



Performance Management and Employee Development

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ABSTRACT

Performance Appraisal is an important aspect of Performance Management which all organizations must give adequate attention. However, few empirical studies have been conducted on the subject matter but there is still need for further researches to be conducted on the current study. The study adopted a survey research design which involved the collection of primary data using a structured questionnaire that was administered on the employees of Firstbank Plc, Ota II Branch, Sango Ota. The sample size of forty-seven (47) staff was used for the study. Ordinary Least Square (OLS) regression was used to analyze the collected data through SPSS. The findings of the study revealed that performance appraisal has a significant effect on the quality of work delivered by the employees. Similarly, it was revealed that feedback system has an effect on employee learning. The study recommends that organizations should design an adequate performance management system that will effectively identify the need for further training and development of their employees so that strategic goals can be accomplished efficiently.

Keywords: Performance, management, appraisal, employee development, feedback system, quality of work.

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1. INTRODUCTION

The success of any business entity is dependent on the quality and characteristics of its employees or workforce. Due to the fact that employees are the heart of any organization, their significance in the organization cannot be overstated. Organizations cannot achieve the stated objectives or goals without the employees. Moreover, employees are always craving for a motivator that will propel them to work in the most efficient way in the interest of the organization. Marchington and Wilkinson (2005) argued that organization's key aims, goals and objectives are embedded into the process of performance management which is usually communicated through the performance appraisal process. Performance appraisal in itself refers to a formal process which occurs infrequently, where employees are appraised or evaluated by some judge (usually a supervisor) who assesses the employee's performance along a given set of criteria, assigns a score to that assessment, and then usually informs the employee of his or her formal rating (Angelo and Kevin, 2017). Among the various benefits that can be derived from performance management, employee development is of great significance to supervisors and managers. In the words of Grote (2002), performance appraisal assists managers to motivate their subordinates who excel in their performance, provide counselling to those who did not excel whilst recognizing the need for individual training and development.



It is acclaimed that appraisal systems are sometimes biased in nature which forms the bulk of the challenges mitigating against the reliability and validity of appraisal systems. If a supervisor exhibits a demeanor that shows biasedness towards a particular employee at the expense of others, a bad signal is communicated to other talented individuals in the organization. Moreso, it has been said that appraisal systems are not meeting the actual needs or the purpose for which they are used in the first place. It is against these identified challenges that spurred the current study into action to investigate the interplay between performance appraisal systems (PAS) and the development of employees. It is expected that at the end of this investigation, there would be a significant contribution to the body of knowledge on the subject area.

The broad objective of this study is to ascertain the role played by performance appraisal system (PAS) on employee development. In the same vein, the study seeks to pursue the following specific objectives:

- To investigate the effect of Performance Appraisal on the quality of work delivered by employees.
- To ascertain if Feedback system has an effect on Employee Learning.

2. LITERATURE REVIEW

2.1.1 Performance Management

According to Denisi and Murphy (2017), performance management (PA) refers to a wide range of activities, policies, procedures, and interventions designed to assist employees to improve their performance within an organization. Usually, performance management begins with performance appraisal (PA) but it must also include a feedback system, goal setting, and training as well as a reward system.

In the same vein, Ravi and Saraswathi (2018) posits that performance management attends to the problems faced by business organizations in defining, measuring and stimulating employee performance with the ultimate goal of improving organizational performance. It is termed as the process through which managers ensure that employees' operations and resultant outputs contribute significantly towards the organization's goals.

The issue of performance management becomes very crucial for any organization that desires accomplishment of goals because the success of such an organization depends on how well it takes care of its internal customers i.e. workforce and focusing on their continuing performance improvement which fulfils all interests both personally and professionally (Ravi and Saraswathi, 2018).

2.1.2 Performance Appraisal and Quality of Work

Performance appraisal is an integral aspect of performance management. It is a tool that can be deployed to manage the performance of employees and it is often utilized by line managers rather than HR professionals (Ravi and Saraswathi, 2018). As a result of this, it is important for line managers to understand their role in performance management and how performance appraisal contributes to the overall objectives of performance management. Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee.

The main focus of performance appraisal is measuring and improving the actual performance of the employee and also the future potentials of the employee. It is a systematic process by which the overall performance of an organization can be improved as a result of improving the performance of individuals within a team framework (Ravi and Saraswathi, 2018).



Performance appraisal is an effective means of promoting superior performance by communicating expectations, defining roles and responsibilities and establishing attainable standards.

Quality of work is a combination of different factors among which motivation and satisfaction with the work environment, policies and perceived fairness of the appraisal process are relatively important for managers to consider. The satisfaction of an employee with the appraisal process will significantly impact on the quality of work delivered by employees in that organization. Because the human element are highly sensitive to their environment, a perceived fairness or otherwise about the appraisal process will determine their demeanor towards the quality of work delivered. This is why it is imperative for managers to design an effective and unbiased appraisal system that will help motivate employees to deliver good quality of work to the organization.

2.1.3 Feedback System and Employee Learning

Providing a feedback system is the common justification or rationale behind an organization putting in place an appraisal system (Swan, 2012). This is found on the belief that it is through a feedback system that employees will better evaluate their own actions and disposition towards the organization's stated objectives. Hence, an employee who discovered through an appraisal feedback system that he or she is productive at a slow rate will expediently improve his/her performance, especially when productivity is tied to certain fringe benefits or rewards.

Cardy and Leonard (2011) asserts that positive feedback motivates the employee to do better in cases where the performance of such an employee comes under a fair criticism from the manager. This feedback mechanism helps address the shortcomings of the employee and hence reinforce appropriate behaviour in terms of better performance.

Feedback is an important way through which employees can figure out those areas in which they need to work on (Bhurtel and Adhikari, 2016). Communication with the appraisee with appropriate feedback on the performance of the employee is the foundation of effective performance appraisal. In the words of Kirkpatrick (2006), employee development is achieved through performance improvement and change of attitude towards the job.

2.1.4 Performance Appraisal and Employee Development

Logic presupposes that the result of the performance appraisal process will indicate whether there is a need for employee development or not. But the sad story told by extant literature revealed that there is no systematic practice of linking the results of performance appraisal with employee development. This is because many supervisors and managers are unable to develop the desired level of performance among their subordinates in existing practice of performance appraisal. The role of performance appraisal was said to come into light only during the phase of promotion (Bhurtel and Adhikari, 2016).

The study's a-priori expectation is that performance appraisal process will facilitate the need for employee development. However, this is subject to validation through data collection and analysis on the subject matter.



Fig. 1: Performance Management Programme Component
Source: empyrealdata.com

2.2 Theoretical review

This study is anchored on the Goal Setting theory. The goal setting theory was first development by Dr Edwin Locke in 1960 but was later improved on in the early 1980s. Locke and Latham (2002) points out that the goal setting theory was based upon the belief that much human action is purposeful, in that it is directed by a conscious goal. The decision to set a goal results from a dissatisfaction with the current level of performance. Goal setting theory advocates that setting a goal should also include setting a structure (PAS) that directs actions and behaviors which improve the unsatisfactory performance (Redmond, 2016). Bipp and Dann (2014) in their study supported goal theory and assert that employees will only perform at a higher level in the presence of specific and challenging goals.



The decision to anchor the current study on the goal setting theory was informed by the belief that goals need to be set first before appraising the performance of the employees towards achieving the stated goals. Significantly, when goals are not adequately met, it may be due to certain factors inherent in the worker which can be corrected through the process of employee development.

2.3 Empirical Review

Ravi and Saraswathi (2018) carried out a research on the concept of performance management systems in the IT industry. The study was purely a review and the contributions to the body of knowledge by the study was the development of a conceptual model that explains the linkage between performance management system and the variables considered in the study i.e. aligning workforce, building competencies, driving better business results, continuous development and improving performance.

Similarly, Hooria, Lubna and Mattiullah (2018) investigated the effect of performance management on employees' well-being via perceived control. The study adopted a survey design and collected data through a structured questionnaire which was analyzed using percentage method. The findings of the study revealed that performance management significantly influences well-being of workers and perceived job control.

Idowu (2017) conducted a study on effectiveness of performance appraisal system and its effect on employee motivation. The study adopted a mixed method research design (Quantitative and Qualitative) in the collection of primary data from the employees of Shines Communication as well as interviewing the HR manager. The data was analyzed using Microsoft Excel and SPSS while the relationship existing between the variables was tested using median and mean. The findings of the study revealed that the use of more than one PAS helps yield greater satisfaction and ultimately higher motivational levels.

Bhurtel and Adhikari (2016) investigated performance appraisal for employee development; exploring the perceptions of supervisors. The study focused on Nepal's Council for Technical Education and Vocational Training board (CTEVT). The study found that supervisors perceived the existing PAS to be less effective as it was merely used for promotion exercise. The study recommended that organizations should establish a comprehensive performance appraisal system for all their employees whereby results would be analyzed and linked with plans for employee development.

Daoanis (2012) assessed the implication of PAS on Employee performance with focus on Nass Construction Company. The study adopted a mixed method design to collect data. The data was analyzed through SPSS. The findings of the study revealed that performance appraisal system used in the organization was accurate in terms of content and purpose. Also, the study revealed that PAS results in both positive and negative impact on the employees' performance.



3. METHODOLOGY

The current study adopts a Survey research design which involve the collection of primary data with the use of a structured questionnaire. The collected data was analyzed with the use of Ordinary Least Square (OLS) through SPSS while the relationship between the variables was tested using regression analysis.

In order to pursue the objectives of this study, the following null hypotheses were synthesized:

H₀₁: Performance Appraisal has no effect on Quality of Work delivered by employees of the organization

H₀₂: Feedback System has no effect on Employee Learning

Study population

The population of the study comprises of the staff of Firstbank Plc, Sango II branch situated around Oju-Ore, Sango-Ota axis. The commercial bank has a staff strength of Forty-seven (47) excluding the gatemen. However, in order to achieve effective generalizability of the study, the population figure was retained as the sample size for the administration of questionnaire on the respondents to elicit valuable information to aid the successful completion of the current study.

Data Collection instrument

Since the study adopted a Survey design, the primary data collection instrument i.e. questionnaire was used to obtain firsthand information from the respondents. Similarly, ancillary information was gathered from journal articles, internet sources and textbooks to further enrichen the content of the study.

Validity and Reliability test

The validity of the research instrument was achieved through a content analysis and was also discussed with colleagues to ensure that the questionnaire is actually measuring what it purports to measure.

Reliability test was carried out using Cronbach alpha test to ensure the reliability of the research instrument.



4. DATA PRESENTATION AND DISCUSSION

4.1 Presentation of Data

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.722	47

The Cronbach Alpha Reliability test with a value of 0.722 shows that the research instrument was highly reliable in eliciting the required information from the respondents on the subject matter.

Table 2: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	80.229	50.879		1.577	.124
Performance Appraisal	2.647	.127	.963	20.887	.000

a. Dependent Variable: Quality of Work

The Coefficient table above shows the significant of the variable and also the relationship between the dependent variable and the predictor. The coefficient result shows that performance appraisal has a positive relationship with quality with the value of 2.647. This indicate that there is positive relationship between performance appraisal and quality of work. The significance value of performance appraisal standing at 0.000 indicates that performance appraisal is statistically significant at 5% level of significance. This shows that performance appraisal has a significant effect on the quality of work.

Table 3: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-10219.183	50128.083		-.204	.840
Feedback System	98.531	13.822	.774	7.129	.000

a. Dependent Variable: Employee Learning

The Coefficient table above shows the significant of the variable and also the relationship between the dependent variable and the predictor. The coefficient result shows that Feedback system has a positive relationship with learning with the value of 98.531. This indicates that there is positive relationship between Feedback system and Employee learning. The significance value of Feedback system standing at 0.000 indicates that Feedback system is statistically significant at 5% level of significance. This shows that Feedback system has a significant effect on the employee learning.



4.2 Test of Hypotheses

Hypothesis One:

H₀₁: Performance Appraisal has no effect on Quality of Work

The decision rule is to reject the null hypothesis at 5% level of significance.

However, from table 2, the result indicates a p-value of 0.000 which translates that the predictor (Performance appraisal) is significant on the dependent variable (Quality of Work). Hence, the study rejects the null hypothesis and concludes that Performance Appraisal has a positive significant effect on the quality of work delivered by employees of the organization.

Also, the Durbin-Watson test shows a positive value of 1.532 which confirms the significant relationship between the two variables (Performance Appraisal and Quality of Work).

Hypothesis Two:

H₀₂: Feedback System has no effect on Employee Learning

The decision rule is to reject the null hypothesis at 5% level of significance.

However, from table 3, the result indicates a p-value of 0.000 which translates that the predictor (Feedback system) is significant on the dependent variable (Employee Learning). Hence, the study rejects the null hypothesis and concludes that Feedback System has a positive significant effect on Employee learning in the organization.

Also, the Durbin-Watson test shows a positive value of 1.904 which confirms the significant relationship existing between the two variables (Feedback system and Employee Learning).

5. CONCLUSION

The ongoing investigation sought to find out the relationship which exists between Performance Management and Employee Development. In order to effectively accomplish the objectives of the study, the independent variable (Performance Management) and dependent variable (Employee Development) were decomposed into Performance appraisal and Feedback system as a measure of Performance Management while Quality of Work and Employee system were used as proxies of Employee Development. From the result of the findings of the study, it was revealed that the decomposed independent variables have a positive significant effect on the decomposed dependent variables at a significance level of 5%. Thus, the study concludes that Performance Management has a positive significant effect on Employee Development in an organization.

6. RECOMMENDATIONS

In light of the revelations of the current study, the following recommendations were posited:

- Management of Firstbank Plc should maintain the performance management system in use so as to achieve more efficient performance from the employees of the organization.
- In the same vein, other organizations should see the need of ensuring that their performance management tools are not tailored to suit only promotional purpose but to also expose areas where development is needed by their employees.
- Finally, the importance of communicating the result of an appraisal system to the concerned employees cannot be overstated because this enables the employees to identify their areas of weakness and strength. As a concomitant, organizations should always ensure the activation of a feedback system after a successful performance appraisal process.



7. LIMITATION OF THE STUDY

No successful research work is free from one or two limitations. However, the major limitation of this study lies in its scope as the population considered for this study was quite small and may not sufficiently represent the view of other workers from other sectors of the economy. Hence, the generalizability of this study to other facets of the economy is the major limitation of the study. However, future researches can make an effort by taking a larger population into account for effective generalizability.

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