

A GLIMPSE INTO PERFORMANCE EVALUATION AS A TOOL FOR AN INCREASE IN ORGANISATIONAL PRODUCTIVITY

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ABSTRACT

Dramatic changes in the knowledge management areas have converted the nature of performance evaluation system to an inevitable issue, so that the lack of appraisal system in organization considers as one of the symptoms of the organizational diseases. Today, the performance evaluation is known as a strategic approach for integration of human resources activities together with policies of business and the organizations use advanced and complex methods for assessing the performance of their employees (Behri & Patron, 2008). However, researches shows that many organizations are not satisfied with their employees' performance evaluation plans. They suggest that performance evaluation systems have not been successful in creating motivation and improvement of employee's performance (Fletcher, 2001). Given the importance of performance evaluation, it is essential that organizations take action for more effectiveness of it. Periodical evaluation in a system and its components can increase its effectiveness. Such assessment are essential because, on the one hand, they specify the extent to which the related purposes of the appraisal and development have been realized and on the other hand, based on these assessments we can rectify the current performance assessment practices (Dolan & Schuler, 1997). Regarding the significance of the issue, this study is trying to examine the employee's performance evaluation process from view points of transportation bureau employees and determine the effect of employees' performance appraisal procedures on the intrinsic motivation in this organization.

Keywords: Glimpse, Performance Evaluation, Tool, Increase, Organizational Productivity.

Introduction

Performance appraisal is the measurement of work and its result by using the scale and index that we can measure the desired quantity and quality with precision and free of personal judgements and vague criteria of evaluation. Measurement of an activity is done by activity and comparison of its results with a criterion that we can evaluate the desired quantity and quality precisely. Performance is the way through which employees perform their duties and the evaluation is judging the performance of employee (Scott, 2009).

It is a structural formal interview between subordinate and superior that usually takes the form of periodic review (annually, bi-annually or quarterly) in which the work performance of the subordinate is examined and discussed, with the view to identifying the weakness and strength as well as opportunity for skills and development (Decenzo and Robbins, 1995:358). Performance refers to the degree of accomplishment of the task that makes an employee's job. It reflects how well employee is fulfilling the requirement of the job. Performance appraisal is

“the process of observing and evaluating an employee’s performance, recording the assessment and providing feedback to the employee” (Daft and Marcic, 1998: 368).

Performance appraisal is “a formal assessment of how well employees are doing their job”. Thus employees’ performance should be evaluated regularly for many reasons. Some of these reasons are;

- It may be necessary for validating selection or assessing the impact of training programs.
- For administrative purposes – that is it aids in making decisions about pay raises, promotions and training.

To provide feedback to employees to help them improve their performance and plan future careers (Griffin, 1999:430).

Research Question

Competent appraisal of individual performance in an organization or company serves to improve the overall effectiveness of the entity. Kane and Lawler, 2009, indicated that, the three main functional areas of performance appraisal systems are administrative, informative, and motivational. Appraisal affects the administrative in that it serves the role of facilitating an orderly means of determining salary increase and other rewards, and of delegating authority and responsibility to the most capable individuals. The informative function is fulfilled when the appraisal system supplies data to managers and appraises about individual strength and weaknesses. Finally, the motivational role entails creating a learning experience that motivates workers to improve their performance. When effectively used, performance appraisals help employees and managers establish goals for the period before the next appraisal.

Literature Review

Appraisals benefit in a number of ways; for example, they discover what is expected of them and are able to set goals. They also gain a better understanding of their faults and strengths and can adjust behaviour accordingly. In addition, appraisals create a constructive forum for providing feedback to workers about individual behaviour, and for allowing workers to provide input to their managers. Finally, appraisals are (ideally) given assistance in creating plans to improve behaviour, and are able to get a better grasp on the goals and priorities of the company.

Horngren et al (2002) state the evaluation of performance from the perspective of organization and individual is significant. From the organization perspective, the “goal” is something that organization wants and the “result” is what should be done; while from the individual view, “effort” is what that person does and “result” is the consequence of his effort and what he expects to get in return for his effort is “reward” In the Farmer’s study (2004) of 147 public and private organizations in UK, the listed items in the following table are presented as purposes of the performance evaluation. Generally, the performance evaluation purposes can be summarized in the following three cases:

- Reinforcement of the sense of planning, accountability, participation and transparency of practices
- Identification of strengths and weaknesses in the performance.

- Evolution; excellence and continuous improvement in performance in total, the ultimate goal of performance appraisal is to increase the efficiency and effectiveness of the organization (Abbaspour, 1995). Missing in reference list.

Intrinsic Motivations

Intrinsic Motivation is that the employees do the work by themselves or in other words, gain satisfaction and utility from doing that (Deci et al, 1989). The systematic practice of giving feedback to employees will have a great impact on the intrinsic motivation of employees (Wang & Guthrie, 2004).

Job Performance

Job performance refers to the extent to which a person performs their job well. Job performance is studied in industrial and organizational psychology, a branch of psychology that deals with the workplace. Job performance is also part of human resources management. Performance is an important criterion for organizational outcome and success.

John P. Campbell describes job performance as an individual level variable, or something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance which are higher level variables.

There are several key features to Campbell's conceptualization of job performance which help clarify what job performance means:

Outcomes

First, Campbell defines performance as behaviour. It is something done by the employee. This concept differentiates performance from outcomes. Outcomes are the result of an individual's performance, but they are also the result of other influences. In other words, there are more factors that determine outcomes than just an employee's behaviour and actions. Campbell allows for exception when defining performance as behaviour. For instance, he clarifies that performance does not have to be directly observable actions of an individual. It can consist of mental productions such as answers or decisions. However, performance needs to be under the individual's control, regardless of whether the performance of interest is mental or behavioural.

The difference between individual controlled action and outcome is best conveyed through an example. On a sales job, a favourable outcome is a certain level of revenue generated through the sale of something (merchandise, some service, insurance). Revenue can be generated or not, depending on the behaviour of employees. When the employee performs this sales job well, he is able to move more merchandise. However, certain factors other than employees' behaviour influence revenue generation. For example, sales might slump due to economic conditions, changes in customer preference, production bottlenecks, etc. In these conditions, employee performance can be adequate, yet sales can still be low. The first is performance and the second is effectiveness of that performance. These two can be decoupled because performance is not the same as effectiveness.

Multidimensionality

Despite the emphasis on defining and predicting job performance, it is not a single unified construct. There are vastly many jobs each with different performance standards. Therefore, job performance is conceptualized as a multidimensional construct consisting of more than one kind of behaviour. Campbell (1990) proposed an eight factor model of performance based on factor analytic research that attempts to capture dimensions of job performance existent (to a greater or lesser extent) across all jobs.

Types

Another way to divide up performance is in terms of task and contextual (citizenship and counterproductive) behaviours. Whereas task performance describes obligatory behaviours, contextual behaviours are behaviours that do not fulfil specific aspects of the jobs required role. Citizenship behaviour is defined as behaviour which contributes to the goals of the organization through their effect on the social and psychological conditions. Counterproductive behaviour, on the other hand, refers to intentional actions by employee which circumvent the aims of the organization.

Determinants

A meta-analysis of selection methods in personnel psychology found that general mental ability was the best overall predictor of job performance and training performance.

Campbell (1990) also suggested determinants of performance components. Individual differences on performance are a function of three main determinants; declarative knowledge, procedural knowledge and skill, and motivation.

Declarative knowledge refers to knowledge about facts, principles, objects, etc. It represents the knowledge of a given task's requirements. For instance, declarative knowledge includes knowledge of principles, facts, ideas, etc. If declarative knowledge means knowing what to do, procedural knowledge and skill means knowing how to do it. For example, procedural knowledge and skill include cognitive skills, perceptual skill, interpersonal skill, etc.

The third predictor of performance is motivation, which refers to "a combined effect from three choice behaviours – choice to expend effort, choice of level of effort to expend, and choice to persist in the expenditure of that level of effort" (Campbell, 1990). It reflects the direction, intensity, and persistence of volitional behaviours. Campbell (1990) emphasized that the only way to discuss motivation as a direct determinant of behaviour is as one or more of these choices.

Campbell (1990) also mentioned several performance parameters that may have important implications for the job performance setting and should be investigated by industrial and organizational psychologists.

Core self-evaluation

Job performance is a consistent and important outcome of core self-evaluation (CSE). The concept of core self-evaluation was first examined by Judge, Locke, and Durham (1997) as a dispositional predictor of job satisfaction, and involves four personality dimensions; locus of

control, neuroticism, self-efficacy, and self-esteem. The way in which people appraise themselves using core self-evaluations has the ability to predict positive work outcomes, specifically, job satisfaction and job performance. The most popular theory relating the CSE trait to job performance argue that people with high CSE will be more motivated to perform well because they are confident they have the ability to do so. Motivation is generally the most accepted mediator of the core self-evaluation and job performance relationship. These relationships have inspired increasing amount of research on core-self evaluation and suggest valuable implications about the important this trait may have for organizations.

Determinants of Performance

According to Bue and Byars (s2005:393) "job performance is the net effect of an employee's effort as modified by abilities, role perceptions, and efforts". This implies that performance in a given situation can be viewed as resulting from the interleationship among efforts, abilities and role perceptions.

- (i) **Abilities:** Abilities are personal characteristics used in performing a job. Abilities usually do not fluctuate widely over a short period of time.
- (ii) **Efforts:** Efforts are the resulting factor of being motivated; it refers to the amount of energy an employee uses in performing a job.
- (iii) **Role Perception:** Role perception refers to the direction in which employees believe they should channel their efforts on their job.

Causes of Employee Poor Performance

Absenteeism and Lateness: Absenteeism is when an employee does not come to work based on certain reasons that may be tangible or intangible whilst lateness is considered to be rate at which an employee comes to work after the actual time scheduled for reporting to work.

Lack of ability or knowledge: Employees' performance can be attributed to lack of knowledge. If employee with low knowledge is employed, it is very difficult for him or her to accomplish task that he or she does not know much about.

Alcoholism and drug abuse, medical problems and stress are some of the contributing factors to poor performance in an organization.

Steps in Appraising Performance

To Nickels et al (2005:342), the following steps must be followed for clear understanding of what performance appraisal entails. These steps are:

- **Establishing Performance Standards:**
This is a crucial step. Standards must be understandable subject to measurement and be reasonable. They must be accepted by both the manager and the subordinates.
- **Communicating those Standards:**
Often, managers are sure that employees know what is expected of them, but such assumptions are dangerous at best. Employees must be told and precisely what the standard and expectations are and how they are to be met.

- **Evaluating Performance:**

If the first two steps are done correctly, performance evaluation is relatively easy. It is a matter of evaluating employee's behaviour to see if it matches standards.

- **Discussing result with employees**

Initially, most people will make mistakes and fail to meet expectations, as it takes time to learn a new job and does it well.

Discussing an employee's success and areas that need improvement can provide managers with an opportunity to be understanding and helpful and to guide the employee to better performance.

Moreover, the performance appraisal can be good source of suggestion on how a particular task could be better performed.

- **Taking Corrective Action**

As an appropriate part of the performance appraisal, a manager can take corrective action or provide corrective feedback to help the employee perform his or her job better. The primary purpose of conducting this type of appraisal is to improve employee performance if possible.

- **Using the Result to Make Decision**

Decision about promotion, compensation, additional training and firing are all based on performance evaluation. An effective performance appraisal system is a way of satisfying certain legal concerning such decision.

Method for Appraising of Employees

Again, Bue and Byars (2005:397) commended that "performance appraisal is an evaluation in which the performance level of employees is measured against established standards to make decision about promotions, compensation, additional training or firing". Performance appraisal consist of three main methods, these are:

- **Rating System Method:**

It is the method of appraisal where employees are rated on a scale against certain characteristics such as excellent, very good, good, satisfactory, fair and poor. Rating methods of appraisal often ends to cluster in the middle that is between excellent and poor.

Rating method also has a halo impact that is, on graded characteristics is likely to influence another. This is because any performance factor considered by management to be acceptable, the manager reiterates the required standards and agreement is reached on steps to improve performance or if an appraisal rates work knowledge as very good, it will be difficult for him to rate work output as poor.

The rating has thus been found to be an inappropriate method unless the rating characteristics have been adequately explained.

- **Descriptive Method**

This system of appraisal requires the appraiser to give a rating profile on the performance of appraisee on his achievement and failures, that is, his strength and weaknesses. The main advantage with this method is that, the appraiser is free to write a detailed assessment of the person they are appraising.

The limiting factor here is that, if the appraiser does not have control over the language he is using to conduct the appraisal, as a result he may not be able to give fair assessment of the employee being appraised. If the employee is not highly favoured by the appraiser, they later may input information which may be detrimental to employee's appraisal.

- **Management by Objective (MBO):**

Management by Objectives (MBO) is a management system designed to achieve organizational effectiveness by steering each employee's behaviour towards the organization's mission.

MBO is often used in place of traditional performance appraisals. The MBO process includes goal setting, planning and evaluation. Goal setting starts at the top of the organization with the establishment of the organization's mission statement and strategic goals. The goal-setting process then cascades down through the organizational hierarchy to the level of the individual employee. An individual's goals should represent outcomes that, if achieved, would most contribute to the attainment of the organization's strategic goals. In most instances, individual goals are mutually set by employees and their supervisors, at which time they also set specific performance standards and determine how goal attainment will be measured (Lindsey, 2005). As they plan, employees and supervisors work together to identify potential obstacles to reaching goals and devise strategies to overcome these obstacles. The two parties periodically meet to discuss the employee's progress to date and to identify any changes in goals necessitated by organizational circumstances. In the evaluation phase, the employee's success at meeting goals is evaluated against the agreed on performance standards. The final evaluation, occurring annually in most cases, serves as a measure of the employee's performance effectiveness (Hannabuss, 1991).

In most cases appraising employee generally takes one year. But it will be advisable for management to conduct interviews purposely for employee's appraisal.

Conclusion

The findings of the study will not only be beneficial to the personnel of the chosen organization for the study, which is First Bank Plc, Abuja, FCT, but also to every individual. It will also; Help managers in other organizations in setting goals and targets for employees to achieve through proper supervisory control by line managers; aids in identifying and improving the training and development needs of workers; assists in motivating employees who contribute effectively to the attainment of organizational goals and objectives.

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