PERFORMANCE APPRAISAL AS A TOOL FOR ENHANCING PRODUCTIVITY IN AN ORGANIZATION

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ABSTRACT

Corporate organizations are increasingly appreciating the importance of employee performance appraisal as a veritable tool for enhancing productivity in an organization. Performance appraisal of employees has the advantage of helping an organization to position the workforce on the jobs for which they are best suited and thus leading to improved productivity and increased organizational profitability. When employees are engaged in the performance of different tasks in an organization, it is essential to appraise their actual performance on the job to ensure that their effort is positively contributing to the achievement of organizational objectives. It is no longer fashionable to deploy employees to tasks without determining their suitability for each job. Modern organizations are no longer comfortable with just remaining competitive in their industries. They aspire to establish competitive superiority over their competitors and to post increasing profit figures for their shareholders. To achieve these objectives, organizations require thorough performance appraisal of the entire workforce to enable the firm position the right skills in the right tasks for optimum productivity. Descriptive research design was adopted in this study. Managers who are responsible for appraising the performance of their subordinates were interviewed and questionnaires used to obtain information on employees' appraisal in the three organizations. Data obtained were carefully analyzed using tables and percentages.(Hypotheses formulation and testing were not involved in this process). Various interview sessions were held with managers who are involved in the appraisal of subordinates. The over-all result showed that performance appraisal helps an organization to position employees adequately for optimum productivity. Modern corporate organizations are therefore advised to take the issue of performance appraisal seriously and to encourage the appraising managers to remain objective about the assessment of subordinates in the interest of increased productivity in the organization.
*Key words: **Performance appraisal, Optimum productivity, Workforce, Profitability***

INTRODUCTION

Performance appraisal is an evaluation done on an employee's job performance over a specific period of time. It is the equivalent of a report card on an employee and how their managers assess their performance over the prior year. Anyone who has worked in more than one department or in more than one company will attest to the fact that not all performance appraisal processes are the same. The varying systems and processes are applicable in many organizations. Unfortunately, some are done so poorly that they are not only designed to fail, but also to create a negative experience for both the manager as well as the employee.

Performance appraisal has also been looked at as the method by which the performance and productivity of each worker is measured in order to determine his or her contribution to the effort of the organization towards the achievement of the set goals and objectives. The method used in the measurement and evaluation of a worker's performance differ from one organization to another. But the ultimate purpose is to estimate the job performance of each employee towards the achievement of organizational objectives. Performance appraisal is also carried out for the purpose of promotion and transfer to new job tasks and positions within an organization (Eldman, 2009)..

Performance appraisal serves as a tool for enhancing productivity in modern organizations. Through the process of performance appraisal, the productivity of organizational members are measured. It is one of the most delicate issues in human resources management because an employee's overall success in an organization depends largely on the outcome of performance appraisal. It is pertinent to state here that some bosses take advantage of this to under-estimate or under-assess the performance of employees who are not in their good book. Thus, a proven performance appraisal system links the organization and the employees together and makes the

workforce to understand what is expected of them in a job, and where they fit in appropriately in the organization. Performance appraisal and productivity of a worker are used to determine an employee's suitability for promotion, training and placement into higher position of authority.

The fact that there are scarcely few employees who would not like to know exactly what their manager thinks of their performance makes performance appraisal schemes a controversial subject. In small organizations with few employees, the level of interaction between the manager and employees is so close that employees generally know what their boss thinks of them.

However, in large organization, the degree of interaction is so remote that many employees find it difficult to predict precisely what their managers think of them and what the outcome of their performance appraisal would be (Donli, 2008).

In contemporary business environment with keen competition among firms and economic downturn, many firms use performance appraisal to scale down the size of the workforce in order to retain only those ones which are more productive. Downsizing the workforce helps an organization to reduce the total cost of labour and to shore up the profit figures of the enterprise. In other words, if performance appraisal is properly utilized, it will go a long way in assisting an organization in its human resources planning and development (Dipboye, 2001).

Modern organizations are taking more and more interest in determining the quality and level of performance of their employees. Assessing the present productivity of the workforce helps an organization to prepare the ground for future training and development of the workforce. Performance appraisal also helps them to identifying areas of weakness that may require assistance and training. The process of assessing and appraising the performance of employees is

made difficult by the fact that criteria of effective and ineffective performance are frequently difficult to define.

The areas of performance for which an individual is suitable are often unclear and evaluations tend often to be based, not in measurement of actual performance, but on the perceptions and judgments of an employee's immediate boss. Performance appraisal, most of the time, suffer from the subjective judgment of the immediate boss. The situation becomes worse in a situation where the staff being appraised is not in the good book of the appraiser. These vague and ambiguous judgmental characteristics of performance appraisal in organizations are unavoidable because of the complexity of managerial jobs and the difficulties inherent in clearly defining concrete criteria of effective performance. At the same time however, a considerable proportion of the vagueness and ambiguity associated with the appraisal process can be attributed to inadequate attention being paid by organizations to the design and functioning of its performance appraisal system.

There are varying opinions on the subject of performance appraisal and why it is done. Some organizations carry out performance appraisal to make sure that they have a piece of paper in the employee's file in case they ever need to do some corrective actions on the worker. But successful organizations understand the importance of incorporating performance appraisal into their performance management process and strategy.

CONCEPTUAL FRAMEWORK

Performance Appraisal and its Purpose

The basic purpose of a performance appraisal is to generate accurate and valid information regarding the behavior and performance of members of the organization. The more accurate and valid the information generated by the system, the grater its potential value to the organization.

Akinbowale (2013) observed that while all organizations share some basic primary goal in their performance appraisal system, a tremendous amount of variety exists in the specific use that organizations make of the information obtained from performance appraisal of employees. The author however, categorized the purpose of performance appraisal into three broad headings as follows:

(1)   Individual Evaluation and Motivation

According to the authors, the results of performance appraisal frequently serve as the basis for the regular evaluation of the performance of members of the organization. They argued that whether an individual is judged to be competent or incompetent, effective or ineffective, promotable or unpromotable, and so on is the based upon the information generated by the performance or appraisal system. With particular emphasis on employee's motivation, they further attempt to influence the motivation and future performance of their members by tying the administration of various rewards, such as salary increases and promotions to the ratings generated by the appraisal system.

(2)   Individual Development

In addition to serving as a basis for the administration of organizational reward and punishments, the author contended that, the information generated by an appraisal system can also be employed to facilitate the personal development of organizational members. Sound appraisal system can generate valid information regarding the areas of personal strength and weakness of individual employees. With respect to this, the author affirmed that if such information is fed

back to individuals in a clear, unambiguous and non-threatening manner, the information can serve two valuable purposes.

First, if the information indicates that the person is performing effectively, the feedback process itself can reinforce and reward the employee by increasing feelings of self-esteem and personal competence. Secondly, if the information identifies an area of weakness, this can serve to stimulate a process of training and development in order to overcome the weakness identified.

(3)   Organizational planning

Besides providing the basis for the evaluation motivation, and development of individual organization members, the author noted further that an effective performance appraisal system also generates information that can be of significant value to the organization in planning its future human resources needs and policies.

The members of an organization are the human capital of that organization. Consequently, a performance appraisal system generates information that permits the organization to assess the state of its human capital and plan its recruiting, staffing and development policies, in an informed, systematic and rational manner.

Cameron (2008) was of the opinion that, to ignore individuals in the review process is to ignore a major input in the achievement of organizational outcomes. It is often said that organizations that perform well are a reflection of the efforts and successes of their staff. Recognizing these efforts and appropriately praising them is imperative for organizational success. This is the basic purpose of performance appraisal (Burnas, 2002).

Cooper (1998) made the point that as managers we must be less concerned with supervising and concentrate on being leaders. He found out that sustainable cultural change can take place within an organization only when the individuals within the organization first change themselves from

the inside out. Sometimes, appraisal processes can be counter-productive to organizational success as they are odds with processes which encourage some degree of risk-taking to meet client needs or develop new methodologies through trial (Mackanzie, 2000).

Applebaum (2011) suggested that Performance Appraisal is mainly used for three purposes:

(1)   As a basis of reward allocation such as salary increase, promotion and other forms of rewards.

(2)   Performance Appraisal is a tool for identification of deficiencies and will spot the areas where development efforts are needed.

(3)   Performance Appraisal can be used for the selection and development programme. It will differentiate satisfactory performers from unsatisfactory ones. Performance Will help the management to perform functions relating to selection, development, salary, promotion, penalties, layoffs and retrenchment.

High employees' performance leads an organization to success and provides the employees with greater opportunities to make progress in the organization. Employees themselves must believe that in performance appraisal there are great opportunities for them. Without fairness in appraisals, performance appraisal system, rewards, motivations and developments create negative impact and frustration.

Kay (2007) identified five purposes of performance appraisal as shown below:

1. Performance appraisal is used mainly for the achievement of organizational goals.

2. Performance appraisal is used for the setting of individual objectives.

3. Used for the evaluation of individual performance against objectives.

4. Performance appraisal is used for the improvement of performance.

5. Performance appraisal is used for the allocation of rewards.

RESEARCH METHODOLOGY

Descriptive research design was adopted in this study. The study used three corporate organizations: Guaranty Trust Bank, Unilever Plc. and MTS Property Development company as case study. Sample of 50 respondents were drawn from each of the three organizations to obtaining a total of 150 senior and junior managers used for the study. Care was taken to ensure that the sample largely contained managers who were responsible for the appraisal of subordinates in their various departments, units and sections. Questionnaires were administered to the entire 150 respondents and exhaustive interview sessions held with the managers. The study was aimed at achieving two objectives. The first objective was to establish the contribution of performance appraisal to the enhancement of productivity in modern organizations. The second was to investigate the veracity of the claim that managers use performance appraisal as a weapon of victimization to punish hard-working subordinates who are incidentally not in their good book.

Primary data gathered through the questionnaires were analyzed using tables and percentages and the opinions given by the managers in the various interview sessions were carefully considered. No hypotheses were formulated and tested in this study. The result showed that performance appraisal aids an organization to position employees to right tasks thereby enhancing organizational productivity. The study also showed that insignificant proportion of managers visit the appraisal of their subordinates with subjective and biased assessment but this practice has not damaged the positive contribution of performance appraisal in modern organizations.

THEORETICAL FRAMEWORK

The Birth of Modern Performance Appraisal Process

Everyone has some experience of Performance Appraisal in some context. This can be traced back to thousands of years past. As we go through the history of Performance Appraisal, we can see that it is as old as mankind. In a formal sense, Performance Appraisal of an individual began as early as the third century in the Wei dynasty in China where an Imperial Rater appraised the performance of members of the official family (Locher, 1997). Furthermore, in 1648, it was reported that the Dublin (Ireland) Evening Post evaluated legislators by using a rating scale based on personal qualities (Jamieson, 1999).

In the 1800s, the New York City Civil Service in USA introduced a formal Appraisal program shortly before the First World War. However, formal appraisal of employees' performance is believed to have started during the First World War when, at the instance of Walter Dill in the US Army adopted the "Man-to-Man" rating system for evaluating military personnel (Ogunniyi, 1985). This early employees' appraisal system was called "Merit System". From the army, this concept entered the business world and was, at that time, applied to hourly paid workers.

First Recorded Appraisal System in the Industry

The early application of performance appraisal system in the industry was carried out by Robert Owen with the use of character books and blocks in New Lanark Mills in Scotland around the year 1800. The character books recorded each worker's daily report. The character books were coloured differently on each side to represent an evaluation of the worker's rating from bad to good and they were displayed in each employee's workplace. Owen was quite impressed by the way the blocks improved the behaviour of workers (Dipboye, 2001).

During the 1920s, relational wage structures for hourly-paid workers were adopted in industrial units and each worker was rated in comparison with others for determining wage rates. In the

1940s behavioural methods were developed using a motivational approach. These included

behavioural anchored rating scales (BARS), behavioural observation scales (BOS), behavioural

evaluation scales (BES) and critical incident and job simulation. All these judgments were used

to determine the specific levels of performance criteria to specific issues such as customer

service and rated in factors such as "excellent", "average", "need to improve" or "poor". Post

1945 developed into results-oriented approaches and led to the development of Management by

Objectives (MBO) (Ubeku, 1995).

In the 1960s, the development of self-appraisal by discussion led to specific time and opportunity

for the appraiser to evaluate the performance of a worker using discussion and interview

approaches. In the 1990s, 360-degree appraisal was developed occasioning the sourcing of

information from a wider range of sources and the feedback was no longer dependent on the

manager-subordinate power relationship but included groups appraising the performance of line

managers and peer groups on individual performance (Stone, 1983). So since the 1940s, the

philosophy of Performance Appraisal has undergone tremendous changes. The common terms

used include merit rating, behavioural assessment, employee evaluation, personnel review, staff

assessment, progress report and Performance Appraisal.

Pitfalls and Failures of Performance Appraisal

According to Appelbaum (2011), many researchers have published articles on the pitfalls and

failures of Performance Appraisal. The researchers identified different results as to why

Performance Appraisal fails. Psychometric errors are one of the main reasons why Performance

Appraisals are done ineffectively within corporations. These errors include; leniency, halo effect, restriction of range, recency and contrast. These errors are attributed to the psychological predisposition of the appraiser during the appraisal process. Some researchers have suggested that one possible way of minimizing psychometric errors is by using a multi-rater system of evaluation. (Beach, 1980). A self-performance appraisal is another method that can support the multi-rater system to reduce the presence of psychometric errors. However, most of the studies done on self-evaluation indicated positive results relating to the appraisal process. Donli (1991) stated that self-evaluation can increase the effectiveness of the appraisal system and results show positive impact on employees' satisfaction with the evaluation and his perception of justice and fairness. Similar results were found by Jackson et al. (2003). Employees who have a chance to rate themselves became more involved and committed to their personal goals.

Eldman, 2009), in his research into cognitive process in Performance Appraisal stated that Performance Appraisal is the outcome of a dual process. Attention, categorization, recall and information gathering are carried out via either automatic or controlled process. In automatic process, aspects of an employee's behaviour are noted and the employee is categorized without conscious monitoring. This process is dominant except when decisions are problematic in which place a conscious categorization monitoring will take place. Subsequent recall of the employee is biased by the attributes of prototypes representing the categories to which the employee has been assigned. Categorization also biases any subsequent information search about the employee and interacts with tasks type of produce halo, leniency, stringent biases, and efficient use of its human resources.

LITERATURE REVIEW

Objectives of Performance Appraisal

The over-all objectives of performance appraisal can be summarized as given below:

1.   Performance appraisal is used for the achievement of corporate goals (Bach, 2009). One of the underlying purposes of performance appraisal schemes is to elicit corporate compliance.

2.   Performance appraisal is used to let subordinates to know where they stand in relation to objectives or targets set, and agreed upon with them.

3.   Performance appraisal is used to enable the performance of the subordinate to be thoroughly analyzed.

4.   Performance appraisal is used to pint out where and how the performance of workers can be improved.

5.   Performance appraisal is used to develop the employees on their present jobs and enable each employee to increase his or her output or productivity.

6.   Performance appraisal is used to develop and train the workers for higher jobs.

7.   Performance appraisal is used to let workers know how they may progress in the organization.

8.   Performance appraisal is used to serve as a record for assessing the department or unit showing where each person frits into the larger picture.

9.   Performance appraisal is used to warn some employees that they must do better or get sacked.

10.   Performance appraisal is used to facilitate the p4ocess of just and equitable reward and compensations.

11.   Performance appraisal is used to assist an officer to understand his strengths and weaknesses and on the basis of that take corrective measures.

The result of performance appraisal should serve as the basis for regular evaluation of the performance of the members of an organization. Whether an individual is judged to be

competent, effective or ineffective, to be promoted or not to be promoted is usually based upon the information generated by the performance appraisal system (Locher, 1997). Performance appraisal has been considered as the most significant and indispensable tool for an organization for the information it provided 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 the basis for judging the suitability of an applicant for recruitment, selection, training and compensation. If valid performance data are available, timely, accurately, objectively, standardized and relevant, management can use them to maintain consistent promotion and compensation policies all the year round (Locher, 1997).

Other Merits of Performance Appraisal in an Organization include:

(1) To find out the extent to which the outcome of performance appraisal in the organization is being used as a yardstick for promotion, salary increase and new posting.

(2) To find out whether the employees are usually satisfied with the way they are being appraised by their superiors.

(3) To highlight whether performance appraisal as presently carried out at Nigerian Breweries Plc. is creating a learning experience on employees thus motivating them to improve their performance.

(4) To critically examine the advantages and drawbacks in the present pattern of performance appraisal as practiced by Nigerian organizations and make recommendation for improvement.

Procedures for Carrying out Performance Appraisal

According to McGregor, many superiors are uncomfortable about judging someone and acting out the role of an evaluator. The above statement is a clear indication of the difficulties inherent in performance evaluation and procedure, despite all the problems, Gibson and Donnelly noted in their study that managers usually attempt to select a performance evaluation procedure that will minimize conflict with subordinates, provide relevant feedback to subordinates and contribute to the achievement of organizational goals (Lathan, 2001). .

The authors further observed that as is the case with most managerial procedures and applied organizational behaviour practices, there are no universally accepted methods of performance evaluation that fit every purpose, person, or organization.

Viewing the above statement critically, it means therefore that what is effective in Union Bank of Nigeria Plc. will not necessarily work in United Bank for Africa Plc. In the same vein, what is effective within one department in a particular organization will not necessarily be right for another unit within the same company. Concluding, the authors added that the only important point agreed upon by Managers and organizational researchers is that some type of measuring device or procedure be used to record data on a number of performance criteria so that subjectivity in reward, development and other managerial decisions is minimized.

Performance Appraisal Methods

Performance appraisal methods are numerous and varied. However, six methods of performance appraisal will be discussed in this study. These methods are as follows:

1. The Secret Appraisal   2.Essay Method

3. Graphic Rating Scale   4.Ranking Methods

5. Forced –Choice Rating   6.Management By Objective (MBO)

(1)   The Secret Appraisal

This is probably the most common approach to performance appraisal because so many

managers are uncomfortable in candidly de scribing their concerns and criticisms about an

employee's performance. Therefore appraisal takes place in secret. Specially, the manager

will fill out a performance appraisal form doe submission to his or her personnel office, but

never discuss it with the employee. Sometimes, the employees many suspect that he or she is

being appraised formally but the fact remains that the unfortunate employee does not have an

opportunity to know the boss's real feelings about him or her. Furthermore, the employee is in a

distinctly disadvantageous position regarding personal development because he or she is getting

no direction about improvement needs from his or her manager (Eldman, 2009).

Another form of secret appraisal is one in which a manager often discusses performance with an

employee but fills out a form with comments quite different from the appraisal actually discussed

with the employee.

Conclusively, it is necessary to add here that superiors should try as much as possible to avoid

apprising subordinates secretly as this will not encourage a strong motivational force to effective

job performance on the part of the appraised.

Essay Method

The essay method involves an evaluator's written report appraising an employee's performance,

usually in terms of job behaviours and / or results. Stone observes that the subject of an essay

appraisal is often justification of pay, promotion, or termination decision, but essays can be used

for development purpose as well. Since essay appraisals are to a large extent unstructured and open ended, lack of standardization is a major problem. He argues further the open –ended nature of the essay appraisal makes it highly susceptible to evaluator's bias, which may in some cases be discriminatory.

By not having to report on all job-related behaviours on result, an evaluator may simply comment on those that reflect favourably or unfavourably on an employee, he noted.

(2)   Graphic Rating Scales

The graphic rating approach to performance appraisal requires the superior to rate the extent to which subordinate possesses or has demonstrated each of a verity of traits or characteristics such as quantity of work, quality of work, initiative, job Knowledge co-operation and so on, a typical example of a graphic rating scale is contained in figure 2 -1 .

As can be seen, the superior is required to indicate on the graphic rating scale the extent to which he or she believes that the subordinate being rated has effectively demonstrated each of the characteristics listed.

Feldman and Arnold, maintained that the validity and unity of graphic rating scale appraisals will depend in part upon how the specific characteristics upon which the individual is rated were identified. In some organizations, the characteristics or dimension of performance are identified only intuitively by people designing the performance appraisal system as characteristics that they personally think effective employee should exhibit. Such an approach is not to be recommended.

The authors are of the opinion that although graphic rating scales are extremely popular and widely used in organizations, they are not without a number of fairly serious draw backs.

Ranking methods

An alternative approach to graphic rating scales is the ranking methods. The method compares one employee to another resulting in an ordering of employees in relation to one another. Ranking methods are advantageous when the result of performance evaluation must be used for making concrete personnel decisions, since ranking do not permit people to be rated equally. This in essence means that if one person is to be promoted, then the person ranked first can be chosen to receive the promotion.

As rightly pointed out by Feldman and Arnold, that although an advantage of rankings is their ability to facilitate personnel decisions, this advantage has an accompanying risk in that ranking procedures may force superiors to distinguish "artificially" between individuals whose performance is equally effective.

(3)   Forced-Choice Rating

There are many variations of forced choice rating method, but the most commonly used one requires the rater to choose from several seemingly equal groups of statements those that are most or best applicable to the person being reviewed. The statements are then weighed or scored. Generally, the weights or scores that are assigned to each statement are not known to the raters; thus in theory, they are not likely to play favourites. After the reviewer has described the individual, someone in the personnel department applies the weights and develops a score.

Bernadin (1999) pointed out the advantage of forced –choice rating when they stated that by presenting choices that are not obviously distinguishable as to desirability, this method attempts to eliminate bias on the part of the reviewer.

Forced-choice rating is however, not without drawbacks. Winston Oberg reported that "the force –choice method trends to irritate raters, who feel they are not being trusted."

Advantages of Performance Appraisal

Performance appraisal exercise carried out on employees has some special advantages to the manager carrying out the appraisal, the employee being appraised and the organization as a whole. Some of the advantages of performance appraisal include the following:

(a) Performance appraisal provides an avenue where a manager can meet and discuss performance issues with an employee.

(b) Performance appraisal provides a document of employee's performance over a specific period of time.

(c) It gives a manager an opportunity to provide the employee with feedback about his performance and discuss how well the employee's goals in the organization were accomplished.

(d) Performance appraisal provides a structured process for an employee to clarify expectations and discuss issues with his boss.

(e) Performance appraisal provides a structure for thinking through and planning the up-coming year and developing employee's goals.

(f) Performance appraisal can motivate employees if supported by a good merit increase and compensation system.

Disadvantages of Performance Appraisal

On the other hand, there are some disadvantages inherent in performance appraisal. Some of the more common ones are discussed below:

(a) Performance appraisal, if not done rightly, can create a negative experience.

(b) Performance appraisal is very time-consuming and can be overwhelming to managers with many employees.

(c) Performance appraisal is based on human assessment and is subject to rater errors and biases.

(d) Performance appraisal can be a waste of time if not done appropriately.

(e) They can create a very stressful environment for everyone involved.

Finally, performance appraisal is only as good as the performance management system it operates within. Organizations that only do performance appraisal for the sake of doing it are wasting their time.   But organizations that incorporate performance appraisal into a comprehensive performance management system and use it to implement business goals have an advantage for accomplishing their goals and ultimately their strategic plan.

Performance Appraisal Interview

Regardless of how job performance information is collected, the rater must provide formal feedback to the employee being rated. Feldman and Arnold on the performance appraisal process is to have any potential whatsoever for improving the level of performance of organization member, it is obviously essential that the results of the appraisal process be fed back to the individuals being evaluated. Furthermore, they added that it is only in this way people can learn where their strength and weakness lie, and subsequently take steps to improve their future performance. There is need to point out here that a general observation has been made to the fact that refers often feel uncomfortable about discussing a subordinate weakness or problems. On the other hand, subordinate often become defensive when personal weakness or problems. On the other hand, subordinates often become defensive when personal weakness or failures are pointed out by a rater. Kay, Meyer and French when reviewing the relationship between comments focusing on subordinate weakness in feedback interview and defensive comments

made by the ratees found out that as critical comments increased. Furthermore, they concluded that praise in the feedback sessions was ineffective. The authors assumed that since most raters first praise then criticize and finally praise to end the feedback

session, rates become conditioned to this sequence. In essence, praise becomes a conditioned stimulus proceeding to arrival of criticisms. According to Dipboye and Depontbriand, for performance appraised interview to be effective, it should also focus upon subordinates areas of strength. In discussing and praising these strengths, it is equally desirable that the superior be specific and descriptive of actual events and behaviours that are the sources of positive evaluations. Only in this way, does the appraisal process help the subordinate to understand exactly which areas of behavior and performance are those most valued by the organization and therefore, which areas should continue to receive attention and emphasis. In conclusion, the failure to attend to the crucial role of the appraisal interview in the evaluation process and failure to recognize the need for special skilled on the part of superiors to manage appraisal interviews competently are major weakness on many organizations appraisal systems. Consequently, if the performance appraisal process is to achieve its potential for facilitating individual development, organizations must consider it necessary for the development of behavioural skills among their managers to enable them conduct appraisal interviews in constructive positive fashion.

Problems Associated with Performance Appraisal

n addition to the problems already highlighted in our discussion of various performance appraisal techniques, there also exist a number of fairly common errors to which people are prone when judgments and ratings about others. Some of these problems are: strictness and leniency, central tendency, hallo effect, Regency, Personal bias and contrast effect.

(a)   Strictness and Leniency

Some individuals, when filling out ratings scales on their employees, have a tendency to rate everyone quite strictly or harshly. A person prone to such a bias would tend to rate good employees as only average and average employees as poor. All of their ratings are lower or stricter than the actual performance of their subordinates warrants. Individuals who rate their employees in such a manner are said to exhibit a strictness or harshness bias in their ratings. Just the opposite problem is involved in a leniency bias. Superiors with a leniency bias would tend to rate all their subordinates more positively than the subordinates performance actually warranted. Such a bias is undesirable since it results in subordinates appearing to be more competent than in fact they are (Agarwal, 2011).

(b)   Central Tendency

On the other hand, some raters are somewhat timid about using the extreme end points of rating scales. They dislike being too harsh with anyone by giving them an extremely low rating, and they may feel that no one is really good enough to get the highest possible ratings.

The outcome of this sort of attitude can be everyone being rated close to average. Individuals whose ratings all converge near the midpoint of the rating scale are said to be exhibiting a central tendency bias. Figure 2-2, also shows what the distribution of ratings would look like for a rater with a central tendency bias. Everyone gets a rating between 3 and 5 and the average rating is 4. Feldman and Arnold noted that the problem created by a central tendency bias is that it makes performance ratings almost useless for identifying either highly effective employee who are candidates for promotion on the hand, or problem employees who requires counseling and training on the other hand.

(c)   Halo Effect

The term "halo effect" refers to a phenomenon found during performance appraisal in which a person's impression of one characteristics of someone is so strong that it affects his impression of that person's other characteristics. Some superiors have tendency when filling out

performance rating scales to rate a subordinate very similarly on all of the dimensions or characteristics being assessed. Thus, the person who is rated high on quantity of performance will also be rated high and quality, high on initiative, high on co-operation and so on. This is not a problem as long as the person being rated really is high on all of the dimensions being assessed (or low on all of them, as the case may be). However, it is frequently the case that an employee may be very high on some dimensions, average on some, and low an still others.

A superior who rates such a person the same (whether high, medium or low) on all dimensions is said to exhibit a halo effect. Cooper pointed out that, the problem created by a halo effect is that it makes it impossible to identify the areas of strength of employees who are generally weak and, conversely, the areas of weakness which need development for employees who are generally strong.

(d)   Recency

Ideally, rating of employee performance should be based upon systematic observations of an employee's performance over the entire rating period (usually a year). Unfortunately, it is often the case that a superior rating a subordinate is strongly influenced by the most recent events and observations of the subordinate's performance. Things that happened recently tend to be

remembered more clearly and to be most salient in the mind of the rater. Thus, "annual" reviews tend to be inordinately influenced by what the rater has observed of the subordinate over the few weeks or months immediately preceding the performance appraisal.

(e)   Personal Bias

Some individuals are, unfortunately prone to be personally biased towards others. Such bias may be based upon the past history of the relationship between two individuals, stereotypes regarding racial or ethnic groups, role stereotypes, and so on. Regardless of its basis or cause, personal bias is a source of error in performance appraisal for which it was designed.

(f)   Contrast Effect

Managers are frequently involved in appraising several subordinates within a fairly short time. When this is the case, the managers' appraisal of each subordinate can be influenced by the evaluation of the preceding subordinate. Thus, a subordinate whose true performance is only average, but who is evaluated immediately after some performance is extremely poor, may receive fairly positive rating. This can occur as a result of the contrast created in the mind of the entire person doing the appraisal between the very poor performance and the average performance. Exactly the opposite effect could occur if the average performer had the misfortune to be evaluated immediately after a truly outstanding performer.

Having discussed various problem associated with performance evaluation procedures, there is need to highlight ways by which rating errors can be reduced.

How to Reduce Rating Error

Since rating errors can seriously undermine the value to organization and performance appraisal system, a good deal of effort has been focused upon the development of methods of reducing or eliminating rating errors (Lathan, 2001).

The following steps can help an organization reduce errors and problems in its appraisal systems.

1. Superiors should be encouraged to observe the performance of their subordinates regularly and keep a record of their observations.
2. Ratings scales should be carefully constructed in the following manner:
    a. Each dimension of the rating scale should be designed to asses only one important work activity
    b. The dimension included on the rating scale should all be important, meaningful and clearly stated.
    c. The words used to define various points along the rating scale (e.g. "excellent" "poor", etc) should be clearly and unambiguously defined for the rater in terms of employee behavior.
3. Raters should not be required to evaluate a large number of subordinate at any one time.
4. Raters should be made conscious of common rating errors such as strictness and leniency, central tendency, halo effect and contrast effect in order to avoid them.

Finally, providing managers with training in the effective use of performance appraisal techniques bears special emphasis.

There is now considerable evidence that errors in performance appraisal cannot be overcome purely by focusing upon the development and design of better rating instruments, however,

carefully developed training programmes such as that designed by Latham, Wexley and Pursell (1975) have been found to minimize rating errors in the appraisal process.

Characteristics of an Effective Performance Appraisal Policy

Performance appraisal policies are related to human resources as well as used to provide a feedback tool used by employees about the workers performance over a specific period of time usually one year (Akinbowale, 2013). Managers may use Performance Appraisal policy to help employees set goals to improve their performance. Organizations also use Performance Appraisal policy to identify and reward high performers for advancement. Applebaum (2001) stated that the most effective Performance Appraisal policies have a number of characteristics in common. These characteristics include; ability to measure results, range of input, employee feedback, and past year records of employee. The characteristics are discussed in detail below:

(a)   Ability toe Measure Results

Akinbowale (2013) stated that effective Performance Appraisal policies rely on measured results rather than personal opinions. It may be difficult to eliminate entirely emotional, political and personal issues when evaluating performance appraisal of an employee. For this reason managers may need to use documented records of an employee's performance throughout the year to avoid biases and other influences.

(b   Range of Input

The most effective Performance Appraisal considers input from a range of sources for each employee under review, rather than relying on a single manager for the entire process. (Kay, 2007). Relying on a single employee for performance appraisal policy invites political implications and feelings of resentment on the part of the workforce. The popular 360-degree

feedback collects input from other employee at the same level as the employee being appraised by the manager.

(c)   Employee Feedback

During employee performance planning process, both behavioural and results expectations should have been set. Employee performance in both of these areas should be discussed and feedback provided on an on-going basis throughout the rating periods (Bernadin, 1999).

In addition to providing feedback whenever exceptional or ineffective employee performance is observed, providing feedback about day-to-day accomplishment and their contributions is also very valuable. Unfortunately, this does not happen to the extent it should in organizations because many managers are not skilled in providing feedback (Beach, 1980).

In fact, managers frequently avoid providing feedback because they do not know how to deliver it productively in ways that will minimize employee defensiveness (Akinbowale, 2013). For the feedback process to work well, experienced practitioners have advocated that it must be a two way communication process and a joint responsibility of managers and employees, not just the manager. This requires training on the part of both managers and employees about their roles and responsibilities in the employee performance feedback process. According to Garber (2008), the managers' responsibilities include providing feedback in a constructive, candid and timely manner. The employees' responsibilities include seeking feedback to ensure that they understand how they are performing and reacting well to the feedback they receive. Having effective, on-going employee performance conversations between managers and employees is probably the single most important determinant of whether or not a performance appraisal policy will achieve its maximum benefits from a training and development perspective (Cooper, 1998).

(d)   Past Year Records of Employee

Effective Performance Appraisal policy collects records of each year's result for each employee thus making is easy for managers and employees to spot long-term trends in performance and employee strengths and weaknesses. Relying on memory causes managers to place emphasis on recent experience rather than taking the big picture into account. Using past employee performance data as well as current year employee performance records, keeps the policy as unbiased as possible and also protects employees against the policy, such as claims of discrimination in promotion policy (Eldman, 2009)

Essential Conditions for Effective Performance Appraisal

In a performance appraisal effort, the assessor should keep salient points raised in mind and review the rating errors on regular basis. If the proper care is taken, then the assessment work will be adequate. Accountability can be rated as; does not meet standards, needs improvement, meets standards or exceeds standards. The assessor is supposed to give clear comments on the appraisal form. For example, if the person exceeds standard, comment should be made, such as; "this is impressive, keep it up." Similarly, the other criteria like behaviour, leadership, quantity and quality of output, discipline, commitment to the work, level of competencies, etc. are to be rated. Finally, the overall performance of the employees is to be rated. It should be followed by the comments from the assessor. The assessor is to sign the assessment form and submit it to the appropriate quarters.

The following are other conditions that can help an organization carry out successful employee performance appraisal:

(a)   Documentation

Documentation is an important activity in a performance appraisal process. Special care should be taken to prepare documents and maintain them. The properly prepared and maintained documents provide documentary evidences. On the basis of that, ratings will be decided upon.

Furthermore, it may be helpful in performance review, corrective actions, development plans, reward, incentives, compensation and training plans and programmes.

(b)   Objectives and Standards

The overall objectives individual objectives and performance standards expected from each employee should be decided and agreed upon with the managers, supervisors and employees. It makes the things clear to the job performers. They should not have any confusion regarding their jobs and performance to be given by them. These should be clear, easy to understand, feasible to achieve, motivating, time bound and measurable.

(c)   Simple Appraisal Format

The appraisal format should not be very long and complicated otherwise it is likely to confuse the raters and furthermore, it will take a long time to complete. With a simple format, the object4ive can be completed with minimum confusion, time and effort. Most importantly, it will improve the effectiveness of appraisal.

(d)   Assessment Methods

There different methods of performance appraisal but at a particular time for a particular job, the peculiar method may not be suitable. While selecting the evaluation method proper care should be taken. This job should be given to the trained managers to select the assessment methods. Otherwise, the over-all effort will be in vain. For selection of methods, the criteria of performance standards should be considered.

(e)   Communication as an important part of Performance Appraisal

The objectives and standards of performance should be communicated to the supervisors and employees before they start their work. It is having clear understanding in their mind regarding their job, objectives of their jobs and expectation from them. They will perform accordingly to achieve the desired result. It is possible through proper and timely communication system.

After performance appraisal, the feedback also should be communicated in proper language so that it will serve as motivational tool for employees. The importance of this practice should not be under-estimated by the managers and supervisors.

(f)   Training of Assessors

The tasks of a performance appraiser are very challenging. To perform these tasks successfully, a high degree of job knowledge, skills, competencies are needed. The performance appraiser should also have good knowledge of human behaviour at work. These traits can be developed with the help of training. Before starting the appraisal, they should be trained. Furthermore, with the new trends in appraisal methods, in between short term training programmes on appraisal can be arranged. This may contribute in improving the appraisal system.

(g)   Feedback

The purpose of the feedback should be to communicate, convince and develop the performance of employees rather than judgmental. To maintain its effectiveness, timely and correct feedback should be given to employees with positive approach. It should be in position to motivate the employees.

(h)   Personal Bias

At the workplace, personal relationships are likely to develop on the basis of blood relation, sex, caste, creed, language, religion, life-style and friendship. The interpersonal relationships are likely to affect the evaluation and the decisions in the Performance Appraisal process. The personal bias is likely to take place. Therefore, the evaluators should be trained on the job of Performance Appraisal process. If there is already trained supervisor for that job, then guidelines should be given to him so that in appraisal process the bias or mistakes can be avoided.

(i)   On-going Feedback

The purpose of the feedback should be to communicate, convince and develop the performance of employees rather than judgmental. To maintain its effectiveness, timely and correct feedback should be given to employees with positive approach. It should be in position to motivate the employees. This should be taken by them willingly and should take responsibility for overcoming problems and development of performance. It should be totally interactive.

(j)   Reward to Accurate Appraisers

The appraisal is being done in most of the organizations by the managers and supervisors. When they are doing the jobs, they should be motivated to do the job in an effective way. For that purpose, their work should be appropriate. This will motivate them in their future assignments also. The effectiveness of appraisal can be improved with this technique also.

Criticisms against Performance Appraisal

In the present era, almost all the organizations have some kind of employee appraisal system, though the systems may not be free from criticisms. The first criticism is the management framework using appraisal as an orthodox technique to determine the contribution of an employee is not an accurate measure due to the ever-present subjective values on the part of the assessor (Beach, 1980). The second criticism against performance appraisal process is that managers have turned performance appraisal into an instrument of victimization especially to employees who are not in their good book. (Burnas, 2002).

CONCLUSION

Modern corporate organizations are increasingly taking the issue of performance appraisal seriously in view of its merit as a tool for increasing productivity in an organization. Performance appraisal enhances workers' productivity in an organization. When an objective appraisal is carried out, the organization will be in a position to reward the performing

employees. The exercise will also create an opportunity for determining deficiencies in the performance of the workforce. Consequently, appropriate training and development programmes would be designed to correct such deficiencies.

Performance appraisal also helps an organization to place employees in tasks they are best suited for in order to improve productivity. When productivity is improved it leads to increased earnings in the organization. Managers in charge of appraising the performance of the subordinates should resist the temptation to be biased or subjective in the assessment of employees' performance no matter the odds in the relationship between that boss and the subordinates being appraised. Sound judgment and objectivity should be the watch-words of appraising managers in corporate organizations.

RECOMMENDATION

Based on the findings of this research study, the following recommendations are put forward: conclusions can be drawn: Reward for employees should not be totally depends on high scores in performance appraisal report. This is because there are many negative factors militating against the efficient functioning of performance appraisal as a measuring instrument.

Performance appraisal reports should not be the only yardstick for determining suitability for promotion, salary increment as well as training and development of employees. This is because some managers do not produce objective and true report about an employee. A good number of managers use performance appraisal report to punish an employee who is not in their good book.

The issue of motivation to workers to improve productivity should be given serious attention by management. This is particularly important because the findings revealed that proper

administration of performance appraisal can lead to increased motivation on the part of the workers.

The management should organize courses for managers on how to carry out a successful evaluation of subordinates. This could probably be best accomplished with "behaviour Modeling Training" which is a method of training whereby individuals learn new interpersonal skills. It is recommended that management of every corporate organization should educate the employees on the purpose of performance appraisal exercise so that they are clearly aware that it is not a weapon of punishment but an instrument designed to assist them to grow.
It is also recommended that "multiple appraisal method" should be introduced to encourage objectivity and eliminate bias in the appraisal of workers in an organization.

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