



An Assessment on the Impact of Performance Appraisal as A Tool for Enhancing Organisational Productivity (A Case of National Bank of Malawi)

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ABSTRACT

The focus of this dissertation is on the effectiveness of the Performance Appraisal system. Performance Appraisals are an imperative part of HRM systems within organizations. Performance Appraisal is known to benefit organizations by helping them measure performance, motivate employees and most commonly help to make HR related administrative decisions such as promotions and rewards. This study aims to investigate the effectiveness of Performance Appraisals from the perception of the employees. The study was carried out in a Customer Services Organization in Lilongwe.

The research adopts a survey approach where self-administered questionnaires were issued to gather data from the employees to measure their opinions of the PA system and how successful they feel it is. The surveys were issued to a total of 40 employees within the company. A total of 35 completed surveys, 87.5% were returned completed. The findings of the study revealed that overall the employees were happy with having to complete performance appraisal, but there is still some work to be done in improving the system and making it more successful and rewarding. There are a few elements of the current system that are limiting the effectiveness of the appraisal, the organization is also missing some of the vital elements that are needed in an effective performance appraisal.

During the study, it was discovered that high performance in an organization is related to rewards, recognition, job satisfaction and motivation. Reward system need to be in place for the employees to perform and achieve results for the organization because the main reason employees work is to gain recognition and be rewarded for the work they do for the organization, reward for performance is the name for the game.

While we discuss about high performers in organization, there would be non-performers in an organization needs to look into the cause that make the employees not to perform according to the organizations standards. Amongst many reasons of poor performance, it could be ensure that all employees are the same level. if the situation of non-performers is not properly handled, it could have a negative impact on the performance and productivity as well as retention of the minorities.

Managers need to employ different strategies because not all employees look to the same reward in order to be motivated. The strategies will have different motivational impact on various types' employees; according to the results of the study.

INTRODUCTION

This study falls under the field of business management and will focus on investigating the impact of performance management as a tool for enhancing organization productivity at National Bank of Malawi. According to Chan and Lynn (1991), the organizational performance criteria should include profitability, productivity, marketing effectiveness, customer satisfaction, but also employee morale. In this perspective, employee performance is tightly related to organizational performance, effective and efficient employee performance will positively influence organizational performance and productivity. On the other view, Millar (2007) built a framework of talent management which consists of planning, recruiting, performance, learning, career development, succession planning, compensation, and measuring and reporting. In order to organize a company effectively, companies must rethink how they hire, train and reward their employees. Performance appraisal is an evaluation done on an employee's job performance over a specific period of time. It is the equivalent of a report card on an employee and how their managers assess their performance over the prior year. Anyone who has worked in more than one department or in more than one company will attest to the fact that not all performance appraisal processes are the same. The varying systems and processes are applicable in many organizations. Unfortunately, some are done so poorly that they are not only designed to fail, but also to create a negative experience for both the manager as well as the employee (Eldman, 2009).

Performance appraisal

It is always important for managers and supervisors to get the best performance from their workforce in terms of levels of production and quality of output (Foot and Hook, 2005). In order to achieve this, certain systems or programmes such as performance appraisal need to be put in place. The success or failure of performance appraisal programmers depends on the philosophy underlying it, its connection with business goal, and the attributes and skills

of those responsible for its administration. According to Dessler (2005), performance appraisal means evaluating employees' current and or past performance relative to his or her performance standards. That is employees will be assessed after a given period of time what they have been able to achieve by a target set. This will also help supervisors to know how well their subordinates are performing on their jobs.

According to Foot and Hook (2005), performance appraisal regularly records an assessment of an employee's performance, potential and developmental needs. This also means that appraisal is an opportunity to take an overall view of work contents, loads and volumes, to look back on what has been achieved during the reporting period and agreed objectives for the next. It is also important to note that whenever the argument of performance appraisal is more about practicality than managerial philosophy, the main issue is not whether performance appraisal, in itself, is justified but whether it is fair and accurate.

Motivation

Motivation is a reason for actions, willingness and goals. Motivation is derived from the word motive, or a need that requires satisfaction. These needs, wants or desires may be acquired through influence of culture, society, lifestyle, or may be generally innate.

Organizational performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. According to Richard et al. organizational performance encompasses three specific areas of firm outcomes: financial performance; product market performance; and shareholder return.

Goal setting

Goal setting involves the development of an action plan designed to motivate and guide a person or group toward a goal. Goal setting can be guided by goal-setting criteria such as SMART criteria. Goal setting is a major component of personal-development and management literature.

Personal development

Personal development is defined as activities that improve awareness and identity, develop talents and potential, build human capital, facilitate employability, and enhance the quality of life and the realization of dreams and aspirations. Personal development can take place over the course of a person's entire life

Performance improvement

Performance improvement is measuring the output of a particular business process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure.

RESEARCH METHODOLOGY

This chapter discusses the methodology employed by this study. It highlights the research design; defines the study area, sample size and sampling techniques; describes data collection tools used in the study; highlights how data was analyzed; presents ethical considerations that were employed; limitations of the study.

Research approach

The inductive approach begins with a set of empirical observations, seeking patterns in those observations, and then theorizing about those patterns. The deductive approach begins with a theory, developing hypotheses from that theory, and then collecting and analyzing data to test those hypotheses.

Research design

This study has adopted the descriptive research design to determine the impact of performance appraisal to enhance organization productivity because descriptive provides no room for manipulation the outcome into a desired perspective as the experimental designs (Dulock,1993,3). The descriptive research design provides a systematic and accurate description of the population under study, portray the characteristic of the individuals accurately and avail the answers on the ongoing events (Dulock,1993,4). Some of the approaches that will be used in the descriptive studies include both the qualitative and the quantitative methods.

Population of the study

According to Frankel and Wallen (2000, 26), "a target population refers to the de-signed group of individuals from which the findings of the research are generated". The individual does have features which represent the entire population under study. The total population comprises of 150 people.

Sample size

The target population and the interventions make the inferences are design by the relevant authorities to respond to the research findings concerning the pro-filed population. The population is comprised of 30 people from the human re-source department, marketing, purchasing and the production departments at NBM.

Sampling Technique

The sampling techniques that the researcher will be adopted are stratified random sampling technique. Stratified sample technique will be used after grouping the employees into appraisers and appraisees. This method of stratifying employees will be considered suitable because according to Singleton et al (1993), sample size is dependent on the homogeneity or otherwise of the population. This however ensures that there is a fair representation of the workforce.

Data collection instrument

To be able to collect data for the study, the researcher will extensively use questionnaires and interviews to solicit information relevant to the study. The focus group discussions will be used and questions will be properly structured and will be based on open-ended and closed-ended type of questions. The questionnaires will be in two categories that are for appraisers and appraisees. Open questions are sometimes referred to as open-ended questions will be used (Dillman, 2000) to allow respondents to give answers in their own way. On the other hand, closed questions will also be used to provide a number of alternative answers from which the respondent makes a choice. Apart from primary quantitative and qualitative data, secondary data will also be collected through review of documents, published or unpublished books, journals and newspapers available on internet and at library.

Data Analysis

The data collected for the study will be analyzed using content and themes analysis including with the aid of Statistical Package for Social Sciences (SPSS) software. This will be utilized extensively to analyze responses from respondents to give an account in the form of illustrated diagrams and tables for easy comprehension. Statistical tools such as bar graphs and pie charts will be used in the analysis.

Ethical Considerations

Researcher identification letter will be sought from the Research Coordinator at Pentecostal Life University. Permission will be sought from the Bank manager and employees of national Bank of Malawi. Since the study will involve interviews with human subjects, prior to the study, participants will be informed of the purpose of the study and consent will be sought from each respondent. The information that collected from respondents will be treated as confidential. No respondent names will be asked and recorded. Furthermore, participation in this study was voluntary.

Limitation of the Study

The findings presented in this research report are limited to the views and experiences of employees of NBM Limited. This implies that the findings cannot be generalized to other Banks in the country. Furthermore, the study will be limited due to lack of enough finances, availability of respondents due to busy schedule and acceptance to conduct research at the designated bank.

The researcher wanted to find out what criteria is used for performance appraisal at national bank capital city branch.

Findings from the primary data.

Table 1.1: Allocation and return of questionnaire

Details	No. Given out	No. received	No. Not Received	Percentage
		35		87.5
Staff	40		5	12.5
	40	35	5	100

Source: Mphasa 2023

From the table above, it clearly indicates that 40 questionnaires were given out to respondents and a total of 35 questionnaires were received back, representing 87.5%. A total of 5 respondents representing 12.5% did not return the questionnaires. The reason attributed to this outcome is due to the constraints of time. The period of distribution of the questionnaire outcome is due to constraints of time. The period of distribution of the questionnaire and collecting of the questionnaires was not enough because the respondents were only given a week to respond. If I had given them three weeks earlier, it would have worked well. The other reason could be that the topic that was under discussion could not have been that which they are familiar of, due to busy schedules, other employees kept on promising to respond until the last minute and I had to finalize the paper to meet the deadline.

Table 2 To find why employees leave National Bank of Malawi

Types of rewards	Number of respondents	Percentage
Promotion	10	20
Certificate of Recognition	9	30
Monetary Rewards	16	60
Other	-	
TOTAL	35	100

The table shows that 60% of the employees were for monetary rewards. 30% opted for certificate of recognition and 20% was for promotion. This is a clear sign that most of the employees opt for pay as a way for motivation in order to meet their hierarchy needs.

Table 3 Motivation

Type of Rewards	Number of Respondents	Percentages
Pay increase	10	50
Special Recognition	12	30
Trainings	13	20
Others	-	
Total	35	100

These results suggest that national bank uses a variety of non-financial rewards to motivate their workforce although to varying frequency.

Interview was conducted with selected employees from national bank. First, on the aspect of appraisal system currently in place at national bank. Most of employees indicated that they mostly get non-financial rewards opposed to financial rewards. For financial rewards they agreed that salary offered does not reflect the level of effort and time put in the job. However, with the current financial crisis currently going on in the country the salaries are coming but very low rate. This has raised discontentment among workers bearing in mind the effort they put in to meet the objectives of the organization. To make up for this, employees suggested that since there are trainings going on over time they would equally be motivated.

Response Rate

Interview was conducted with selected employees from national bank, it clearly indicated that 40 questionnaires were given out to respondents and a total of questionnaires were received back, representing 87.5 %. A total of 5 respondents representing 37.5% did not return the questionnaires. First on the aspect of reward system currently in place at national bank. Most of the employees indicated they got non-financial rewards as opposed to financial rewards. For financial rewards they agreed that salary offered does not reflect the level of effort and time put in the job, with the current financial crisis currently going on in the country, the salary raises are coming but at a very low rate. This has raised discontentment among workers, bearing in mind the effort they put into meet the objectives of the organizations. To make up for this, employees suggested that since there are trainings going over time they would equally be motivated, if they were being awarded of such opportunities to attend various trainings for personal development and upgrading of skills which would assist them to effectively carry out their daily duties, which are characterized by long queues of customers, looking for services as it is one of the biggest banks.

Finally, employees stressed that the hospital reward system needs to be reviewed regularly if it is to keep pace with what is happening in other banks and companies or non-governmental organizations that are offering good salaries. The employees indicated that most of the employees are living the bank to other organizations for better remunerations. This has led to demotivation to the remaining employees. The employees recommend that any reward system to be developed should seek not only to attract good employees to join them but also keep those already in the system motivated to perform to high levels.

Implications for Research and Practice

A number of recommendations were deemed necessary in respect of the obtained in this study results. To begin, more future research should be focused on evaluating the impact of procedural fairness on appraisal satisfaction and employees' motivation. Since the results showed significant relationship between these elements, it becomes important for companies to train managers and supervisors (i.e. all the raters) to conduct appraisals in obedience to the companies' performance appraisal procedures and policies. These trainings might increase employees' perception towards the procedural fairness of ongoing in their organizations appraisals. Particular attention should be also given to the impact of interactional fairness on appraisal satisfaction and its mediation effect.

Findings from secondary data

An assessment was also done to ascertain the effectiveness of the appraisal process at KNUST. Figure below depict findings relative to the effectiveness of the performance appraisal system in the university.

Table 4 The Effectiveness of Performance Appraisal System

Effectiveness of the appraisal system	Number of Respondents	Percentages
Professional Development	50	50
Improved Productivity	30	40
Development of reward systems	15	10
Others	-	-
Total	95	100

Source: A Study of KNUST by Sualihu, Bintu.

From figure 4 it is seen that most staff are unable to identify performance appraisal with their professional development. As shown in the figure below about 50% agreed that is helped with their personal development whilst about 50% were not sure, suggesting that they could not relate performance appraisal to their professional development.

It shows that performance appraisal has been effective in the university and has contributed significantly to improved productivity and harmony among workers whilst also helping to identify performance barriers to be addressed and aiding the development of reward systems. According to Chadbourne (1994) institutions stand to derive these benefits and more if they effectively undertake performance appraisal and act decisively upon the results of the appraisal.

Finally, Figure 4.5 also provides indication that performance appraisal has aided the development of reward system in and therefore has contributed to an improved reward system in the institution. This position is consistent with findings in the study of Awasonya and Ademola (2008). It stresses the importance of the performance appraisal activity to both organization and the individual.

CONCLUSIONS

The aim of the dissertation was to examine the effectiveness of performance appraisal in the organization according to the perception of the employees and in doing this establish:

- What elements of effective Performance Appraisal are present in the organization?
- Whether effective Performance Appraisal motivates employees to work harder and improve performance.
- Whether Performance Appraisal is a worthwhile tool and helps to develop employees.

To complete this, aim the researcher reviewed literature on the area of performance appraisal and related areas comprehensively and then conducted a survey with employees of the organization. The survey analyzed the current system in place in the organization.

A vast amount of the literature on performance appraisal demonstrated the benefits of having performance appraisal systems in place and looked at how they can be used for a variety of purposes. More recent aca

demics discussed the ineffectiveness appraisal processes can have and the negative impact on the system and the organization as a whole. They also mentioned how important it is to have a good system in place so that it does do what it sets out to.

The research revealed that the majority of employees in the organization complete performance appraisal and for the most part, have an appraisal meeting once a year.

The findings of the research have shown that the Performance Appraisal system in The organization does contain many of the important elements that make the system Effective, but these elements are intermittent and not present in every appraisal that is Carried out.

The analysis of the survey responses has revealed that according to the employees, Performance Appraisal is effective. They system is a worthwhile tool; it motivates Staff and improves their performance. The organizations appraisal also includes the Vast majority of effective performance appraisal objectives. While the system has its Flaws and needs a lot of improving to get it to where it needs to be, it is going in the Right direction and has some positive results.

Future Research Needs

Future research can be conducted by enhancing the method used to analyze the impact of performance appraisal on employee work improvement in the organizations. It can be extended for various performance appraisal methods for example 360 degree, Performance appraisal and many more. If the researcher can access performance measuring tools and surveys which are used by other banks, it will be more efficient to critically evaluate each process and identify the most effective way possible.

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