

Challenges Faced by Managers in Conducting Performance Appraisals in Organizations

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Abstract -The process of management involves a continuous judgment on the behavior and performance of staff whose one way of review is through a system of performance appraisal. It is important that members of the organization know exactly what is expected of them, and the yardsticks by which their performance and results is measured. A formalized and systematic appraisal scheme will enable a regular assessment of the individual's performance, highlight potential, identify training and development needs, improve the future performance of staff and also form the basis of a review of financial rewards and planned career progression. Past researchers have contended that organizations face many problems in conducting performance appraisal ranging from legal issues, gender, race, rating instruments, organizational culture, politics, resources, knowledge, skills, standards as well as the appraisal process itself. This study aimed at investigating the challenges faced by Commercial banks in conducting effective performance appraisal. Both qualitative and quantitative approaches were used in the study, where top and middle management were randomly selected and interviewed by the researcher. Data collection was done through observation, interviews, and questionnaires that were divided into five parts (personal profile, performance appraisal implementation, evaluation of performance appraisal, feedback, and finally the recommendation).

Keywords - Performance; Performance Appraisal; Organization.

I. INTRODUCTION

Performance appraisal is a crucial activity of the management of human resources and thus a comprehensive appraisal system can provide the basis for key managerial decisions relating to allocation of duties and responsibilities, pay, empowerment and levels of supervision, promotions, demotions, training and development needs, and terminations ([1]). As a process of formally evaluating one's work and providing feedback on his/her performance, appraisal has sometimes been referred to as the *Achilles heel* of managerial staffing.

The surest way of determining as to whether those entrusted with occupancy of managerial positions are good managers or not does know how well they plan, organize, staff, lead and control ([2]). It is also no doubt that if a business, government agency, a charitable organization, or even a university is to reach its goals effectively and

efficiently, ways of accurately measuring management performance must be found and implemented.

Research studies have found a gap between the type of measurements recommended for weighing employee performance and the actual practice in organizations as most managers still rely on global ratings, essays, and the graphic rating scales to evaluate employee performance. Such scales have been deemed susceptible to numerous challenges: unclear standards, inadequate know how by the appraising manager, halo effect, central tendency and biases ([3]). It is against the above raised concerns this research work proposed to investigate the challenges linked to conducting effective performance appraisal by organizational managers.

II. NEED TO APPRAISE EMPLOYEE PERFORMANCE

The process of performance appraisal provides an organization opportunity to measure and evaluate an individual employee's behavior and accomplishments over a specific period of time ([4]). Formalized performance

appraisal system in organization can serve as an asset in administrative decision making through a process that monitors and evaluates an employee's progress and allows for intra organizational comparisons of individual performance. The accuracy of the formal appraisal systems used by organizations depend human resource information and judgment thereof.

There are many advantages for using a formal system if performance appraisals are designed and used properly. For instance, it facilitates organizational decisions such as reward allocation, promotions/ demotions, layoffs/recalls, and transfers. It may also assist managers in developing employees. It serves to assist individual employee's decisions regarding career choices and the subsequent direction of individual time and effort. Additionally, performance appraisals may increase employee commitment and satisfaction, due to improvements in organizational communication.

Appraisal outcomes however, can be detrimental to the functioning of an organization if the tools and set goals of the appraisal process is not concomitant with the goals of the organization ([5]). Its continued use in future organizations is dependent on the emphasis on teamwork rather than just focusing on the individual work performance as it has been the case.

2.1 Consequences of Ineffective Performance Appraisal

Ineffective performance appraisal systems may result in mixed messages concerning which aspects of job performance are most and least important, due to the oblique contingency between individual behavior and organizational rewards. The process in itself is a source of unmet expectations for concerned organizational managers due to the differing needs of stakeholders ([6]).

Appraisal processes in most organizations have been meted with such challenges regarding time spent and frustrations experienced throughout the entire exercise. The entire process has been a relief following the emergence of Grapevine software that has simplified the process of appraisal for individuals or groups within the organization.

2.1.1 Performance Appraisal Process

The process of performance appraisal comprises of identification, measurement, and management of employee performance in organizations. Identification stage is about determining critical areas of work that the manager needs to be examining in performance measurement. Measurement system adopted in the identification process should be based on job analysis in order to be rationally and legally

defensible. Effective appraisals need to target organizational success and not irrelevant performance characteristics such as age, sex or ethnicity. It acts as the pillar in making managerial decision with regard to the goodness or badness of employee performance. Research studies show that appraisal processes in organizations work in less than ideal ways as factors such as time, pressures and complexities in appraisal forms hinder the usefulness of the appraisal decision ([7]).

Effective performance appraisal criteria should put into consideration such factors as integrated development and accountability approach; it must be based on objective information, separation of disciplinary process from appraisal, must be based on clear guidelines, enough time to carry out the appraisal process, developing educative interactions with the appraisee, training, creating respect, openness and trust between the two parties among other factors, which may be of importance. There is a desirability of retention of the balance between development and accountability in appraisal. It therefore needs to be an avenue to help staff identify future developments and highlight strengths and weaknesses ([8]).

2.2 Performance measurement

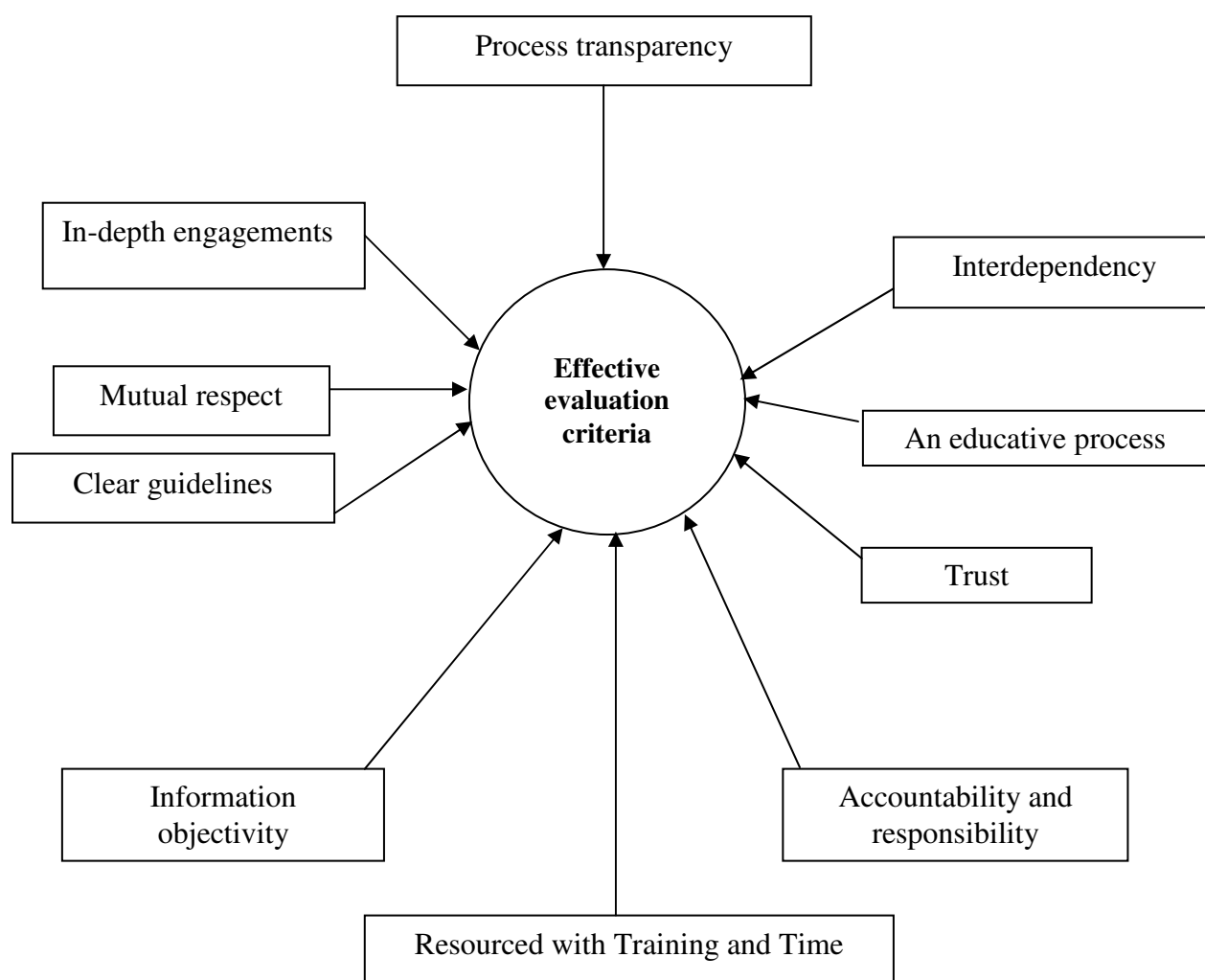
Employee performance measurement may be done by assigning labels to reflect performance on the identified dimension. Labels such as "excellent", "good", "average", and "poor" are often used. The task that has proved futile for most organizational managers is that of quantifying the performance dimensions. There exist numerous appraisal tools at the disposal of appraisal managers with two most common and legally defensible formats being the type of judgment that is required (relative or absolute), and the focus of the measure (trait, behavior or outcome).

Relative judgment types of appraisal systems require managers to make comparison among employees doing the same assignment through the use of a ranking order from best to worst. Relative rating systems are advantageous in that they enable supervisors to distinguish the performances of employees since in their absence, supervisors may be inclined to same rating of employees which may in turn be detrimental to the system's effectiveness.

Relative rating systems however, have some demerits which include: not making clear the variances that exist between organizational employees; they do not provide concrete information upon which managers can determine the goodness or the badness of employees at the extreme ranking; even where there may be no differences between

employees, the system requires that such may be pointed out

and finally, it targets overall employee performance ([9])



Model of effective performance appraisal

Figure 1. Elements of Appraisal Effectiveness

Supervisors may use absolute judgment formats to make judgments which solely focus on performance standards. The format lists the dimensions of performance deemed relevant for the job from which the manager is asked to rate the employee on each of the listed dimensions. The main drawbacks of the system is that workers from the same group are likely to receive similar evaluation where the supervisor is unable to make a clear distinction between the employees and they may have in their possession different standards for evaluating employees.

Trait appraisal instruments seek supervisory judgments about employee characteristics/traits that tend to be consistent and enduring such as: decisiveness, reliability, energy, and loyalty. Critics of this system of appraisal have asserted that it is an ambiguous system that leaves room for planned or unplanned biases by the supervisors. It is tedious to select from among the hundreds of possible traits those that should be included in the rating instrument for effective employee evaluation. Trait or personality evaluation stresses on the individual rather than his/her performance and may thus suggest that poor performance by employee stems from

within himself/herself. Person centered form of evaluation has been viewed as a hindrance to employee performance and development ([10]). Thus, an evaluation approaches that delves directly on employee performance by either way of evaluating behavior or work output are agreed upon as effective tools for employee development in organizations.

2.3 Benefits of Appraisal

Researchers have concurred that effective appraisal schemes have numerous benefits to both the individual and the organization including: identifying individual's strengths and areas of development with a view to indicating how such strengths may best be utilized and weaknesses overcome; revelation of problems, which may be restricting progress, and causing inefficient work practices; developing a degree of consistency through regular feedback on performance; provision of information for human resource planning and creation of improved communication among staff ([11]).

2.4 Challenges to Effective Performance Measurement.

a) Legal Issues

The need for improvement in appraisal practices adopted by organizations was as a result of the passage of the Civil Rights Act of 1964, 1966 and 1970 Equal Employment Opportunity Commission Guidelines for Regulation of Selection procedures. These legal considerations exerted strong pressure on organizations to formalize, validate, and organize appraisal systems ([12]). Rise of federal regulations and litigations during that era stemmed from past practices that focused on personality traits in appraisals, blurred links between performance appraisal ratings and human resources expectations, and unclear job related behavior in evaluations. This show the adoption of uniform guidelines on employee selection procedure, which required any selection device to be in line with Title VII of the 1964 Civil Rights Act, which proposed that performance appraisals be based on certain dimensions established as relevant through job analysis and raters receiving relevant training regarding appraisals.

b) Perceived Political Reviews

Employee evaluation process can be influenced by factors such as loyalty, position held, connections and ability to be promoted. Political evaluations that give lower ratings as expected by the appraisee often triggers negative response. Perception of political handiness by the appraisee can be felt where there exists undefined performance standards, non conducive working relationships and failure to rely on time feedback.

c) Superior's Inadequate Knowledge on Manager's Actual Performance

Organizational review process can easily stall especially where the manager possesses inadequate know how with regard to employee's behavior and contribution to that organization. It is true therefore that without some degree of awareness and understanding of the specifics of the subordinate managers' actions, the meaningfulness of the appraisal process as a developmental experience suffers.

d) Rater Errors and Bias

One of the commonest errors in rating regards the trend to rate equally in all dimensions of employee's work. This occurs as a result of making rating decisions from a rating given on one dimension of performance thus; its application is extended to all other work dimensions that are of interest to him/her.

e) Lack of Ongoing Performance Feedback

Feedback about employee performance aids in performance improvement and eases the review process. Positive feedback acts as a motivator to the hardworking employee and provides a quick response to the amendment of the areas of weakness by the manager/employee. Managers therefore, need ongoing performance feedback to reinforce necessary steps in realizing organizational goals.

III. METHODOLOGY

The study comprised a case study design since it aimed at gaining an in depth understanding on the challenges encountered by managers in conducting effective appraisals. Quantitative approach was handy in handling the sample from where analysis of responses helped identify key factors influencing the appraisal process in organizations. Qualitative approach was employed in making specific judgments from the general views obtained from the findings.

The instruments that were used throughout the data collection exercise involved observation, interviews, and questionnaires. The researcher made appointments with the members of the organization and interviewed them and their responses recorded. This was done along in line with the questionnaires.

3.1 Description of Sampling and Sampling Design

Random sampling of commercial banks was done by the researcher and seventy respondents took part in the study. Data obtained from the field were identified, coded, categorized, and finally, analyzed. The information got from

the field through questionnaires were edited and cleaned. Open-ended questions were coded, and finally cleaned data was processed and analyzed.

IV. RESULTS

The study comprised a total of 40 employees and 10 managers from the banking sector who were interviewed through the use of questionnaires. However, only 30 of the employees and 6 of the managers managed to return the questionnaires (72 percent) of the targeted population. Of the 30 employees, 4 (13 percent) did not manage to complete the questionnaires while all the six managers (60 percent) were able to complete theirs.

4.1 Employees' Gender, Age, and Working experience analyses

The research sought to unearth the demographic characteristics; gender, age, as well as work experience of

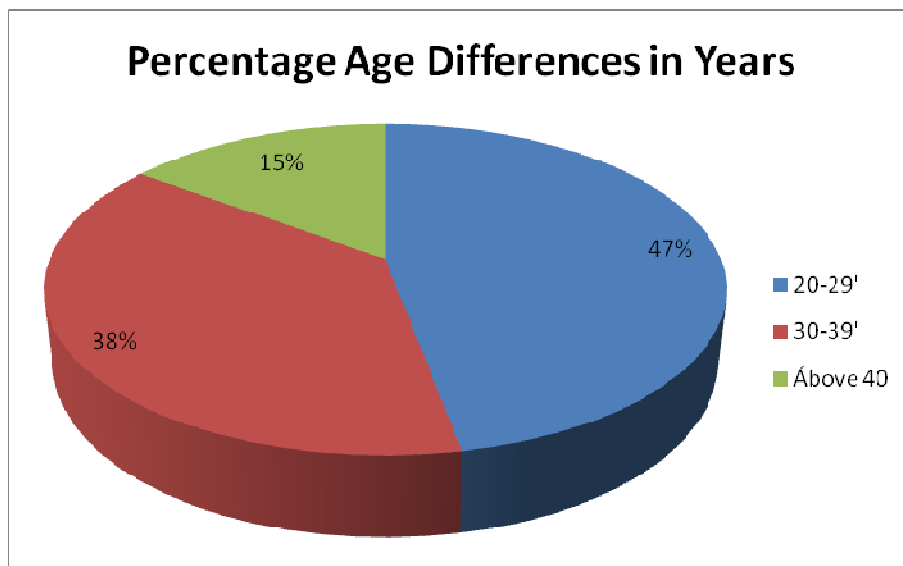
the employees and managers at commercial banks and obtained the following results.

Table 1. Gender Distribution of Employees and Managers

Category	Males	Females	Percent
Managers	4	2	25
Employees	20	6	75
Total	24	8	100

Source: Researcher, 2019.

There were a total of 24 male employees among them were 4 managers, which constituted a total percentage of 75. The female employees numbered 8 with a total percentage of 25. Among the 8 female employees, 2 were managers.



Source: Researcher, 2019.

Figure 2. Age Differences for Employees and Managers at Barclays Bank

As illustrated in the above figure, it is evident that 15 employees at were aged between 20-29 years (47 percent) of the total number of employees, 12 of them (38 percent)

had their ages between 30-39, and finally, only five (15 percent) of the employees were above 40 years.



Source: Researcher, 2019

Figure 3. Work Experience for Employees and Managers

Employees at commercial banks had diverse work experience with majority (11) in between the range of 6-10 years (35 percent). Only one manager happened to have had work experience within the range of 6-10 years. Those who had between 1-5 years of experience were only 9 (28 percent). Five employees (16 percent) and 2 managers (6 percent) had work experience of between 11-15 years. Surprisingly, there was one employee (3 percent) and three managers (9 percent) who had their work experience for 15 years and above.

4.1.1 Performance Appraisal Awareness at commercial banks

The study revealed that the performance appraisal is a term well known to the employees of Barclays bank since 72 percent of the interviewees confirmed and asserted that it was introduced to them by their branch manager, coordinator, or the departmental heads. The employees' reactions to the introduction of performance appraisal however, were different since others reacted with fear (42 percent), while others were confused (42 percent), and yet others remained neutral to it (16 percent).

4.1.2 Performance Appraisal at commercial Banks

Most of the respondents confirmed that performance appraisal is conducted by branch coordinator, manager, and heads of department. All those who were interviewed (90 percent) reported that the performance appraisal at the banks

is conducted on quarterly basis, that is, after every three months. The employees also agreed that indeed there are set standards on which their performance is being evaluated. They also confirmed that they receive training on performance appraisal issues though many said that the training offered quite often did not match the expected performance outcome.

4.1.3 Rating Perceptions by Respondents at Commercial Banks

There were also differences in rating perceptions by both employees and managers as each of them gave different opinions concerning the ratings. While no employee rated the performance at Barclays bank as very effective and poor, two managers (33 percent) rated the performance as very effective. It was a general consensus of both employees and managers that the performance appraisal is of great importance to the bank. Some of the reasons given to back this assertion include: it boosts the morale of employees since one knows that there is a benchmark to measure one's performance, keeps employees on their toes, makes some employees focus clearly, makes them put more effort in all that they do since there is somebody watching, and finally, ensures that a lot of effort is put by every individual in his/her department of work.

4.1.4 Performance Appraisal Challenges at Commercial Banks

Organizational culture was cited as one of the challenges of the performance appraisal process at Commercial banks. Both employees and managers concurred that performance appraisals conducted at banks have always been done in line with reference to how they have been carried out in the past. Ten employees (31 percent) said that one's position and job description guides the process of performance appraisal. The researcher presumed that this question might have been misunderstood by the interviewees to mean, "What determines one's performance appraisal?" In that case, the given reason could hold, assuming that they meant that one who is in a higher position will always receive good appraisal and vice-versa.

Some respondents reported that the banks system do support the performance appraisal process, while others did not. The question on resource availability was responded to by citing evidences as adequate rooms to carry out the appraisal process, and availability of appraisal forms. However, the biggest challenges to performance appraisal process at banks were stated as timing, standards, knowhow, as well as the expected evidence of one's performance.

V. CONCLUSION

Performance appraisal is a worldwide tool applicable to all organizations regardless of whether they are large or small, public or private, and whether service or manufacturing. There can be experienced a varying degree of success in the achievement of human resource management objectives such as clarifying work expectations; enhancement of employee progress; performance documentation and building a bridge between merit and pay.

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