

PERFORMANCE APPRAISAL FOR IMPROVED PRODUCTIVITY

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Abstract

This paper begins by introducing the concepts of performance appraisal and productivity which together form the title of the research. The performance appraisal is not altogether a new phenomenon as it dates back to the days of Ignatius Loyola founder of the Jesuit Society, and to the classical periods in Athens. Productivity ensures improvement in all aspects of human life and leads to a nation's self-sufficiency and ultimately national greatness; The paper goes on to state that the willingness, satisfaction, technical ability and other relevant behaviour of the workforce cannot be taken for granted in the organization. There is, therefore, the need for a systematic way of arriving at the decision either to reward or correct workers in order to improve productivity. This system calls for performance appraisal of the workforce. The need for performance appraisal may be viewed from the standpoint of either the workers or management. The paper believed that either way performance appraisal is beneficial. To aid the conductors of performance appraisal, several techniques were reviewed and recommendations were made when each technique could be most suitable. The paper also identified common appraisal errors and the effects they could have on the workers. In conclusion, some ingredients were recommended to be present in the appraisal exercise.

Introduction

The Concept of Performance Appraisal

Performance appraisal can simply be defined as a 'formal for improving the probability that good performance will be recognised and rewarded and poor performance corrected' (Thierauf et al, 1977:673). Cascio and Award also define the performance appraisal as a 'systematic description of the job, relevant strengths and weaknesses for the employee'. Formal performance appraisal is not new or even unique to workers.-alone. It dates back to the sixteenth century when Saint Ignatius Loyola, founder of the Jesuit Society, used a combination of reporting and rating to provide a comprehensive portrait of each Jesuit's activities and potential (Meyer, 1974; 104) The system he used consisted of:

- (a) Self-rating from each member of the order,
- (b) reports by each superior of his subordinates' performance, and
- (c) special reports by any Jesuit who had information relating to colleagues' performance to the Society's Father-General.

Formal performance appraisal became evident in the United States of America in 1842 when that country's Congress passed a Bill into Law requiring the heads of executive departments to make an annual report stating among other things whether clerks had been 'usefully employed and whether the removal of some to permit the appointment of others would lead to a better dispatch of the public business' (Meyer,, 1974:104).

In Europe, quasi performance appraisals have existed for centuries. For instance, in the classical Athens there was an arrangement whereby meritocrats held the offices of state and the people were made the sovereign body by having the power to 'call to account' the officials. The arrangement provided that all public officials be subjected to monthly interim audits and an annual audit. The annual audit was divided into two parts - the first part was intended to examine the official's handling of public funds and the second part was a review procedure intended to give the members of the public the opportunity to make open complaints about any aspect of the officials' administration. The officials who passed the audit tests were usually rewarded' (Okwoli, 1996:441).

The Roman governments of the Second and Third centuries BC also had the practice of electing consuls on a yearly basis at the end of which they were obliged to account for their actions and inactions to the people. The people had the singular power of conferment of honours and imposition **of punishment** on the officials.

No one knows the exact date on which formal performance appraisal became **applicable** to businesses or which company first adopted it but the fact remains that it is more aggressively used **in die** private sector than in the public sector. This is because while in the public sector it is an annual **exercise**, in the private sector it

could be on weekly, monthly, biannual or annual basis. The British **General** Training Council Report categorizes appraisal into two- appraisal of performance and appraisal of potential (Brech, 1975:1010). The appraisal of performance measures whether or not the manager has achieved the objectives set out in his job description taking into account constraints such as factors outside his control or factors not foreseen at the time the objectives were being set. Appraisal of potential looks at the manager's strengths and weaknesses and his capacity for development. Appraisal of potential would answer the following questions.

- (a) should he be transferred and if so, to where?
- (b) Is he ready now for promotion?
- (c) Is some form of training or guidance needed in order to fit him for transfer or promotion?
- (d) Are there any personal factors such as bad health, unwillingness to move etc to be considered in planing his career?
- (e) What are his own ambition and interest and how far are the organization's plans for him consistent with them? (Brech, 1975:1010).

The Concept of Productivity

One of the criteria to measure an organization's performance is the level of productivity. Simply put, productivity is the net output from a known input of the factors of production- land, labour, capital and entrepreneurship - within the same period. The marginal productivity theory holds that a factor will be demanded according to its marginal productivity and that under perfect competition a firm will always pay a reward equal to the full value of its contribution to the product.

The Nigerian National Productivity Centre describes productivity as any of the following:

- (a) doing the right things the right way,
- (b) getting more output with less input,
- (c) getting more output with the same input,
- (d) punctuality and promptness,
- (e) elimination of wastes in all forms,
- (f) justifying your pay,
- (g) improvement in all aspects of life,
- (h) producing more and more of better quality goods at less and less cost, so that more and more people can buy them, and
- (i) the relationship between input and quality and quantity of goods and services produced
(National Productivity Centre's *Information Book*, 1991:2)

Three main techniques may be used in measuring productivity. These are the tangible output approach which is used to measure tangible and countable performances; the intangible approach which is used to evaluate productivity in areas such as planning, research and national security whose exact output is hard to identify; and the composite index approach which uses a combination of techniques 1 and 2 and it is applicable to organizations that produce goods or services with tangible outputs and also engage in intangible activities.

There are five levels at which productivity can be measured, viz:

- a) national productivity level,
- b) organizational productivity level,
- c) departmental productivity level,
- d) input resource productivity level, and
- e) individual productivity level.

Performance Appraisal For Improved Productivity.

The improved productivity which is our main concern in this paper is the betterment of the ratio of output/input. This is described as either ‘the same outcome from fewer resources used or a higher outcome from the same input or usage of resources’ (Brech, 1975:91-2).

Objectives of Performance Appraisal

Performance appraisal has a lot of contribute to both morale and performance of workforce in the organization. For the appraisal exercise to achieve its objectives, the following guidelines are recommended for adherence:

- (a) the appraisal programme should emphasize both goal performance and position performance,
- (b) the focus of the programme should be primarily on the individual on his job and not what the evaluators think of the individual or his work habits,
- (c) the programme should be objective in order to be effective,
- (d) the programme should be understandable as the understanding and belief on the appraisal programme can result to a sense of commitment, and
- (e) the programme should be constructive as an effective appraisal programme should assist individuals in improving their abilities at work (Oberg, 1972:61).

The Need for Performance Appraisal

The need for performance appraisal may be viewed either from the worker’s point of view or management’s point of view as follows:

The Worker’s Standpoint- On the part of the worker the need for performance appraisal includes mirror image, rumor and suspicion dispellant and role perception clarification (Baffa, 1992:21-2).

- (a) ***Mirror Image*** Research has shown that a worker often perform below expectation not because he lacks the necessary skills, knowledge and attitudes for performance. The worker may just need to know what he is supposed to perform, how he is supposed to perform it and how he is performing. In other words, he needs to know his strengths and weaknesses. This means the appraisal exercise affords the worker the only ‘mirror image’ through which he can see himself from the eyes of,management and his peers.
- (b) ***Rumour and Suspicion Dispellant*** - Clear and communicable appraisal system dispels rumours and suspicion in the organization. Most workers want to be in the know in matters relating to their job performance, working environment and indeed their future in the organization, other matters of general interest. Rumours and suspicion are known to have caused serious frauds, industrial actions, resignations by fine workers, and development of various forms of indifference by otherwise dedicated staff. These ugly developments can be corrected by clear communication of performance appraisal results to employees.
- (c) ***Role Perception Clarification*** - This enables the worker know his clear role in the organization. In most cases, an average worker cannot perform higher than what he thinks his duties should involve but the appraisal exercise is a process that shows clearly what his role as a worker should involve and may even broaden his horizon of creativity in productivity. The worker will then perceive that his superior has not just been ‘wicked’ to him but that he has been misdirecting his efforts.

The Management’s Standpoint - Management is interested in the performance of its employees. This is with the view to maintaining acceptable standards. Favourable variances will then be encouraged while unfavourable variances are to be investigated and corrected to avoid deterioration. Specifically, management requires performance appraisal for comparative purposes, employee development purposes, programme assessment purposes and for effective knowledge of the worker.

- (a) ***Comparative Purposes-*** In the issues such as promotion, compensation, demotion, termination and transfer the only yardstick to be used to avoid interpretation and controversy in the organization is the objective and unbiased performance appraisal. This is most relevant in today’s

Nigeria because of the issues of tribal and religious factor which have permeated **into the entire** being of the nation.

- (b) **Employee Development Purposes** - In carrying out an objective appraisal exercise **it may be** discovered that there is a gap between the expected performance of an employee and **his actual** performance which may not be due to his own fault. In this case, a training need **which will** benefit both the employee and the organization has been discovered. The required training **should** be arranged for such an employee as soon as possible.
- (c) **Programme Assessment Purposes** - Performance appraisal results, if carefully stored over time, may be used as criteria for human resources planning, recruitment decisions and training decisions. The results so stored for present and past employees can be used to predict abilities in the incoming employees.
- (d) **Objective Knowledge of Worker** - Once in the life time an employee management may be asked to write a reference or confidential report on him for a variety of purposes. This may be at a time of involvement in fraud, mistake or even when the employee wants to join a new organization. A continuous appraisal record would be a ready source of information to fall back on in order to make a fair and unbiased comment on the character and the attitude to job of such employee.

Techniques of Performance Appraisal

Successful appraisal methods differ from job level to job level and even from culture to culture. It is in recognition of this assertion that Oberg (1972:61-2) stated that

One reason for failures is that companies often select indiscriminately from the wide battery of available appraisal techniques without really thinking about which particular techniques is best suited to a particular appraisal objective.

The common methods of performance appraisal include:

- (a) **Essay Appraisal** - This is a method whereby the superior is asked to write an essay detailing the individual worker's strengths and weaknesses. It is assumed that an honest and informed appraisal in detail by a worker's immediate superior would be as any other type of appraisal method but due to personal biases that may inform the essay it lacks the essential ingredient of comparability.
- (b) **Graphic Rating Scale** - This is an appraisal techniques that assesses a person as to the quality and quantity of work performed through a rating scale form low to high values. Typically, this technique may have a rating scale where the low values (1 to 3) indicate good performance, medium values (4 to 6) indicate average performance and high values (7 to 9) indicate poor performance. This method ensures comparability and takes into account other factors such as personal traits like reliability and cooperation. Other performance criteria such as ability in oral and written communication are easily disclosed by this method.
- (c) **Field Review** - A field review method of appraisal exists where a central staff members meets with small group of raters to review and establish uniformity of standards. This only becomes necessary when the small group raters give different rates for the same worker. The method enables the central staff develop an awareness of the varying degree of severity or leniency exhibited by raters.
- (d) **Forced-Choice Rating** - Under this method the immediate superior is asked to choose from among groups of statements those that best and least fit the individual being appraised. The statements are then weighted and scored, high scores indicating good employees and low scores indicating bad employees.
- (e) **Critical Incident Appraisal** - Under this method the rate continuously records the actual incidents of positive and negative behaviour of the individuals being appraised. If all incidents are recorded it would be on unbiased technique of performance appraisal but it is not likely that the superior who also has his job to do can devote his time up to that level for employees under him.
- (f) **Management by Objectives** - This is a technique in which the objectives set by the superior in consultation between the superior and subordinates in setting objectives by which the latter will

Performance Appraisal For Improved Productivity.

- be judged reduces the incidences of setting unattainable standards by the superior sitting alone. Appraisal based on unattainable standards cannot be fair.
- (g) ***Work-Standard Approach*** - Under this technique the management openly sets specific targets for improving productivity. These targets become the basis for performance appraisal. To be useful the targets must be achievable, equitable and comparable.
 - (h) ***Ranking Methods***- These techniques attempt, in any form to rank workers in order of merit according to performance. The worker that has the highest score becomes the most valuable in his section and level while the least scored worker becomes the least valuable.
 - (i) ***Assessment Centres*** - The method brings together selected workers who have prospects for promotion to the next level to perform a specific assignment at that level under the observation of a pool of raters. The raters will independently score the individuals involved and the average is found. The individuals with the highest score on the average will be the most suitable for promotion to that level at that time.
 - (j) ***Peer-Peer Method*** - This is an assessment method whereby mates are asked to appraise their colleagues.
 - (k) ***Subordinates' Assessment Method*** - Under this arrangement, subordinates are made to assess their superiors. The results of the subordinates' appraisal not only shows the performance of the superior but also his acceptability or otherwise by the subordinates.

Problems of Performance Appraisal

As laudable as performance appraisal is in improving productivity in the workplace it is sometimes bedeviled by some practical problems. Such problems include:

- (a) ***Personal Bias*** - personal bias occurs when the superior carrying out the appraisal exercise allows matters other than the performance on the job to influence his decisions. Such matters in Nigeria today include political, religious, tribal, sexual and social leanings. Appraisal based on one or more of these causes of bitterness is subjective and therefore cannot lead to improved productivity
- (b) ***Misinterpretation*** - It is possible for the superior to misinterpret the traits relating to job performance of his subordinates. For instance, the zealotry of a worker to finish his assignment on schedule ostensibly to impress his superior may appear to his superior as the attitude of 'I too know'. Because of the misinterpretation the superior will definitely score the work low for being aggressive. This will no doubt dampen the worker's initiative and consequently reduce his commitment and contribution to productivity.
- (c) ***Interdependence of Functions***- There is interdependence of functions where one or more workers' functions depend on others or machines. A default of the first worker or machine will definitely affect the subsequent workers. It will be wrong in this case¹ for the superior to score all the workers low because they perform low though not necessarily due to their own fault but of the first worker or machine.
- (d) ***Job Measurement*** - Some jobs are by their nature very difficult to measure. It is difficult, for instance, to quantify the contributions of the Personnel Department to the volume of output at a given time. This is why superiors are advised that appraisal exercise should not be restricted to production alone but also other variables that make for the smooth running of the organization.
- (e) ***Appraisal Period*** - When a fixed time is set for performance appraisal it may fail to achieve its target. This is because a naughty worker approaching the period will turn to be an 'angel' just to earn a reasonable score. If the superior appraises him based on this new behaviour he is said to have committed a 'recency error'².

Common Appraisal Errors

Performance appraisal is not always carried out fairly in all situations at all times by all managers/superiors. It is understandable why the superior may be unfair. Herbert (1966:45-46) once said:

Human beings are not always rational in decision process... it is impossible for the behaviour of an individual personal or organizational decisions, to reach a high degree of rationality.

This leads to common appraisal errors when superiors rate the performances of their subordinates. The common errors are leniency or severity error, central tendency error and halo error.

- (a) **Leniency or Severity Error-** This error occurs when the rater believes that he is a good observer and that he is capable of taking decisions that are precise and objective. This belief may be invalid, so he may just be unnecessarily lenient or severe in his rating. If the superior is extremely lenient he would rate lazy worker very high even when it is clear that the employee is performing below expectation. If the superior is extremely severe he would rate an employee low irrespective of the employee's performance. Both extremities affect the morale of the hard working employees and therefore reduces productivity in the organization.
- (b) **Central Tendency Error -** This error occurs when variables outside the work environment influence the superior's decisions. To stay on the safe side, he does not score any worker too good or too bad. He awards average marks to all workers. This works to dampen the morale of the hard working employee and does not encourage lazy workers to strive for improvement. This affects productivity negatively.
- (c) **Halo Error-** This error occurs because relationships existing between the superior and the subordinate. If an individual worker is the type that minds his business and has no time for pretexts or gossips but does his job very well he will be scored low. On the other hand, if an employee does not perform up to expectation but is fast enough to be taking his superior round 'joints' in the town he would be scored very high. In this case, the rating has little or nothing to do with job performance but depends mostly on personal relationships. This type of error is most common in the third world countries where the boss expects absolute obedience rather than effective performance

Conclusion

Performance appraisal is a necessary tool to judge the performance of employees over time. It also helps management to evaluate the targets they set based on general employee performance. For an appraisal exercise to achieve its aim we recommend that the following ingredients to be present:

- (a) The method of appraisal chosen must be reliable and consistent for all workers of the same job description.
- (b) Jobs that differ significantly should not use the same evaluation method.
- (c) The appraisal method must be known to both the superior and his subordinates and acceptable to both of them.
- (d) The appraisal exercise must be fair and must be seen to be fair by all subordinates.
- (e) The impact of the appraisal exercise should be felt by all concerned. Hard working employees should be openly rewarded while the lazy ones should be corrected with caution.

Performance Appraisal For Improved Productivity.

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