THE ROLE OF PERFORMANCE APPRAISAL IN THE MANAGEMENT OF EMPLOYEES IN UNION BANK OF NIGERIA PLC

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Abstract

This study investigated into the role of performance appraisal in the management of employees at Union Bank of Nigeria, Plc. 605 employees of the bank, purposively selected from the various branches of the bank in the south-western Nigeria, participated in the study. An instrument entitled: Performance Appraisal and Employees Management Questionnaire (PAEMQ); with reliability coefficient ($r=0.91$) was used to collect data having been subjected to content and construct validation by other research experts. The three null hypotheses tested in the study were analysed using the Pearson product moment correlation coefficient and t-test at 0.05 probability level. The study established that performance appraisal, in all its ramifications, goes a long way in result-oriented management of employees. As a result of this finding and others, it was recommended inter alia that employers must recognize achievements and reinforce such behaviour. This serves as a morale booster for the employee concerned.

Introduction

Performance appraisal has been generally accepted as a logical means to evaluate, analyse and effectively utilize the abilities and knowledge of employees at all organizational level (Dotse, 1989; Ajetunmobi, 2000; Sesan, 2002; Okeowo, 2003; Stoner, 2003; Ijaduola, 2006). According to Fatunsi (2007), performance appraisal services as a management information system for organizations as it provides a feedback to the employees about their performances. This is because the key responsibility of management is to provide systematic procedures for reviewing and assessing the contribution of personnel to the organizational set goals and objectives.

In the same vein, performance appraisal is the term used for a variety of techniques by which supervisors, peers, subordinates, and the individual employees themselves rate, rank or describe the employees’ work effectiveness (Sule, 2002, Jones, 2004, Lulawgged, 2005, Ijaduola, 2007a). However, Akorede (2006) noted that performance appraisal is also known by other names such as: employee appraisal, employee evaluation, performance review and merit rating. Killen (2007) defined performance appraisal as a planned evaluation of an employees’ job performance.

As observed by Blake (2008), all the foregoing definitions of performance appraisal emphasized the formalized nature of the process because employees at all levels, management and non-management alike, are appraised continuously. There does not appear to be a universal agreement as to the precise objectives of performance appraisal because specific appraisals’ goals differ from one company to another. One thing that is certain according to Bittel (2004), Adrian and Tom (2006) and Obisi (2006) is that the over-riding purpose of any performance appraisal system is to improve the overall effectiveness of organization.

Nonetheless, the main reasons for conducting employee performance appraisal as opined by Ajayi (2005), Akinbode (2005), Marvel (2005), Swierenga (2007) and Ijaduola (2008a) include: to evaluate an employees’ worth in the organization; to provide the basis for wages, salary increase, promotion, demotion and transfer, to point out employees’ specific needs for additional education, training and development which will lead to their improved performance and of the overall organizational performance; to be able to tell the employees how well they are performing. A good appraisal system provides employees with the desired feedback and helps guide their general improvement, growth and development.

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Other reasons include: to help validate employee selection technique through day-to-day and periodical monitoring which help to ensure that each worker is fit for job he is hired to do, to help in determining training and development need; and lastly to provide reports which will serve as the basis for job redesigning. Essentially, appraisal of performance should provide managers and employees with an opportunity to take stock jointly of work that has been done. As a control process, it should be a means by which information about present, past and current performance can be used to influence result in the immediate future.

Identification of the broad based goals of performance appraisal establishes the starting point for the performance appraisal process. Setting the objectives of performance appraisal is the first step (Wick, John and Juani & Sue 2003). Job description should be used as the standard against which to measure performance. The employee must be informed of what is expected of him/her. That is job expectation. The superiors and the worker must both review the major duties contained in the job description to ensure clarity of work employee has performed; hence examination of work performed. Once the work has been performed, it is then periodically evaluated based on the previously established job performance. The employee evaluation discussion serves to re-establish the job requirements in the work’s mind. This is appraisal interview. Performance evaluation is a dynamic and on-going process and discussion of the results help in re-establishing job performance standard. The foregoing explanation is summarized in diagram 1.

Diagram 1: Performance Appraisal Process

- Set objectives of performance appraisal
- Establish job expectation
  - Examine work performed
- Appraise performance
- Discuss appraisal with employees


According to Wentzel (1999), there are two major types of performance appraisal. They are open type and the close type. In using the open type system, the entire stages and processes of the appraisal practice as well as the outcome is disclosed with the employee or subordinate involved. No aspect of the appraisal process is done in secret and in what way the strength and weaknesses of the subordinate are discussed with him and solution are sought to improve on such areas. In closed type system, all stages, process and the final outcome are held secret and are not disclosed with the subordinates or employees involved. There is no feedback with the outcome and he is not aware of his strengths or weakness and no steps are taken in improving his performance.
It should be noted however that performance appraisal system in Nigeria has been largely characterized with non-disclosure of appraisal results to the employees. This apparent secrecy on performance appraisal result according to O’Bannon (2002), tend to put in the hands of supervisors and managers a potential tool of cracking down on recalcitrant employees with impunity.

Performance appraisal is highly susceptible to a number of errors or pitfalls. As observed by Ajakaye and Folaji (2004), Wickesberg (2004), Ijadiuola (2007b), such problems have to do with issues relating to reliability, validity and rating bias. In some cases, the error in the performance appraisal emanate from situation like the characteristics of the rater. In other words, the outcome of an appraisal reports is a reflection of the personality of the rater. He could be ego centric, tribalistic, impartial etc. Conversely, the characteristic of the rate, the performance or non-performance behaviour of the ratee may make the supervisor to be unduly favourable or unfavourable in his ratings of the subordinate. This situational factor in terms of objectivity of performance appraisal, defeat its aims and purpose.

Consequently, Makinde (2004), Ijadiuola (2007c/2008b) suggested that the solution to accessing employee performance is by rating them based on actual job behaviour or culture otherwise, the evaluation of employee’s performance will continue to be subjective. Similarly, Aramide (2008) posited that organisations should expose the criteria for performance evaluation and promotion for such criteria should be unrelated to a manner that cannot be operationalized or linked with precise standard by persons who are subjected to them.

On the issue of employee management, management scholars who were looking for better ways of managing the complex industrial organizations of their times came up with several theories and principles of management. These theories have been classified into two broad categories: classical and neo-classical organization theories. Classical organization theories comprise bureaucratic, scientific management and administrative theories, while the neo-classical theories recognize all these, but emphasize the importance of humane treatment of employees and their involvement in decision-making. The two approaches are good and complementary methods of managing human resources.

Although, the literature contains several attractive theories of management, yet none of them can serve as the one best way of managing human resources. It is the situation that will determine the appropriate method to be used (Fabunmi, 2002). Hence, managers need to be versatile and be able to use the appropriate method at any point in time.

**Purpose of the Study**
1. To determine the relationship existing between performance appraisal and management of bank employees.
2. To elicit the extent to which performance appraisal exert influence on male and female bank employees.
3. To ascertain the level of difference between the management of old and new employees at Union Bank, Plc.

**Hypotheses**
The following three null hypotheses were developed and tested at 0.05 probability level:
1. There is no significant relationship between performance appraisal and management of employees at Union Bank, Plc.
2. There is no significant difference between performance appraisal of male and female employees at Union Bank Plc.
3. There is no significant difference between management of old and new employees at Union Bank plc.
Method

This study adopted the descriptive survey method. 605 bank employees were purposively selected from Union Bank Plc branches across the south-western Nigeria. The selection included: 371 male and 224 female employees, 262 new and 343 old employees. The main research instrument is a questionnaire entitled: Performance Appraisal and employees Management questionnaire (PAEMQ). The questionnaire which has sixteen question items was prepared in tune with the Likert-type four point format of:

- Strongly Agree - (SA) - 4 Points
- Agree - (A) - 3 “
- Disagree - (D) - 2 “
- Strongly Disagree - (SD) - 1 “

The questionnaire was subjected to content and construct validation by other research colleagues while a reliability coefficient (r = 0.91) was obtained following the test-retest technique. The questionnaire was administered to the same group of bank employees at two weeks interval and seemingly the same result was obtained.

The Pearson product moment correlation coefficient and t-test statistics were used to analyse the three null hypotheses developed for the study at 0.05 level of significance. The research instrument was administered to the respondents personally by the researcher, hence a complete return rate of the questionnaire.

Results

Ho1: There is no significant relationship between performance appraisal and management of employees at Union Bank Plc, Nigeria.

Table 1: Pearson Product Moment Correlation Coefficient of the Relationship Between Performance Appraisal And Management Of Employees.

<table>
<thead>
<tr>
<th>Pearson (r)</th>
<th>N</th>
<th>Sig 2 tailed</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>.401</td>
<td>605</td>
<td>0.000 P&lt;0.05</td>
<td>Significant</td>
</tr>
</tbody>
</table>

In table 1, the relationship between performance appraisal and management of employees was calculated and r=0.401. This is a clear indication of a significant positive relationship at 0.05 level of significance. The result, therefore, portrays that performance appraisal is a salient determinant of effective management of employees. Consequently, hypothesis one which states that there is no significant relationship between performance appraisal and management of employees was rejected.

Ho2: There is no significant difference between performance appraisal of male and female employees at Union Bank Plc.

Table 2: Mean, Standard Deviation And T-Test of the Difference Between Performance Appraisal of Male and Female Employees.

<table>
<thead>
<tr>
<th>Group</th>
<th>n=605</th>
<th>Mean (X)</th>
<th>SD</th>
<th>Df</th>
<th>t-cal</th>
<th>t-crit</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>371</td>
<td>84.03</td>
<td>95.11</td>
<td>603</td>
<td>0.91</td>
<td>1.96</td>
<td>NS</td>
</tr>
<tr>
<td>Female</td>
<td>234</td>
<td>60.72</td>
<td>70.44</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 shows that calculated value of the t (t=0.91) is less than the table value of 1.96 at 603 degrees of freedom and 0.05 probability level. This implies that there is no significant difference between performance appraisal of male and female employees.

Ho3: there is no significant difference between management of old and new employees at Union Bank Plc.
Table 3: Mean, Standard Deviation And T-Test of the Difference Between Management of Old and New Employees.

<table>
<thead>
<tr>
<th>Group</th>
<th>n=605</th>
<th>Mean (X)</th>
<th>SD</th>
<th>Df</th>
<th>t-cal</th>
<th>t-crit</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old</td>
<td>343</td>
<td>78.22</td>
<td>86.15</td>
<td>603</td>
<td>0.86</td>
<td>1.96</td>
<td>NS</td>
</tr>
<tr>
<td>New</td>
<td>262</td>
<td>65.20</td>
<td>56.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 portrays that calculated value of the t(t=0.86) is less than the table value of 1.96 at 0.05 level of significance and 603 degree of freedom. Therefore, the null hypothesis earlier stated is retained.

Summary of Findings
The following are the findings of this study:

1. That there is a significant relationship between performance appraisal and management of employees at Union Bank, Plc.
2. That there is no significant difference between performance appraisal of male and female employees at Union Bank Plc.
3. That there is no significant difference between management of old and new employees at Union Bank Plc.

Conclusion and Recommendations
This paper has x-rayed the nitty-gritty of the role of performance appraisal in the management of employees with particular reference to Union Bank of Nigeria, Plc. It has been established among others that after workers have been recruited, selected and trained, they need to be appraised and evaluated from time to time. If problems are identified, steps are taken to inform and correct them with the employee concerned. It has also been emphasized that, it is the employees work that is being evaluated and his potentials to do better, and definitely not his person.

As a result of the findings of this study the following recommendations aimed at solving the problems militating against effective and professional performance appraisal vis-à-vis proper employee management in the banking sector are outlined hereunder.

Managers and employers generally must ensure that their subordinates achieve set targets and standards that have been mutually agreed upon. It is, therefore, imperative that managers and employers of labour generally should:

1. Define responsibilities of each employee clearly.
2. Set standards that are measurable, realistic and challenging with the job performer.
3. Review key task areas regularly in the light of prevailing conditions.
4. Identify shortfalls in employees’ performance and take remedial actions by determining factors militating against performance and resolving them mutually.
5. Recognize achievements and reinforce such behaviour. This serves as a moral booster for the employee concerned.

Management should revisit their employees’ performance appraisal formats from time to time so as to take care of all percusities of improvement therein. In the same vein, performance appraisal system should ensure that it is always reliable and serves as a basis for promotion and pay increase. Most importantly, management should see performance appraisal as a blend of quantitative, qualitative and personal characteristics traits that best reflect the yardstick needed for effective evaluation of employees. Managers should ensure that performance appraisal is carried out with the clear objectives in mind. A good performance leaves both the appraiser and the appraisee feeling they have gained something.

Finally, it is pertinent to prepare an appraisal manual, which everyone in the company can always refer to, for guidance and information about the performance appraisal process.
References


The Role Of Performance Appraisal In The Management Of Employees In Union Bank Of Nigeria Plc


