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**EFFECT OF PERFORMANCE APPRAISAL ON ORGANIZATIONAL PRODUCTIVITY: A CASE OF NIGERIAN INSTITUTE OF LEATHER AND SCIENCE TECHNOLOGY, ZARIA**

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**Abstract**

It is very vital to ensure the quality of performance appraisal reports to enable managers to make timely and correct decisions. Performance appraisal of employees has the advantage of helping an organization to position the workforce on the jobs for which they are best suited and thus leading to improved productivity and increased organizational profitability. When employees are engaged in the performance of different tasks in an organization, it is essential to appraise their actual performance on the job to ensure that their effort is positively contributing to the achievement of organizational objectives. It is no longer fashionable to deploy employees to tasks without determining their suitability for each job. Modern organizations are no longer comfortable with just remaining competitive in their industries. They aspire to establish competitive superiority over their competitors and to post increasing profit figures for their shareholders. To achieve these objective, NILEST Zaria requires thorough performance appraisal of the entire workforce to enable the firm position the right skills in the right tasks for optimum productivity. Descriptive research design was adopted in this study. Sample of 50 respondents were drawn from NILEST Zaria. Data for this study were gathered from primary sources and through the use of structured questionnaire from respondents. The study employed Pearson Product Moment Correlation analysis to measure the relationship between variables tested using SPSS 20. The result showed that performance appraisal aids NILEST Zaria to position employees to right tasks thereby enhancing organizational productivity. A p-value of 0.00 is less than 0.05. It summarily means that Performance appraisal increases the productivity of NILEST and also shows that there is a significant relationship between performance appraisal and employees output in NILEST Zaria. Organizations are therefore advised to take the issue of performance appraisal seriously and to encourage the appraising managers to remain objective about the assessment of subordinates in the interest of increased productivity

in the organization and Multiple appraisal method” should be introduced to encourage objectivity and eliminate bias in the appraisal of workers in an organization.

**Key words:** Performance appraisal, Organizational productivity, Employees service quality, Judgmental evaluation, Employees commitment, performance evaluation, employees output.

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## INTRODUCTION

Performance review of workers is surely among the best practices to boost performance, morale and increase productivity. It is a well-known fact that the growth and success of an organization to a very large extent depends on the performance of its employees which could be measured by performance appraisal (Hayford, 2016). Organizations are designing motivation systems to encourage employees to perform as well as to attract and retain potential candidates. The main purpose of this study was to determine the effect of employee appraisal on the organization performance in public institutions. Baylis, Gray, and Wirtz, (2016) agree that in the contemporary markets, organizations must incessantly improve performance through cost reduction, product, and process innovation to improve quality, productivity, and speed to market.

Performance appraisal is a widely discussed concept in the field of performance management. It is used interchangeably as performance evaluation, job performance, performance assessment, performance evaluation as the case may be according to Amah and Gabriel (2017). Performance appraisal according to Manoharan (2019) is a very significant management tool for measuring the efficiency of employees in a place of work. It is meant to boost the efforts of a worker and his team to gradually see to the success of the overall organizational mission accomplishment. Watson, (2016) agrees that organizational performance has to be measured as the overall effectiveness of a firm in meeting identified needs of departments in the company but emphasizes that the efforts should also focus on the ability to improve its capacity to address those needs adequately continuously. The recurring activities are often the primary role of leaders in organizations. As a leader in an organization's hierarchy, it is imperative to know the determinants of organizational performance (Watson, 2016.) It allows managers to identify the key factors to prioritize to develop organizational performance. According to Idowu (2017) management by objectives as one of the key appraisal methods is defined as a result-based evaluative program. In greater detail, the goals of the performance appraisal system from an MBO perspective are mutually defined by a number of key stakeholders who include the subordinates, supervisors and employees as well.

In Nigeria, the way and manner most organizations structure their performance appraisal exercise program is skewed and therefore not bring the desired outcome. Many managements think that performance appraisal is done to exert absolute authority

and punish anyone that did not measure up to standard. Such a belief will make organizations take wrong decisions that may derail their objectives because performance appraisal is intended to correct deviations in the system which will impact positively productivity by removing all obstacles that tend to reduce productivity (Bamisile, Adebayo, and Oluleke, 2022). Many Nigerian organizations are experiencing low employee productivity and performance due to ineffective and lopsided performance appraisal systems. Performance appraisal is viewed and conducted solely in terms of its evaluative aspect thereby overlooking its use for facilitating growth and development in workers through training, coaching, counseling, and feedback of appraisal information.

A typical MBO appraisal system consists of several steps. The process begins by the establishment of clear objectives for the employee. An action plan detailing the way in which the objectives are to be achieved is developed. The employee is then allowed to implement the developed action plan. The fact that there are scarcely few employees who would not like to know exactly what their manager thinks of their performance makes performance appraisal schemes a controversial subject. In small organizations with few employees, the level of interaction between the manager and employees is so close that employees generally know what their boss thinks of them. However, in large organization, the degree of interaction is so remote that many employees find it difficult to predict precisely what their managers think of them and what the outcome of their performance appraisal would be (Obi, 2016). He further stressed that if performance appraisal is properly utilized, it will go a long way in assisting an organization in its human resources planning and development. Modern organizations are taking more and more interest in determining the quality and level of performance of their employees. Assessing the present productivity of the workforce helps an organization to prepare the ground for future training and development of the workforce.

Organizations are all about people, as human beings constitute the most vital resource of organizations. Therefore, how these people are gotten, managed and maintained go a long way in determining the success or failure of organizations. However, this is the main concern of managers in modern organizations (Obi, Onyekwelu, Onwubiko and Mohammed, 2016). With the advent of technology, most organizations have migrated from manual performance appraisals to e-performance appraisals for ease of administration, speed, efficiency, reliability and overall cost-effectiveness (Ullah *et al*, 2021). The Presidential Amnesty Programme, Abuja is one of those organizations that have adopted the electronic performance appraisal system. Despite the use of e-performance appraisal for evaluation, recognition and reward of employees, it has been observed that it is not delivering the expected benefits—employees' performance in terms of attitude to work, job satisfaction and productivity remained the same. A long-term process for evaluating employee's performance would not only be in the interest of the individual but also to the organization. Stalz (2016) explains that organizations

should look at the content of the appraisal system first and satisfy itself that the appraisal system is well understandable and in order not only to the appraiser but also to the appraisee. He also suggests that the appraisal system should be given to the appraisee who will return it to the appraiser, who then rates the appraisee and returns the form to the appraisee to go through and sign if he/she agrees with the rating. But even if the employee does not agree with his supervisor's rating he/she would give his/her own remark, and still signs the appraisal arrangement.

According to McGregor, many superiors are uncomfortable about judging someone and acting out the role of an evaluator. The above statement is a clear indication of the difficulties inherent in performance evaluation and procedure, despite all the problems, Gibson and Donnelly noted in their study that managers usually attempt to select a performance evaluation procedure that will minimize conflict with subordinates, provide relevant feedback to subordinates and contribute to the achievement of organizational goals (Obi, 2016). The authors further observed that as is the case with most managerial procedures and applied organizational behavior practices, there are no universally accepted methods of performance evaluation that fit every purpose, person, or organization. Viewing the above statement critically, it means therefore that what is effective in an organization will not necessarily work in another organization. In the same vein, what is effective within one department in a particular organization will not necessarily be right for another unit within the same company. Concluding, the authors added that the only important point agreed upon by Managers and organizational researchers is that some type of measuring device or procedure be used to record data on a number of performance criteria so that subjectivity in reward, development and other managerial decisions is minimized.

## **THEORETICAL FRAMEWORK**

The study adopts a baseline theory to illustrate or explain its relevance with performance management system. The theory was adopted because it helps to explain how proper goal design and implementation can enhance employee or organizational performance in the long run. The theory is equity theory as discussed below;

### **Equity Theory**

This theory was propounded by John Stacey Adams in 1965. Equity theory focuses on employee's perceptions of the fairness of their work inputs and outcomes.

#### **Assumptions of Equity Theory**

1. The theory demonstrates that the individuals are concerned both with their own rewards and also with what others get in their comparison.
2. Employees expect a fair and equitable return for their contribution to their jobs.
3. Employees decide what their equitable return should be after comparing their inputs and outcomes with those of their colleagues.

4. Employees who perceive themselves as being in an inequitable scenario will attempt to reduce the inequity either by distorting inputs and/or outcomes psychologically, by directly altering inputs and/or outputs, or by quitting the organization (Prachi, 2015; Good faith, John, Solomon & Kenneth, 2021).

Applying this theory when conducting a company's performance appraisals involves balancing the assessment of an employee's contribution to his job with the compensation and other rewards associated with his success. In general, highly-paid and rewarded employees tend to be the most motivated to continue performing well on the job as such enhances organizational effectiveness such as goal attainment and system approach effectiveness. According to this theory, employees' feelings of inequity lead to the modification of how they work which can make the organization effective or ineffective. When an employee observes that he should be earning more, he will amend his work input that will be equal to the pay he receives or lay a complaint to the management for re-negotiation or leave the organization for better opportunities (Goodfaith *et al.*, 2021). More so, the implication of equity theory to the present study on performance appraisal and organizational effectiveness is that it helps management and employees to avoid underpayment and over payment, be sensitive to inequity perceptions, monitor regularly for inequity and ensures that sacrifices are distribute equally in organizations. So many researches were done in relation to the topic of study. Remarkable among these studies are;

Onyije (2015), investigated the effect of the appraisal system in Niger Delta University on employee productivity. The methodology employed was a survey study design. The population of the study comprises about 3478 Academic and non-academic staff. The researcher sampled 3% of the total population using stratified random sampling. The instrument used was a self-developed questionnaire distributed to 104 respondents of which 102 were retrieved. The correlation coefficient was used to test the hypothesis. The study revealed that there was a significant relationship between performance appraisal and employee productivity and that an effective appraisal system could boost the morale of workers especially when they are rated adequately. The findings also revealed that performance criteria also affect the relationship between performance appraisal and employee productivity. Whilst, Onyije (2015), was able to test the hypotheses of her study, she failed to show whether her model was fit.

Mollel-Eliphaz (2017) who studied the influence of performance appraisal practices on employee productivity: A case of Muheza District, Tanzania. The researchers discovered that employee productivity in a company is affected by recognition and feedback.

Ugoani (2020), examined performance appraisal and its effect on employees' productivity in charitable organizations in Nigeria. The judgmental sampling method was used to select the sample of the study. The sample size of 109 was determined through the sample ratio concept. Using the exploratory research design and 109

participants the result of the study indicates a strong positive correlation between performance appraisal and employee productivity. Whilst the correlation coefficient is good for knowing whether the computed value of  $r$  is significant or not, it does not indicate whether there exists any cause-and-effect relationship of the variable. Hence, Ugoani (2020), failed to consider evaluating whether or not a linear relationship exists between performance appraisal and employees' productivity.

Goodfaith *et al.* (2021) investigated performance appraisal methods and employee performance of selected firms in Anambra State of Nigeria. The specific objectives of the study were to ascertain the extent management by objectives appraisal method, 360-degree performance appraisal method and goal setting performance appraisal method relate to employee performance. A survey research design method was used. The target population of the study comprised 247 employees of three selected firms in Anambra State. The study used only 237 valid copies of the questionnaire for analysis. Pearson correlation analysis was used to test the hypotheses formulated for the study. Amin and Shila (2015) conducted a study on enhancing organizational effectiveness by performance appraisal, training, employee participation, and job definition. 165 questionnaires were distributed among employees in Malaysian governmental university and collected data was analysed through factor analysis, reliability, correlation, and regression test. The findings revealed that training, employee participation, performance appraisal, and job description have significant effect on organizational effectiveness. Amin and Shila (2015)

### **OBJECTIVE OF THE STUDY**

The main objective of the study is to determine the effect of Performance Appraisal on Organizational Productivity: A Case Study of NILEST Zaria. Kaduna State

### **HYPOTHESIS OF THE STUDY**

$H_0$ . There is no significance difference between effect of Performance Appraisal and Organizational Productivity in NILEST Zaria. Kaduna State.

### **METHODOLOGY**

This study was carried out in Kaduna State using selected tertiary institutions, the research design adopted was descriptive. Random sampling stratified method was used which is the best method to achieve a representative sample with the systematic sampling technique. Primary data was obtained with the aid of a structured questionnaire. Respondents were requested to rate how performance appraisal affects organizational productivity using a 5-point Likert scale. The total number of 50 copies of questionnaire were administered to respondents randomly, while 48 copies were retrieved and found useful for the research analysis. The data obtained were analyzed using both inferential and descriptive statistics. The study employed Pearson Product

Moment Correlation analysis to measure the relationship between variables tested in the study.

## RESULT AND DISCUSSION

The purpose of this study is to establish the effects of performance appraisal on organizational productivity. In the chapter, the results of the data analysis were presented. Data was collected then processed to give a response to the research questions of the study. Data was analyzed to identify and describe the relationship between the dependent variable which is organizational productivity and the independent variable which is performance appraisal.

**Table 1: The appraisal method used brings about an increase in the productivity of employee**

	Frequency	Percentage (%)
SA	21	43.8
A	22	45.8
D	3	6.2
SD	2	4.2
<b>Total</b>	<b>48</b>	<b>100</b>

Source: Field Survey 2025

As shown in the table above, 21(43.8%) respondents strongly agreed, 22 (45.8%) respondents agreed, 3(6.2%) disagree and 2(4.2%) strongly disagree this shows that higher percentage of respondents agreed that the appraisal method used brings about increase in productivity of the employee.

## Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	162.177 <sup>a</sup>	16	.000
Likelihood Ratio	160.095	16	.000
Linear-by-Linear	51.711		
Association		1	.000
<b>N of Valid Cases</b>	<b>48</b>		

a. 16 cells (52.0%) have an expected count of less than 5. The minimum expected count is .13. The p-value of the significance level is 0.00 which is lower than 0.05.

It summarily means that Performance appraisal increases the productivity of NILEST and also shows that there is a significant relationship between performance appraisal and employees output in NILEST Zaria. This is in conformity with Onyije (2015),

revealed that there was a significant relationship between performance appraisal and employee productivity and that an effective appraisal system could boost the morale of workers especially when they are rated adequately.

## CONCLUSION/RECOMMENDATIONS

Modern organizations are increasingly taking the issue of performance appraisal seriously in view of its merit as a tool for increasing productivity in an organization. Performance appraisal helps NILEST to place employees in tasks they are best suited for in order to improve productivity. When productivity is improved it leads to increased earnings in the organization. Reward for employees should not be totally depends on high scores in performance appraisal report. This is because there are many negative factors militating against the efficient functioning of performance appraisal as a measuring instrument. The result showed that performance appraisal aids an NILEST Zaria to position employees to right tasks thereby enhancing organizational productivity. The study also showed that there is a significant relationship between performance evaluation and employees output in NILEST Zaria. Organizations are therefore advised to take the issue of performance appraisal seriously and to encourage the appraising managers to remain objective about the assessment of subordinates in the interest of increased productivity in the organization. Multiple appraisal method" should be introduced to encourage objectivity and eliminate bias in the appraisal of workers in an organization.

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