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CONTENTS

A NOTE ON UNDERSTANDING PERFORMANCE EVALUATION IN ORGANISATIONS

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Abstract

Over the years and currently, performance evaluation has become very popular in organisational life such that almost every well structured organization has an evaluation system. This paper presents a note on understanding performance evaluation in organizations. The aim is to popularize the theory of performance evaluation in organizations, enlighten stakeholders (academics, human resource managers, practitioners, students and so on) and to provide a comprehensive note to those desirous of knowing the basics of what performance evaluation in organizations entails in a general manner without any specificity to any organization. To accomplish this task, a theoretical exposition (that is an explanatory method of research) was adopted for this study. This paper concludes that performance evaluation in organizations is an indispensable and inevitable activity and recommended that organizations desirous of achieving its set goals and objectives must have a deep regard for the human element (employees/personnel) in organizations. That is the performance evaluation in organizations should primarily be to improve employees performance, and not an avenue to witch hunt them, which will ultimately bring about desired organisational performance.

Keywords: Organization, Performance, Performance Evaluation

1. Introduction

Over the years and currently performance evaluation has become very popular in organizational life such that almost every well structured organization has an evaluation system. In fact, it is considered as the most significant and indispensible tool for an organization. This is because it serves as a key input for administering a formal organisational reward and punishment (Campbell and Adebayo, 2007). Therefore, for any organization to achieve its set goals and objectives, every well structured organization must show enough interest for its employees/personnel and what they do in the organization to ensure their total compliance. The obvious and only way of doing this is by assessing their performance and what this implies is putting in place a formal or systematic mechanism that assesses the extent to which employee/personnel performs their job when compared to the organization set standards and communicating the outcome of the process to them. The term performance evaluation is also called employee rating, employee evaluation, performance review, performance appraisal and results appraisal (Mathis and Jackson, 2004).

Dessler (1999) defined performance appraisal (evaluation) as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or

semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. Performance appraisal is evaluating an employee's current and/or past performance relative to his or her performance standard. What this mean is that performance evaluation in organizations is done in a formal way and this is because performance evaluation is fundamental to organisational effectiveness. The basic objectives of performance evaluations are two-fold: firstly to reward employees for meeting organisational objectives and secondly to identify which objectives are not met and to develop action plans to ensure they are achieved in future (Islam and Rasad, 2006).

Performance evaluation in organizations has however, received considerable attention from researchers and practitioners. It has also attracted a great deal of interest in the current literature as evidenced by many writings and studies conducted on this subject. Though most of the studies have concentrated on psychometric issues, rater-ratee characteristics, cognitive processes, rater training, appraisal fairness, empirical studies, case studies and so on (Opath and Ali 2008; Ishaq, Iqbal and Zahaer, 2009; Saibou, 2011; Ikramullah, Shah, Hassan, Zaman and Khan, 2011 and Boachie-Mensah and Seidu 2012). Studies done in this pattern (as a note on understanding the rudiments of performance evaluation in organizations) are quite limited despite the significant amount of research done in this subject matter, thus, leaving a gap of knowledge. In the light of this problem, this study provides a note on performance evaluation in organizations without any specificity of any organization. The aim of this paper is to popularize the theory of performance evaluation in organizations and provide a comprehensive note that will aid comprehension on the subject matter.

2. Understanding Performance Evaluation in Organizations.

2.1 Conceptual Clarifications of Performance Evaluation in Organizations

As have been stated above, several terms have been used to describe performance evaluation. Among them are; performance appraisal, performance assessment, employee appraisal and performance review. The term used frequently is performance appraisal so in this paper, performance appraisal will be used interchangeably with performance evaluation.

Many definitions of performance evaluation abound in literature as suggested by both individuals and scholars. What this means is that there is no one universal and appropriate definition of performance evaluation or performance appraisal as the case by be. According to Campbell and Adebayo (2007) performance evaluation can be defined as a formal system of measuring and influencing an employee's job related attributes, behaviours and outcomes; secondly, performance evaluation is a process of assessing, summarizing and developing the work performance of staff, thirdly, performance evaluation is a formal and structural system that compares employee performance to established standards and fourthly, performance evaluation simply means the systematic description of job relevant strengths and weaknesses between employees or groups.

For Robbins, Bergman, Stagg, and Coulte (2000) performance appraisal is the evaluation of an individual's work performance in order to arrive at objective personnel decisions. Erdogan (2002) sees performance appraisal as the formal process of observing and evaluating an employee's performance. In a more precise manner, DeNisi and Pritchard (2006) noted that 'Performance appraisal' or performance evaluation is a discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated performance dimensions and/or criteria that are used in the evaluation process. Furthermore, it is an evaluation process, in

that quantitative scores are often assigned based on the judged level of the employee's job performance on the dimensions or criteria used, and the scores are shared with the employee being evaluated. In a nutshell, performance appraisal in organization (structured organization) is a periodic and systematic evaluation of an employee's performance on the job for the primary purpose of determining individual's efficiency, skills, improvement over time, specific talents, potentials, and weakness for the purpose of his/her development and extraction of information for human resources development decisions and policies (Azelama, 1995).

There are some theoretical bases for performance evaluation in organizations, which are anchored on equity, expectancy and goal-setting among others. Adams (1965) formulated the equity theory as an appropriate way to effective supervision. Equity simply means fairness. Workers are motivated when they discover that they are treated fairly in compensation, promotion and that there is transparency in their evaluations. Workers reduce their efforts if they feel that they are treated inequitably (Fulk, Brief and Barr, 1985; Hyde, 2005). Expectancy theory (Vroom, 1964) indicates that employees will be motivated to exert high level of effort when they believe that their efforts will lead to higher performance (expectancy), higher performance will lead to rewards (instrumentality) and rewards are valuable to them (valence). This effort will lead to good performance appraisal and followed by organization rewards such as bonus, salary increment or promotion which later satisfy personal goals (Vroom, 1964). Goal-setting theory (Locke and Latham, 1979) states that motivation and performance are higher when individuals are giving specific goals, when goals are difficult but accepted and when there is feedback on performance. Motivation and performance will improve if people have challenging but agreed goals and receive feedback (Armstrong, 2006).

From the above definitions, it can be summarized that:

a. Performance evaluation in organizations is all about the measurement or the assessment of employee/personnel in an organization as it relates to his/her job performance.

b. Performance evaluation in organizations is a formal/structured/systematic mechanism geared towards revealing the strengths and weaknesses of employees/personnel which is aimed at enhancing their work performance in organizations.

c. Performance evaluation in organizations is usually not occurring more than once or twice a year but this depends on the organizations' policy.

d. Performance evaluation in organizations has clear stated performance dimensions/criteria that are used in the evaluation process.

e. Performance evaluation in organizations is done to arrive at objective personnel decisions.

2.2 Types of Performance Evaluation in Organizations

There are basically two types of performance evaluation. They are informal and formal performance evaluation. Informal performance evaluation has to do with the appraisal that is done whenever necessary. According to Campbell and Adebayo (2007) informal performance evaluation has to do with the continuous assessment of an individual performance by his/her manager/supervisor based on the daily routine of the employee. It is a natural by-product of the day-to-day relationship between the manager and his/her subordinates. While formal performance evaluation on the other hand is more rational, orderly, systematic and planned in nature, informal performance evaluation is a continuous evaluation of an employee by her/his superior during the work process (Dĕdina and Cejthamr, 2005).

Formal employee appraisal is an official organisational process conducted on a systematic basis in order to enable a comparison between the expected individual (group) and real performance (Giangreco, Carugati, Sabastino, and Al Tamini,

2012). Additionally, Kondrasuk (2011) stated that formal appraisal or evaluation in organizations serves as a tool or a mode that assesses the work performance of an employee. He further noted that performance evaluation in organizations can take the form of an interview in the course of which the employee is given feedback. It is informative to note that what is examining being examined is formal performance evaluation in organizations.

2.3 Purpose of Performance Evaluation in Organizations

The purpose of performance evaluation can also be seen as the importance, objectives or uses of performance evaluation in organizations. According to Cleveland, Murphy, and Williams (1989) there are four uses or purposes of performance evaluation, which can be classified into between person, within person, system maintenance and documentation. Between person uses are what have been referred to as administrative purposes, consisting of recognition of individuals' performance to make decisions regarding salary administration, promotions, retention, termination, layoffs and so forth. Within person uses are those identified in Management by Objectives (MBO), such as feedback on performance strengths and weaknesses to identify training needs and determine assignments and transfers. Performance evaluation also helps in organisational goals, which are referred to as system maintenance uses. Finally, documentation purposes are to meet the legal requirements by documenting human resource decisions and conducting validation research on the performance evaluation tools. For Parington and Stanton (2003) the purpose of performance evaluation can be summarized into three. First, it furnishes recognition for the meritorious aspects of the staff member's performance. Secondly, it alerts the staff member on the degrees of improvement needed in any weak aspects of his/her performance and thirdly, it prioritizes the aspects of performance in which improvement are needed.

Boswell and Boudreau (2000) streamlined the uses or purposes of performance appraisal in organization's into two: evaluative and developmental reasons. The evaluative reasons includes the use of performance appraisal for salary administration, promotion decisions, retention-termination decisions, recognition of individual performance, layoffs, and the identification of poor performance. While the developmental reasons include the identification of individual training needs, providing performance feedback, determining transfers and assignments, and the identification of individual strengths and weaknesses.

From the aforementioned, performance evaluation in organization's is simply for the following purposes:

a. It serves as a tool that predicts what an employee can do and what he cannot do.

b. It is used to take decisions that pertain to salary administration, promotion decisions, retention-termination decisions and layoffs.

c. It is employed to facilitate the continuous process of improving performance of employees/personnel in organizations.

d. It assists the employee and manager/supervisor in defining agreed upon responsibilities, goals and interest. This helps both parties (employees and managers) in working towards achieving set objectives.

e. It helps managers/supervisors to spot out necessary skills to be considered when hiring new staff in organizations and understand the need for training programmes for different categories of staff in order to improve their job performance level.

2.4 Methods of Performance Evaluation in Organizations

Performance evaluation methods in organizations have to do with the systems and processes through which appraisal is carried out in most organizations. Performance evaluation methods have been described by multiple authors, scholars and practitioners in various ways. Landy

and Farr (1983) identified the method in which the performance appraisal data is organized into, namely: judgmental or subjective measures and non judgmental or objective measures. Although judgmental measures are more broadly used, objective performance measurements (e.g. production rates, time to complete a task, and scrap rates) have been helpful measures of performance for routine, manual jobs since the 1940s (Rothe, 1946). Other non-judgmental indices that do not assess performance directly but provide information on the general health of the organization include; absenteeism, turnover, and accidents (Campbell, Ford, Rumsey, Pulakos, Borman and Felker 1990). Objective measures do have their unique problems. However, the study of Bladen (2001) indicated that these approaches have been growing in popularity, but most firms that have moved in this direction have developed hybrid models, which still retain some aspects of the traditional systems. According to Muezyk and Gahle (1987), an organization's success or failure may be determined by the ways in which performance are managed.

Performance evaluation methods in organizations can also be divided into two, namely: traditional and modern methods.

(A) Traditional Method (Approach):

This method is primarily concerned with the overall organization and with the past performance of the employees only. It is simply for income justification and usually used to decide whether salary or wage of an individual employee is justified or not. This method does not give any consideration to the developmental possibility of employee. Rather payment of salary is the only impetus for an employee to either improve or continue to perform well (Campbell and Adebayo, 2007). In addition, the emphasis of this method is on the rating of the individual's personality traits, such as initiative, dependability, drive, responsibility, creativity, integrity, leadership potential, intelligence, judgment, organizing ability and so on (Joshi, 2013).

Examples of traditional methods of

performance evaluation as noted by Joshi (2013) are:

i.   Straight Ranking Method: It is the oldest and simplest method of performance appraisal by which an employee and his performance are considered as an entity by the evaluator.

The relative position of each employee is tested in terms of his/her numerical rank. It may also be done by ranking a person on his/her job performance against that of another member of a competitive group by placing him/her as number one or two or three in the total group i.e. persons are tested in order of merit and placed in simple grouping.

ii.   Person-to-Person Comparison Method: By this method certain factors are selected for the purpose of analysis (such as leadership, dependability and initiative) and scale is designed by the rater for each factor. A scale of a person is also created for each selected factor. Then each person to be rated is compared with the person in the scale and certain scores for each factor are awarded to him/her.

iii. Grading Method: Under this system, the rater considers features and marks them accordingly to a scale. Certain categories of worth are first established and carefully defined. The selected features may be analytical ability, cooperativeness, dependability, self expression, job knowledge, judgment, leadership and organizing ability etc. The rating scale may be: A- Outstanding; B – Very Good; C – Good or Average; D – Fair; E – Poor. The actual performance of an employee is then compared with these grade definitions and he/she is allotted the grade which best describes his/her performance.

iv.   Graphic or Linear Rating Scale: This is the most commonly used method of performance appraisal. A printed form is used for each person to be rated. The factors to be rated are: employee characteristics and employee contribution. In employee characteristics are included qualities such as initiative, leadership, cooperativeness, dependability, industrious, attitude, enthusiasm, loyalty, creative ability, decisiveness, analytical ability, emotional ability and coordination. In employee contribution are included the quantity

and quality of work, the responsibility assumed, specific goals achieved, regularity of attendance, leadership offered, attitude towards superiors and associates, versatility etc. These traits are then evaluated on a continuous scale wherein the rater places a mark somewhere along a continuum.

v. Forced Choice Description Method: Under this method, rating elements are several sets of pair phrases or adjectives (usually sets of four (4) phrases, two of which are positive, two negative) relating to job proficiency or personal qualifications. The evaluator is asked to indicate which of the four phrases is the most and least descriptive of the employee.

The following statements are illustrative of the type of statements that are used:

a. Organizes work well
b. Lacks the ability to make people feel at ease
c. Makes little effort
d. Has a cool, even temperament
e. Is dishonest and disloyal
f. Is over-bearing and disinterested in work
g. Is a hard worker and cooperative

(vi) Forced Distribution Method: This method requires the rater to appraise an employee according to a predetermined distribution scale. It is assumed that it is possible and desirable to rate only two factors, via, job performance and chances for promotion. For this purpose, 5 – point performance scale is used without any descriptive statement. Employees are placed between the two extremes of 'good' and 'bad' job performances.

For example:

Top 10%   - Outstanding
Next 20%   - Above Average
Next 40%   - Average/Good
Next 20%   - Fair
Next 10%   - Below Average/Poor

In addition to job performance, employees are rated for chances of promotion. A 3-point scale is often used for this purpose:

a. Very likely promotional material
b. May or may not be promotional material
c. Very unlikely to be promotional material
vii   Check List: Under this method, the

evaluator does not evaluate employee performance. He/She supplies reports about it and the final rating is done by the human resource department. A series of questions are presented concerning an employee's behavior. The rater then checks to indicate if the answer to a question about an employee is positive or negative. The value of each question may be weighed equally or certain questions may be weighted more heavily than others. An example of check list is given below:

1. Is the employee really interested in his/her job?
                                        Yes/No
2. Is he/she regular in job?   Yes/No
3. Is he/she respected by his/her subordinates?
                                        Yes/No
4. Does he/she show uniform behaviour to all?
                                        Yes/No
5. Does he/she keep his temper?
                                        Yes/No
6. Is he/she always willing to help other employees?
                                        Yes/No
7. Does he/she follow instructions properly?
                                        Yes/No
8. Is the equipment maintained in order?
                                        Yes/No
9. Does he/she ever make mistake?   Yes/No

(viii)   Free Essay Method: Under this method, the supervisor makes a free form, open-ended appraisal of an employee in his/her own words and puts down his/her impressions about the employee he/she usually takes notes of factors such as:

(a) Job knowledge and potential
(b) Employee characteristics and attitude
(c) Production, quality and cost control
(d) Relation with other colleagues
(e) Understanding and application of company policies and procedures.

(f) Development needs for future

(ix) Critical Incident Method: This method attempts to measure employee performance in terms of

certain events that occur in the performance of the employee's job. These events are known as 'critical incidents'. The basis of this method is the principle that there are certain significant acts in each employee's behaviour and performance which make all the difference between success and failure on the job. The supervisor keeps a written record of the events (either good or bad) that can easily be recalled and used in the course of a periodical appraisal.

(x) Group Appraisal Method: Employees are rated by an Appraisal Group consisting of their supervisor and 3 or 4 other supervisor who have some knowledge of their performance. The supervisor explains to the group the nature of his subordinates' duties. The group then discusses the standards of performance for that job, the actual performance of the job-holder and the causes of their particular level of performance, and offers suggestions for failure of improvements, if any.

(xi) Field Review Method: A staff member from the Human Resource department interviews line supervisor to evaluate their respective subordinates. The question are asked verbally and answered. The supervisor is required to give his opinion about the progress of his subordinates, the level of performance, strong points, chances for promotion and the possible plans of action in case requiring further consideration. The appraiser takes detail notes of the answers, which are then approved by the supervisor and files the information in the employee's personal folder. The overall ratings are obtained by largely using a three-way categorization, viz., Outstanding, Satisfactory and Unsatisfactory (Joshi, 2013).

(B) The Modern Method:

As a result of the much emphasis placed on the task and the employee's personality by the traditional method of evaluation. A modern method of evaluation was developed to bring about a balance between the task and employee's personality. Evaluation under this approach is conducted periodically either annually or twice a year. The weakness, strength and opportunities for improvement and skill development of the subordinates are discussed on a healthy platform. Poor performers are counseled to perform better. In extreme cases however, demotion; dismissal or decrease of pay is resorted to. This modern approach is referred to as a developmental approach as it recognizes employee's as individuals and encompasses the goal setting process (Campbell and Adebayo, 2007).

One of the well known modern methods as opined by Joshi (2013) is Appraisal by Results or Management by Objective (MBO). This method seeks to minimize external controls and maximize internal motivation through joint goal setting between the manager and the subordinate and increasing the subordinate's own control of his/her work. It strongly reinforces the importance of allowing the subordinate to participate in the decisions that affect him/her directly. Buttressing this further, Ikemefuna (2005) stressed that this performance appraisal method includes mutual objective/goal setting and evaluation based on the attainment of specific objectives or goals. It divides organisational objectives into individual objectives. This method seeks to measure employee performance by examining the extent to which predetermined work objectives have been met. This is a result-oriented process, rather than activity-oriented, and is based on the premise that performance can best be measured by comparison of actual result to plan or expected results.

Other modern methods of performance evaluation in organizations are:

(i) 360- Degree Appraisal: The 360-degree feedback appraisal entails the systematic collection of performance data and feedback on an individual or group derived from a number of stakeholders on their performance. The data are usually fed back in the form of ratings against various performance dimensions. 360-degree feedback is also referred to as multi-source assessment or multi-rater feedback. Performance data in a 360-degree feedback process can be generated for individuals from the person to

whom they report, their direct reports, their peers (who could be team members and/or colleagues in other parts of the organization) and their external and internal customer (Armstrong, 2006).

(ii)   Upward or Reverse Appraisal: Under this method of performance evaluation, a subordinate is expected to assess his/her supervisors or bosses against the conventional appraisal, whereby the superior or manager evaluates the performance of subordinates. In the words of Dessler (2008) this method permits subordinates to anonymously rate their supervisor's performance which is termed as top managers diagnose management styles, identify potential problems and take corrective action. An example of this type of evaluation is the case where students complete evaluation reports of their lecturers.

(iii) Potential Appraisal: According to Goel (2010) potential appraisal has gained currency in order to minimize the problems inherent in considering past performance as an indicator for employee's suitability to take on a higher role. The objective is to identify the potentials of the concerned employee to consider him/her for higher position in the organisational hierarchy and consequently for higher responsibility.

2.5 Challenges of Performance Evaluation in Organizations.

Performance evaluation in organizations tends to have several challenges. According to Thomas and Bretz (1994) evaluation processes in most organizations are often perceived by employees and supervisors with "fear and loathing" and two possible explanations are the reasons for the fear and loathing, first, is the absence of a "sense of ownership" and secondly, an absence of rewards for properly completing the process. For Campbell and Adebayo (2007: 376-377), the following are the barriers/challenges of performance evaluation in organizations:

(a) Managers often resist passively or actively the conduction of a performance evaluation process. Some managers and even employees view the whole process as a sheer waste of time and paper work. They are of the opinion that nothing good comes out of the whole evaluation process

(b) Managers in some instances do not have adequate contact with their subordinates and so cannot rate the employees accurately. In such instances wrong feed backs are being given by managers.

(c) Some managers also fear the emotions that can be unleashed after rating their subordinates.

(d) Most managers cannot even defend the rating of their employee. This occurs when the rater of the employee is the Head of Department or the Dean of a Faculty under a university setting.

For Cardy (1998) the appraisal process is a difficult and error-ridden task. But pointed out that performance evaluation is an important task that affects both the individuals and the organization. Some of these errors are usually blamed by raters and this affects the objectivity of the appraisal negatively. This forms one of the challenges of performance evaluation processes in organizations. The most common error in appraisal is the halo effect. It is the influence of a rater's general impression on ratings of specific ratee qualities (Solomonson and Lance, 1997). The rater gives subordinates good grades although their performances are not worthy. Sometimes one prominent characteristic of the subordinate may colour the supervisor's perception of other qualities of the subordinate. This occurs because raters sometimes fail to evaluate the employee's other characteristics separately. From his review of several studies, Lefkowitz (2000) concludes that positive regard for subordinates is often associated with greater halo effect and better interpersonal relationship. Horn effect is the opposite of halo effect. It means that the rater might give poor grade even though the ratee's performance is commendable. That is to say, some raters have tendencies to view negatively all behaviours or actions of a subordinate because the superior dislikes a particular behaviour or action of the subordinate (Lefkowitz, 2000).

The leniency error is perhaps the second most common appraisal error (Tziner and Kopelman, 2002). Some managers of organizations are concerned about damaging a good working relationship with a subordinate by giving poor or negative ratings. For this reason, they have the tendency to give ratees higher ratings than they truly deserve. Lenient raters have the tendency to rate subordinates higher just because they do not want to adversely impact the future of the subordinate or risk being perceived as a harsh superior. Management psychologists claim that performance evaluation ratings obtained for administrative purposes (such as pay raises or promotions) would be more lenient than ratings meant for feedback or employee development purposes (Jawahar and Williams, 1997). Another error associated with performance evaluation is the error of strictness. This error occurs when raters give unfavourable or poor appraisal regardless of the actual performance level of the ratee. The tight raters set very high evaluation standards. And they might score subordinates' performance below maximum level of the scale. In the view of Tziner and Kopeman (2002), the main reason for this error is that the rater may be uncomfortable that successful ratees may replace them in the future. It is also due to the fact that some raters want to create the impression that they are hard and perfectly placed, and are unwilling to give high ratings even if the ratee's performance is very commendable. Rather than give extremely poor or good ratings, there is a tendency on the part of some raters to evaluate all ratees as average performers even if actual performances of employees vary. Some raters want to rate employees in the middle of the scale rather than the extremes. According to Dessler (2000), the central tendency error is another challenge of performance evaluation in organizations and this is mostly committed for two main reasons: when the rater lacks adequate information and knowledge of the employee and, therefore, attempts to reduce the risk of wrong judgment; and when the rater is of the view that appraisal is a waste of time and, as a result, provides average ratings regardless of employee's actual performance value.

Consequently, since appraisal is conducted once or twice a year in most organizations (Bersin, 2008). The period between one appraisal and the next might be very long for the rater to remember detail information of all relevant performance key points achieved by employees. As a result, some raters only consider the ratee's recent noticeable behaviours or actions on the job regardless of actual performance overall. This is known as recency error. Moreover, the ratings may even become more misleading as some ratees attempt to score high ratings by working very hard and demonstrating good performance when appraisal time is approaching (Bersin, 2008).

The contrast error occurs when an employee's evaluation is biased either upward or downward because of another employee's performance, evaluated just previously. Contrast errors are most likely when raters are required to rank employees in order from the best to the poorest. The probability for this error to occur is higher if the rater appraises many employees within a short period (Tziner and Kopelman, 2002). In other words, an appraisal grade of a ratee may be affected by the grade of another ratee who gets appraised just before him or her.

The similarity effect occurs when raters succumb to the tendency to give better rating to those subordinates similar to themselves in terms of behaviour, personality, or background (Pulakos and Wexley, 1983). Employees might also contribute to this error when they make efforts to demonstrate that their behaviours, tastes and tendencies match those of the superior, or hide those not matching with the superior's, with the intent to please the superior for more favourable ratings. The effects of "similar to me" error can be powerful, and when the similarity is based on race, religion, or gender, it may result in discrimination (Pulakos and Wexley, 1983).

Another challenge of performance evaluation in organizations is the Superior-subordinate relationship issues, which is anchored on trust. Trust is a key element in managing the supervisor-employee relationship (Patton, 1999; Mayer and

Davis, 1999). Researchers believe that trust issues can limit the effectiveness of performance evaluation in organizations (Levy and Williams, 2004; Dirks and Ferrin, 2001; Hedge and Teachout, 2000). If ratees have low levels of trust for their supervisor, they may be less satisfied with the appraisal and may not readily accept feedback from that source but in the contrary, when a performance evaluation system is perceived as accurate and high in instrumentality employees report higher levels of trust for management (Mayer and Davis, 1999).

One more challenge or issue of performance evaluation in organizations is that of the mood of the rater during the performance evaluation process. Forgas and George (2001) study disclosed that affect or mood plays a large role when tasks require a degree of cognitive processing. Meaning that affective state of raters impact on judgements and behaviours in particular, In performance evaluation in organizations, raters in good mood tend to recall more positive information from memory and appraise performance positively (Sinclair, 1988). Affective regard is related to frequently higher appraisal ratings, less inclination to punish subordinates, better supervisor-subordinate relationships, greater halo, and less accuracy (Lefkowitz, 2000).

3. Conclusion and Recommendations

In this paper, effort have been made to examine what performance evaluation in organizations is all about, the types, methods and challenges of performance evaluation in organizations.

Finally, one can conclude that performance evaluation is an inevitable and indispensable activity in 'structured' organizations irrespective of the type. It serves as a tool to determine the human resource need and provide for the need in organizations. Performance evaluation in organizations aims to improve both employees and organisational performance.

As such, for performance evaluation in organizations to improve both the employees and the organization; the following are suggested:

(a) Performance evaluation systems should have a deep regard for the human element (employees/personnel) in organizations. That is there should be the realization that the employees are the most important resource and driver of any desired result or performance in any organization.

(b) Managers/Supervisors should be trained on assertiveness. That is they have to be firm in the performance evaluation exercise and all they do not excluding decision making. By so doing the essence of the exercise will be fulfilled.

(c) Managers/Supervisors must ensure that they earn the trust of their subordinate. Making them see that every assessment is a true picture about their performance, when this is done dissatisfaction with the performance evaluation exercise will be reduced.

(d) Managers/Supervisors ought to strive to be emotionally stable so as not to mar the essence of performance evaluation in organizations.

(e) The Manager/Supervisor should have firsthand knowledge of their employees to be rated. That is, they must have adequate contact with their subordinates with thorough observation of their activities in the organization.

(f) An encouraging atmosphere needs to be created that allows the employees to demand for feedbacks as regards the performance evaluation exercise from their management/ employer/ supervisors.

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