective performance appraisal strategy has hindered them from achieving competitive advantage which they require more now than ever before. Appraisal processes are not systematic and regular and often characterized by personal influences occasioned by organizations preoccupation to use confidential appraisal system which hinders objectivity and fairness. Often organizations ignore management by objectives, critical incidents to personal prejudices. This is retrogressive as it affects the overall performance of the individual. 360 degrees appraisal method whereby superiors and the appraise their subordinates, subordinates appraise their superior and the appraisee appraise himself or herself and the average of all the appraisal taken to arrive at the final appraisal outcome should be now be considered by organizations. Also post appraisal counseling whereby the appraisal outcomes are analyzed to explain strengths and weaknesses and set agenda for better future performance. Organizations should stop giving less attention to the evaluation of their employees and recognize that organizational training needs can only be identified from performance appraisal outcomes. It is an invaluable tool but in the hands of human resource management officers to continuously evaluates and audits the performance of its employees in other to help organizations win competitive advantage.

**Keywords:** Employee Performance appraisal, Organizational growth, performance.

### INTRODUCTION

Organizations can only win a competitive advantage through people (Alo, 2000). Competition for scarce resources among organizations in Nigeria is becoming more and more stiffer Ohabunwa (1999) and Akingbola (2000). This therefore means that organizations can grow to the extent that people who work in such organization are supported to grow. However Banjoko (1982) asserts that there is probably no program in the arsenal of personnel management that is difficult to effectively implement and yet so fundamental to individual and organizational growth than performance appraisal. In business as well as in government, effective results are crucial to survival since improved performance is a basic criterion for individual and organization growth.

Banjoko (1982) explains that in many Nigerian organizations, performance appraisal is viewed and conducted solely in terms of its evaluative aspect thereby overlooking its use for facilitating growth and development in employees through training, coaching, counseling and feedback of appraisal information. According to Banjoko, performance appraisal is accorded a lesser role in Nigerian organization as more emphasis is given to selection, training, development and salary administration. This means that organizations are putting the cart before the horse and are in turn stifling genuine individual and organizational growth. It would be foolish for organizations to emphasize more on training without paying special attention to performance appraisal as Rao (1990) writes that it is the outcome of performance appraisal that would reveal training needs. There should be a change-over on the part of organizations to start paying special attention to their performance appraisal practices and approaches.

### OBJECTIVES

The objectives of this paper are to show:

- a) That individual training need could be identified through careful and result oriented performance appraisal.
- b) That performance appraisal would not serve its purpose of improving performance if the appraisee performance is not communicated to him or her.

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- c) To present some techniques for genuine employee performance appraisal and the importance of communication in appraisal process.

### **PERFORMANCE APPRAISAL**

To understand the definition of performance appraisal would enable us lay a solid foundation to capture what the concept of performance appraisal is all about. Alo (1999) defines performance appraisal as a process involving deliberate stock taking of the success, which an individual or organization has achieved in performing assigned tasks or meeting set goals over a period of time. It therefore shows that performance appraisal practices should be deliberate and not by accident. It calls for serious approach to knowing how the individual is doing in performing his or her tasks.

Atiomo (2000) agrees with Fajana (1997) that performance appraisal is a system which provides organizations with a means of identifying not only what people's performance levels are but which areas those levels need to be improved if maximum use is to be made of human resource. According to Atiomo, every organization should ensure that the individual is clearly aware of what his functions and responsibilities are to make performance appraisal effective. Rao writes that performance appraisal is the process through which organization takes stock of its manpower in terms of its present performance, the aptitude and interest of each person, his strengths and weaknesses and his potential for growth. The data emerging from such an exercise constitutes the primary database for individual development and should be communicated to the subordinate.

The above comment of Rao is revealing because one of the major issues in performance appraisal is communication. If one's performance is not communicated to him or her, there would be no way the person's performance would improve in the subsequent future, which would definitely defeat the purpose of performance appraisal. In an industrial organization, if a supervisor fails to communicate to his subordinate in terms of strengths and weaknesses, the subordinate's future performance would be in jeopardy. In a university system, the heads of departments, should communicate the performance of their subordinates to them at the end of every appraisal exercise and discuss the outcome of the appraisal exercise with the subordinates during performance counseling exercise in order to improve their performance in the future.

### **Types of appraisal**

Truly speaking, there are basically three types of appraisal. These include confidential or secret appraisal, open appraisal and we also have semi open and semi secret. However, Mamoria (1995) and Ryars and Rue (1979) identified two types of appraisal, confidential and open appraisal.

#### **Confidential Appraisal**

In confidential appraisal, Murthy (1989) writes that the individual is not involved in the appraisal exercise as the appraisal outcome is not at all communicated to the person being appraised. In essence, the person's strengths and weaknesses are not communicated to him or her. Obisi (1996) adds that some managers and supervisors involved in performance appraisal ignore periodic counseling after an incident has taken place.

#### **Open Appraisal**

Open appraisal system reveals to the appraisee his or her strengths and weaknesses, his contributions and failures which are discussed with him or her during performance counseling interview. Mukundan (1989) writes that open appraisal method would reveal and create self awareness, which is a process of giving insight into one's own performance. It helps the employee become more reflective and objective about himself and future planning, which establishes an action plan for the coming year in terms of fixing targets, activities, responsibilities etc. It also makes the employee aware of his key performance areas and the contribution that he is making to the organization.

#### **Semi Open and Semi Secret Appraisal**

This is an appraisal process whereby performance appraisal procedure would be made open at the beginning and later made secret. For instance, if an appraisee is asked to fill an appraisal form and the superior rates the subordinate and return his rating to the subordinate to sign and after signing, the subordinate would not hear anything again about his final performance outcome. In some cases, the subordinate would be given the form to fill and after filling and returning the form, the subordinate receives no further communication.

Organizations would do well if they embrace open appraisal whereby the final appraisal outcome is communicated to the appraisee. According to Rao (1984) cited in Obisi (1996) explains some of the reasons why some organizations do not embrace open appraisal. Some managers and supervisors know that it is their

duty to communicate back to their subordinates their performance outcome but are reluctant to do so due to the following reasons:

- I do not want to let my subordinates know his weak point because he may get demoralized and discouraged and thus, allow his to develop a sense of disaffection and dismember ship.
- I cannot tell my subordinate that he is a failure. He or she would take it personal and come after me and a female worker may read meanings into my actions. It would be safer to let the sleeping dog lie.
- If I tell him that he cannot grow in the organization due to poor performance, he or she may quit before I could get a replacement, or if I tell him or he that her or she is not good, he may start looking for a better job elsewhere.
- The subordinate may become over ambitious and news of his or her success may enter his or her head. The subordinate may start targeting my job.
- Human wants are insatiable; they would start asking for all kinds of things, which may create an uneasy working environment.

The above arguments are not weights. Today open appraisal system has come to stay and any organization, which ignores open appraisal system, should be prepared to face the negative consequences of low performance, conflict and uncertain future- Obisi (1996).

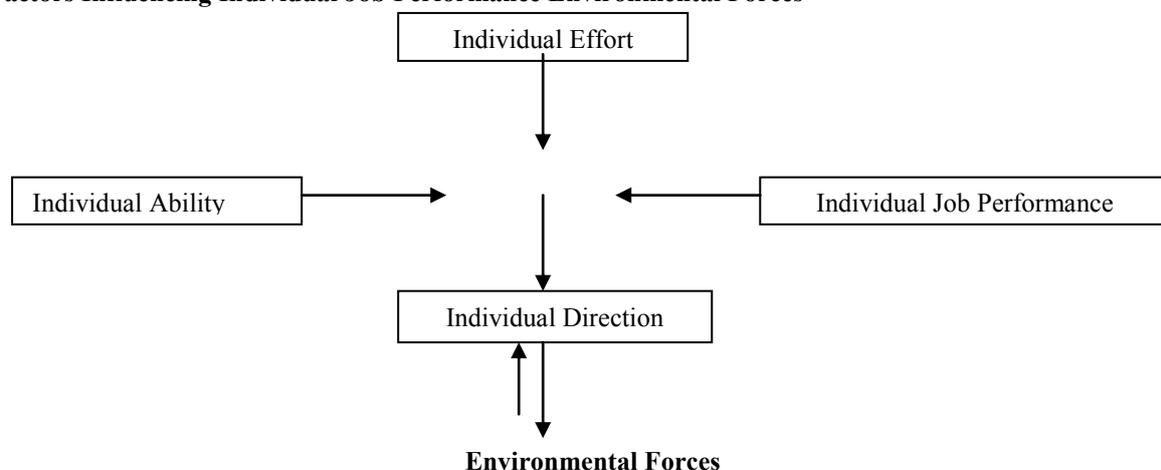
**Objective of Performance Appraisal**

Cumming (1972) writes that the overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilize the best possible efforts from individuals employed in it. Such appraisals achieve four objectives including salary reviews, development and training of individuals, planning job rotation and assisting in promotions. Mamoria (1995) and Atiomo (2000) agree that although performance appraisal is usually thought of in relation to one specific purpose, which is pay. It can in fact serve for a wider range of objectives which are; identifying training needs, improving present performance of employees, improving potentials, improving communication, improving motivation and aids in pay determination.

Performance appraisal has been considered as a most significant and indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotions and merit increases. Performance measures also link information gathering and decision-making processes, which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. If valid performance data are available, timely, accurate, objective, standardized and relevant management can maintain consistent promotion and compensation policies throughout the total system, Burack, Elmer and Smith (1977). Performance appraisal also has other objectives, which McGregor (1957) says includes:

- It provides systematic judgment to the organization to back up salary increases.
- It is a means of telling a subordinate how he is doing and suggesting needed changes in his behavior, attitude and skill or job knowledge. It lets him know where he stands with the boss.
- It is being used as a base for coaching and counseling the individual by the superior.

**Factors Influencing Individual Job Performance Environmental Forces**



**Source:** Factors influencing individual job performance, Adapted from Porter, Lyman, and Edward E. Lawler, III, *Managerial Attitudes and Performance* Homewood, 111: Richard D. Irwin, Inc. and the Dorsey Press, 1968, p. 17.

**Frequency of Performance Appraisal**

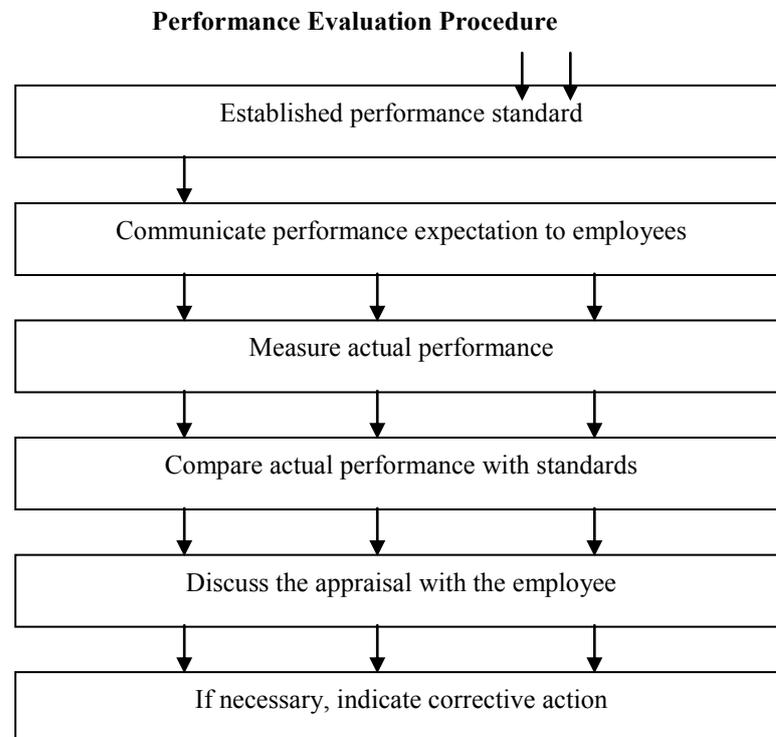
When and how often should employee performance be evaluated is a question that deserves careful consideration. Brumback and Vincent (1970) write that informal counseling should occur continuously. The manager or the appraiser should discuss an employee’s work as soon as possible after he has judged it. He should use good work as an opportunity to provide positive reinforcement and use poor work as a basis for training. According to Brumback and Vincent in most organizations employees are formally evaluated once a year, in others twice a year. New employees are rated more frequently than the older ones e.g. three and six months.

For most people, objectives cannot be accomplished by a performance appraisal given only once a year. Therefore, it is recommended that reviews be conducted three to four times a year for most employees. It is also not in the interest of the organization for performance appraisal to be conducted once in a year because it would be difficult for the appraiser to know what happened throughout the year and be able to remember them.

**Procedure for Evaluating Performance Appraisal**

An enduring procedure for evaluating employee appraisal would not be only in the interest of the individual but also to the organization. Stalz (1966) explains that organizations should first look at the content of the appraisal form and satisfy itself that the appraisal form is in order and well understandable not only to the appraiser but also to the appraisee. He also suggests that the appraisal form 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 read through and sign if he or she agrees with the rating. But even if the subordinate does not agree with the superiors rating he would give his or her own comment, and still signs the appraisal form. The form then goes to the next higher officer or personal department or the appraisal committee or the managing director as the case may be where the boss rating may be challenged, changed or added to, but the final appraisal outcome should be communicated to the appraisee through his or her immediate superior who will later discuss the same final performance appraisal outcome in a post appraisal interview.

Marmora (1995) also agrees with Stalz (1966) that the process of performance evaluation begins with the establishment of performance standards, followed by communicating the standards to the employees because if left to themselves, would find it difficult to guess what is expected of them. This is followed by measurement of actual performance and then compare the actual performance to the performance standard set and discuss the appraisal outcome with the employee and if necessary, initiate corrective action.



**Source:** The Evaluation Process Adapted from Mamonnia C.B. Personnel Management, Himalaya Publishing House Bombay 1995, p.409.

### Performance Appraisal Methods and Basic Approaches for Communicating the Performance Appraisal

The most commonly used performance appraisal methods include:

- **(Essay appraisal)**, which merely requires the rater to write a series of statements concerning an individual's strengths, weaknesses, past performance and potential for promotion.
- **(Graphic rating scale)** in which the rater assess an individual on factors such as initiative, dependability, cooperativeness, attitude and quantity of work.
- **(Checklist method)** in which the rater does not evaluate performance but merely records it on a series of questions concerning the employee's behaviour, the rater checks yes or no responses e.g. (a) does the individual perform his or her job, (b) shows superior ability to express himself or herself.
- **(Critical incident) appraisal** in which the rater is asked to keep a written record on incidents that illustrates both positive and negative behavior of the individual being rated. In this method, the individual's actual behavior and not personality traits, is discussed.
- **(Ranking method)**, which is used when it becomes necessary to compare the performance of two or more individuals.
- **(Management by objective (MBO)**, approach or performance evaluation, which is based on converting organizational goals and objective for individuals (Obserg, 1972), Maiser (1976) suggests that the above performance appraisal method could be communicated to the appraisee using the following methods.
- **(Tel and sell method)** in which the rater lets the employee know how he or she is doing, gets the employee's acceptance of the evaluation, and has the employee agree to plan of improvement. This method according to Maier is most likely to be successful with new, young employees and with employees who are in a new assignment. People in these positions are more likely to have insecurity that can result from inexperience and usually are more anxious to receive the helpful advice of a more experienced person.
- **(Tell and listen method)**, the general approach with the tell and listen method is for the rater to communicate the evaluation and then wait for a response from the employee. Basically, the valuation is conducted in two parts. During the first part, the employee's strong and weak points are covered, during the second, the employee is encouraged to disagree and express his or her feelings about the appraisal.
- **(Problem solving method)**, according to Maier, the first two methods tell and sell and tell and listen methods place the rater in the position of being a judge and force the individual being evaluated into a defensive position. However, the problem method is to take the reviewer out of the role of a judge and make him or her a helper and a friend.
- **(360° appraisal method)**, this kind of method ensures that not only the superior that appraises the subordinate but also the subordinate also appraises the superior. Colleagues also appraisee colleagues and individuals who appraise themselves and all the appraisals are used to arrive at the final appraisal outcome after calculating the average.

### CONCLUSION

Organizations should face realities that performance appraisal is incomplete unless the appraisee is told what his strengths are and weaknesses, his performance cannot improve in the subsequent future, which obviously defeats the very objective of periodic appraisals. Such a process of discussion with the subordinates focusing on the entire performance (tasks and behaviour) during the particular period is called performance appraisal counseling.

For the counseling process to bear any fruit, it need to be immediate and continuous and the more attention a manager or supervisor pays to counseling his subordinates, the more time he is likely to gain in the long run as a result of improved capabilities of the subordinates Obisi (1996). Banjoko (1982) lamented that in spite of the importance of performance appraisal in the total human resource management context, the way it is designed and implemented in many Nigerian organizations may dampen its effectiveness both as an evaluative and developmental tool. Banjoko regrets that in many organizations, rarely is an attempt made to discuss constructively with employees as to whether expected results, as predetermined by the supervisor, were met, exceeded or not. Yet, today's employees want to know not only how they fit in with the goals of the organization for which they work but also what aspects of self-improvement is needed in their performance.

Truly speaking, organizations cannot grow if individuals that work in the organizations are not deliberately encouraged and supported through genuine performance appraisal. As explained by Fajana (1997) performance discrepancy can be managed through concerted efforts at training and development, career and succession management. It is also vital for organizations to have a periodic reviews or audits of all personnel policies, programme and procedures; compensation, recruitment and staffing, job analysis, job evaluation, grievance

process and communication channels etc. It needs to be remembered that performance appraisal is a means not an end. And as means human resource development would be better of if performance appraisal is genuinely conducted.

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