

**UTILIZATION OF PERFORMANCE APPRAISAL IN STAFF
DEVELOPMENT IN NIGERIA: A STUDY OF CENTRAL BANK OF
NIGERIA, MAKURDI BRANCH**

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Abstract

The thrust of this paper is to examine the use of performance appraisal in staff development in Nigeria with special focus on central bank of Nigeria, Makurdi branch in Benue State. Appraising the performance of individuals, groups and organizations is a common practice of all societies. While in some instances these appraisal processes are structured and formally sanctioned, in other instances they are informal and integral part of daily activities. The study was guided by one major objective: To ascertain the impact of performance appraisal practices on employee productivity in CBN Makurdi Branch. This paper relied on documentary method of data generation and content analysis of data to examine performance appraisal in staff development in central bank of Nigeria, Makurdi branch in Benue State. The paper is anchored on Vroom's Expectancy Theory as its Theoretical framework. The Paper found out that performance is an appropriate means of appraising staff development. Finally, the paper recommends that CBN should as a matter of urgency design a robust performance management system that will efficiently identify the necessity for further training and development of their employees so that strategic goals can be achieved and accomplished effectively.

Keywords: Performance, Management, Appraisal, Productivity, Staff Development.

Introduction

Appraising the performance of individuals, groups and organizations is a common practice of all societies. While in some instances these appraisal processes are structured and formally sanctioned, in other instances they are informal and integral part of daily activities. Thus teachers evaluate the behavior of their children, and all of us, consciously or unconsciously evaluate our own action from time to time. In social interactions, performance evaluation is done in a haphazard and often unsystematic way. But in organizations, formal programmes of evaluating employee and managerial performance is conducted in a systematic and planned matter that have achieved widespread popularity in recent years.

Marchington and Wilkinson (2005) argued that organization's key aims, goals and objectives are embedded into the process of performance management which is usually communicated through the performance appraisal process.

During and after World War I, the systematic performance appraisal was quite prominent. Credit goes to Walter Dill Scott for systematic appraisal technique of "man to man" rating system (or merit rating). It was used for evaluating military officers. Industrial concerns also used this system during 1920 and 1940s for evaluating hourly paid workers. However, with the increase in training and management development programmes from 1950s management started adopting performance appraisal for evaluating technical, skilled, professional and managerial personnel as part of training and executive development programmes. This is not mere change in the term but a change in the scope of the activity as the emphasis of merit-rating was limited to personnel traits, whereas performance appraisal covers result, accomplishments and performance. It has been alleged that appraisal systems are sometimes biased in nature which form a chunk of the challenges militating against the authenticity of the appraisal systems.

Furthermore, it has been claimed that appraisal systems do not meet the actual needs or purpose for which they are intended *ab initio*. It is against these backdrops that this paper swung into action to examine the coactions between performance appraisal systems (PAS) and staff development. Just as expected, this thorough investigation, there would be a milestone contribution to the body of knowledge on the subject area.

The broad objective of this study is to ascertain the role played by performance appraisal on staff development. In line with the above, the study seeks to pursue the following specific objectives:

- a) To investigate the various methods used in performance appraisal.
- b) To assess the effectiveness of the techniques of staff appraisal.

Literature Review

James (2000:250) said the process of management involves a continuous judgment on the behavior performance of staff. One way in which to review the performance and potential of staff is through a system of performance appraisal. It is important that members of the organization know exactly what is expected of them and the yardsticks by which performance and result are measured. A formalized and

systematic potential, and also form the basis of a review of financial reward and planned career progression.

Performance appraisal is there for a crucial activity of the personnel function and the management of human resources. A comprehensive appraisal system can provide the basis for key managerial decisions such as those relating to allocation of duties, pay, delegation, level of supervision, promotions, training and development needs and terminations.

An Overview Of Performance Appraisal

Holley and Jennings (1983, 435) opined that, performance appraisal is a method of evaluating the behavior of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. Performance here according to them refers to them refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job demands. Often the team is confused with effort, which means, energy expended, and used in wrong sense performance is always measured in terms of result. A student, for example, may exert a great deal of effort while preparing for the examination but performance is low. In order to find out whether an employee is worthy of continued employment or not, and if so, whether he should receive a bonus, a pay rise or a promotion, his performance needs to be evaluated from time to time.

when properly conducted, performance appraisal not only let the employee know how well he/she is performing but should also influence the employee's future level of effort, activities, result and task direction. Under performance appraisal, we evaluate not only the performance of a worker but also his potential for development. Some of the important feature of performance appraisal may be captured thud;

- Performance appraisal is the systematic description of an employee's job relevant strengths and weakness.
- The basic purpose is to find out well the employee is performing the job and establish a plan of improvement.
- Appraisal process is always systematic in the sense that it tries to evaluate performance in the same manner using the same approach.

- Performance appraisal is not job evaluation appraisal refers to how much a job is worth to the organization and, therefore, what range of pay should be assigned to the job.
- Performance appraisal is a continuous process in every organization.

Historically, performance appraisal has generally been employed for administrative purposes such as promotions and salary increase, as well as for individual development and motivation.

What Is To Be Appraised?

Halloran (1986, 365) opined that every organization has to decide upon the content to be appraised before the programme is approved. Generally, content to be appraisal is determined on the basis of job analysis. Content to be appraised may be in the form of contribution to organizational objectives (measures) like production, costs production, cost saving, return on capital, etc.

Other measures are based on: (i) behavior which measures observable physical actions, movement. (ii) Objectives which measures job related result.

Like amount of deposit mobilized, and (iii) traits which are measured in terms of personal characteristics observable in employee's job activities. Content to be appraised may vary with the purpose of appraisal and level of employee.

Who Will Appraise?

Robert and Jackson (1982, 240) assert that the appraiser may be any person who has thorough about the job content to be appraised, standard of content, and who observes the employee while performing a job. The appraiser should be capable of determining what is more important and what is a relatively. Typical appraisers are: supervisors, peers, subordinators, employees themselves, users of service and consultants.

Supervisors: supervisors include supervisors of the employee, other supervisors having knowledge about the work of the employee and department head or manger. General practice is the immediate supervisors appraised the performance which in turn is reviewed by the department head manger. This is because supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control the subordinates and continuously, moreover, they are accountable for the successful performance of their subordinate.

Sometimes, other supervisors, who have close contact with employee work also appraise with a view to provide additional information.

On the negative side, immediate supervisor may emphasize certain aspects of employee performance to the neglect of others. Also, managers have been known to manipulate evaluations to justify their decisions on pay increase. However, the immediate supervisor will continue to evaluate employee performance till a better alternative is available. Organizations no doubt, will seek alternatives because of the weakness of the mentioned above and a desire to broaden the perspective of the appraisal.

Peers: Peer appraisal may be reliable if the work group is stable over reasonable long period of time and performs tasks that require interaction. However, little research has been conducted to determine how peers establish standards for evaluating others or the overall effect of peer appraisal on the group's attitude. Whatever research was done on this was mostly done on military personnel at the management or per-management level rather than on employees were to be evaluated by their peers, the whole exercise may degenerate into a popularity contest, paving the way for the impairment of work relationships.

Subordinates: The concept of having supervisors rated by subordinates is being used in most organizations today, especially in developed countries. For instance, in most U.S universities, students evaluate a professor's performance in the classroom. Such an over method can be useful in other organizational settings too, provided the relationships between supervisors and subordinates are cordial.

Subordinates rating in such cases can be quite useful in identifying competent supervisors. The rating of leaders by combat soldiers is an example. However, the fear of reprisal compels a subordinate to be dishonest in his rating. Though useful in universities, this approach may not gain acceptance in traditional organizations where subordinates practically do not enjoy much discretion.

Self-appraisal: If individual understand the objectives they expect to achieve and the standards by which they are to be evaluated, they are to a great extent in the best position to appraisal their own performance. Also, since employees who appraise their own performance may become highly motivated.

User of service: Employee performance in service organizations relating to behaviors promptness, speed in doing the job, and accuracy, can be better judged by passengers.

Consultants: sometimes consultants may be engaged for appraisal when employees or employers do not trust supervisors' appraisal and management do not trust the self-appraisal or peer appraisal or subordinate appraisal. In this situation, consultants are trained and they observe the employee at work for sufficiently long time for the purpose of appraisal.

In view of the limitations associated with each and every method discussed above, several superiors separately fill out rating forms in the subordinate. The results are then tabulated.

Appraisal Process

Mullins (1999, 53) in his opinion said performance appraisal is a nine-step process. At the first stage, performance standards are established based on the job description and job specification. The standards should be clear, objective and incorporate all the factors.

The second stage is to inform these standards to all the employees, including appraisers.

The third stage is following the instruction given for appraisal measurement of employee performance by the appraisers through observation, interview, records and reports.

Fourth stage is finding the influence of various internal and external factors on actual performance. The influence of these factors may be either inducing or hindering the employee performance. The measured performance may be adjusted according to the influence of external and internal factors. The performance derived at this stage may be taken as actual performance.

Fifth stage is comparing the actual performance with that of the other employees and previous performance of the employees and others. This gives an idea of where the employees stand. If performance of all the standards and either too high or too low, there may be something wrong with the standards and job analysis.

Sixth stage is comparing the actual performance with the standards and finding out the deviations. Deviations may be positive deviation.

Seventh stage is communicating the actual performance of the employees during the same job and discuss with him about the reasons for positive or negative deviations from the pre-set standards as the case may be.

Eight stages is suggesting necessary changes in standards, job, internal and external environment.

Ninth stage is follow-up of performance appraisal and report. This stage includes guiding counseling, coaching and directing the employee or making arrangements for training and development of the employee in order to ensure improved performance.

Characteristics Of An Effective Appraisal System

Hill and Jones (1998, 650) spelt out some essential characteristic of an effective appraisal system. Performance appraisal system they said should be effective as a number of crucial decisions are made on the basis of score or rating given by the appraiser, which in turn is heavily based on the appraisal system Appraisal system, to be effective, should possess the following essential characteristics:

1. **Reliability and Validity:** Appraisal system should provide consistent reliable and valid information and data, which can be used to defend the organization even in legal challenges. If two appraisals are equally qualified and competent to appraise an employee with the help of some appraisal techniques, their ratings should agree with each other. Then the technique satisfies the conditions of inter-rater reliability. Appraisal must also satisfy the condition of validity by measuring what they are supposed to measure. For example, if appraisal is made for potential of an employee for promotion, it should supply the information and data relating to take up higher responsibilities and carry on activities at higher level.
2. **Jobrelatedness:** The appraisal technique should measure the performance and provide information in job related activities /area.
3. **Standardization:** Appraisal forms, procedures, administration techniques, rating etc should be standardized as appraisal decisions affect all employees of the group.
4. **Practical viability:** The techniques be practically viable to administer, possible to implement and economical regarding cost aspect.
5. **Legal sanction:** It should have compliance with the legal provisions concerned of the country.
6. **Training and Appraisers:** Because appraisals important and sometimes difficult, it would be useful to provide training to appraisers viz some insights

and ideas on rating, documenting appraisals and conducting appraisal interviews. Familiarity with rating errors can improve rater performance and this may inject the needed confidence in appraisers to look into performance rating objectively.

7. **Open communication:** Most employees want to know how well they are performing on the job. A good appraisal system provides the needed feedback on continuing basis. The appraisal interviews should permit both parties to learn about the gaps and prepare themselves for the future. To this end, managers should clearly explain their performance expectations to their subordinates in advance of appraisals period. Once this is known, it becomes easy for employees to learn about yardsticks and, if possible, try to improve their performance in future.
8. **Employee access to result:** Employees should know the rules of the game they should receive adequate feedback on their performance. If performance appraisals are meant to improve employee performance, then withholding appraisal result would not serve any purpose. Employees simply could not perform better without having access to this information. Permitting employees to review the results of their appraisal allows them to detect any errors that may have been made. if they agree with the evaluation, they can even challenge the same through normal channels.

Due process: It follows that formal procedures should be developed to enable employees to disagree with appraisal) which are considered to be inaccurate or unfair). They must have the means for pursuing their grievances and having them addressed objectively. Performance appraisal should be used primarily to develop employees as valuable resources. Only then it would show promising results. When management uses it as a whip or fails to understand its limitations, it fails.

Challenges Of Performance Appraisal

Levinson (1976, 415) opined that, the major problems in performance appraisal are:

1. **Rating basis:** The problem with subjective measure is that rating which is not verifiable by others has the opportunity for bias. The rater biases he said include: (a) halo effect (b) the error of central tendency (c) the recency effect.

- (a) **Halo Effect:** It is the tendency of the rates to defend on the rating of one trait or behavioral considerations. On way of minimizing the halo affect all the employees by one trait before going to rate on the basis of another trait.
 - (b) **The error of central tendency:** Some rates follow play safe policy in rating by rating all the employees around the middle point of the rating scale and the avoid rating the people at both extremes of the scale. They follow play safe policy because of consider ability to management or lack of knowledge about the job and person he is rating or at least interest in his job.
 - (c) **The leniency and strictness:** The leniency bias crops when some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Such ratings do not serve any purpose. Equally damaging one is assigning consistently low rates.
 - (d) **Personal Prejudice:** If the rater dislikes any employee or any group rate them at the low end, which may distort the rating purpose and affect the career of these employees.
 - (e) **The Recency effect:** The raters generally remember the recent actions of the employee at the time of rating and rate on the basis of these recent actions, favorable or unfavorable rather than on the whole activities.
2. Failure of the supervisors in conducting performance appraisal and pot performance appraisal interviews.
 3. Most part of the appraisal is based on the subjectivity.
 4. Less reliability and validity of the performance appraisal techniques.
 5. Negative rating affects inter-personal relations and industrial relation system.
 6. Influence of external environment factors and uncontrollable internal factors.
 7. Feedback and post appraisal may have a setback on production.

Benefits Of Appraisal

Murray (1983.265) was of the opinion that the underlying objectives performance appraisal is to improve the performance of individuals leading to improvement in the performance of the organization as a whole. An effective appraisal scheme according to Murray offers a number of potential to both the individual and the organization. Among this are:

- a. It can identify an individual's strengths and weakness and indicates how such strength may be utilized and weakness overcome.
- b. It can develop a greater degree of consistency through regular feedback on performance and discussion about potential. This encourages better performance from staffs.
- c. It can help to reveal problem which may cause restricting progress causing inefficient work practices.
- d. It can provide information for human resources planning to assist succession to determine suitability for promotion and for particular type of employment and training.
- e. It can improve communication by giving staff the opportunity to talk about their ideas and expectations, and how well they are progressing.

The process appraisal, he stressed further, can also improve the quality of working life mutual understanding between managers and their staff. However, it's important to have a place, a viable performance scheme, for all ill-conceived schemes will produce exactly the opposite effect to those intended.

Principles And Ethnics Of Performance Appraisal

Mondy and Noa (1987, 325) suggest that performance appraisal has its roots in three well substantiated psychological principles. People work/lean/achieve more when they are given:

- a. Adequate feedback as to how they are performing, in other words, knowledge or results.
- b. Clear, attainable goals and
- c. Involvement in the setting of task and goals.

These principles underpinning effective performance appraisal have wider root than simply improvements in individual performance. They are also concerned about the development of a participative organizational culture by contributing to the broader goals of creating satisfying, effective jobs, encouraging the involvement of the people in the organization and the development of people.

Mondy and Noa went on to suggest that a performance system operated in an organizational setting must, if it is to have any credibility, be an involved culture where individual development, trust and honesty are fundamental values. These principles would apply to both appraisers and an appraiser:

- a. Appraise on the basis of representative information.
- b. Appraise on the basis of sufficient information.
- c. Appraise on the basis of relevant information.
- d. Make an honest appraisal.
- e. Keep written and oral appraisal consistent and present appraisal as opinion.

Theoretical Framework

This study is anchored on the Expectancy theory as propounded by Vroom in 1964. The theory is hinged on the ideology of that reward illicit high performance in a given system. Expectancy theory is of the view that individuals are motivated to perform if they know that their extra performance is recognized and rewarded (Vroom, 1964). Consequently, organizations using performance-based pay can expect improvements. Expectancy theory further states that a person's drive towards an action at any given time is determined by an individual's sensation that a precise type of action would lead to a particular outcome and his personal predilection for this outcome.

Expectancy is the feeling that one's action will lead to a desirable reward; meaning that if an individual has a specific goal, some of the individual's behavior must be positioned in order to achieve that goal. He will weigh the prospect that numerous behaviors will achieve the desired goals and if certain behavior is presumed to be more successful than others, that particular behavior will be preferred by the individual (Vroom, 1964).

Employees are motivated to put more effort so as to produce better results because of the expected reward. However, in a Governmental organization set up, the worker may lack the necessary skills and training to believe that his extra efforts will lead to better performance. The management could provide the relationship between efforts and performance. Also, similar performance may not lead to similar rewards. The reward policy may be inconsistent and may

depend upon other factor other than performance, which the worker may not be aware of or may not consider fair. The management must re-evaluate the appraisal techniques and formulate policies that strengthen performance-reward relationship as just and equitable.

Conclusion

The ongoing interrogation was geared towards finding out the relationship which exists between Performance Management and Employee Development. In order to effectively accomplish the objectives of the study, the paper adopted the field observational technique and the qualitative method of data collection. Field observational technique is flexible in the sense that it sometimes involves observation of interactions, sometimes questioning informants and examining organizational records (Leege and Francis, 1974).

An important component of staff development is performed appraisal or evaluation, for development must be appraised, and appraisal makes development measurable. As the main purpose of appraisal is to help staff improve their performance, an appeal procedure should only be used in exceptional circumstances. However, in order to help establish the credibility of the system and to maintain goodwill, it is necessary to establish a formal procedure which is understood by all members of the staff.

The process of management involves a continuous judgment in the behavioral performance of staff. One way in which to review the performance and potential of organization staff is through a system of performance appraisal.

Recommendations

The study would want to make the following recommendation for the purpose of effective administration of performance appraisal.

- (a) The system should be monitored regularly to ensure that appraisal are carried out properly and to obtain feedback from managers.
- (b) The system should be kept under continual review.
- (c) The system should be modified where the need arises to bring changing environmental influence or need of the organization.

(d) In order to help establish the credibility of the system and maintain goodwill, it's necessary to have a formal procedure which is clearly understood by all members of staff.

(e) Target should be given to staff knowing that contribution determine function.

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