

THE EFFECT OF PERFORMANCE APPRAISAL ON ORGANISATIONAL PRODUCTIVITY: A STUDY OF EJIGBO AND ISOLO LOCAL COUNCIL DEVELOPMENT AREAS IN LAGOS STATE

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Abstract

This study examines the effect of performance appraisal on organizations' productivity in a study of Ejigbo and Isolo Local Council Development Area. The objectives are to determine if performance appraisal has increased employee efficiency in Ejigbo and Isolo Local Council Development Area; to ascertain if performance appraisal increases the productivity of Ejigbo and Isolo Local Council Development Area and to examine if performance appraisal reduces occupational conflict in the Study of Ejigbo and Isolo Local Council Development Area. The population of the work is 242 while the sample size is 151. The instrument for data collection was a questionnaire, a simple percentage was used to explain the questions, and chi-square was used to test the hypotheses on SPSS 23.0. The tested hypothesis shows that The Chi-square result shows that a p-value of 0.00 is less than 0.05. It summarily means that Performance appraisal increases the productivity of the organization. The p-value of the significance level is 0.00 which is lower than 0.05. Then H_1 is accepted meaning that performance appraisal increases employee efficiency of the organization. The study recommends that: Management of Ejigbo and Isolo Local Council Development Area Lagos State should provide regular feedback and offer career development. Organizations should be objective during appraisal exercises. The employees should be sent on refresher courses regularly.

Keywords: Effect, Performance, Appraisal, Organisation, Productivity.

1. Introduction

Performance appraisal is the analysis of how employees' activities are viewed and reviewed based on tasks or duties given globally. It is based on the outcome of the jobs an employee has performed which includes his or her personality characteristics. As an organization grows, the tendency for the organization's activity at achieving set goals becomes more complex which makes it imperative to appraise employees as assigned or redesign work so

that each employee will know specific work to do to remain productive and the organization also experience growth. Performance appraisal is used by organizations worldwide because it is core to employee management, control, and motivation (Salvarajan & Cloninger, 2012).

Performance Appraisal is commonly used in organizations to know how employees at different cadres perform. It is on record that organizations public and private use performance appraisal systems as a standard measure of determining how an employee fares on the job. Many researchers have examined Performance Appraisal at different times in ages past and even now it is still been looked into. Different scholars and academics have explained that 'conducting performance appraisal ethically and effectively leads to organizational productivity. Even the business community has discovered that performance appraisal is also very important for growth as stated in the work of Murphy & Cleveland, (2009) indicating that between 74 'percent to 89"percent of firms have a formal performance appraisal system. The acceptability of the use of performance appraisal has increased and is increasing because, it aids in decision making by human resource experts, feedback, and program evaluation (Adnan, Shakeel & Fraz (2010).

Performance appraisal is usually conducted by organizations yearly to determine an employee's total contribution to the organization's performance. Various parameters which can be used to appraise employees include but are not limited to time management at work, quality of work done, the number of items produced, etc.

The increased success of every organization can be based on the commitment of the workforce. For an organization to make sure employees are efficient and productive, the continuous implementation of performance appraisal of employees is expedient. Such appraisal if effective will make them up to their game, motivate them, show when and why to retrain, or take any other appropriate action. Armstrong, (2010) thinks that many organizations experience low productivity despite their acclaimed effective performance appraisal system.

Asamu, (2013) thought that many Nigerian organizations are experiencing low employee productivity and performance due to ineffective and lopsided performance appraisal systems. Performance appraisal is viewed and conducted solely in terms of its evaluative aspect thereby overlooking its use for facilitating growth and development in workers through training, coaching, counseling, and feedback of appraisal information. In the words of Obisi, (2011) said effective performance appraisal is a panacea to having a robust competitive edge over competitors in the industry.

In Nigeria, the way and manner most organizations structure their performance appraisal exercise program is skewed and therefore not bring the desired outcome. Many managements think that performance appraisal is done to exert absolute authority and punish anyone that did not measure up to standard. Such a belief will make organizations take wrong decisions that may derail their objectives because performance appraisal is intended to correct deviations in the system which will impact positively productivity by removing all obstacles that tend to reduce productivity. With all the appraisal going on in organizations, many organizations still find it difficult to maximize employee output thereby not getting the best of organizations' productivity which is the reason the researcher is carrying out this research.

The objectives of the study are to:

- i. Examine if the application of performance appraisal has increased employee efficiency in Ejigbo and Isolo Local Council Development Area.
- ii. Examine if performance appraisal reduces occupational conflict in Ejigbo and Isolo Local Council Development Area.

Hypothesis One

HO: Performance appraisal has not significantly increased employee efficiency of the organization.

Hypothesis Two

Ho: Performance appraisal did not significantly reduce occupational conflict in an organization.

2. Literature Review

Conceptual Framework

Performance appraisal as a Human Resource Management Practices (HRMP) has been well researched by organizations and countries of the world either underdeveloped, developing, or developed because it is seen as a major motivator and a great contributor to attaining organizational goals. Managers use Performance appraisal to perform critical functions in an organization i.e making administrative decisions, employee development, and personnel research (Muhammad & Surayya, 2013). In the words of Cardy and Leonard (2011), they see Performance appraisal as a relationship that is formally arranged between a superior and subordinate which comes at a pre-determined time and also might take the form of an interview, where the input of an employee is compared to his output with the view to determining his strengths and weaknesses and areas of likely improvements.

Uzonna, (2013) see performance appraisal is defined as a step-by-step process, in which the personality and performance of an employee are

assessed by supervisor or manager, against pre-defined standards, such as knowledge of the job, quality, and quantity of output, leadership abilities, etc.

Chartered Institute of Personnel Development (CIPD) (2013) see employee's performance appraisal as the way by which a manager or consultant examines and evaluates employees' result due to attitude to work against pre-set standards but Lloyd (2014) defined performance appraisal as to how employee's performance is measured by comparing present actual performance with already established standards which have already been communicated to employees. This method is to serve as a feedback mechanism about the performance level of such employees. In the same vein, Anso (2014) concurs that a performance appraisal is a tool for enhancing organizational growth and professional development.

In the view of MacMillan (2015) performance appraisal is a formal system that evaluates the quality of employees' performance. Belete, Tariku & Assefa (2014) explained that for an organization to compete favorably and profitably in today's market, performance appraisal is critical and must be conducted by the human resource department and in agreement, Kumbhar (2011) believed that for an organization to survive and wax stronger in this global competition, employee's happiness in an organizational setting will come from a well carried-out performance appraisal system and in line with this assertion. Chemedda (2012) also opines that to continue enjoying the efficiency and effectiveness of members of staff, each organization has to carry out employee performance appraisals from time to time to keep them in check and replace, motivate, retain or take any other appropriate action.

Performance Appraisal is useful in an Organisational setting in Performance Improvement Selection, Compensation, Training and Development, Placement Decision, Help Diagnose Organization Problems, Communication, and Motivation of employees.

Productivity

Productivity is the act of utilizing resources (human and material) most effectively and efficiently. The degree to which work is conducted and output gotten is a function of productivity. Productivity is better and seen to have improved when the same resources human and material are used to generate output. Calabrese, (2012) sees productivity as the measure of how some elements are used to get the desired result (output).

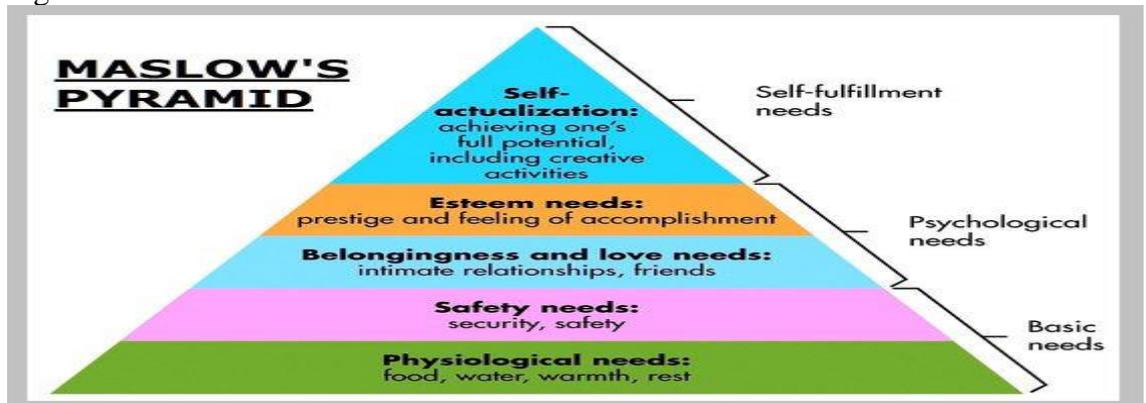
Productivity as defined by International Labour Organisation, (2005) sees productivity as the quantity of work done within the stipulated time.

Theory of Motivation

This paper is built on the content theory of Maslow's Needs Hierarchy.

Maslow's-Hierarchy of Needs Theory

Fig 1



Kremer, William Kremer; Hammond, Claudia (31 August 2013). "Abraham Maslow and the pyramid that beguiled business". BBC News Magazine. Retrieved 1 September 2013.

Obisi, & Anyim, (2012) and Chintaloo and Mahadeo (2013) at various times conclude that physiological needs are the primary things an employee desire to survive in an organizational setting. And the assertion corroborates the view of Maslow, (1943) that a person needs to fulfill the basic needs of life i.e. Food, shelter before proceeding to the next stage.

Empirical Framework

Similarly, Peleyeju and Ojebiyi (2013) studied the employee productivity of public 12 government-owned universities in southwest Nigeria as it relates to lecturers' performance and discovered that there is a strong relationship between performance appraisal and the productivity of workers in the organizations.

Odunayo et al. (2014) researched into relationship modeling of organizational productivity and performance appraisal in the Nigerian public enterprise. Two hundred and fifty-four respondents were used for the research work with SPSS used as a tool. There was a positive correlation between performance appraisal and work done similarly, Onyije (2015) x-ray the concepts of performance appraisal as related to the productivity of the Nigerian University workers. There was a positive impact on productivity with one hundred and two respondents used for the research. To test the hypothesis Correlation coefficient was used as a tool.

3.0 Methodology

Research Design

For this study, survey design was used and Fagbohunge (2014) defines survey as those techniques which are used to gather data from others.

Population of Study

The study was carried out among the staff of Study of Ejigbo and Isolo Local Council comprising a total number of 120 and 122 employees respectively. The total population is 242.

Sample Size and Sampling Technique

A sample is the selected group from a population that forms part of a class. Babalola (2005) said the purpose of sampling design is to select a small segment of the whole population so that through it we can refer to that population

To determine sample size through Taro Yamane's statistical formula:

$$r = \frac{N}{1 + N(0.05)^2}$$

Where n= population of the study

1= constant

E= 0.05 (5%)

E= margin of error

N=242

1=1

$$\frac{242}{1+242(0.05)^2}$$

$$\frac{242}{1.605}$$

Sample Size = 150.7788

The questionnaire was used to gather data.

Method of Data Analysis: A table with percentages was used to analyze the questions while SPSS 23.0 w used to do a chi-square test of hypotheses.

4.0 Results and Findings

Table 1: The performance appraisal system in place increases employee efficiency in performing daily activities.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SD	20	13.2	13.2	13.2
D	26	17.2	17.2	30.5
UD	5	3.3	3.3	33.8
A	80	53.0	53.0	86.8
SA	20	13.2	13.2	100.0
Total	151	100.0	100.0	

Source: Field Survey 2021

As shown in the table above, 20(13.2%) respondents strongly disagreed, 26 (17.2%) respondents disagreed, 05(3.3%) respondents chose undecided 80(53.0%) agree, and 20 (13.2%) strongly agree this shows that higher percentage of respondents agreed that the performance appraisal system in place increases employee efficiency in performing daily activities.

Table 2: The appraisal exercise gives rise to opportunities for training and development

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SD	20	13.2	13.2	13.2
D	26	17.2	17.2	30.5
UD	5	3.3	3.3	33.8
A	80	53.0	53.0	86.8
SA	20	13.2	13.2	100.0
Total	151	100.0	100.0	

Source: Field Survey 2021

As shown in the table above, 20(13.2%) respondents strongly disagreed, 26 (17.2%) respondents disagreed, 05(3.3%) respondents chose undecided 80(53.0%) agree and 20 (13.2%) strongly agree this shows that higher percentage of respondents agreed that the appraisal exercise gives rise to opportunities for training and development.

Table 3: The appraisal method used brings about an increase in the productivity of employee

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SD	30	19.9	19.9	19.9
D	32	21.2	21.2	41.1
UN	1	.7	.7	41.7
A	73	48.3	48.3	90.1
SA	15	9.9	9.9	100.0
Total	151	100.0	100.0	

Source: Field Survey 2021

As shown in the table above, 30(19.9%) respondents strongly disagreed, 32 (21.2%) respondents disagreed, 01(0.7%) respondents chose undecided 73(48.3%) agree and 15(9.9%) strongly agree this shows that higher percentage of respondents agreed that The appraisal method used brings about increase in productivity of the employee.

Table 4: The appraisal method used in the organization brings about a reduction in occupational conflict among employee

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SD	10	6.6	6.6	6.6
D	30	19.9	19.9	26.5
UD	2	1.3	1.3	27.8
A	80	53.0	53.0	80.8
SA	29	19.2	19.2	100.0
Total	151	100.0	100.0	

Source: Field Survey 2021

As shown in the table above, 10(6.6%) respondents strongly disagreed, 30(19.9%) respondents disagreed, 02(1.3%) respondents chose undecided 80(53.0%) agree, and 29 (19.2%) strongly agree this shows that higher percentage of respondents agreed that the appraisal method used in the organisation brings about a reduction in occupational conflict among employee.

Table 5: Communication and feedback is a very good inclusion in the performance appraisal exercise

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SD	15	9.9	9.9	9.9
D	20	13.2	13.2	23.2
UD	2	1.3	1.3	24.5
A	70	46.4	46.4	70.9
SA	44	29.1	29.1	100.0
Total	151	100.0	100.0	

Source: Field Survey 2021.

As shown in table 5, 15(9.9%) respondents strongly disagreed, 20 (13.2%) respondents disagreed, 02(1.3%) respondents chose undecided 70(46.4%) agree and 44 (29.1%) strongly agree this shows that higher percentage of respondents agreed that Communication and feedback is a very good inclusion in the performance appraisal exercise.

Test of Hypotheses

Hypothesis One

Table 6: H₀: performance appraisals do not increase employee efficiency of the organization.

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	184.477 ^a	16	.000
Likelihood Ratio	183.095	16	.000
Linear-by-Linear Association	63.733	1	.000
N of Valid Cases	151		

a. 16 cells (64.0%) have an expected count of less than 5. The minimum expected count is .13. The p-value of the significance level is 0.00 which is lower than 0.05.

Then H₁ is accepted meaning that performance appraisal increases employee efficiency of the organisation.

Hypothesis Two

Table 7: H₀: Performance appraisal did not significantly reduce occupational conflict in organisation.

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	209.579 ^a	16	.000
Likelihood Ratio	177.827	16	.000
Linear-by-Linear Association	65.187	1	.000
N of Valid Cases	151		

a. 18 cells (72.0%) have an expected count of less than 5. The minimum expected count is .05.

The p-value is 0.00 which is lower than the table value. It means Performance appraisal significantly reduces occupational conflict in the organization.

5.0 Conclusion

In conclusion, the level of performance appraisal awareness is high among the staff and as such, it plays a very vital role in contributing to the high performance of employees.

Based on the findings and conclusion, the study recommends that:

- i. Management should provide regular feedback and offer career development. This will enable its staff to identify areas of their strengths and weaknesses.
- ii. Management should be objective during appraisal exercises.
- iii. The employees should be sent on training, seminars, workshops, and programs based on their job roles and performance irrespective of their cadres or status.

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