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## **PERFORMANCE APPRAISAL AND ITS EFFECT ON EMPLOYEE'S JOB PERFORMANCE IN EDO STATE INTERNAL REVENUE SERVICE, BENIN CITY, NIGERIA**

### **OCENA WYDAJNOŚCI I JEJ WPŁYW NA WYNIKI PRACY PRACOWNIKA URZĘDU SKARBOWEGO STANU EDO W MIEŚCIE BENIN W NIGERII**

#### **Abstract**

*As the assessment of an employee's job performance, performance appraisal help employees improve their performance, pay and chances for promotion; foster communication between managers and employees and increase the employees' and the organization's effectiveness. Done poorly, it actually can have a negative effect-it can cause resentment, reduce motivation, diminish performance and even expose an organization to legal action. It is against this backdrop that this study analyzes the effect of performance appraisal on employee's job performance in Edo State Internal Revenue service, Benin City, Nigeria using survey research method. Non-probabilistic sampling techniques comprising of purposeful and convenience techniques were used to elicit information via questionnaire from 150 respondents Data collected were analyzed using descriptive statistics and regression analysis. The findings of the study showed that performance appraisal (management by objectives, performance feedback and 360-degree appraisal) positively and significantly influence employee's job performance in Edo State Internal Revenue Service, Benin City, Nigeria. Requisite conclusion and recommendations were provided in the light of theoretical and empirical findings.*

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**Keywords:** Job performance, performance appraisal, management by objectives, feedback, 360-degree appraised

### Streszczenie

Podczas oceny wydajności pracy pracownika ocena wydajności pomaga pracownikom poprawić wydajność, wynagrodzenie i szanse na awans; polepszyć komunikację między menedżerami a pracownikami oraz zwiększyć efektywność pracowników i organizacji. Źle przeprowadzona ocena może mieć negatywny efekt, może wywołać poczucie obrazy, zmniejszać motywację, wydajność i nawet narażać organizację na postępowanie prawne. Na tym tle niniejsze badanie analizuje wpływ oceny wydajności na wydajność pracy pracownika Urzędu Skarbowego Stanu Edo w mieście Benin w Nigerii za pomocą metody badania ankietowego. Został zastosowany nielosowy dobór próby, czyli celowy i wygodny. Było uzyskano odpowiedzi od 150 respondentów. Zebrane dane zostały przeanalizowane za pomocą statystyki opisowej oraz regresji. Wyniki badania wskazały, że ocena wydajności (zarządzanie przez cele, ocena zwrotna i ocena metodą 360 stopni) pozytywnie i istotnie wpływa na wydajność pracy zatrudnionego pracownika w Urzędzie Skarbowym Stanu Edo w mieście Benin w Nigerii. W świetle ustaleń teoretycznych i empirycznych zostały przedstawione odpowiednie wnioski i zalecenia.

**Słowa kluczowe:** Wydajność pracy, ocena wydajności, zarządzanie przez cele, informacja zwrotna, ocena metodą 360 stopni

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### Statement of the problem in general outlook and its connection with important scientific and practical tasks.

Performance appraisal is “an evaluation done on an employee’s job performance over a specific period of time” (Obi, 2016, 3). If it is well conducted, it can help employees improve their performance, pay and chances for promotion, foster communication between managers and employees and increase the employees’ and the organization’s effectiveness. Done poorly, it actually can have a negative effect-it can cause resentment, reduce motivation, diminish performance and even expose the organization to legal action. Performance appraisal has two basic purposes. First, appraisal serves an administrative purpose. It provides managers with the information they need to make salary, promotion and dismissal decisions; helps employees understand and accept the basis of those decisions and, if necessary, provides documentation that can justify those decisions in court. Second, appraisal serves a developmental purpose. The information gathered in the appraisal can be used to identify and plan the additional training, learning, experience, or other improvement that employees requires. In addition, the manager’s feedback and coaching based on the appraisal help employees improve their day-to-day performance

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and can help prepare them for greater responsibilities in the future (Bateman & Snell, 2011).

According to Onyije (2015:66), performance appraisal “provides a rational, medium or instrument for measuring individual worker contribution to corporate goals achievement and success. It is a complex management function which demand for extra-maturity, fairness and objectivity in assessing individual worker’s job performance based on explicit job related criteria”. Performance appraisal has increasingly become part of a more strategic approach to integrating human resources activities and business policies which can be seen as a generic term covering a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards (Fletcher, 2001). In contemporary business environment with keen competition among firms and economic downturn, many organizations use performance appraisal to scale down the size of the workforce in order to retain only employees that are more productive. However, there are some problems or disadvantages inherent in performance appraisal which includes strictness and leniency, halo effect, central tendency and recency, contrast effect, personal bias, unreliable reward systems and lack of effective metrics.

In today’s competitive business environment, individual job performance plays a major role in achieving overall organizational performance. It is the most significant dependent variable in the organization context and the most important concept in industrial organizational psychology (Luthans, 2013). According to Campbell, McHenry and Wise (1990), job performance is the behaviour of employees that is relevant to the goals of the organization. Since effective realization of organizational goals and achieving performance are major concerns of any organization, proper understanding on how to improve and promote job performance becomes vital for any manager. Therefore, to survive and wax stronger in this global competition, employees have to be motivated through effective performance appraisal system (Kumbhar, 2011; Mwema & Gachunja, 2014). Commenting on how to be good at performance appraisals, Grote (2011) affirms that an organization without a suitable and consistent performance appraisal will experience failure and poor performance of its employees.

### **Analysis of latest research where the solution of the problem was initiated. Employee’s Job Performance (EJP)**

Individual performance has become a topical issue in today’s business environment, so much that organizations go to great lengths to appraise and manage it. Performance reflects the organization’s ability to achieve its goals through positive contribution from organizational members. Performance according to Guest (1997), is a combination of resources and capabilities of the organization that are being used efficiently and effectively in order to achieve its objectives. Murphy (1989) affirms that performance definitions should focus on behaviour rather than outcomes, because if the managers or supervisors focus only on the employees’ outcomes, employees will find the easiest way to achieve the outcomes without considering other important behaviour. Reasoning along similar line, Campbell, McCloy, Oppler and Sager (1993) posit that performance consists of the behaviours that employees actually engage in, which can be observe. Motowidelo, Borman and Schmit (1997) in their contribution defined job performance as behaviours or

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activities which are oriented towards the organization's goals and objectives. They described it as behaviours with an evaluative aspect. Similarly, Campbell, McHenry and Wise (1990) advanced job performance as the observable behaviours that people display in the course of carrying out their jobs, which are relevant to the goals of the organization. According to Borman, Ackerman and Kubisiak (1995), Job performance is the most extensively researched criterion variable in organizational behaviour and the human resource management literature. Usually, job performance is evaluated in terms of the proficiency with which an individual carries out the tasks that are specified in their job description (Sampath-kappagoda, Othman & De-Alwis, 2014). In other words, performance has been conceptualized in terms of the execution and completion of well-defined task. In addition, Borman and Motowidlo (1993) described job performance as a multidimensional construct consisting of task performance and contextual performance.


Task performance, often production or deadline driven and sometimes referred to as 'in-role', was described as the behaviour that is directly linked with job completion. Behaviour is usually recognized as a formal requirement of an individual's job. Borman et al. (1995) identified three dimensions of task performance which include (1) Task Proficiency- This involves demonstration of work expertise, display of work accuracy, paying attention to details, minimizing mistakes and providing high quality service, (2) Efficiency –This involves the capacity to operate in a cost effective manner, effective management of resources and time, accomplishing targets under any condition, and (3) Problem Solving- This has to do with the ability to take good decisions in the face of problems, possessing analytical and problem solving skills. Also, contextual performance refers to an individual's performance that maintains and enhances an organization's social network and the psychological climate that supports technical tasks. Sometimes considered discretionary and often termed 'extra-role', this dimension of performance entails interpersonal behaviours and actions that benefit the organization (Borman et al., 1995). Example of contextual performance including helping and collaborating with others, persevering with extra efforts, volunteering to accomplish task activities, assisting and defending organizational goals and following organizational rules and procedures even when it is personally inconvenient, assisting and cooperating with co-workers and other discretionary behaviours. Therefore, in-role performance is the behaviour that is directly correlated with the job task or requirements while extra-role performance is the behaviour that is not directly correlated with the job task or requirements, but correlated with the organizational outcomes.

### **Aims of paper. Methods**

Modern organizations are taking more and more interest in determining the quality and level of performance of their employees. Assessing the present performance of the workforce helps an organization to prepare the ground for future training and development of the workforce. However, performance appraisal systems tend to have several problems. Raters evaluations are often subjectively biased by their cognitive and motivational states (DeNisi & Kluger 2000), and supervisors or managers often apply different standards (Martin & Bartol, 1998). Others like Obisi (2011); Asumu (2013); Obi (2016) also observe that performance appraisal is viewed and conducted solely in terms of its evaluative aspect thereby over looking its use for facilitating growth and development in workers

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through training, coaching, counseling and feedback of appraisal information. The inability of many organizations to install an effective performance appraisal strategy has hindered them from achieving competitive advantage. Organizational performance and its resultant efficiency and effectiveness can only be achieved when individuals are continuously appraised and evaluated. In Nigeria, appraisal processes are not systematic and regular and often characterized by personal influences occasioned by organizations pre-occupation to use confidential appraisal system which hinders objective and fairness. In order to create better systems, researchers have traditionally focused on validity and reliability (Bretz, Milkovich & Read, (1992; Thomas & Bretz, 1994; Bohlander & Snell, 2007; Bateman & Snell, 2011) by designing newer forms of performance appraisals (e.g., Behavioural-based systems that better defines specific essential job functions of employees or 360-degree feedback mechanisms that allow for cross-validation via multiple raters). In Nigeria, Some researchers have found direct relationship between performance appraisal and employee productivity (Onyije, 2015; Obi, 2016). Also, direct relationship between performance appraisal and employee performance have been empirically established (Asumu, 2013); Kolawole, Komolafe, Adebayo & Adegoroye, 2013; Sajuyigbe, 2017). In reviewing the literature, there were no studies on the direct impact of performance appraisal (Management by objectives, performance feedback and 360-degree appraisal) on employee's job performance. This study therefore seeks to fill this knowledge gap by examining the effect of management by objective, performance feedback and 360-degree appraisal on employee's job performance in Edo State Internal Revenue Service, Benin City, Nigeria.

A descriptive method was adopted and data was collected via a survey of 150 respondents in Edo State Internal Revenue Service, Benin City using non-probabilistic sampling techniques comprising of purposeful and convenience techniques. The research instrument for the study was a structured questionnaire. This was a modified form of the instrument used by Ray (1984): Asamu (2013); Kolawale et al. (2013) Bekele et al. (2014) and Sajuyigbe (2017). This was necessary to better address the new respondents in a different state/environment. Out of the 150 copies of questionnaire administered, 126 were retrieved and analyzed, giving us a response rate of 84%. Out of the 126 respondents, 71 were female and 55 were male employees.

### **Models Specification**

Given that this study has three independent variables, we formulate three models as specified below:

#### **Model One**

The first model has the following mathematical functions:

$$EJP = f(\text{MBO})$$

Econometrically, the model was specified as:

$$EJP = \alpha_0 + \alpha_1 \text{MBO} + \epsilon_t$$

#### **Model Two**

The second model has the following mathematical functions:

$$EJP = f(\text{PFB})$$


Econometrically, the model was specified as:

$$EJP = \beta_0 + \beta_1 \text{PFB} + \epsilon_t$$

#### **Model Three**

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The third model has the following mathematical functions:

$$EJP = f(360-DA)$$

Econometrically, the model was specified as

$$EJP = \beta_0 + \beta_1 360-DA + \epsilon_t$$

Where

EJP = Employee's job performance

MBO = Management by Objective

PFB = Performance feedback

360-DA = 360-degree appraisal

$\beta_0$  = Intercept

$\beta_1 < 0$  = Coefficients and a priori signs of the independent variables.

$\epsilon_t$  = Error term

From the above, the a priori expectations of the parameters of model one, two and three will be:

Model one:  $\beta_1 < 0$

Model two:  $\beta_1 < 0$

Model three:  $\beta_1 < 0$

### Methods of Data Analysis

Data collected were analyzed using descriptive statistics and regression analysis specifically regression analysis was used to test the model/hypotheses for the study with the aid of Statistical Package for Social Science (SPSS) version 21. A pilot study to determine the level of reliability was carried out on 50 staff that was part of the study within a time interval of three weeks. Cronbach Alpha method was used to establish the interval consistency of the instrument as shown in the table below.

**Table 1. Reliability Statistics of Variables.**

Scale	No. of items	Cronbach's Alpha
Employee's job performance	12	0.79
Management by objective	6	0.86
Performance feedback	6	0.80
360-degree appraisal	4	0.89

Source: Researchers' fieldwork, 2019

The results yield a coefficient of 0.79, 0.86, 0.80 and 0.89, which satisfied the general recommended level of 0.70 for the research indicators (Cronbach, 1951). Also, the questionnaire was validated by experts in management sciences. Hence, researchers' satisfied both reliability and validity of the instrument.

### Objectives of the Study

This study examines the effect of performance appraisal on employee's job performance in Edo State Internal Revenue Service, Benin City, Nigeria. Specifically, this study seeks to:

- i. Evaluate the effect of management by objectives on employee's job performance in Edo State internal revenue service, Benin City, Nigeria

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- ii. Assess the effect of performance feedback on employee's job performance in Edo State internal revenue service, Benin City, Nigeria
- iii. Examine the effect of 360-degree appraisal on employee's job performance in Edo State internal revenue service, Benin City, Nigeria

### **Hypotheses of the Study**

The following null hypotheses are formulated for testing:

- i. H1: Management by objectives does not have a significant effect on employee's job performance in Edo State internal revenue service, Benin City, Nigeria
- ii. H2: Performance feedback does not have a significant effect on employee's job performance in Edo State internal revenue service, Benin City, Nigeria
- iii. H3: 360-degree appraisal does not have a significant effect on employee's job performance in Edo State internal revenue service, Benin City, Nigeria

### **Exposition of main material of research with complete substantiation of obtained scientific results. Discussion**


#### **Performance Appraisal (PA)**

Performance appraisal is a key in human resource management function which is viewed as a subset of performance management (Asamu, 2013). Of all the activities in human resources management, performance appraisal is arguably the most contentious and most popular among those who are involved. Line managers do not seem happy doing it, employees see no point in it, and human resource managers, as guardians of an organization's appraisal policy and procedures often have to stand by and watch their work fall into disrepute. However, since improved performance is a basic criterion for individual and organizational growth, employee's job performance and progress need to be evaluated against established goals on specific set of expected behaviours. By appraising individual's performance, areas of relative strengths could be identified and reinforced, while areas of weakness or shortcomings can be communicated to the employees, and thus be encouraged to redirect their work habits. It has therefore become an accepted part of management orthodoxy, that there should be some means by which performance can be measured, monitored and controlled.

Performance appraisal which can be either formal or informal can be viewed as a systematic process, through which an individual employee's behaviour is evaluated and measured. The major aim of appraising and measuring an employee's behaviour is to judge the relative worth or ability of the employee in performing a given task or responsibility. Such appraisal, if well conducted, enables management to obtain feedback information about the effectiveness of organizational process, including the performance of employee (Roy, 1984). According to Shehu, 2008 cited in Onyije (2015), performance appraisal is an essential instrument of human resource management designed to identify an individual employee's current level of job performance, identify employee strengths and weaknesses, enable employees improve their performance, provide a basis for rewarding or penalizing employee in relation to the contribution or lack of adequate contribution to corporate goals, motivate higher performance, identify training and development needs, identify potential performance, provide information for succession planning, validate selection process and training, encourage supervisory understanding of the subordinates. In

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the view of DeNisi and Pritchard, 2006 cited in Sajuyigbe (2017), performance appraisal is a diagnostic tool for evaluating employee performance against set objectives with a view to identifying their potentials for improvement and development.

According to Bohlander and Snell (2007), performance appraisal is a process, typically performed annually by a supervisor for subordinate, designed to help employees understand their roles, objectives, expectations and performance success. Bateman and Snell (2011) see performance appraisal as the assessment of an employee's job performance. Similarly, Muo (2007); Muhammad and Suraya (2013); Bekele, Shigutu and Tensay (2014); Obi (2016) assert that performance appraisal entails the systematic, organized and formalized process of evaluating individual employee's job related strengths and weaknesses with a view to providing feedback on which performance adjustment can be made. Jain and Garg (2013) add that performance appraisal systems helps the organization to accomplish their mission and vision by judging effectiveness of the employees, that is, recruitment, selection, training and development. Therefore, performance appraisal in the context of this study is a systematic method of obtaining, analyzing and recording information about an employee. This is because every organization need feedback information for monitoring and reviewing performance, so as to allow for appropriate adjustments to be made with respect to: (i) assisting management to manage efficiently (ii) assisting the individual employee to know how well he is doing and plan his future (iii) providing employer with a rationale for making and adjusting any human resource (HR) decisions. Performance appraisals can assess three basic categories of employee performance: traits, behaviours and results. Trait appraisals involve subjective judgements about employee characteristics related to performance. Trait approaches to performance appraisal are designed to measure the extent to which an employee possesses certain characteristics such as dependability, creativity, initiative, attitude and leadership that are viewed as important for the job and the organization in general. The fact that trait methods are the most popular is due to a large part to the ease with which they are developed. However, if not designed carefully on the basis of job analysis, trait appraisals can be notoriously biased and subjective. For example, if the measured trait is 'attitude', the employee might be rated anywhere from 1 (very negative attitude) to 5 (very positive attitude). Trait scales are quite common, because they are simple to use and provide a standard measure for all employees (Obi, 2016). But they are often not valid as performance measures because they tend to be ambiguous as well as highly subjective. They often lead to personal bias and may not be suitable for providing useful feedback (Bateman & Snell, 2011). Behavioural appraisal, while still subjective focuses more on observable aspect of performance. They were developed in response to the problems of trait appraisals that tend to be vague and subjective. These scales focus on specific, prescribed behaviours that can help ensure that all parties understand what the ratings are really measuring (Bateman & Snell, 2011). Behavioural methods have been developed to specifically describe which actions should (or should not) be exhibited on the job. They are frequently more useful; for providing employees with developmental feedback (Bohlander & Snell, 2007). Results appraisal tend to be more objective and can focus on production data such as sales volume, units produced or profit. Rather than looking at the traits of employees or the behaviours they exhibit on the job, many organizations evaluate employee accomplishments- the results they achieve through their work. Advocates of results appraisals argue that they are more

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objective and empowering for employees (Bohlander & Snell, 2007). Furthermore, results appraisals often give employees responsibility for their outcomes, while giving them discretion over the methods they use to accomplish them. This is empowerment in action. The summary of various appraisal methods are shown below in table 2.

**Table 2. Summary of Various Appraisal Methods.**

	<b>Advantage</b>	<b>Disadvantage</b>
Trait methods	<ol style="list-style-type: none"> <li>1. Are inexpensive to develop</li> <li>2. Use meaningful dimensions</li> <li>3. Are easy to use</li> </ol>	<ol style="list-style-type: none"> <li>1. Have high potential for rating errors</li> <li>2. Are not useful for employee counseling</li> <li>3. Are not useful for allocating rewards</li> <li>4. Are not useful for promotion decisions</li> </ol>
Behavioural methods	<ol style="list-style-type: none"> <li>1. Use specific performance dimensions</li> <li>2. Are acceptable to employees and superiors</li> <li>3. Are useful for providing feedback</li> <li>4. Are fair for reward and promotion decisions</li> </ol>	<ol style="list-style-type: none"> <li>1. Can be time-consuming to develop/use</li> <li>2. CAN be costly to develop</li> <li>3. Have some potential of rating error</li> </ol>
Results methods	<ol style="list-style-type: none"> <li>1. Have less subjectivity bias</li> <li>2. Are acceptable to employees and superiors</li> <li>3. Link individual performance to organizational performance</li> <li>4. Encourage mutual goal setting</li> <li>5. Are good for reward and promotion decisions</li> </ol>	<ol style="list-style-type: none"> <li>1. Are time-consuming to develop/use</li> <li>2. May encourage a short-term perspective</li> <li>3. May use contaminated criteria</li> </ol> <p>May use deficient criteria</p>

Source: adapted from George Bohlander and Scott Snell, managing human resources, 14<sup>th</sup> ed. copyright © 2007. South-Western Cengage Learning.

Methods that attempts to overcome some of the limitations of results appraisals are management by objectives (MBO), performance feedback (PF) and 360-degree appraisal (360DA). Therefore, an attempt to analyze the effects of these methods on employee’s job performance in Edo State internal revenue service is what this study has set out to achieve.

**Purposes of Performance Appraisal**

There are several reasons why appraisals are carried out in organizations. In general, these can be classified as either developmental or administrative purposes. The table below shows the most common uses of performance appraisals.

**Table 3. Purposes of Performance Appraisal.**

<b>S/N</b>	<b>Developmental</b>	<b>Administrative</b>
1	Provide performance feedback	Effective motivation of employees
2	Identify individual strengths/weaknesses	Identify poor performance
3	Identify potential performance	Decide retention or termination
4	Assist in goal identification	Decide on layoffs
5	Evaluate goal achievement	Document HR decisions
6	Identify training and development needs	

7	Reinforce authority structure	Determine transfers and assignments
8	Allow employees to discuss concerns	Validate selection criteria
9	Provide information for succession planning	Meet legal requirements
10	Improve communication	Evaluate training programmes/progress
11	Provide a forum for leaders to help	Make reward/compensation decisions
12	Identify an individual's current level of job performance	Auditing
13	Provide information for HR planning	Determine promotion, discipline and dismissal of staff
14	Identify areas of growth	Checking the effectiveness of HRM practices/procedures

Source: adapted from George Bohlander and Scott Snell, *Managing Human Resources*, 14<sup>th</sup> ed. Copyright © 2007. South-Western Cengage Learning.

The most likely reason for the adopted of staff appraisal is to draw attention to present performance in order to (i) reward people fairly and (ii) to identify those with potential for promotion and transfer.


### **Problems of Performance Appraisal**

There are many problems to the success of formal performance appraisal system. Performance appraisal which is the formal assessment and rating of individuals by their managers at or after a review meeting has been discredited because too often it has been operated as a top down and largely bureaucratic system owned by the HR department rather than by line managers. As Armstrong and Murlis (1998) asserted, performance appraisal too often degenerated into 'a dishonest annual ritual'. Performance appraisals are intended to evaluate performance and identify potential performance. But they may not be valid indicators of what they are intended to assess because of a variety of limitations on their use. Psychometric errors are the main reasons why performance appraisals are done ineffectively within corporations (Roy, 1984; Appelbaum, Roy & Gilliland, 2011; Obi, 2016). These errors include the halo effects, recency effect, central tendency, leniency and strictness error, and ratter bias.

1. **The Halo Effect** - This is rating a person high or low on all items because of a specific characteristic. IT involves a tendency to generalize from a predetermined overall impression for the appraisal of specific trait or characteristic. The problem created by a halo effect is that it makes it impossible to identify the areas of strength of employees who are generally weak and conversely, the areas of weakness which need development for employees who are generally strong (Cooper, 1998).
2. **Recency Effect** - This occurs when a ratter gives greater weight to recent events when appraising individuals. Giving an employee a high rating even though he made a quota only in the last two weeks of the rating period (Roy, 1984). Ideally, rating of employee performance should be based upon systematic observations of an employee's job performance over the entire rating period usually a year. Unfortunately, it is often the case that a superior rating a subordinate is strongly influenced by the most recent events and observations of the subordinate's performance (Obi, 2016).

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3. Central Tendency - This involves rating all employees in a narrow 'safe' band in the middle of the rating scale (i.e. around the midpoint). Feldman (1981) noted that the problem created by a central tendency bias is that it makes performance ratings almost useless for identifying either highly effective employee who are candidates for promotion or employees facing challenges that require counselling and training.
4. Leniency and Strictness Error - Leniency error occurs when a ratter artificially assigns all or a specific group of employees' high performance ratings and all or certain scores cluster at top levels of the scales. Strictness occurs when a ratter uses only the lower part of the scale to rate employees. A person prone to such a bias would tend to rate good employees as only average and average employees as poor. Also, superiors with a leniency bias would tend to rate all their subordinates more positively than their performance actually warranted. Such a bias is undesirable since it results in subordinates appearing to be more competent than in fact they are (Agarwal, 2011).
5. Ratter Bias - This covers error that occurs when a ratter's values or prejudices distort the rating. You as a ratter may be biased for many reasons such as ethnic, regional or religious background, interpersonal conflict, etc. It may happen that you do not personally like the person you are evaluating. Age, sex, appearance or other arbitrary classifications may be reflected in appraisals if the process is not properly designed. Regardless of its basis or cause, ratter bias is a source of error in performance appraisal for which it was designed (Grote, 2011; Obi, 2016). Studies also identify several problems associated with performance appraisal such as an unfair perception of performance appraisal system, the use of inconsistent criteria which may lead to negative attitude towards the appraisal system, unskilled ratters who lack communication skills and consequently are not able to conduct an effective performance feedback, absence of tools aiming at improving the performance appraisal system, lack of top management support, employee feeling that appraisal is nothing more than a 'chewing out' session, causing reduced morale, ambiguity in standards, insufficient evidence, influence of man's job and similarity error, and the training provided by employers are woefully inadequate for preparing supervisors to provide unbiased feedback to employees in a manner that motivates workers to strive for higher performance ratings (Room, 1990; Armstrong, 2006; Ruth, 2012; Muhammad & Suraya, 2013; Smriti, 2014; Onyije, 2015; Sajuyigbe, 2017).


### **Making Performance Appraisal System more Effective**

For performance appraisals to be successful, they should be based on performance standards and multiple assessments, and should result in face-to-face performance review.

- (i) **Result-Oriented Schemes-** These forms of schemes embody the principles of management by objective, first developed by Douglas McGregor and popularized by Peter Drucker. Their principles suggest that emphasis in performance appraisal should be shifted from evaluation to analysis. To them, this would imply a more positive approach, since the subordinate would be more involved in examining and identifying not only his weaknesses but also his strengths and potential. He becomes an active agent, not a passive object to be appraised by the manager or supervisor. This procedure offers the following advantages (Kolawole *et al.*, 2013):
  - (a) The subordinate is given the opportunity to make his own evaluation of achieved results. By this process of participation, he develops a sense of 'ownership' of his

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results, and gains an insight on how he can improve his own methods and behaviour.

- (b) Your job as a manager or supervisor shifts from that of criticizing to that of helping the employee to improve his performance.
- (c) It is consistent with the belief that people work better and are more committed when they participate in defining objectives to be achieved within a given time frame.

(ii) **Multiple Appraisal** – To reduce problems of validity and reliability, it may be more useful to use multiple rating than single evaluation. While the rating of one supervisor may be valid, the overall patterns of several ratings do provide an indication of overall performance and potential for development. Peer-rating and self-rating are attempts that have been made recently to improve the performance appraisal system. More positively including self-rating is as useful development, because active participation can improve the quality and acceptability of performance appraisal system process (Kolawole *et al.*, 2013).

(iii) **Performance Review** –The purpose of performance reviews is to analyse what a person has done and is doing in his/her job, in order to help him/her to do better by developing his/her strengths, or by overcoming his/her weaknesses. It is a deliberate stock-taking exercise. In a well conducted performance review session, manager or supervisor should ensure that the employee is able to freely discuss work problems and be encouraged to bring out his/her own solution to them (Kane & Lawler, 2009). In today's effective organizations, managers are trying to make their appraisal system into one based on a shared process in which the emphasis is in mutual development rather than traditional, one-way judgements. This means that managers or supervisors are now faced with multiple responsibilities and demands. Therefore, for appraisal to be effective, joint-problem solving system should be encouraged.

### **Theoretical Framework**

While there are several theories which might prove appropriate for a discourse of this nature, the control theory present us with a heuristic tool for interrogating the central issues of this study. Control theory, as developed by Roy (1984) focuses attention on feedback as a mean of shaping behaviour. As people receive feedback on their behaviour they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome the discrepancy. Feedback is recognized as a crucial part of performance management processes. Lord and Hanges (1987) argued that without a specific standard and clear feedback, an employee will not be able to recognize errors and then will not engage in behaviour that improves performance. The overriding purpose of controlling performance is to isolate problem areas. Once actual performance has been determined and compared to the standard of plans, the proper corrective action can be determined. The nature and type of standards being used often dictates the type of checks to be made. Obviously, the entire control system is no better than the information on which it operates, and much of this information is gathered from the appraisal or monitoring processes. Control theory works best where there is no one best way to do a job and employees are empowered to make decisions. Workplace applications of control theory also arise when focusing on other control mechanisms that may factor into the 'system' social control, social climate and cultural changes (Asamu, 2013).

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The relevance of this theory to the research study is based on its ability to justify the role that performance appraisal plays in motivating and affecting behaviour. In addition, the content of the performance appraisal have been found to influence employee performance and satisfaction. The theories also centre on feedback as a determinant of employee's behaviour. Specifically, performance and satisfaction are increased when the performance appraisal is based on behavioural, results-oriented criteria, when career issues as well as performance issues are discussed, and when the employee has an opportunity to participate in the appraisal process.

### **Empirical Review**

Performance appraisal serves as a tool for enhancing employee's job performance in modern organizations. Through the process of performance appraisal, the performances of organizational members are measured. It is one of the most delicate issues in human resource management because employee's overall success in an organization depends largely on the outcome of performance appraisal. Performance appraisal bring about increase in employee's performance in the sense that it creates a link between employee's expectations and how the employees work contributes to the larger organization's success. As a result, we shall be emphasizing performance appraisal as a mechanism for providing feedback through management by objectives; performance feedback and 360-degree appraisal.


### **Management by Objectives and Employee's Job Performance**

Management by objectives is the control process applied on an individual basis. Standards (objectives) are set, performance is monitored, and corrective action taken where necessary. Management by objectives requires that the subordinates and the superior jointly set the objectives by which the subordinates will be evaluated. One method that attempts to overcome some of the limitations of results appraisal is management by objectives (MBO). MBO is a philosophy of management first proposed by Peter Drucker in 1954 that helps employees establish objectives (such as production costs, sales per products, quality standards, and profits) through consultation with their superiors and then uses these objectives as a basis for evaluation (Bohlander & Snell, 2007). According to Bateman and Snell (2011), Management by objectives (MBO) is a process in which objectives set by a subordinate and a supervisor or manager must be reached within a given time period. It is also a philosophy of management that rates performance on the basis of employee achievement of goals set by mutual agreement of employee and manager or supervisor (Bohlander & Snell, 2007). Therefore, managers or supervisor must be willing to empower employees to accomplish their objectives on their own, giving them discretion over the methods they use (but holding them accountable for outcomes).

Management by Objectives (MBO) has several advantages; first, it avoids the biases and measurement difficulties of trait and behavioural appraisals. The employee is judged on actual job performance. Second, because the employee and superior have agreed on the objective at the outset, the employee is likely to be more committed to the outcomes, and there is less chance for misunderstanding. Third, because the employee is directly responsible for achieving the objective, MBO can be useful when superiors want to empower subordinates to adapt their behaviour to achieve the desired results. Thus, MBO encourages employee's participation and increases job satisfaction by giving the employee a sense of achievement and involvement. But the approach has disadvantages as well. It

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can result in unrealistic objectives being set, frustrating the employee and the manager or supervisor. The objectives can also be too rigid; leaving the employee with insufficient flexibility should circumstances change. Finally, MBO often focuses too much on short-term achievement at the expense of long-term goals (Bateman & Snell, 2011). However, Roy (1984); Bekele *et al.* (2014) in their studies found that management by objectives have a positive and significant relationship with employee's job performance. Also, Roberts and Reed (1996) found that management by objectives have significant effect on employee's job performance.

### **Performance Feedback and Employee's Job Performance**

As with other performance management systems, unless managers provide employees with solid feedback on how they are doing, the system is likely to be ineffective. As part of this process, employees must know that they are accountable for achieving their objectives and providing an explanation when they do not hit their target (Bohlander & Snell, 2007). According to Bateman and Snell (2011), in high-functioning regular organizations informal appraisal and feedback are constantly taking place. Managers discuss the goals of the organization regularly and often to create a shared understanding of the job performance those goals require. They try to create an atmosphere in which they and their employees are working together on a common agenda. And they communicate with their employees on a day-to-day basis, praising or coaching as appropriate and together assessing progress toward goals. When managers and employees have open communication and employees feel fairly and effectively managed, their job performance improve (Beach, 1980). Also, Bateman and Snell (2011:363) affirm that "effective feedback raises employee performance". Armstrong (2009) adds that people are more likely to work at improving their performance and developing their skills if they feel empowered by the process.

Performance feedback should be based on factual evidence such as results, events, critical incidents and significant behaviours that have affected performance in specific ways. In addition to providing feedback whenever exceptional or ineffective employee performance is observed, providing feedback about day-to-day accomplishment and their contributions is also very valuable. Further, the onus to provide feedback falls on both the managers and the employees. According to Grubb (2007), the managers' duties include providing feedback in a constructive, candid and timely manner. While the employees' responsibilities include seeking feedback to ensure that they understand how they are performing and reacting well to the feedback they receive. Having effective, on-going employee performance conversations between employees and managers is probably the single most important determinant of whether or not a performance appraisal policy will achieve its maximum benefits from a training and development perspective. According to Kolawole *et al.* (2013), performance appraisal is desirable. This session should involve verbal communication, listening, problem solving, negotiating, compromising, conflict resolution and reaching consensus. Roy (1984); Bekele *et al.* (2014) in their studies found that performance feedback has a positive and significant relationship with employee's job performance. Also, Roberts and Reed (1996) found that performance feedback have significant effect on employee's job performance.

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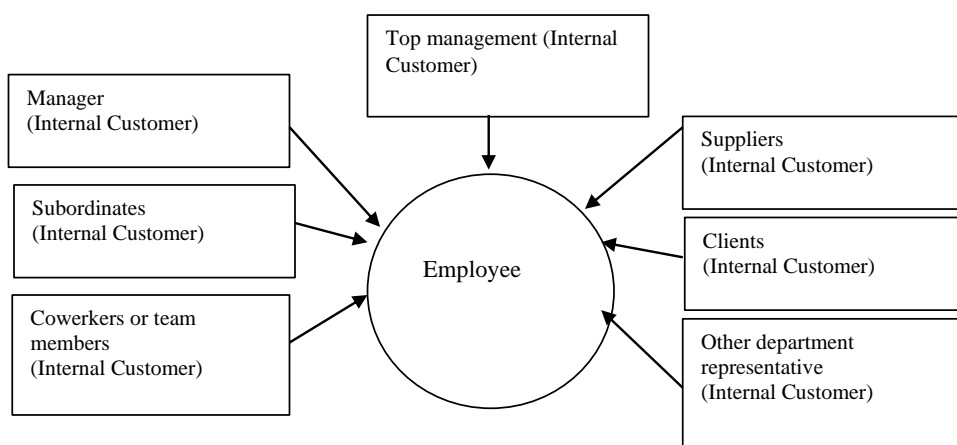
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### **360-Degree Appraisal and Employee's Job Performance**

According to Bateman and Snell (2011), 360-degree appraisal is a process of using multiple sources of appraisal to gain a comprehensive perspective on one's performance. It is also a process in which someone's performance is assessed and feedback is given by a number of people who may include their manager, subordinates, colleagues and customers. Assessments take the form of ratings against various performance dimensions (Armstrong, 2009). The 360-degree appraisal offers many advantages. It provides a much fuller picture of the employee's strengths and weaknesses, and it often captures qualities other appraisal methods miss. For example, an employee may have a difficult relationship with his or her supervisor yet be highly regarded by peers and subordinates. The approach can lead to significant improvement, with employees often very motivated to improve their rating and thus, their job performance (Bateman & Snell, 2011). The primary objective of the 360-degree appraisal is pool feedback from all of the employee's customers as shown below.

**Figure 1. 360-Degree Appraisal.**



Source: Adapted from Robbins, Judge and Sangi, 2009.

360-degree appraisal recognizes the complexity of management and the value of input from various sources- It is axiomatic that managers should not be assessing behaviours they cannot observe, and the leadership behaviours of subordinates may not be known to their managers. 360-degree appraisal forms part of a self-development or management development programme (Handy, Devine & Health, 1996). On the downside, employees are often unwilling to rate their colleagues harshly, so a certain uniformity of ratings may result. That is, employees do not always give frank or honest feedback about their colleagues' performance and they may be put under stress in giving feedback. However, Roy (1984); Bekele et al. (2014) in the studies found that 360-degree appraisal have a positive and significant relationship with employee's job performance. Also, Handy et al. (1996);

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Roberts and Reed (1996) found that 360-degree appraisal have significant effect on employee’s job performance.

**Data Presentation and Analysis**

**Table 4. Respondents’ Demographic Characteristics.**

S/N	Variables	Category	Frequency	Percentage %
1	Gender of Respondents	Male	55	43.7
		Female	71	56.3
		<b>Total</b>	<b>126</b>	<b>100.0</b>
2	Age of Respondents	Below 25years	22	17.5
		25-35 years	50	39.7
		36-45 years	31	24.6
		Above 45 years	23	18.2
		<b>Totatable 31</b>	<b>126</b>	<b>100.0</b>
3	Marital status of Respondents	Single	34	27.0
		Married	80	63.5
		Divorced	5	4.0
		Widowed	7	5.5
		<b>Total</b>	<b>126</b>	<b>100.0</b>
4	Staff Level of Respondents	Top Management	18	14.3
		Senior Management	33	26.2
		Junior Management	75	59.5
		<b>Total</b>	<b>126</b>	<b>100.0</b>
5	Work Experience of Respondents	1-5 years	37	29.3
		6-10 years	21	16.7
		11-15 years	24	35.0
		16 years and above	44	35.0
		<b>Total</b>	<b>126</b>	<b>100.00</b>

Source: Researchers’ fieldwork, 2019

**Gender of Respondents**

The table shows that majority of the respondents are female, which are 71 in number making it a total of 56.3% of the respondents. Male respondents were 55, consisting 43.7%

**Age of Respondents**

Age group of 25-35 years which comprised of 50 (39.7%) accounted for majority of respondents. The remaining respondents which fell into age bracket of 36-4 years, above 45 years and below 25 years accounted for 31 (24.6%), 23 (18.2%) and 22 (17.5%) respondents respectively.



**Marital Status of Respondents**

Most respondents, representing 80 (63.5%) are married. 34 respondents are single. This group constituted 27.6% of the entire respondents. Respondents that have been divorced were 5, representing 4.0% of the total respondents, while widowed were 7, which constituted 5.5% of the entire respondents.

**Staff Level of Respondents**

Most respondents, representing 75 (59.5%) are junior management. 33 respondents are senior management, which accounted for 26.2% of the entire respondents, while top management were 18, which accounted for 14.3% of the total respondents.

**Work Experience of Respondents**

Respondents with 1-5 years of experiences accounted for 37 or 29.3% respondents. Those with 6-10 years work experienced were 21 representing 16.7% respondents. Respondents with 11-15 years work experienced accounted for 24 (19.0%) of the entire respondents, while those who have worked for 16 years and above accounted for 44, constituting 35.0% of the respondents. This group accounted for the majority of the respondents.

**Table 5. Awareness of PA among the Employees.**

Level of Awareness	Frequency	Percentage (%)
Very high	62	49.2
High	38	30.2
Low	17	13.5
Very low	9	7.1
<b>Total</b>	126	100.0


Source: Researchers’ fieldwork, 2019

Table 5 shows that majority of the respondents with 62 (49.2%) agreed that the level of performance appraisal awareness is very high. 38 (30.2) respondents agreed that performance appraisal awareness is high. 17 (13.5%) of the entire respondents agreed that the level of awareness is low, while only 9(7.1%) agreed that the level of awareness is very low in Edo State Internal Revenue Service, Benin City, Nigeria. This indicates that 79.4% of the respondents have good knowledge of the concept of performance appraisal.

**Table 6. Challenges of Effective Performance Appraisal System in Edo State Internal Revenue Service, Benin City.**

Statement	Frequency		Mean	Std Deviation	Remark
	Yes	No			
Lack of skills and knowledge of the supervisors/ managers	47	79	2.63	0.51	Rejected
Favouritism and bias of the supervisor/managers	86	40	4.00	0.80	Accepted
Lack of continuous documentation	79	47	4.06	0.90	Accepted

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Problem of effective communication	84	42	4.17	0.83	Accepted
Inability to provide on time feedback	92	34	4.03	9,.87	Accepted
Lack o objectivity during appraisal	88	36	4.10	0.91	Accepted
Non-rewarding of hard work or overtime	85	41	4.07	0.83	Accepted
Performance appraisal is judgemental rather than feedback	76	50	4.23	0.83	Accepted
Supervisors are not strict with appraisal outcome	81	45	4.08	0.87	Accepted
Irregularity in the promotion of staff	88	36	4.00	0.83	Accepted
Poor leadership by the supervisor	73	53	4.08	0.94	Accepted
Poor remuneration of employees	79	47	4.02	0.78	Accepted
Delay in decision making	84	42	4.08	0.81	Accepted
Work load not evenly distributed	89	37	4.11	0.84	Accepted
Lack of funding	67	59	4.03	0.82	Accepted
<b>Average Mean Score</b>	<b>3.98</b>				

Source: Researchers’ fieldwork, 2019

Table 6 shows an average mean score of 3.98 which is above the criterion mean of 3.00. This revealed that an overwhelming majority of our respondents agreed that the above listed items are the challenges that confront performance appraisal, except lack of skills and knowledge of the supervisors/managers.

Therefore, and average mean score of 3.98 shows significant level of acceptance of the items as challenges to performance appraisal in Edo State Internal Revenue Service, Benin City, Nigeria.

This finding is similar to the work of Bekele *et al.* (2014) and Sajuyigbe (2017) who found that majority hindrances of performance appraisal system are lack of objectivity during appraisal, favouritism and bias of the supervisors, lack of continuous documentation and inability to provide on time feedback.

Also, the finding is similar to the findings of Cole, 2004 cited in Sajuyigbe (2017) and Kolawole *et al.* (2013) who found that not strict with the appraisal outcome, poor remuneration of employees, problem of effective communication, irregularity in promotion of

staff, poor leadership by the supervisor, work load not evenly distributed lack of funding, lack of objective during appraisal, incompetency on the part of supervisors, delay in decision making and non-rewarding of hard work or overtime are major factors hindering performance appraisal system in organizations.

**Table 7. Multiple Regression Analysis showing the Effects of Independent Variables on the Dependent Variable.**

Dependent Variable	Independent Variable	R	R <sup>2</sup>	Adj-R <sup>2</sup>	F.	Beta	T-value
Employee's job performance	Management by objective	0.463	0.315	0.206	17.384	0.288	5.335
Employee's job Performance	Performance Feedback	0.794	0.413	0.409	23.708	0.375	8.658
Employee's job Performance	360-degree Appraisal	0.735	0.457	0.432	34.822	0.597	9.671

Source: Researchers fieldwork, 2019

In relation to the first hypothesis which states that management by objectives does not have a significant effect on employee's job performance, the results show that the correlation coefficient (0.463) indicates a positive and statistically significant relationship between the predictor (management by objectives) and the response variable (employee's job performance). The R-Squared statistic as explained by the fitted model implies that about 31.5% of the total variation in measure of employee's job performance is explained by the variations in management by objectives in Edo State Internal Revenue service, Benin City, Nigeria. The ANOVA results for management by objectives as predictor of employee's job performance is statistically significant with F-value of 17.384 and p-value of 0.000. The regression coefficient, t-statistic and p-value for the model implies that management by objective ( $\beta = 0.288$ ,  $t = 5.335$ ,  $p = 0.000$ ) exerts a positive and statistically significant effect on employee's job performance in Edo State internal Revenue Service, Benin City. Therefore, the null hypothesis is rejected.

In relation to the second hypothesis which states that performance feedback does not have a significant effect on employee's job performance, the results show the correlation coefficient (0.794) indicates a positive and statistically significant relationship between the predictor (performance feedback) and the response variable (employee's job performance). The R-squared statistic as explained by the fitted model implies that about 41.3% of the total variation in measure of employee's job performance is explained by the variation in performance feedback in Edo State Internal Revenue Service, Benin City. The ANOVA results for performance feedback as predictor of employee's job performance is statistically significant with F-value of 23.708 and p-value of 0.000.

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The regression coefficient, t-statistic and p-value for the model implies that performance feedback ( $\beta = 0.375$ ,  $t=8.658$ ,  $p =0.000$ ) exerts a positive and statistically significant effect on employee's job performance in Edo State Internal Revenue Service, Benin City, Nigeria. Therefore, the null hypothesis is rejected.

In relation to the third hypothesis which states that 360-degree appraisal does not have a significant effect on employee's job performance, the results show that the correlation coefficient (0.735) indicates a positive and statistically significant relationship between the predictor (360-degree appraisal and the response variable (employee's job performance). The R-squared statistic as explained by the fitted model implies that about 45.7% of the total variation in measure of employee's job performance in Edo State Internal Revenue Service, Benin City, Nigeria is explained by the variations in 360-degree appraisal. The ANOVA results for 360-degree appraisal as predictor of employee's job performance is statistically significant with f- value of 34.822 and p-value of 0.000. The regression coefficient, t-static and p-value for the model implies that 360-degree appraisal ( $\beta = 0.597$ ,  $t=9.671$ ,  $p=0.000$ ) exerts a positive and statistically significant effect on employee's job performance. Therefore, the null hypothesis is rejected.

### **Discussion of Findings**

The results amongst others showed that management by objectives do have a significant effect on employee's job performance. this finding concur with the studies of Roberts and Reed (1996) and Bekele *et al* (2014) which revealed that management by objective has a strong influence on employee's job performance. Also, the finding is in agreement with Krattenmaker's (2009) views that management by objective (MBO) improves job performance by monitoring and directing behaviour.

Secondly, the results revealed that performance feedback do have a significant effect on employee's job performance.

This finding is consistent with studies which revealed the effect of performance feedback on employee's job performance (Roy, 1984; Roberts & Reed, 1996; Bekele *et al.*, 2014). This finding is also in agreement with Bateman and Snell's (2011) views that effective feedback raises employee performance.

Thirdly, the results showed that 360-degree appraisal do have a significant effect on employee's job performance.

The finding of the study agrees with Mwema and Gachunga (2014) study which revealed that 68% of the respondents indicates that 360-performance appraisal influences work performance in an organization when adopted as an employee's appraisal systems.

The results of the study also concur with the studies of Roy (1984); Handy *et al.* (1996); Roberts and Reed (1996); Roberts and Reed (1996) and Bekele *et al.* (2014) which revealed that 360-degree appraisal has a strong influence on employee's job performance.

### **Conclusions**

The study has revealed through its perceived findings that management by objectives, performance feedback and 360-degree appraisal has a positive effect on employee's job performance. Therefore, management by objective, performance feedback and 360-degree appraisal were various performance appraisal systems that when adopted would enhance employees performance and ultimately organizational performance.

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However, the study revealed that favoritism and bias of the supervisors/managers, lack of continuous documentation, problem of effective communication, inability to provide on time feedback, lack of objectivity during appraisal, non-rewarding of hard work or overtime, performance appraisal based on judgement rather than feedback, not strict with the appraisal outcome, irregularity in the promotion of staff, poor leadership by the supervisor, poor remuneration of employees, delay indecision making, work load not evenly distributed and lack of funding were the major challenges of performance appraisal system in Edo State Internal Revenue Service, Benin City, Nigeria despite the fact that the level of awareness is high among the employees. Based on the findings of this study, the following recommendations were made to uplift the benefits of performance appraisal to organizations and their employees:


- i. Management should educate the employees on the purpose of performance appraisal exercise. This will go a long way in helping the employees realize that PA is not a weapon of punishment but an instrument designed to assist them to improve and grow in the organization.
- ii. Performance expectations and actual performance should be discussed on regular basis and supervisors/ managers should be adequately trained with modern techniques of rating employees periodically through organized workshops, seminars and programs. This will go a long way to improve the effectiveness of appraisal system and reduce bias on the part of supervisors/managers.
- iii. Management should provide a conducive working environment that would help managers or supervisors in identifying staff training needs; make informed decisions about promotions and assignments based on applicable facts and improve employee's synergies; help employees on time management through planning and setting of deadlines; help employees meet performance targets in the organization and offers poor performers a chance to improve.
- iv. Performance appraisal reports should not be the only yardstick for determining suitability for promotion, salary increment as well as training and development of staff. This is because some managers or supervisors used performance appraisal reports to punish an employee who is not in their good book. Therefore, multiple appraisal methods should be introduced to encourage objectivity and eliminate bias in the appraisal of employees.
- v. Management should be objective during appraisal exercise. This will go a long way to install confidence in the appraisal system and improve employees' morale and performance.

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