Full Length Research Paper

Appraisal system: A tool for performance in selected organizations in Nigeria

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The empirical survey focuses on the use of performance appraisal (PA) in most organisations in Nigeria. The study actually exposes the way and manner performance appraisal is done in most organisations in Nigeria which is characterized with bias. The study findings showed that employees have good knowledge of PA but their attitude towards it is not positive because of the way it is done. Also, the effects of performance appraisal on employees and the workplace at large were measured and lastly, the attendant effects of PA in organisations in Nigeria were recorded. It concluded that if all the stakes must benefit from PA, PA must be carried out without bias always caused demonstrated by the management from Abuja to appraise the staff in the companies. They already meet and conclude on the number of staff to benefit from the exercise each year.

Key words: Appraisal, performance, organisation, goals, employee

INTRODUCTION

Globally, organizations whether service or manufacturing do everything possible to ensure that all employees are adequately committed to their specialized work in order to attain organizational goals (Mullins, 1996). Therefore, performance appraisal (PA) is a major management practice to assess the immediate and future relevance of any worker in any given organisation. PA exposes the strength and the weakness of the staff on the job especially in developed world (Per. Com, 2013). It is noteworthy, that in Northern nations PA practice is done without the appraisers attaching themselves to the exercise unlike Southern countries where the exercise is said to be unproductive and affect organizational goals

For every organization to constantly realized its set goals, it is important that PA or PS must become a regular exercise and must occupy central role/or function

of the management. The unbiased practiced of PA will make all organisations to face keen competitions and challenges at local, national and international levels. That is, PA is must become a tool to measure the status of any organization across board. Hence, this study, to investigate or examine PA as a management tool, exercise or practice to determine the retention, promotion and downsizing of staff in National Petroleum Investment Management Services (NAPIMS) and National Engineering and Technical Company (NETCO) in Nigeria.

OVERVIEW OF RECENT LITERATURE

Some authors argued that, empirical studies on performance appraisal have done little to improve its

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usefulness as a managerial decision-making tool (Thorndike, 1949; Banks and Murphy, 1985; Napier and Latham, 1986). Some have suggested that the issues dominating performance appraisal research such as cognitive processing, evaluator training, and formats and the studies methodological designs seem to odds with organizational actualities. Take for instance, the duo of Banks and Murphy (1985) warned that if cognitive process research continued along contemporary lines, the apparent gap between performance appraisal research and practice would increase. In the same vein, Napier and Latham (1986) suggested that progress on performance appraisal practice has lagged because the research which might inform practice has ignored Thorndike's (1949) call for practicality in its quest for quantity stylishness. It is very important to note that the argument of the aforementioned mentioned scholars shows that PA practice in most organisations is always bias ridden just as the case in the selected petroleum companies in Nigeria. The gap is actually lies in constant failure of scientific design of the processes of PA in organisations. Once the research design fails in its expected procedures, then automatically the implementation and end result of the exercise too will fail/or be bias. To this end, Bernardin and Villanova (1986) concluded that better understanding of the organizational contexts in which appraisal takes place was necessary in order to improve the degree to which performance appraisal research contributes to performance appraisal practice.

There is a growing concern that much organizational research, while methodologically sophisticated, lacks substantive application and is directed toward increasingly selective audiences of researchers, to the neglect of other audiences such as policy makers and managers (Bedeian, 1989). This statement is representative of some, though certainly not all, of the recent performance appraisal literature. It is strongly believe that performance appraisal research can be evaluated both in terms of its theoretical contribution and its ability to inform practice. Since the rating process involves complex cognitive processes, basic research that defines the nature of the phenomenon is clearly needed. However, since performance appraisals occur in applied, social and political contexts, it also is wise to consider the degree to which research is informing organizational practice. Doing so should provide the opportunity for both researchers and managers to critically assess their understanding of the phenomenon.

Recent performance appraisal research

Published articles about the performance appraisal process were identified using a computerized literature search (ABI/Inform) augmented by reviewing the tables of contents from several academic and practitioner journals.

This literature review is not exhaustive since it does not include technical reports, dissertations, textbooks, or chapters. However, it is believe that it serves to indicate, with some precision, the focus of performance appraisal research, and the manner in which appraisal researchers have chosen to allocate their limited resources. Readers interested in reviews covering earlier time periods are referred to Bernardin and Beatty, 1984; Bernardin and Villanova, 1986; DeNisi et al., 1984; DeNisi and Williams, 1988; Feldman, 1981; Landy and Farr, 1980; Wexley and Klimoski, 1984. Readers should also note that some of the cognitive processing studies identified below are discussed in some detail in Lord and Maher's (1989) review of the cognitive processing literature.

Performance appraisal sources

Self-appraisal is one of the sources of PA in organization. The efficacy of self-appraisals may be affected by rating purpose, but conflicting results have been reported. Both laboratory and field studies have concluded that when used for evaluative purposes, self-appraisals were susceptible to leniency bias, but leniency decreased when appraisals were expected to be validated (Farh and Werbel, 1986; Farh et al., 1988). On the other hand, Fox and Dinur (1988) reported low validity of self-ratings regardless of the expectation of validation. Campbell and Lee (1988) suggested that self-appraisals were best suited for developmental rather than evaluative purposes, and that self-appraisals can improve future performance by creating a self-fulfilling prophecy (Howard Becker, 1964). Vance et al. (1988) reported that among a sample of jet engine mechanics, peer, self, and supervisory ratings were equally valid sources but Fox et. al. (1989) concluded that rating accuracy was positively related to reiterate similarity. Meta-analytic results suggested only moderate relationships exist between self-supervisor and self-peer ratings (Harris and Schaubroeck, 1988).

Appraisal feedback

Most of the articles addressing feedback were conducted in field settings, distinguishing this area of research from those dominated by laboratory settings and student subjects. Many of these studies focused on the effects of performance feedback. Discussion of pay and advancement during the performance feedback session was shown to lead to higher employee satisfaction with the process but did not influence future performance (Dorfman et al., 1986). In contrast, Prince and Lawler (1986), reported that salary discussions during the appraisal interview had either no relationship or a positive relationship with future behavior. However, Pearce and Porter (1986), reported that feedback describing an employee as "satisfactory" (as compared to above

average or outstanding) led to reduced organizational commitment and negative attitudes toward the performance appraisal system.

Using a field study to examine feedback source and message, Earley (1988) reported that self-generated and specific feedback (versus supervisory-generated and general feedback) was positively related to performance. This agrees with Bannister's (1986) experimental results concluding that source credibility and message content influenced recipient response to the feedback. In fact, Becker and Klimoski (1989) reported that feedback from supervisors led to increased performance but feedback from self and peers did not. Ilgen and Moore (1987) explored feedback content in a laboratory setting and found that feedback about quantity lead to higher quantity, feedback about quality lead to higher quality and feedback about both lead to both. Message content apparently also affects rater cognition. Specifically, raters do not like to give negative feedback (Larson, 1989) and are likely to rely on scripts to deliver feedback about poor performance (Dugan, 1989).

The dimensionality of feedback also has been examined. In a longitudinal study of university employees, Dorfman et al. (1986) identified three dimensions of performance appraisal feedback (being supportive, emphasizing improvement, and discussing pay and advancement). Furthermore, Russell and Goode (1988) reported that satisfaction with feedback also may be multi-dimensional. Therefore, individuals who are satisfied with the performance appraisal in general, may not be satisfied with the feedback it provides. Rather, satisfaction with feedback may be a function of satisfaction with the supervisor and/or the rating received.

Basic components of appraisal format

According to Rao (1985) the key performance areas, self-appraisal, performance analysis, performance ratings and counselling are the important components of a performance appraisal system oriented to development of human resources in an organisation. He argued that the appraisal format should be designed in consonance with the objectives of the performance appraisal system, and also generate information on a number of important aspects.

1. Identification of key performance areas: The first step in an appraisal process is identifying key performance areas and setting targets for the next appraisal period. This may be done either through periodic discussions or at the beginning of the year, as in research institutions.
2. Self-appraisal by the subject: At the end of the appraisal period, employees appraise their own performance against the key performance areas, targets and pre-identified behaviour. Information on these issues is provided in an appraisal format. The employees also write their self-evaluation reports and hand them to their supervisors.

3. Analysis: The supervisor reflects on the performance of the employee, and identifies the factors which facilitated or hindered the employee's performance. The manager then calls the employee for a discussion to better understand his or her performance and provide counselling on further improvements. During this discussion, appraisal records (such as notes, observations, comments, etc.) are exchanged. The manager then gives a final rating and recommendations regarding the developmental needs of the individual. These are shown to the subject and his or her comments are recorded on the appraisal form. The appraisal form is then transmitted to the personnel department for the necessary administrative action. The personnel or human resource development department uses these forms for identifying and allocating training, rewards and other activities.
4. Identification of training needs: The use of a development-oriented performance appraisal system is based on a good understanding of the concept of human resources development. In other words, the need for developing employee capabilities, the nature of capabilities to be developed and the conditions under which these capabilities can be developed have to be appreciated. During the discussion between the supervisor and the employee, the development needs of the subject are identified and goals set for the next period.
5. Identification of qualities: The supervisor may also identify the qualities required for current as well as future tasks, and assess the employee's potential and capabilities to perform jobs at higher responsibility levels in the organisation.

Process of performance appraisal

Performance appraisal is a multistage process in which communication plays an important role. Craig et al. (1986) have identified an eight-stage performance appraisal process. These are;

1. Establishing standards and measures: The first step is to identify and establish measures which would differentiate between successful and unsuccessful performances. These measures should be under the control of the employees being appraised. The methods for assessing performance should be decided next. Basically, management wants to: know the behaviour and personal characteristics of each employee; and assess their performance and achievement in the job.

There are various methods available for assessing results, behaviour and personal characteristics of an employee. These methods can be used according to the particular circumstances and requirements.
2. Communicating job expectations: The second step in the appraisal process is communicating to employees the measures and standards which will be used in the appraisal process. Such communication should clarify

expectations and create a feeling of involvement.

3. Planning: In this stage, the manager plans for the realization of performance expectations, arranging for the resources to be available which are required for attaining the goals set. This is an enabling role.

4. Monitoring performance: Performance appraisal is a continuous process, involving ongoing feedback. Even though performance is appraised annually, it has to be managed 'each day, all year long.' Monitoring is a key part of the performance appraisal process. It should involve providing assistance as necessary and removing obstacles rather than interfering. The best way to effectively monitor is to walk around, thus creating continuous contacts, providing first-hand information, and identifying problems, which can then be solved promptly.

5. Appraising: This stage involves documenting performance through observing, recalling, evaluating, written communication, judgment and analysis of data. This stage is like putting together an appraisal record.

6. Feedback: After the formal appraisal stage, a feedback session is desirable. This session should involve verbal communication, listening, problem solving, negotiating, compromising, conflict resolution and reaching consensus.

7. Decision making: On the basis of appraisal and feedback results, various decisions can be made about giving rewards (e.g., promotion, incentives, etc.) and punishments (e.g., demotion). The outcome of an appraisal system should also be used for career development.

8. Development of performance: The last stage of performance appraisal is 'development of performance,' or professional development, by providing opportunities for upgrading skills and professional interactions. This can be done by supporting participation in professional conferences or by providing opportunities for further study. Such opportunities can also act as incentives or rewards to employees.

Besides the stages discussed earlier, it is important to note communication is very central to effective performance appraisal. That is, communication is at the core of an appraisal system. Communication can be either upward or downward. Downward communication is from upper management levels to lower levels, and passes on a judgement of how the employees are doing and how they might do even better. As the information flows downward, it becomes more individualized and detailed. Upward communication is from lower to higher levels. Through this process, employees communicate their needs, aspirations and goals. As information flows upward, it has to become brief and precise because of the channels through which it has to pass.

Techniques of performance appraisal

There are several techniques of performance appraisal, each with some strong points as well as limitations.

Oberg (1972), Monga (1983) and Okoh (1998) have identified and discussed these various techniques. Notable among these techniques are;

1. Essay appraisal method: In this technique, the assessor writes a brief essay providing an assessment of the strengths, weaknesses and potential of the subject. In order to do so objectively, it is necessary that the assessor knows the subject well and should have interacted with them. Since the length and contents of the essay vary between assessors, essay ratings are difficult to compare. Again, this technique requires considerable time and thinking to write something meaningful for all subordinates. The rater must be very observant in order to 'get enough information to write on each employee. If the manager is a weak writer, his employee may get weak rating.

2. Graphic rating scale: A graphic scale assesses a person on the quality of his or her work (such as; average; above average; outstanding; or unsatisfactory). Assessment here could also be trait centred and cover observable traits, such as reliability, adaptability, communication skills, quantity and quality of work, job knowledge, cooperativeness, dependability, initiative, industriousness, attitude, judgment etc. For managerial positions, typical qualities include analytical ability, judgement, leadership, creative ability, initiative, knowledge of work, and emotional ability etc. At the end of the form, there is a section for general remarks and suggestions for future actions. Although graphic scales seem simplistic in construction, they have application in a wide variety of job responsibilities and are more consistent and reliable in comparison with essay appraisal. The utility of this technique can be enhanced by using it in conjunction with the essay appraisal technique. This technique is very common in many organisations in Nigeria.

3. Field review method: Since individual assessors differ in their standards, they inadvertently introduce bias in their ratings. To overcome this assessor-related bias, essay and graphic rating techniques can be combined in a systematic review process. In the field review method, a member of the Human Resource Management (HRM) staff may meet a small group of assessors from the supervisory units to discuss each rating, systematically identifying areas of inter-assessor disagreement. It can then be a mechanism to help each assessor to perceive the standards uniformly and thus match the other assessors. Although field review assessment is considered valid and reliable, it is very time consuming.

4. Forced-choice rating method: Unlike the field review method, the forced-choice rating method does not involve discussion with supervisors. Although this technique has several variations, the most common method is to force the assessor to choose the best and worst fit statements from a group of statements. These statements are weighted or scored in advance to assess the employee. The scores or weights assigned to the individual statements are not revealed to the assessor so that she

or he cannot favour any individual staff. In this way, the assessor bias is largely eliminated and comparable standards of performance evolved for an objective assessment. As good as this technique is, it is of little value wherever performance appraisal interviews are conducted.

5. Critical incident appraisal method: In this method, a supervisor describes critical incidents, giving details of both positive and negative behaviour of the employee. These are then discussed with the employee. The discussion focuses on actual behaviour rather than on traits. While this technique is well suited for performance review interviews, it has the drawback that the supervisor has to note down the critical incidents as and when they occur. That may be impractical, and may delay feedback to employees. It makes little sense to wait six months or a year to discuss a misdeed, a mistake or good display of initiative with an employee.

6. Management by objectives: This technique has become very useful recently as an appraisal system. It attempts to improve the performance of the organisation and the individual employee. At the beginning of the year, the employees are asked to set or help set their own performance goals. As time progresses, the manager monitors his employee towards the realization of the set objectives. All obstacles are removed. At the end of the year, the employee and his manager review jointly the achievement or non-achievement of the set objectives. This avoids the feeling among employees that they are being judged by unfairly high standards. This method is currently widely used, but not always in its true spirit. The main advantage of this technique is that it enables the organisation to integrate its objectives with individual objectives. Furthermore, it encourages employee participation and increases job satisfaction by giving the employee a sense of achievement and involvement. The main disadvantage is that even though the employees are consulted, in many cases management ends up by imposing its standards and objectives. Also, in some cases employees may not like 'self-direction or authority.' To avoid such problems, the work standard approach is used.

7. Work standard approach: In this technique, management establishes the goals openly and sets targets against realistic output standards. These standards are incorporated into the organisational performance appraisal system. Thus each employee has a clear understanding of their duties and knows well what is expected of them. Performance appraisal and interview comments are related to these duties. This makes the appraisal process objective and more accurate. However, it is difficult to compare individual ratings because standards for work may differ from job to job and from employee to employee. This limitation can be overcome by some form of ranking using pooled judgment.

8. Ranking methods: Some of the important methods of ranking for performance appraisal are discussed below;

(a) *Alteration ranking method:* Here the individual with the best performance is chosen as the ideal employee. Other employees are then ranked against this employee in descending order of comparative performance on a scale of best to worst performance. The alteration ranking method usually involves rating by more than one assessor. The ranks assigned by each assessor are then averaged and a relative ranking of each member in the group is determined. While this is a simple method, it is impractical for large groups. In addition, there may be wide variations in ability between ranks for different positions.

(b) *Paired comparison:* The paired comparison method systematises ranking and enables better comparison among individuals to be rated. Every individual in the group is compared with all others in the group. The evaluations received by each person in the group are counted and turned into percentage scores. The scores provide a fair idea as to how each individual in the group is judged by the assessor.

(c) *Person-to-person rating:* In the person-to-person rating scales, the names of the actual individuals known to all the assessors are used as a series of standards. These standards may be defined as *lowest, low, middle, high* and *highest* performers. Individual employees in the group are then compared with the individuals used as the standards, and rated for a standard where they match the best. The advantage of this rating scale is that the standards are concrete and are in terms of real individuals. The main disadvantage here is that the standards set by different assessors may not be consistent. Each assessor constructs their own person-to-person scale which makes comparison of different ratings difficult.

(d) *Checklist method:* In this method the assessor is furnished with a checklist of pre-scaled descriptions of behaviour, which are then used to evaluate the personnel being rated. The scale values of the behaviour items are unknown to the assessor, who has to check as many items as she or he believes describe the worker being assessed. A final rating is obtained by averaging the scale values of the items that have been marked.

(e) *Behaviourally anchored rating scales (BARS):* This is a relatively new technique. It consists of sets of behaviourial statements describing good or bad performance with respect to important qualities. These qualities may refer to inter-personal relationships, planning and organizing abilities, adaptability and reliability. These statements are developed from critical incidents collected both from the assessor and the subject.

(f) *Assessment centres:* This technique is used to predict future performance of employees due to be promoted. The individual whose potential is to be assessed has to work on individual as well as group assignments similar to those they would be required to handle were they promoted. The judgment of observers is pooled, and paired comparison or alteration ranking is sometimes

used to arrive at a final assessment. The final assessment helps in making an order-of-merit ranking for each employee. It also involves subjective judgment by observers.

Some problems of performance appraisal techniques

Performance appraisal as a human endeavour is frequently subject to many human errors, although some methods are more prone to errors than others. There are some errors to guard against in rating and other techniques (Baron, 1988; Larson, 1989; Krein, 1990; Okoh, 1998).

1. Halo effect: In this case, the judgment of raters is influenced by any particularly strong or weak characteristics of the subordinate. This causes the rater to take a generally favourable or unfavourable view of the subordinates other qualities. To reduce the halo effect, the rater, should 1udge all subordinates in one characteristic before going to the next characteristics and so on.
2. Leniency or strictness: This is the tendency of some assessors to be too liberal in their rating by consistently awarding high scores to their subordinates in all job characteristics. On the other hand, some raters also have the tendency to give consistently low scores to their employees. This error is due to the subjectiveness of man. The error can be minimized by proper training of managers on appraisal techniques. If not properly checked, it is capable of setting two departments at loggerheads i.e. a department with a high rater and a department with a low rater manager.
3. Central tendency: Many managers are often unwilling to use the extreme ratings and therefore settle with what is known as the central tendency. This tendency is caused by lack of adequate knowledge of the employees. Since it is obligatory that he must rate his employees, he plays it safe by neither condemning nor praising. If he rates too high or low, he might be required to defend his judgement before top management. So, he takes a central position and rates employees averagely.
4. Matthew effect: Gabris and Mitchell (1989) have reported a disruptive bias in performance appraisal known as the Matthew Effect. It is named after the Matthew of biblical fame who wrote, "To him who has shall be given, and he shall have abundance: but from him who does not have, even that which he has shall be taken away." In performance appraisal the Matthew Effect is said to occur where employees tend to keep receiving the same appraisal results, year in and year out. That is, their appraisal results tend to become self-fulfilling: if they have done well, they will continue to do well; if they have done poorly, they will continue to do poorly. The Matthew Effect suggests that no matter how hard an employee strives, their past appraisal records will

prejudice their future attempts to improve.

There are other researches to support the theory that poor performers might not be given a fair chance to improve. A study of supervisors in nearly 40 different organizations found that subordinates tend to be divided into two groups: in-groupers and out-groupers. This study, by Heneman et al. (1989) reported that in groupers are subordinates who seem to be favored by their supervisors. In their relationship with the boss, they enjoy "a high degree of trust, interaction, support and rewards."

On the other hand, out-groupers do not do as well. They appear to be permanently out of favor and are likely to bear the brunt of supervisory distrust and criticism. The effect is therefore similar to the horns and halo effect; supervisors tend to judge employees as either good or bad, and then seek evidence that supports that opinion. It was found that when an in-grouper did poorly on a task, supervisors tended to overlook the failure or attribute to causes such as bad luck or bad timing; when they did well, their success was attributed to effort and ability. But when a out-grouper performed well, it was rarely attributed to their effort or ability. And when an out-grouper performed poorly, there was little hesitation it citing the cause as laziness or incompetence. It is not clear how supervisors make the distinction between in-groupers and out-groupers. Whatever the criteria, it is clearly not objective, equitable or reliable. This bias must inevitably lead to a distortion of the appraisal process. It must also be a source of frustration for those employees who are discriminated against.
5. Supervisor's bias: The extent of this bias was explored by Gabris and Mitchell (1989). They studied an organization with a quarterly performance appraisal system. The workforce was divided into two groups: those who had been given high appraisal results consistently, and those who had low results consistently. When the groups were asked if the appraisal system was fair and equitable, 63% of the high performers agreed, compared to only 5% of the lower performers.

The groups were asked if their supervisors listened to them. Of the high performers, 69% said yes, while among the low performers, 95% said no. Finally, when asked if their supervisors were supportive, nearly half of the high performers agreed that they were, while none of the low performers agreed. Of course, not everyone who gets a poor appraisal result is a victim of supervisory bias. But to some extent, it appears that certain employees may be unfairly advantaged, while others are disadvantaged, by bias effects in the judgements of supervisors.

Benefits of performance appraisal to organisation and employee

There are several advantages of performance appraisal both to the organisation and individual employees (Bannister and Balkin, 1990; Martin and Jackson, 1997;

Okoh, 1998). The main benefits of performance appraisal to organisation are;

(1) Improved communication of organisational goals: Performance appraisal will help to improve communication in the organisation as every employee will have a clear understanding of what organisational goals and objectives are and how to pursue them.

(2) Improvement in work performance and therefore overall organisational performance: The point here is that where performance appraisal is appropriately carried out it will lead to increased productivity and better service delivery in the organisation. With this customers and clients will be better for it.

(3) Identification of potential to aid succession planning: Performance appraisal will benefit an organisation in the sense that it will make obvious to plan for succession of employees working in the organisation. Without adequately and carefully planning for succession of employees an organisation will run into problems.

(4) Evaluation of effectiveness of selection criteria for new or newly promoted employees: Performance appraisal will also benefit an organisation in the sense that it will enable organisation to assess the effectiveness of certain used in promoting employees. If the criteria is ineffective then the organisation discontinue or effect some necessary changes to strengthen it, otherwise the organisation will continue to promote incompetent employees.

(5) More objective distribution of rewards and Improve retention of employees: When performance appraisal is properly and objectively carried out, it will lead to more objective distribution of rewards in the organisation. By so doing grievances and other forms of passive resistance will be reduced to the advantage of the organisation. Moreover, it can lead to retention of qualified, efficient and effective employees in the organisation while the ineffective and inefficient ones may be retrained or even be shown a way out of the organisation.

On the other hand, the major benefits of performance appraisal to individual employee are;

(1) Increased understanding of strategic aims and own role in organisation success: Performance appraisal will benefit an individual employee in the sense that the employee will see how his contribution will help the organisation to achieve the strategic objective of the organisation. This will enable to employee to have a clear view of what his roles entailed and the strategic position he occupies in fulfilling those roles in the organisation.

(2) Increased motivation and job satisfaction: Performance appraisal can have a profound effect on levels of employee motivation and satisfaction - for better as well as for worse. Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted. In fact,

there is evidence that human beings will even prefer negative recognition in preference to no recognition at all. If nothing else, the existence of an appraisal program indicates to an employee that the organisation is genuinely interested in their individual performance and development. This alone can have a positive influence on the individual's sense of worth, commitment and belonging. The strength and prevalence of this natural human desire for individual recognition should not be overlooked. Absenteeism and turnover rates in some organisations might be greatly reduced if more attention were paid to it.

(3) Development of potentials: Performance appraisal will benefit an employee in appreciating the potential he has developed over a period of time and how those potentials could be put to good use to his own advantage and that of the organisation. This in essence gives the employee a sense of fulfillment and how to consolidate and improve on those potentials he has acquired.

(4) Better informed career–planning: Performance appraisal will enable an employee to be better informed about his career planning. In other words, it will make obvious some of the strengths and shortcomings the employee has. With this, the employee will counseled on how to plan his career, by working to consolidate the areas of his strength and working to improve areas of his shortcoming.

Better understanding of the link between effort, performance, reward and job security. Appropriate performance appraisal will enable an employee to understand and appreciate the intrinsic link between efforts, performance, reward and job security. These four items are linked and are the main concern of every efficient and effective employee in any organisation.

METHODOLOGY

This study was carried out in National Petroleum Investment Management Services (NAPIMS) and National Engineering and Technical Company (NETCO) both based in Lagos State. All the existing units were represented Thus, 25.0% of the total work force (620) was purposively sampled to respond to the questionnaire survey that is, 129 workers (82.7%) in NAPIMS and 27 workers (17.3%) in NETCO using the stratified sampling technique (totaling 156 workers) (see Table 1 for the sample distribution). Both qualitative and quantitative data were collected for this study. SPSS was used to analysed the later while the qualitative data was analysed using content analysis.

FINDINGS AND DISCUSSION

Table 1 shows the knowledge and importance of performance appraisal to individual respondents in the selected organizations. Over 80.0% of the respondents said they strongly agree and agree that they have good knowledge of the concept of performance appraisal, 6.6% were either neutral or strongly disagree that they do not have

Table 1. Knowledge and importance of performance appraisal in NAPIMS and NETCO.

Knowledge and Importance of PA	SA		A		N		SD	
	N	%	N	%	N	%	N	%
I have good understanding of performance appraisal	65	49.3	67	37.5	10	6.6	10	6.6
I have been participating in the exercise for long time	82	53.9	37	24.3	15	9.9	18	11.8
Review performance of the employees over a given period of time	40	26.3	75	49.3	11	7.2	26	17.1
To judge the gap between the actual and the desired performance	56	36.8	63	41.4	19	12.5	14	9.2
It help management in exercising organizational control	48	31.6	56	36.8	34	22.4	14	9.2
It makes the organization to attain its set objectives and goals	45	29.6	56	36.8	29	19.1	22	14.4
It strengthen the relationship and communication between superior-subordinates and management-employees	20	13.2	87	57.2	22	14.5	23	15.1
It reveal the strength and weakness of individuals for training and development for future needs	58	38.2	61	40.1	14	9.2	19	12.5
To judge the effectiveness of human resource functions other than recruitment, selection and training	37	24.3	81	53.3	24	15.8	10	6.6

Source: Field Survey, 2011.

knowledge of performance appraisal. Almost 80.0% of the respondents strongly agree and agree respectively that they have been participating in performance appraisal while more than 20.0% were either neutral or disagree that they have not been participating in performance appraisal. About 75.6% of the respondents either strongly agree or agree that performance appraisal is to review performance of the employees over a given period of time, 77.2% strongly agreed that performance appraisal exposes or judge the gap between the actual and the desired performance, 68.4 and 66.4% also strongly agreed that it helps management in exercising organizational control and makes the organization to attain its set objectives and goals respectively, it impor-tant to note here that 70.4% strongly agree and agree that performance appraisal strengthen the relationship and communication between superior-subordinates and management-employees but almost 30.0% strongly disagree with this statement. About 78.3% believed that performance appraisal reveals the strength and weak-ness of individuals for training and development for future needs and 78.6% strongly agreed that it is meant to judge the effectiveness of human resource functions other than recruitment, selection and training. From the statistical expression demonstrated above, it is possible to infer that a good percentage of the respondents in the selected organizations have a very good knowledge of performance appraisal. That is, every individual employee knows what the exercise is all about and how it ought to be carried out in order to facilitate an objective end result for organizational implementation. The performance appraisal exercise is to the benefits of all the stake-holders. To further buttress the fact that performance appraisal practice is very important in the selected organizations and has not alternative in assessing workers (see Extract 1).

Looking at the benefits or importance of performance appraisal system from another angle, one of the divisional heads has this to say (see Extract 2).

Table 2 shows the effects or result of performance appraisal in the selected organizations. About 63.9% of the respondents strongly disagree that performance appraisal is not only for low cadre workers and it does not reduce staff strength; 36.8% of the respondents strongly disagree with the statement that performance appraisal stigmatized staffs with poor appraisal feedback, 26.7% were neutral while 35.5% either strongly agree or agree with it; almost 55.0% of the respondents either strongly agree or agree that performance appraisal result may lead to counseling, or in extreme cases, demotion, dis-missal or decreases in pay, 34.2% strongly disagree with, while 11.2% were neutral; 43.4% of the respondents either strongly agree and agree that performance apprai-sal is less of feedback but exposes staff's weakness and failure and almost 41.0% strongly agree and agree that supervisors are always bias in the cause of appraising their staff, 23.7% were neutral to this statement while 35.5% strongly disagree with it. This simply means that performance appraisal in these organizations is a common management practice that have different meaning, effects, results or outcome to individual worker. The result or outcome of performance appraisal to an average worker is a function of his/her perception of the practice. That is, if the exercise favours you, the worker will perceive it as good/or objective but if otherwise then, it poses negative perception of the management exercise. From the analysis so far, it can be deduced that the perception of PA in the selected organizations for this study does not portray the global standard of how PA should be practiced.

Table 3 presents the attitude of employees to performance appraisal system. About 43.3% were neutral

Table 2. Effects of performance appraisal system on workers and NAPIMS and NETCO.

Options	SA		A		N		SD	
	N	%	N	%	N	%	N	%
It is for only low cadre workers and it reduce staff strength	14	9.2	22	12.5	19	14.5	97	63.9
It stigmatized staffs with poor appraisal feedback	26	17.1	28	18.4	42	27.6	56	36.8
It result may lead to counseling, or in extreme cases, demotion, dismissal or decreases in pay	28	18.4	55	36.2	17	11.2	52	34.2
It is less of feedback but exposes staff's weakness and failure	17	11.2	49	32.2	51	33.6	35	23.0
Supervisors are always bias in the cause of appraising their staff	19	12.5	43	28.3	36	23.7	54	35.5

Source: Field Survey, 2011

Table 3. Respondents attitude to performance appraisal in NAPTIMS and NETCO.

Attitude to PA	SA		A		N		SD		D	
	No	%	No	%	No	%	No	%	No	%
I am always afraid of performance appraisal exercise	30	19.7	23	15.1	66	43.4	33	21.7	-	
Most workers do not like performance appraisal	15	9.9	17	11.2	47	30.9	51	33.6	22	14.5
Performance appraisal is poorly conducted in my place of work	27	17.8	37	24.3	23	15.1	39	25.7	26	17.1
I don't want performance appraisal exercise to continue in my firm	26	17.1	04	2.6	20	13.2	73	48.0	29	19.1
Performance appraisal reduce my zeal for work any time it is on	09	5.9	26	17.1	30	19.7	49	32.2	38	25.0

Source: Field Survey, 2011

to the statement that they are always afraid of performance appraisal exercise; also 30.9% were neutral to the fact that most workers do not like performance appraisal; on whether performance appraisal is poorly conducted in my place of work, 25.7% strongly disagree with it, 42.1% were strongly agree and agree with the statement; 48% of the respondents strongly disagree with the statement that I don't want performance appraisal exercise to continue in my organization while 57.2% strongly disagree and disagree with the fact that performance appraisal reduce my zeal for work any time its on. It then indicates that the employees do not have the same attitude towards performance appraisal system in both organizations. While some have positive attitude some have negative attitude. The attitude anyone have towards performance appraisal system in both organizations in a function of the kind of reward he/she get at the end of the appraisal each year. This also means that performance appraisal system in both organizations is not objectively handled (see Extracts 3, 4 and 5).

Table 4 presents the importance or contribution of performance appraisal system to workers and both organizations at large. To this end, 72.3% of the respondents strongly agree and agree that no organi-zations can survival without performance appraisal, 78.9% strongly

agree and agree that performance appraisal is like checks and balances in any firm, almost 70% of the respondents strongly agree and agree that performance appraisal facilitate efficiency, work performance and high productivity, 69.1% of the respondents strongly agree and agree that the exercise improves workers as well organizational performance, 65.8% also strongly agree and agree that it increases the salary of staffs with good appraisal results while 60.0% strongly agree and agree that it makes the workers to be up to date about their work. This indicate that the importance or contribution of performance appraisal in NAPIMS and NETCO cannot be over emphasized even though some of the respondents were of the view that performance appraisal is objectively perform or practiced (see Extracts 6 and 7).

In contrast, still on the contribution of performance appraisal to workers and organizational performance (see Extract 8)

It is no doubt that performance appraisal system has its peculiar attendant challenges in most organizations in Nigeria. From Table 5, almost 60.0% of the respondents said yes, performance appraisal is bias; 50.0% said yes, the practice is judgmental rather than feedback; 48.7% said no it is not gender bias; 56.6% of the respondents maintained yes, performance appraisal dissatisfied

Table 4. Contribution of performance appraisal to workers, NAPTIMS and NETCO general performance.

General contribution of PA	SA		A		N		SD		D	
	N	%	N	%	N	%	N	%	N	%
No organization can survival without performance appraisal	47	30.9	63	41.4	21	13.8	13	8.6	08	5.3
Performance appraisal is like checks and balances in any firm	44	28.9	76	50.0	14	9.2	10	6.6	08	5.3
It facilitate efficiency, work performance and high productivity	50	32.9	56	36.8	34	22.4	08	5.3	04	2.6
It improves workers as well organizational performance	53	34.9	52	34.2	35	23.0	08	5.3	04	2.6
It increases the salary of staffs with good appraisal results	74	48.7	26	17.1	22	14.5	24	15.8	06	3.9
It makes the workers to be up to date about their work	35	23.0	57	37.5	36	23.7	23	15.1	01	0.7

Source: Field Survey, 2011

Table 5. Problems of performance appraisal system in NAPTIMS and NETCO.

Problems of PA	Yes		No		Don't Know	
	No	%	No	%	No	%
Performance appraisal is bias	89	58.6	38	25.0	25	16.4
Performance appraisal is judgmental rather feedback	76	50.0	42	27.6	34	22.4
Supervisors are gender bias in performance appraisal	18	11.8	74	48.7	60	37.4
Performance appraisal dissatisfied workers	86	56.6	28	18.4	38	25.0
It does not allow the firms to perform well like others	10	6.6	63	41.4	80	51.9

Source: Field Survey, 2011.

employee while 41.4% said no, bias perform appraisal does not allow the organizations to perform well like others while 51.9% said they do not know. It is important to note that performance appraisal system in Nigeria has a lots of problems but in spite of these problems, it has nothing to do with organizational performance of organizations especially when compare with other organizations (see Extracts 9 and 10)

Conclusion

Performance appraisal is no doubt a management tool for the measurement of employees and organizational performance. It is an exercise that all organisations whether service or manufacturing must always embark upon to justify every employee's retention in the workplace but it is noteworthy that in Nigeria, most organizations do not carry out this management exercise. That is, performance appraisal is a tall dream in most organisations. Perhaps because such organisations are not bothered with the current global challenges and unfortunately, the few organizations that practice PA, are not conscious of its objectivity and its implementation in the workplace. That is, the practice of performance appraisal is with gross bias. That is, it is not always done scientifically to

be benefits of all the employees and the organization at large. This affects negatively the morale of the employees to put in their total commitment in their specialized work in order to attain organizational goals.

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APPENDICES

Extract 1: Interview with the Head of Human Resource Unit, (NAPIMS, Lagos)

"It can be looked at in several ways. It builds better relationship between the subordinates and supervisors. It is also an opportunity for the supervisors to correct the workers, it build employee's competency and to identify their areas of weakness and strength, it helps to counsel the staff and if they need training they send them on training that will improve them on the job to enhance better performance".

Extract 2: Interview with the Head of Business Intergreement Division, (NETCO, Lagos)

"The benefit is a way of motivating staff those that do well are given their rewards, sometimes we increase their salaries by certain percentage, here the highest is 12.5% follow to that is 10%, 7.5% and the least is 3%".

Extract 3: Interview with the Head of Planning Division, (NAPIMS, Lagos)

"To me, the attitude is neutral because everybody will say let me participate in the exercise so that I can get the percentage they will give me promotion this year, sometimes some will say they have determine what they will give the staff, so whether I fill the form or not I will get what they have determine, some come to a conclusion that whether I do well or not I am always given 5%, so why do I bother myself".

Extract 4: Interview with the Head of Human Resource Unit, (NAPIMS, Lagos)

"For me, it is a positive attitude, staff look forward to it because without it how do they get their promotion, how do they get their increment, how do they get their reward? So they look forward to it by the end of which they are promoted. Those that perform exceptionally are promoted even those that perform averagely are given increment, so they are excited about it, they look forward to it because the end result is obvious because it is beneficial to staff and the organisation".

Extract 5: Interview with the Head of Services Division, (NAPIMS, Lagos)

"I has negative bias because it is subjective, the tool of measurement is not scientific, some of the works are not scientifically measured, it is bound to be subjective and

most of the supervisors believe that loyality count more than the job schedule, but staff have to live with it, it is a necessary evil, it is the requirement for them to have their rewards, increment, promotion and dismissal. Although it has a lot of importance but the supervisor have made people to develop a negative perception about it because of its subjectivity nature of practicing it".

Extract 6: Interview with the Head of Joint Venture Share Petroleum Development Company Division, (NAPIMS, Lagos)

"For me, I will look at it from the angle of 20/80 according to Paro analysis, that the appraisal system had impact only on 20% of the people while the 80% is subjective, people do not believe it because of its subjectivity even though it is the only way or means to assess the staff in order for them to get increase pay, promotion and lots more".

Extract 7: Interview with the Head of Operations Division, (NETCO, Lagos)

"Performance appraisal does not entirely contribute to workers performance because of its gross subjectivity nature of practicing it in this organization. It affects the organization in the sense that those who did well from the beginning of the year were not given what they expect will now relent their efforts and commitment to their work and organization at large. The will say after all last year I work very well but I was not well appraise but those that did not work were better appraised. So, this is the area of change"

Extract 8: Interview with the Head of Finance and Account Unit, (NAPIMS, Lagos)

"A lot a lot, targets are set at the beginning of the year for the staff, objectives are agreed between staff and the manager, if there is no performance appraisal, how do you know that staff is achieving those set objectives. So, it is very important, the importance are enormous, in organization, it lead to organizational performance and productivity and growth and success".

Extract 9: Interview with the Head of Human Resource Unit, (NAPIMS, Lagos)

"In some cases some staff may feel aggrieved that they are not appropriately appraised or what they are doing is not in line with their performance. So, such issues are addressed after listening to the two sides of groups".

Extract 10: Interview with the Head of Engineering Division, (NETCO, Lagos)

"One thing we are trying to look at if we can stop it is assuming the number of people that attain a particular percentage each year. They tell you look from NETCO how many staff do you want to attain 10%, 7.5% this year? If you now have a basket of 20 people qualifying for a particular percentage, it will now result to voting and if we have been told only five people out of twenty will attain 10%, what is the hope of others? Management will tell them to wait till next year, will such people be committed to the work?"