Comprehending Employees’ Performance Appraisal in Organizations: A Methodical Exposition of the Processes, Methods and Rationalizations

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Abstract: Employees' performance appraisal is a vital and integral aspect of human resource management. Human resource managers do not only recruit, select, orient and place workers but are expected to continually evaluate the performance of the workers. Scholars and practitioners in human resource management have expressed divergent views on the significance of performance assessment to employees, organizations and society. The study, therefore, methodically examined the processes, methods and necessity for objective assessment of employees' performance in organizations, with a view to encouraging human resource managers to periodically appraise their employees using some suitable appraisal methods. Primary and secondary sources of data generation were employed. The data generated were subjected to descriptive analysis. The findings, among other things, revealed that employees' appraisal is significant for several purposes such as improving the attainment of the overall organizational goal; recruitment and selection of competent workers; promotion and training of workers; setting and measurement of goals; employee development and performance management; succession planning; downsizing; decisions taking and providing feedback to employees about their performance. Accordingly, the study suggests that organizations should periodically appraise their workers using objective and appropriate methods capable of enhancing the organizational and employees' goals.

Keywords: Employee, Performance appraisal, organization, human resources manager

I. INTRODUCTION

Human resource management functions are indeed vast. Every critical activity in the working life of an employee, from the time of the employee’s entry into the enterprise until the exit period is within the jurisdiction of human resource management. Performance appraisal is one of the functions of human resources managers. It has been argued that the incapability of organizations to design and institute effective performance appraisal mechanism hinders the organization’s competitive advantage which is fundamental for the achievement of employees’ and organizational objectives (Obisi, 2011). Without apt appraisal, employees may labour for numerous years without being aware of the aspect in their performance that requires modification. Hence, good appraisal system should by and large review employee’s performance, conduct and all facets of their employment that need to be evaluated. It is arguable that there is no function of workforce management that is thorny to effectively put into operation and yet so fundamental to individual and organizational growth than performance appraisal. Performance appraisal in many organizations is considered and executed chiefly in terms of its evaluative aspect thereby neglecting its significance for promoting growth and development in employees via counseling; coaching, training and feedback of appraisal information.

Notwithstanding the relevance attached to employees’ performance appraisal by some scholars and practitioners in human resources field, Deming (cited in Aswathappa, 2002) expressed reservation about the positive contributions of performance appraisal. He is of the view that employees' performance review is often self defeating; irreconcilable with team work; acts as a substitute for apt management; inherently inequitable and recompense people for manipulating the system rather than improving it. Although, performance appraisal rating may be associated with errors such as leniency or severity, central tendency, hallows effect, primary and recency effect, the application of suitable appraisal system is beneficial to employees, organizations and society. This study, therefore, attempts to systematically examine the processes, methods and contributions of employees’ performance appraisals to workers, organizations and the public with a view to suggesting some suitable methods of appraisals and encouraging human resource managers to periodically assess their workers’ performance using the suggested mechanisms..

II. RESEARCH PROBLEM

Notwithstanding the fact that human resource appraisal is considered critical to the achievement of employees’ and organizational goals, some human resources managers either consider it as further production cost to organizations or a burdensome procedure that is energy consuming. Such managers give little or no attention to human resources assessments. Besides, some managers of human resources who appreciate the vital need for human resources appraisals
are not familiar with the processes and techniques involved for enhance productivity. It is against this background that this paper attempts to systematically explore the nature, process and rationales for human resources appraisal for better understanding and practice.

III. SIGNIFICANCE OF THE STUDY

Theoretically, the study provides human resources students and scholars with information that will be relevant in further researches by widening the frontier of knowledge on the hypothetical underpinning of human resources appraisals. It will serve as reference material for both academic and practitioners in the field of human resources management. Practically, it offers a useful guide to human resources managers who want to embark on evolvement and execution of effective human resource appraisal for accomplishment of employees’ and organizational goals. It as well exposes human resources managers to essential methods of human resource assessment with a view to encouraging them to consider employee assessment as critical cum integral part of organizational growth strategy and therefore should periodically appraise their workers using objective and appropriate methods capable of enhancing the organization’s competitive advantage and employees’ goals.

IV. METHODOLOGY

The methodology for the study is both qualitative and descriptive. Primary and secondary sources of data collection were used. The secondary data were elicited from journals, books, periodicals, internets publications and conference papers written by scholars and experts in human resources management. Information generated via secondary source was complemented with oral structured interview granted to purposively selected human resources managers and employees from ten (10) organizations in Nigeria. The selected human resources managers and employees were those that work in large scale organizations with more than 20 workers. These organizations were chosen as they consider performance appraisal as integral part of their business strategy. A total of 20 respondents comprising ten (10) human resources managers (one from each organization) and ten (10) employees (one from each organization) were interviewed. The data obtained from both secondary and primary sources were subjected to descriptive analysis.

V. THEORETICAL FRAME WORK

The theoretical frame work that guides the analysis of the study is human resources assessment model which attempts to explicate the methods, process and necessity for human resources assessment to both employees and organizations. The theory views human resources evaluation as indispensable rational process and prerequisites for competitive advantage, enhance productivity as well as accomplishment of workers’ and organizational objectives. An effective evaluative policy involves coherent steps which ensure that the objectives of the policy are attained at minimal cost. The theory posits that it is strategic for workers’ and organizational objectives to be considered and incorporated into organizations’ employee assessment strategies. This ensures that the organization remains competitive and has comparative advantage over its competitors in the market. Thus, the model deems human resources evaluation as a desideratum for improved organizational competitiveness and comparative advantage in a global competitive market.

VI. CONCEPTUAL CLARIFICATION: PERFORMANCE APPRAISAL

Performance appraisal, according to Grote (2002), is a formal management system that provides for the evaluation of the quality of an individual’s performance in an organization. Aswathappa (2002) views performance appraisal as the assessment of individual’s performance in a methodical way, the performance being measured against such factors as job knowledge, quality and quantity of outputs, initiatives, leadership abilities, supervision, loyalty, co-operation, judgement, veracity, health etc. The assessment ought not to be restrained to past performance alone but also include the potentials of the employee for future performance. Performance appraisal serves as a way to ascertain whether an employee has put his or her best performance on a given job. It is the logical evaluation of the individual with respect to his or her performance on the job and his or her potential for development. Performance appraisal has been described as formal, structured system of measuring and evaluating an employee’s job related behaviours and outcomes to ascertain how and why the employee is presently performing on the job and how the employee can perform more successfully in the future so that the employee, organization and society mutually benefit (Randall, 1981). Generally, performance appraisal serves four objectives: development use, administrative use or decision, organizational maintenance and documentation.

One ingredient of performance management which involves diverse measurement all through the organization is performance appraisal. It is the most important if the organization is to take advantage of their human resources and gain human capital advantage. Performance management as a holistic process brings together many of the elements which are essential for the successful practice of people management including in learning and development (CIPD, 2008). Alo (1999) views performance appraisal as a process that involves purposeful stock taking of the success, which an individual or organization has achieved in discharging assigned responsibilities or meeting set goals over a range of time. Thus it is a purposeful act which is usually prepared by the employee’s immediate supervisor. The procedure usually entails the supervisor to fill out a standardized evaluation form that assess the employee on different dimensions and then discuss the outcome of the measurement with the employee. Other terms used for performance appraisal include performance rating, employee assessment, employee performance review, personnel appraisal, performance evaluation, employee evaluation and merit rating.
Ezeani (2005) considers performance appraisal as the process of evaluating individual employee in order to determine the extent to which he is performing a job effectively and shows promise for the future while Onah (2012) states that performance review and appraisal enables employee to gain information on their performance as well as the expectations of the organization on their job performance. Performance appraisal is not only systematic but also intermittent and dispassionate rating of an employee excellence in matter relating to his current job and his potential for a better job. It assesses how well employees are performing their jobs in relation to established standard and the feedback of that evaluation to employee. Performance appraisal would not attain its aspiration of improving performance if the assessed worker did not get rejoiinder on the outcome of the assessment. Hence, performance appraisal is deficient and the intent defeated if the worker appraised is not informed of what his strengths and weakness are to enable him improve in future.

The attributes of performance appraisal include: It is not a single activity but rather a process that involves series of steps or act(a process); It is a methodical assessment of an employee’s strength and weakness in the context of the given job (Systematic Assessment); Its primary objective is to ascertain how well an employee is doing for the organization and the improvement needed in him(main objective); It is an objective, unprejudiced and scientific evaluation through similar measure and procedures for all employees in a formal manner(Scientific Evaluation); It occurs at certain interval through the person’s history of employment. It could be quarterly, six monthly, annually etc (Periodic Evaluation).

VII. TYPES OF PERFORMANCE APPRAISAL

There are varieties of performance evaluation types such as:

**Open Appraisal:** Open appraisal discloses the strengths and weakness of the employee being appraised. The employee’s achievements and shortcomings are discussed with him or her during the employee’s performance counseling interview. Under open appraisal, after comparing actual performance with standard, the next step is to converse periodically the appraisal outcomes with the employee. Under these conversations, good points, weak points and difficulties are indicated and discussed so that performance is improved. The information that the subordinate receives about this assessment has an immense impact on his/her self esteem and on his/her ensuing performance. Conveying good report is considerably less difficult for both the appraiser and the appraised than when performance leaves much to be desired. Open appraisal system would reveal and create self consciousness which is a process of given insight into one’s own performance. It helps the employee become more reflective and objective about him/herself and future planning, which establishes an action plan for the coming year in terms of fixing targets, activities and responsibilities.

**Confidential Appraisal:** Under confidential appraisal, the appraised worker is left out in the appraisal activities since the appraisal result is not transmitted to the appraised employee. According to Murthy (1989), in confidential or secret appraisal, the individual is not involved in the appraisal exercise as the appraisal outcome is not at all communicated to the person being appraised. Confidential appraisal leaves the appraised worker in doubt about his or her performance level and as such does not create room for future improvement in case he or she performed beneath expectation. Some managers may not want to give feedback of evaluation to their subordinates particularly when performance is poor for reasons such as creating disharmony in the work place, causing employee turnover, putting the employee under stress, and discouraging workers.

**Open-secret Appraisal:** This system can also be referred to as semi-open and semi-secret appraisal systems. This process involves making the appraisal procedure open at the commencement and later secret. Under this system, an employee is required to fill an assessment form and the superior or manager rates the employee and return his rating to the employee to append his signature and thereafter the employee appraised will not be given feedback about his final performance results.

VIII. PERFORMANCE APPRAISAL PROCESS

Performance appraisal is not a haphazard activities but rather a systematic process that involves defined steps that managers and evaluators are expected to adhere to so as to achieve the target of the assessment.

![Figure 1: Steps in performance appraisal](image)

Specific Performance appraisal objectives

- Set up job expectation
- Appraisal programme blueprint
- Appraisal performance
- Performance dialogue
- Exploit appraisal data for appropriate intent

Source; ASWA Tha ppa (2002:20020

Source: Design by the authors (2020)
Specific performance Appraisal objectives: The first step in performance appraisal is to make out the specific objective of the appraisal. An appraisal system probably cannot effectively serve every desired objective, thus managers should opt for the specific goals they judge to be most important and realistically viable. Objective of appraisal include affecting promotion and transfers, assessing training needs, awarding pay increase etc. The subsequent step after identification of specific objectives is establishment of job expectation; that is performance criteria and communicating them to employee.

Set up Job expectation: This include informing the employee of what is anticipated of him or her on the job. Usually, a conversation is held with his superior to examine the primary duties contained in the job description. Employees should not be expected to execute the job until they apprehend what the employers anticipate of them. Moreover, management must meticulously select performance criteria as it relates to attaining organizational goals. The most common criteria are trait, behaviour, competencies, goal achievement and improvement potential (Watson and Hill, 2009).

Appraisal Programme blueprint: Designing performance appraisal programme raises many questions which require responses. These interrogations include: should the appraisal be formal or informal? Whose performance is to be reviewed? Who are the raters? What challenges are encountered? How to solve the challenges? What should be reviewed? What method of review should be adopted? When will the review take place?

Appraise performance: After the work has been performed, the next thing is to appraise the performance. Numerous methods have been designed to evaluate the performance of employees. This method include rating scale, checklist, forced distribution, critical incident, behaviourally anchored rating scales, field review method etc

Performance dialogue: Performance interview or dialogue comes after appraisal. Immediately review has been carried out, the rater should discuss and assess the performance result with the assessed workers so that they will receive feedback about where they stand in their performance. Feedback is essential to cause enhancement in performance particularly when it is beneath expectation. Performance interview is aimed at: Changing the behaviour of employees whose performance does not measure with organizational expectation or their own personal target; keeping up the behaviour of employees who performed excellently; recognizing superior performance behaviour so that they will be continued. Management or raters offer feed back to employees through methods such as tell and sell, tell and listen, problem solving and mixed. Under tell and sell otherwise called directive interview, the interviewer allow the evaluated employees to know how well they have been doing and sells them on the merits of setting specific goals for improvement (DeNisi and Kluger, 2000). Problem solving or participative interview involves establishment of active and open discussion between the appraised and appraisers. During the talk or dialogue views are shared and solutions to challenges presented, talk about and resolved. In tell and listen method of feedback, the interview grants the worker the opportunity to participate and open conversation with the appraiser. The objective is to communicate to the worker appraised the rater’s views about his or her strength and weakness and allows the worker to respond to the rater’s views. Mixed interview system is an integration of tell and sell as well as problem solving interview

Exploit of Appraisal Data: The final step in appraisal process is the exploit of evaluation data by the human resource department for purposes such as developmental use, administrative use/decision, organizational maintenance/objectives, and documentation purpose (Grote, 2002).

IX. WHO ARE THE RATERS OR APPRAISERS

The human resource quarter in an enterprise is, often, responsible for coordinating the blueprint and implementation of performance assessment programmes. Nevertheless, it is crucial that line managers play vital role from the commencement to the end of the appraisal programme. These persons usually conduct the assessment and they must directly be involved in the programme if accomplishment is to be achieved. Raters can be any of the following:

Immediate controller: An employee direct supervisor has customarily been the most rational option for assessing performance. He is deemed most fit candidate to evaluate the performance of his or her subordinate. The controller is normally in a better situation to study the employee’s Job performance in his unit for he has the responsibility for managing a particular unit. When another person has the responsibility of appraising subordinates, the supervisor’s authority may be undermined. Moreover, training and development of subordinates is a central component in the job of managers. Since appraisal programme is linked to training and development, immediate supervisors/controllers may be the logical choice for evaluation.

Subordinate: Subordinates can evaluate the performance of their supervisors. The exploit of this choice may be crucial in evaluating an employee’s competence to communicate, delegate work, allot resources, circulate information, resolve intra-personal conflict and deal with employee on a fair basis. Assessment of managers by subordinate is both feasible and desirable. The subsidiaries are in better situation to judge their director’s administrative efficacy and competence. Proponents of this method suppose that the method causes superior’s to be alert to the work group’s requisite and do a better job of management. In higher institutions of learning, students may be asked to evaluate the performance of their instructors. The setback with this method is that the superior will be caught up in a recognition contest or that the employees will be afraid of reprisal. For this method to thrive there is call for for anonymity.
Peers and Team members: A major strength of utilizing peers to assess performance is that they work intimately with the evaluated worker and conceivably have genuine perception on typical performance, particularly team work. In fact, peers are in excellent position to assess certain facts of job performance which the higher authority or subordinate cannot do. Such facts include contribution to team projects, interpersonal relation, communication skills, trustworthy and innovativeness (Teny and Micheal, 1990). The hitch of peer system is that companionship or ill feeling may lead to phony evaluation. Moreover, when reward distribution is based on peer assessment, stern conflict among co-workers may crop up. Besides, the peers may decide to rate each other high. The rationales for evaluation conducted by team members include: team members are acquainted with each others’ performance better than anyone and can therefore evaluate performance more precisely; peer pressure is a potent motivator for team workers; members who recognize that peers within the team will be assessing their performance show enhanced commitment and productivity; peer review involves several opinions and is not dependent on single individual.

Customer / Client: Client may be used to rate employee performance. Client may be members within the agency who have direct link or interaction with the employee to be rated and utilize product and services the employee provides. Clients that are external to the organization can also be used in evaluation of worker or managers. The attributes for which clients can present ranking information include interest, courtesy, dependability and innovativeness. Because customers’ behaviour determines a firm’s degree of flourishing, such enterprises deem it important to get performance input from them. Organizations employ this method because it shows a commitment to the customers, hold workers responsible and promote change.

Personal Appraisal: This requires the employee himself or herself to assess his or her own performance. Many people know what they do well on the job and what they need to improve. Thus, if they have the opportunity, they will pass judgment on their performance objectively and take action to improve. Personal appraisal provides the employee with an instrument to keep the higher authority informed about everything the employee has done during the assessment period (Joan, 2000). In self appraisal, there is opportunity to participate in evaluation, particularly if it is combined with goal setting and this should improve the manager’s motivation. Self appraisal has great appeal to managers who are mainly concerned with employee participation and development. In fact, managers are less defensive in self evaluation than when superior inform them what they are. Self appraisal, therefore, is most appropriate where executive development is the primary aim of assessment since the system enables managers to evidently evaluate their areas of differences. The problem with personal appraisal is that the employee may tend to rate himself high even where he has low performance. Personal appraisals are more likely to be less viable, more subjective and less in accord with the verdict of others.

Committee Rating: Some organizations adopt rating committees to assess employees. The committee usually consists of the employee’s direct supervisor and three or four other higher authority that have contact with the employees. This method is valuable when an employee perform different task in diverse environment. For instance, one supervisor may work with the employee when technical aspect of the task is being executed while the other may handle the same employee in situations where communication skills are important. There are a lot of benefits in adopting multiple raters important. First, there could be objectivity in rating since more than one assessor is involved. Moreover, where there are differences in the rating, they usually come up from the fact that raters at different stage in organization often observe different aspect of a worker’s performance. The difficulty of committee rating is that it reduces the role of immediate supervisor in the field of training and development.

Benchmarking: This is a continuous process of evaluating products, services and practices against the recognized competitor with the aim of correcting performance gaps. By benchmarking, organization can find out better performance appraisal method and system and reframe their own system for enhanced utility and effectiveness. Benchmarking should be between organization with related goals and features in order to deliver similar products and services to customers.

X. PROBLEMS OF RATING IN PERFORMANCE APPRAISAL

Rating in performance appraisal encounters some challenges. Some of these problems include: Appraiser Discomfort: According to lawler (1994), there are considerable documentations that demonstrate that performance evaluation system neither motivate individuals nor effectively steer development. He maintains that performance appraisal creates conflict between supervisors and subordinates and lead to dysfunctional behaviours. If performance assessment system is not properly designed or not properly executed, employees will be afraid of appraisal and managers will despise giving them. Managers have displayed dislike attitude to the time, paperwork, difficult choice and discomfort that often accompanies the appraisal process. Going through the process affects manager’s high-priority work load and the experience may be distasteful when the employee appraised performed badly. Lack of objectivity: The possible weakness of traditional performance evaluation methods is that they lack objective assessment. In the rating scale method, commonly measured factors such as attitude, personality, and appearance are subjective factors that are difficult to measure. Besides, these factors may have little to do with the employee’s job performance. Central tendency: This is an error that occurs when employees are erroneously rated near the average or middle of the scale. The attitude of the evaluator is to play safe. This safe playing attitude arises from reservation and
appraisal apprehension express by evaluators. This practice may be encouraged by some rating scale systems that expect the evaluator to give explanation in writing for extremely high or extremely low ratings. With such system, the appraiser may shun probable disapproval or controversy by rotating around average score. Obviously, the evaluators use such expression such as satisfactory or average to depict the performance of the workers. This fault influences the accuracy of evaluation. When a manager awarded an under achiever or over achiever an average rating, it hinders the compensation system (Kratten maker, 2009).

Halo/Horn: A halo mistake occurs when an administrator generalize one positive performance characteristic or incident to all facet of employee’s performance, resulting in a higher rating while horn error is a mistake that crop up when the evaluator generalizes one negative performance characteristic or incident to all facets of employee performance, resulting in a lower rating. A halo fault takes place when one aspect of an employee performance affects the assessment of the entire performance of the person.

Personal Bias (Stereotyping): This occurs when raters let individual differences to have an effect on the rating they give. These include favouritism, stereotyping, and hostility. In this case, exceptionally high rating or low rating is given to only certain individuals or groups based on the appraiser’s attitude towards the individuals, not on concrete result or behaviour. Gender, race, age, and friendship are examples of personal bias error. In fact, culture bias and stereotyping have definite effect of performance appraisal (Pfeffer, 2009).

Employee Anxiety: The assessment process may cause apprehension for the worker. This may take the nature of discontent, apathy and turnover. In a worst-case scenario, the appraised worker may go for litigation base on factual or perceived injustice. Because opportunities for promotion, better work assignment and enhanced reward may depend on the performance result, it could cause fear and outright resistance by the employee.

Primary and Recency Effect: The appraisers’ ratings are considerably influenced by either the behaviour demonstrated by the appraised worker at the early stage of assessment period (primacy) or by the result or behaviour shown by the employee towards the end of the assessment period (recency) (John and Joyce, 1993). For instance, if a marketer in a bank attracted huge deposit from a customer, just before the end of the assessment, the timing of the event may influence his standing, albeit that his overall performance may not be encouraging. This is a kind of recent behaviour bias.

Status Effect: This refers to overrating of employees in higher-level jobs held in high regard and underrating employee in low-level job or jobs held in low esteem.

Perceptual set: This happens when the appraiser’s evaluation is influenced by previously held beliefs. For instance, if the rater believes that employees from certain parts are intelligent and hard working, his consequent grading of an employee from that section tends to be favourable high.

Spillover Effect: This refers to allowing past performance appraisal rating to unwarrantably affect current rating. Past rating of good or bad result in similar rating for the current period even though the exhibited behaviour does not deserve the good or bad rating.

Performance Dimension order: Two or more dimensions on a performance instrument follows or closely follow each other and both describe or rotate to a similar quality. The appraiser rates the first dimension accurately and then rates the second dimension similar to the first because of their proximity. If the dimensions had been arranged in a significantly different order, the rating might have been different (Aswarthappa, 2002).

Leniency/severity: leniency or severity on the part of the rater makes the evaluation subjective. Subjective evaluations destroy the key purpose of performance appraisal. In fact, some managers are too liberal with praise or too tough on a person. Leniency entails giving unmerited high rating to a worker. This is common when performance criteria are highly subjective and the appraiser is anticipated to review the evaluation result with employee. When managers are aware that they are assessing employees for administrative purpose such as pay increase or promotion, they may likely be more lenient than when evaluating performance to achieve development (Sumner, 2008). Nevertheless, leniency may lead to non recognition of correctable deficiencies of an employee. It may also cause the depletion of merit budget and decline the rewards available for superior employees. An organization faces difficult in terminating the appointment of an employee who performs poorly but has consistently received positive assessment.

On the other hands, undue disapproval of a workers performance is known as severity or strictness. Strict managers shortchange strong employees by rating them low and this may demoralize the workers.

XI. PERFORMANCE APPRAISAL METHODS: MERITS AND LIMITATIONS

Managers have multiplicity of appraisal methods to opt. The methods to be adopted by human resources managers hinge on the purpose of the appraisal. If the prime rationale is on selecting employees for promotion, training and merit pay increase, a traditional method such as rating scales may be apt. Nonetheless, collaborative methods including input from the employees themselves may be preferable for employee development. Below are some of the methods of appraisal adopted in organizations as well as the merits and drawback associated with them.

Rating scales: This technique is the simplest and most common technique for evaluating employee performance. The rating scales technique rates employees, according to defined factor. The typical rating scale system comprises several numerical scales, each representing a job-related performance criterion such as co-operation, dependability, initiative, output, attitude and attendance. Using this approach, evaluators record their judgment about performance on a scale which includes several categories; usually 5-7 in number, defined by adjective such as outstanding, meets expectation or needs improvement (Chandra, 2004). However, the scale may range from excellent to poor. The rater checks the appropriate
performance level on each criterion; then computes the worker’s total numerical score. The advantage of rating scales system lies on its adaptability, relatively easy use and low cost. Its drawbacks are rater’s bias which influences evaluation and numerical scoring which gives a false impression of accuracy.

**Checklist:** Under this system, a checklist of statements on the trait of the employee and his job is prepared in two columns containing Yes or No. what the evaluator is required to do is to tick Yes if the response to the statement is affirmative and No if it is negative. After the ticking, the assessor forwards the list to the human resources department for the actual evaluation of the employee. That is to say that what the appraiser does is the reporting while actual assessment is carried out by the human resources department. The human resources department assigns certain points to each Yes ticked and calculate the total score based on the number of Yes. The advantages of this method are economy, ease of administration, limited training of assessors and standardization. The disadvantages include rater’s bias, use of personality criteria instead of performance criteria, misrepresentation and improper weight.

**Forced Choice Method:** Under this method, the appraiser is provided with a series of statements about an employee. These statements are arranged in blocks of two or more and the appraiser indicates which statements that most or least described the employee being appraised. Common statements are:

1. Learn quick ------------------ work hard
2. Work is dependable---------- performance is a good example
3. Absent often---------------- others usually tardy.

Like on the checklist system, the appraiser is just expected to choose the statement that describes the appraised and forward to the human resources department for actual evaluation. This approach is called forced choice because the appraiser is bound to choose statement already made. Its good point is the absence of personal bias in rating while the demerit is that the statement may perhaps not be well prepared; they may possibly not be precisely descriptive of the appraised trait.

**Forced Distribution Method:** This method of performance evaluation expects the appraiser to assign individuals, in a work group, to a limited number of categories similar to a normal frequency distribution. The aim of this method is to keep the managers from being amazingly easygoing and having a disproportionate number of the workers in the superior category (Garcia, 2007). The forced distribution method intends to correct easygoingness fault by forcing the rater to share out the appraised workers on all points on the rating scale. The method works under the belief that worker’s performance levels conform to normal statistical distribution. The core demerit of this method is the conjecture that employee performance levels always agrees with normal distribution. In an organization with good performers, the use of this approach could be unrealistic as well as possibly destructive to the workers morale. The mistake of central tendency may as well arise because the evaluator withdraws from positioning an employee in the lowest or in the highest group. Challenges also arise for the appraiser to explicate to the appraised why he has been positioned in a particular group. One benefit of this approach is that it seeks to do away with leniency error.

**Performance Tests and Observation Method:** Employee’s evaluation may be based upon a test of knowledge or skill. The test may be of the paper and pencil type or a tangible exhibition of skills. The test must be consistent and validated to be purposeful. Performance test is suitable to evaluate potential more than concrete performance. In other for the test to be job interconnected, observation should be made under incident likely to be encountered. Practicality may suffer if outlay of test development or administration is towering.

**Critical Incident Method:** The critical incident method is a performance evaluation system that requires keeping written records of highly favourable and unfavorable employee’s work actions. The method focuses on certain critical behaviours of a worker that make all difference between effective and non effective performance of a job. Such incidents are recorded by the superior as and when they occur. In other words, when such a critical incident influences the organizational effectiveness, positively or negatively the superior or manager puts it down. At the end of the evaluation period, the appraiser uses the records together with other data to assess employee performance. One of the merits of this method is that assessment is based on tangible job behaviour. Besides, the method has description in support of particular rating of an employee. The method also reduces the recency prejudice, if the appraiser records incidents throughout the rating period. Furthermore, this approach can augment the chances that the workers will improve since they learn more accurately what is expected of them. The limitation of this method as identified by Elmer and Robert (1982) include: overtly close monitoring may result; incident recording is a task to the supervisor and may be put off and easily forgotten; negative incidents are generally more conspicuous than the negative ones; managers may unload a series of complaint about incident during an annual performance review session. The feedback may be too much at one time and therefore appear as a sanction to the appraiser. More appropriately, the management should utilize incidents of poor performance as opportunities for immediate counseling and training.

**Essay Method:** The essay approach to performance evaluation is the one in which the appraiser writes a brief narrative describing the worker’s performance. The appraiser has to express the worker within a number of categories such as; the training and development requisite; the overall thought of the worker’s performance; the job that the worker is currently proficient or qualified to execute; the strengths and weak point of the worker. This system of appraisal tends to focus on.
extreme behavior in the employee’s work rather than on normal day-to-day performance. Rating of this nature relies profoundly, on the appraiser’s writing competence. Managers or superiors with high-class writing skills, if so included; can make an insignificant worker sound like a top high flier. Regardless of the fact that this system can be used alone, it is most often found in combination of others. The essay process is time consuming because the appraiser has to assemble the indispensable information to develop the essay and he must write it. It also depends on the rater’s reminiscence power. A challenge with the method is that the appraiser may be scored on the quality of the evaluations that they give. The quality standard for the evaluation may be unduly influenced by appearance instead of content. Therefore, high quality evaluation may offer little vital information about the worker’s performance.

**Behaviorally Anchored Rating Scales:** This method is blend of the conventional rating scales and critical incident methods; an array of performance levels are shown along a scale with each described in terms of an employee’s specific job behaviour. Behaviorally anchored scales, sometimes referred to as behavioral expectation scales, are rating scales whose scale points are determined by statements of effective and ineffective behaviour. They are called behaviorally anchored because the scales represent a series of descriptive statement of behaviour that differ from the least to the most effective. This system is at variance with ration scale because as a substitute for using such expression as high, medium and low at each scale point, it uses behavioral anchored related criterion being evaluated. The appraiser has to designate which behaviour on each scale that best describes a worker’s performance. Wayne and Elias (1981) identify the attributes of behaviourally anchored rating scale (BARS) to include the followings: all aspects of performance to be assessed are based on evident behaviours and are of interest to the job under assessment since BARS are tailor-made for the job; areas of performance to be appraised are acknowledged and defined by the people who will exploit the scales; since the appraisers who will essentially exploit the scales are actively involved in the development process, they are more prone to be committed to the final product; the scales are anchored by description of concrete job behaviour that supervisors agree signify definite performance level. The result is a set of rating scales in which both dimensions and anchors are plainly defined. BARS were developed to afford end result which subordinates could utilize to enhance performance. The method helps to surmount rating errors and superiors would feel contented to communicate the end result to the appraised workers. Nonetheless, the method has problem of distortions which is instinctive in most ranking systems. The behaviours used are activity inclined instead of result leaning. The method may not be cost-effectively feasible given that each job grouping requires its own BARS.

**Management by Objective or Result-Based System:** It was Peter F. Drucker who first gave the concept of management by objective (MBO) to the world in 1954 in his book entitled the Practice of Management. Drucker conceived MBO as a management philosophy which values and utilizes employees’ contributions. Result-based management (MBO) system is a method in which the manager and subordinate jointly agree on objectives for the next appraisal period. MBO has four steps: the first is to establish the goals each employee is to attain; the second step is setting the performances standard for the employee in a previously arranged time period; the third step is comparing the definite level of goal attainment with the goal settled upon; finally the last step involves establishing new goals and possible new strategies for goals not previously achieved. MBO has been criticized as not being applicable to all jobs in all organizations for the reason that job with little or no elasticity like an assembly-line work is not attuned with MBO. It seems to be most useful with managerial personnel and employee who have a fairly wide range of elasticity and self control in their task (Mathias and Jackson, 1982).

**Field Review Method:** This is an evaluation by a person that is not from the appraised worker’s department. It is usually a person from the corporate office or the human resource department. The outsider reviews the worker’s records and holds interview with the worker and his superior. Field review process is mainly used for making pronouncement on promotion at the managerial level. It is also handy when analogous data is required from workers in different units or location. A disadvantage of this method is that the evaluator is usually not familiar with conditions in an employee’s work setting which may affect the employee’s aptitude or motivation to perform. Moreover, the assessor does not have the opportunity to observe employee behaviour of performance over a period of time and in a variety of situations but only artificially structured interview situation which extends over a very short period of time.

**Comparative Evaluation Method:** These are a collection of variety of methods that compare an employee work performance with his co-employees. Supervisors are usually responsible for comparative assessment, because these appraisals can result in a ranking from best to worst; it is useful in deciding merit pay increase, organizational reward and promotions. Ranking method and paired-comparison method are the usual comparative method used in comparative evaluation technique. Under ranking process, the superior ranks the subordinates in order of their merits starting from the best to the worst while in paired-comparison method the appraiser compares each employee with every employee, one at a time.

**Psychological Appraisals Method:** Large scale organization engages the service of psychologists. Evaluation of employees by psychologist is focused on individual’s future potential and not past performance. The evaluation usually comprises discussion with supervisors, psychological test, in-depth interview and a review of other evaluations. The psychologists put down in writing an assessment of the employee’s intellectual, motivational, emotional, and other related
attributes that point to individual potential and may forecast future performance. The appraisal by the psychologist may focus on a particular job opening for which the appraised person is being considered or it could be a general assessment of his future potential. Based on the assessment, placement and development decisions may be taken to shape the employee’s career. This approach is sluggish and expensive and consequently it is normally needed for intelligent young members whom, others suppose may have great potential with the organization. Some employees resist this style of appraisal principally, if cross-cultural differences exist, because the quality of the evaluation lies largely on the skill of the psychologists.

**Assessment Centre:** Assessment centres which are primarily employed for executive hiring are now being utilize for assessing executive or supervisory potential. Assessment centre is a central place where managers may assembly to have their participation in job-related activities assessed by trained observers over a phase of time, from one to three days, by observing and later assessing their behaviour across a series of selected activities or work samples. Evaluators are asked to participate in basket exercise, work groups, computer simulation, role playing and similar events which require the same attributes for successful performance as in the actual job (Aswathappa, 2002). The attributes measured in a typical assessment centre include mental vigilance, potency level, self-assurance, organizational and planning faculty, convincing ability, communication competence, concern for the sensitivity of others, management aptitude, innovativeness, opposition to stress, assertiveness, decision making and ingenuity. The hitch with this method is that it is expensive. The workers being assessed are not only away from job but also the organization disburses for their traveling and lodging. Moreover, the assessors are more often than not company managers who are assigned to assessment centre for short duration. These managers are often assisted by psychologists and human resource specialists who manage the centre and as well make assessment. Accordingly, this method is cost-effective only in large company. Moreover, assessment centre workers are often influenced by subjective elements, such as candidate’s personality. Evaluators tend to assess the quality of the employee’s social skills instead of the quality of decision the employee makes. The employee’s interpersonal skill seems to deeply affect the rating. Assessment centre approach also involves hazard which include examination taking syndrome and possible unfavourable impact on those not chosen to participate in the exercise. A poor report can have demoralizing effect on employee who was once a asset.

**360-Degree Feedback Method:** This is a popular performance evaluation technique that involves assessment input from multiple levels within the organization as well as external bodies. 360-degree appraisal technique is where multiple evaluators are involved in assessing performance. This method is viewed as systematic collection of performance data on an individual or group, obtained from a number of stakeholders: the immediate supervisors, team members, customers, peers and self (Galkigher, 2008; Ward, 1999).

Unlike traditional approaches, 360 degree feedback focuses on skills need across organizational boundaries. It provides a wider perspective about a worker’s performance and as well facilitates greater self development of the employees. By entrusting the duty of assessment on more than one person, man’s common assessment errors can be eliminated or reduced. The method provides more objective measure of an individual’s performance. It enables an employee to compare his perception about self with perception of others. 360 degree appraisal affords formalized communication channel between a worker and his customers. It makes the worker feel much accountable to his internal or external customers. The process is useful in evaluating soft skills of employees. It identifies and measure effectively interpersonal skills, customers’ satisfaction and team-building skills (Gharpade, 2000).

Nevertheless, 360-degree appraisal process has some challenges. Getting feedback on performance from varieties of sources can be nerve-racking. It is important that the firm create a non-threatening environment by underscoring the positive effect of the method on an employee’s performance and development. Gochman, Ilene, the Director of Watson Wyatt’s organization effectiveness practice has stated that the use of the 360 degree method is actually negatively correlated with financial result (Kiger, 2006). Besides, organizations that employ these methods take a long period of time on selecting appraisers, framing questionnaires, and analyzing data. Appraisers can have enormous challenges of separating honest observation from personal differences and biases (DeN isi and Kluger, 2000).

**Cost accounting Method:** Cost accounting method of appraisal assesses performance of workers from the monetary returns the worker attracted to the organization. There is an established association between the cost of maintaining the work and the benefit the organization get from the worker. Thus, the employee performance is assessed based on the instituted association between cost and benefit.

**XII. JUSTIFICATIONS FOR EMPLOYEES’ PERFORMANCE APPRAISAL IN ORGANIZATIONS**

The necessity of employees’ performance appraisal in organizations cannot be over emphasized. For many organizations, the prime goal of performance appraisal system is to improve individual and organizational performance.
Aswithappa (2002), however, categorized the usefulness of performance appraisal into four objectives: development uses; administrative uses/decision; organizational maintenance and development purpose. Obisi (2011) has argued that organizational performance and its resultant efficiency and effectiveness can only be realized when employees are continuously appraised. In fact, performance appraisal data are imperative in organizations because of their expediency for virtually every human resources functional area as discussed below:

**Human Resource Planning:** Performance appraisal provides an organization with relevant data needed in human resource planning. Effective planning of manpower resources is central and vital to organizational effectiveness. As part of organizational planning which embraces the present and future human resources needs and even the organizational structure, human resource planning utilizes data generated through performance appraisal (Obi, 2002). In evaluating an organization’s manpower resources data, must be available to identify those who have the potential to be promoted or for any area of internal employee relation. Through performance evaluation it may be found out that there is insufficient number of employees who are ready to enter management. Consequently, adequate plan can then be made for greater emphasis on management development. Succession planning is a key concern of all firms which rely considerably on appraisal facts. A well designed evaluation system provides a profile of the organization’s manpower resources strengths and weakness to support succession planning efforts. Performance appraisal gives firms the tools they need to make sure they have the intellectual manpower requires for future (Grote, 2002)

**Training and Development:** An appropriate system of performance evaluation helps the management to devise training and development programmes as well as to identify the area of skill or knowledge in which many employees are not at par with the job requirement. Performance appraisal points out an employee’s specific needs for training and development. In other words, performance evaluation points out the general training deficiencies which may be corrected through supplementary training, interviews, discussions or counseling. For illustration, if an organization discovers that a number of first-line supervisors are having challenges in administering penal action, training sessions addressing this problem may be appropriate. Through the identification of deficiencies that critically affect performance, training and development can be designed in a way to allow individuals to build on their strengths and minimize their deficiencies. In actuality, performance appraisal helps in spotting the potentials to train and develop them to create an inventory of executives. Although, appraisal system does not guarantee properly trained and developed employees, determining training and development needs is more clear-cut when appraisal data are utilized. By reviewing information generated through performance evaluation, training and development professionals can make sound decisions about where the organization should concentrate the organization-wide training effort.

**Assessment of Employee Potential:** In some organizations, performance appraisal is a necessary instrument for assessing a worker’s prospective. In other words, some organizations attempt to evaluate workers’ prospective as they evaluate their job performance. Nevertheless, it is pertinent to state that while past behaviour of an employee may be good predictor of future behaviour in some jobs, a worker’s past performance may not properly indicate future performance in other jobs. The best marketer in a firm may not have the crucial skill to become a successful district marketing manager, where the tasks are unmistakably poles apart.

**Recruitment and Selection:** Performance assessment rating is helpful in forecasting the performance of job applicants. For instance, it may be discovered that an organization’s successful workers, identified via performance evaluation, demonstrate certain behaviour when executing key tasks. The information gathered may serve as benchmarks for assessing applicants response acquired through behavioral interview. Moreover, in validating selection tests, workers rating could be employed as the variable against which test scores are compared. In this case, determination of the validity of selection test would hinges on the accuracy of appraisal out comes. Performance appraisal certify hiring decisions because it is only when new employees are appraised that the company can determine if it hired the right people.

**Compensation programmes:** Performance appraisal outcomes form a basis for rational decision regarding pay modification. Most managers are of the belief that exceptional job performance should be rewarded with substantial pay increase. Rewarding behaviour obligatory for attaining organizational objective is a key factor in organization’s strategic plan. To motivate good performance, an organization has to design and execute a reliable performance evaluation system and then recompense the most productive and precious employees and groups accordingly.

**Career Planning and Development:** Career planning is a continuous process whereby an individual sets career goal, and identifies the means of achieving them. On the other hand, career development is a formal approach used by the organization to ensure that workers with the required qualification, skills and experiences are available when required. Performance appraisal data is important in evaluating a worker’s strengths and weakness and in finding out the worker’s prospective. Managers could use such data to advise subordinate and assist them in development and implementation of their career plan. Because it is not everyone that meets the organization’s standard, performance appraisals compel managers to counsel those whose performance is beneath the organization’s expectation. Performance appraisal encourages managers to instruct and mentor workers. It identifies areas where coaching is
obligatory and encourages managers to take a vigorous coaching role.

**Internal Employee Relations:** Performance evaluation data are considered basic for making verdict in different areas of internal employee relations such as demotion, promotion, termination, layoff and transfer. Performance appraisal facilitate promotion resolution by making it easier for the company to take sound judgment about ensuring that the most essential positions are filled by the most proficient persons . Moreover, when economic situations compels an organization to layoff or down size, performance assessment information helps the organization to guarantee that most able and talented persons are retained and that only the organization’s poor performing workers are sacked. When performance level is unacceptable, demotion or even disengagement may be appropriate.

**Providing Feedback:** Providing feedback to appraised workers is the most general rationalization why an organization institutes a performance evaluation mechanism. Through performance appraisal process, the employees make out how exactly well they have performed in their tasks and as well utilize the data to enhance their performance in the future. In this way, performance evaluation serves another imperative purpose by ensuring that the managers or superiors expectations are distinctly communicated. The feedback mechanism in performance appraisal process encourages performance improvement because it points out areas where employees need to improve their performance.

**Motivating Superior Performance:** This is another critical raison d'être for performance appraisal in organizations. Performance evaluation motivates employees to give superior performance in diverse aspects. It helps them to recognize what the organization views as being superior performance. Thus, since most employees want to be treasured as superior performers, a performance evaluation mechanism offers them with a means to manifest that they are really superior performers. In other way round, performance evaluation encourages workers to avoid being identified or stigmatized as inferior performance.

**Legal Defence for Human Resource Decision:** Virtually every personnel resolution such as termination, denial of promotion, demotion, suspension, and transfer can be subject for litigation. In the event of lawsuit on any of the matter, the organization has to corroborate that its verdict was not prejudice. A good record of performance evaluations considerably facilitates legal defence when a protest about bigotry is made against an organization (Martin, Bartol and Kehoe, 2000).

**Setting and Measuring Goals:** Consistently, goal setting has been shown as a management process that engenders superior performance. The performance appraisal process is an essential strategy for ensuring that every employee of the organization sets and attains effective goal.

**Improving Overall Organizational Performance:** The most essential intention for an organization to have performance appraisal system is to enhance overall organization performance. A performance evaluation process permits the organizations to communicate performance expectations to every worker and evaluate exactly how well each worker is performing. When every worker has a distinctive knowledge of the expectations from the organization and knows clearly his performance level, it will result in general improvement in the success of the organization.

**XIII. RECOMMENDATIONS**

In view of the imperatives of performance appraisal in virtually every facet of human resources functions, the study suggests that human resource managers and other stakeholders in organizations should periodically evaluate the performance of employees in order to promote efficiency and effectiveness. The 360-degree feedback evaluation method, management by objective method, critical incident method, Behaviorally Anchored Rating Scale method and other evaluation mechanisms that contribute to overall improvement of individual and organizational performance should be adopted. The performance appraisal system should be designed in a manner that reorganizes and reflects mutual trust, clear objectives, standardization, training, job relatedness, feedback and participation, strengths and weaknesses of employee as well as individual differences.

**XIV. CONCLUSION**

The necessity for a well designed and executed performance appraisal programme in organizations cannot be overstated. Performance appraisal does not only enhance individual and organizational performance but also play key role in human resource planning; recruitment and selection; training and development; career planning and development; compensation programmes; internal employee relation and assessment of employee potential. Indeed, performance appraisal is an invaluable organizational practice that should objectively be encouraged in any organization for the benefit of the employees, organization and society.

**REFERENCES**


