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THESIS TOPIC:

ATTITUDE OF EMPLOYEES TO WORK PERFORMANCE IN AN ORGANISATION AS A RESULT OF PERFORMANCE APPRAISAL

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ABSTRACT

TITLE: ATTITUDE OF EMPLOYEES TO WORK PERFORMANCE IN AN ORGANISATION.

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BACKGROUND AND PROBLEM DISCUSSION:

Work Performance in most organizations is determined in most cases by performance appraisal. The Implementation of performance appraisal on employee work performance and subsequently the derived feedback from the process have recently derived attention from both researchers and the management of any organization (). However the knowledge of gaining the trust of employees as well as getting the appropriate feedback is seriously lacking. This thesis tried to review the attitude of employees to work as a result of performance appraisal within an organization.

PURPOSE: To review the effects of performance appraisal on employee work performance and work effectiveness.

METHOD: The primary data for this work was collected from the survey received from the employees of Unique Assurance Company and also secondary data was collected from journals, books and other research works
KEYWORDS: Work Performance, Performance appraisal, employees attitude, motivation

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CHAPTER ONE

Evaluation of jobs in any organization is one area that an organization’s human resource department does not neglect because it helps to keep employees in check of what they are to do on the job how the job is been carried out.(See Derven 1990) This chapter introduces the importance performance appraisal in an organization.

INTRODUCTION

Performance appraisal can be defined as an organizational system comprising deliberate processes for determining staff accomplishments to improve staff effectiveness (Winston, R. B., Jr, & Creamer, D. G. (1997).) It is extremely important that workers have the proper knowledge, skills, and attitudes to perform well in their jobs. Knowledge, skills, and attitudes are the internal competencies that workers bring with them to the job or that they must learn through training. The above mentioned abilities are not however the only factors that go into success at getting the job done. Factors that are external to workers, such as the environment, standard operating procedures, customers, equipment, and management’s own behaviors, can have a big influence on how well workers perform in a job.

Performance appraisal systems are generally seen as simple methods of income justification. The process was firmly linked to material outcomes. It is also generally used for administrative decision purposes such as pay raise, termination and to a large extent it is needed for a company’s development. A good performance appraisal creates an avenue for the formal
recognition of the employee i.e. receiving a positive feedback serves as a moral boost that the employee is contributing positively to the organization but on the other hand a negative feedback reduces the motivation of employees to work.

Uses for performance appraisal have included equal employment opportunity considerations, promotions, transfer and salary increases. Primarily, performance appraisal has been considered an overall system for controlling an organization. It has also been called an audit function of an organization regarding the performance of individuals, groups and entire divisions.

1.1 BACKGROUND OF THE STUDY

Almost every organization in one way or another goes through a periodic ‘ritual’, formally or informally, known as performance appraisal. In spite of what the organizations intention are when conducting performance appraisal it produces a feedback that can either be positive or negative to both the management and the employees.

The feedbacks received can either help in organization development or serve as a drawback to effectiveness and efficiency in the work place. The effects of feedback have historically been quite varied and largely ignored. In some studies, feedback has been found to improve performance (e.g., Arps, 1920; Brand, 1905) its root has been traced to the 19th century during Taylor's pioneering Time and Motion studies. Performance appraisal has been called many names such as a tool of management, a control process, an activity and a critical element in human resources allocation. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if their performance was better than the supervisor
expected, a pay rise was in order. The post effect (i.e. after effects) of these performance appraisals has a way of either reducing work effectiveness or reducing it.

Appraisal seems to be inevitable and universal, and in the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. As much as it seems that performance appraisal is of great importance to any organization in achieving its efficiency and effectiveness, there are various controversies on the issue which includes many reputable sources - researchers, management commentators, who have expressed doubts about the validity and reliability of the performance appraisal process. Some have even suggested that the process is so inherently flawed that it may be impossible to perfect it (Derven, 1990). Performance appraisal also has its positive and negative effect on the workers which the employees might view as testing their effectiveness.

1.2 RESEARCH QUESTIONS

Based on the discussion above the aim of this research is to gain a better understanding of employees’ reaction to performance appraisal and their subsequent attitude to work. Performance appraisal may face a general acceptance or rejection from employees this may be due to the fact that employees sees appraisal as an avenue to lay-off workers that falls short of expectation. The major question this research seeks to answer helps to shed more light on the problem and how it affects productivity. The major question is

- How do employees perceive performance appraisal in relation to work in an organization?
Hypothesis

There are five main hypotheses to be tested in order to gain adequate understanding of the research.

Hypothesis One: The changes in the attitude of employees as a result of performance appraisal.

Hypothesis Two: Performance appraisal is believed to have more negative effects on employees than positive effects.

Hypothesis Three: Performance appraisal does not bring unhealthy competition among employees.

Hypothesis Four: Performance appraisal is believed to encourage good team spirit.

1.3 OBJECTIVES OF THE STUDY

The objective of this study is to know how employees in an organization react to performance appraisal in relation to how they react to feedbacks from the appraisal and also to know which of the appraisal method that the employees are comfortable with.
CHAPTER TWO

2.1 THE PERFORMANCE APPRAISAL PARADOX

For more than fifty years, performance appraisal has been firmly outlined as a personnel management activity aimed at measuring employees performance. (Grote 1996). According to (Rasch 2004) the process of performance appraisal is designed to address problem behaviour and there is an underling assumption that all employees in an organization must undergo this appraisal to address the problem.

Scholtes (1999) observes that despite the various uses of performance appraisal such as its uses as a valuable and essential tool in organization improvement, it provides a comprehensive overview of the practices and key components in performance appraisal processes such as feedback, learning, and teamwork in the performance appraisal process, most people still lack confidence in the whole process. he based his argument on the survey conducted in 1996 by the Society for human resource management that found out that over 90% of performance appraisal has been unsuccessful which is due largely to the feedback received from the process and he equally pointed out that this problem cannot be fixed.

Many researchers have indicated that reactions to performance appraisal by employees plays an important role in employees appraisal process because they are very vital for the organizational acceptance and use of the appraisal system (such researcher include Bernardin & Beatty, 1984; Cardy & Dobbins, 1994; Murphy & Cleveland, 1995)
Assessing the feedback of performance appraisal is also the assessment of employees’ reaction towards performance appraisal. According to Lisa (2000) assessment of this reaction is important for many reasons such as

(a) The reactions from performance appraisal represent a criterion of great interest to practitioners.

(b) The reactions has also been theoretically linked to determinants of appraisal acceptance and success but have been relatively ignored in research.

The lack of a feedback process in performance appraisal creates a gap when evaluating employees’ performance. This gap has subsequently been called criterion gap. In relation to the gap created, Balzer and Sulsky (1990) suggested that the existence of a criterion gap in performance appraisal originates from two sources. The first source been that many of the dependent variables measured in performance appraisal are of little interest to analyst. Secondly, many of the dependent variables that are of interest to analyst are mostly or completely ignored by people carrying out the researches. In general, researchers focus on measuring the psychometric properties of ratings, whereas analyst are more often interested in practical criteria such as appraisal reactions from feedback (Cardy & Dobbins, 1994; Murphy & Cleveland, 1995).

Although this gap is an important part of the feedback and performance appraisal process it will not be treated in dept since the objective of research.

According to (Sundra 2003), the success or failure of any performance appraisal is attributed to the three sets of criteria:

- A first criterion is based on Murphy and Cleveland (1991) argument on reliability issue. They proposed that reaction criteria e.g. the perceived fairness or accuracy of the system limits or enhances the effectiveness of any performance appraisal.
- Secondly, the practicality criteria of performance appraisal include widely recognized issue of cost, time commitment and acceptability.

- The third sets of decision process criteria concerns the level of acceptance by member and the system’s ability to facilitate organizations decision.

These sets of criteria are considered indirectly by the management of Unique Assurance since performance appraisal cannot be conducted without a level of acceptance from employees as well as time and cost considerations.

2.2 Approaches to Performance Appraisal

The approaches of companies to performance appraisal differ. Winston and Creamer(1997) noted that performance appraisal in most organization is an ongoing event be it periodically and not a single event. Appraisal activity generally focuses on staff improvement and not salary adjustment which might be a form of reward or disciplinary action. Some of the approaches outlined by Creamer and Janosik (in press) include behaviour based approach; results focused approaches, and appraisals of team performance

A) Behavior-Based Approaches: This is the type of performance appraisal that uses specific performance factors to evaluate employees. This approach is further divided into the following:

Conventional Rating Scale: This rating scale uses a specific word or phrase to describe the extent to which certain behaviors are displayed. The characteristics of such behaviors are displayed in the job description. In a situation where there are no behavior descriptions, the supervisors work with other employees to determine behaviors that would be useful to determine appraisal setting.
Behaviorally Anchored Scale: This approach occurs as a result of collaboration between the supervisors and other employees where broad categories of practice are identified. The measure of employee behavior is rated on a scale in relation to specific behaviors.

Behavior-Based Appraisal: This is an approach that is based on how often employees display specific behaviors and they are evaluated on how often the behavior occur. It is the behavioral frequency scale.

The weighted checklist: This is another way of approaching behavior-based appraisal. In this method, employees are judged on a scale indicating the extent to which the statement accurately describes their performance according to a list of performance related statements that are weighted.

Forced-choice method: In this approach, there is a form of calculation on a grid that calculates job performance based on the employee level of discrimination and desirability on the job. It is a list of performance related statements about job performance and are evaluated on how well they discriminate among staff.

B) Results-Focused Approaches -: This is the type of approach that focuses on the result to be derived from the appraisal. Creamer and Janosik (in press) noted both advantages and disadvantages to results-based performance appraisal approaches. The advantage been, they produce short and long term results in achieving the performance and organizational objectives, and are generally perceived as fair, and also tend to generate high levels of commitment among the employees to the organization, and they encourage a high level of participation and are thus defensible. And the disadvantage been that, they can be overly results oriented and they are...
mostly inflexible. Before an organization can adopt this approach, the management must be of the view that the advantages outweigh disadvantages, for the approach to be incorporated. There are two general techniques of enacting results-focused approaches: Management by Objectives (MBO) and Accountabilities and Measures (Grote, 1996).

C) **Accountabilities and Measures approaches**: This approach involves the supervisor and the other employees agreeing on accountability, fairness and performance factors and including such factors in the job description. Performance is then forecast for each factor to enable quantifiable measures for each factor. An Accountabilities and Measures form can be created, with performance factor categories.

Although the case study of our research does not use a specific one out of these set of performance appraisal type since their performance appraisal is carried out quarterly but from our research, we discovered that the company tend to use more of the Result Based Approach. This is because the judge an employees based on the result he/she achieved from a project.

### 2.3 Performance and Leadership

In most cases for and performance appraisal to be considered as fair the leadership conducting the process must be perceived in a positive light. This helps to determine that there is appositive relationship between Performance and leadership. Ultimately it is the individual employee who either performs, or fails to perform; a task but motivation on the part of the leader can ensure performance of any task. In order for an organization to perform an individual must set aside his personal goals, to strive for the collective goals of the organization (Cummings and Schwab, 1973). In an organizational context, the very nature of performance is defined by the
organization itself (Cummings and Schwab, 1973). Employees and their attitude to work are of paramount importance to the achievement of any organizational goals. Thus, effective leadership enables greater participation of the entire workforce, and can also influence both individual and organizational performance (Bass, 1997; Mullins, 1999).

It is generally believed that the success of an organization is largely dependent the leader’s ability to optimize human resources (i.e. its employees). A good leader understands the importance of employee’s performance in achieving the goals of the organization, thus performance appraisal and that motivating these employees is of absolute importance in achieving these set goals and objectives. In other for any organization to have an effective and efficient work system, the people within the organization need to be inspired to invest themselves in the organization’s mission (this inspiration can be achieved through effective performance and reward system): the employees need to be stimulated so that they can be effective; hence an effective organizations requires an effective leadership (Wall, Solum and Sobol, 1992; Maritz, 1995). To have an effective organization, there must be effective and stimulating relations between the people involved in the organization (Paulus, Seta and Baron, 1996).

It has been widely accepted that effective organizations require effective leadership and that organizational performance will suffer in direct proportion to the neglect of this (Fiedler and House, 1988). Furthermore, it is generally accepted that the effectiveness and efficiency of any set of people is largely and mostly dependent on the quality of its leadership an effective leader’s behavior facilitates the accomplishment of the follower’s desires, which then results in effective performance (Fiedler and House, 1988; Maritz, 1995; Ristow, et al., 1999
Leadership, according to (Cummings and Schwab, 1973), is perhaps the most thoroughly investigated organizational variable and that this fact has a potential impact on employee performance. An efficient leader understands that employees’ motivation as well as strength and weaknesses has a major influence on their decision making, actions and relationship.

“There is agreement in the literature (Maritz, 1995; Bass, 1997) that leadership is a critical factor in the success or failure of an organization; excellent organizations begin with excellent leadership, and successful organizations therefore reflect their leadership. Leaders are effective when the influence they exert over their subordinates works towards achieving organizational performance.” (Jones and George, 2000). In recent times, leadership is often regarded as the single most important factor for the success and failure of any organization. (Dimma 1989) believes that it is undoubtedly the critical determinant of the success of an organization and to this effect determines organizational performance in the competitive environment. According to Ristow (1998), Organizational behavior in different environment found that transformational leadership has a positive influence on employee performance and therefore organizational performance.

2.4 FEEDBACK IN PERFORMANCE APPRAISAL SYSTEM

In performance appraisal one of the most important aspects of the program is when the employers communicate their performance ratings to the employees. Although some researchers like (Ammons 1956) claim that the feedback process in performance appraisal has little or no effect if the person is already performing on a high level or if the job is complex. The feedback delivery helps the organization in decision making, enhancing of productivity and effectiveness
within the organization. It has been pointed out that the communication of feedback regarding the performance of employees and groups in an organization is an important part of any organization’s human resource system (Harackiewicz, Larson 1986: Larson 1984).

The aim of any organization when conducting performance appraisal is to receive feedback and this feedback helps to maintain and direct employee behaviour to accomplishing the organization's goal and objective and also mating a high level of work to accomplish these goals.

On the part of the employees performance appraisal feedback serves as a means of satisfying the need for information on how employees are meeting up with their personal goals and as serves as a form of social measurement among their peers. Feedback serves as a basis for identifying discrepancies self and others’ performance and work goals (Carver, Scheier 1981)

From both the organizations and employees point of view a performance appraisal feedback process can serve as a means of identifying the employee’s weakness and unidentified goals. Identification of these shortcomings can help the employees to increase their level of performance, redirect their efforts toward achieving both the organizational and personal goals, and also improve their relative standing to internal and external standards. This achievement is of great important to the organization however, performance appraisal feedback has not only leaded directly to the improvement of performance. Research has shown that the success of the feedback depends on a number of factors related to the acceptance of the feedback process which can include: the valence of the message(positive or negative) characteristic of the source(e.g. knowledge, credibility, familiarity of the job), and the recipient of the feedback and also the perceived relevance and accuracy of the feedback to employees performance and
behaviour(Fisher , Taylor1979,Zuber ,Behson 1998). The level of acceptance of feedback is then expected to neither influence employees positively or negatively on the willingness to improve their work levels.

For any feedback within the organization to yield any positive result, the source of the feedback must be perceived by the recipient as being trustworthy, credible, reliable, objective and properly motivated in order for feedback to be accepted.(Wyer, Budeshiem, Lambert, Swan 1994). On the other hand the degree of the feedback’s acceptance is greatly reduced when the source of the feedback is perceived as unreliable, untrustworthy or has having ulterior motives. When the feedback received from employee indicate that an employee has performed above the organizations standard, it is generally perceived that individual goals on subsequent work will be stable i.e. there is high motivation on the part of the employee to work. On the other hand when there are negative discrepancies between the employees’ goals and organizational goals, organizations attempt to reduce these discrepancies by increasing efforts of the employees. Invariably, individuals that receive negative feedback are more likely to put more effort to improve their performance than individuals that received a positive feedback. (Carver &Scheier1981, Pod

### 2.5 FEEDBACK TYPES

Based on the performance appraisal dimension, different types of feedback are delivered. Classifying types of feedback based on the nature of performance helps to understanding the reactions employees have to performance appraisal feedback. (Cuselle 1987). According to Ilegen
et al.’s feedback process model, (1979), the features of each feedback source combined with the form of feedback that best corresponds to each source’s characteristic should yield the greatest degree of acceptance of the feedback received.

According to (Parker 1996), Feedback was dichotomized into

- team process and
- Task outcome performance dimension

**Team process Performance Dimension**

This process evaluates the behaviour representative of one team player style called the communicator. The main aim of the communicator is to facilitate the on time completion of task by the team and accomplishment of its goals. Other roles of the communicator includes active listening and involvement in the resolution of conflict within the team. The communicator also helps to create an informal and relaxed atmosphere among team members. This performance dimension evaluates and assesses employees’ behaviour while working together as a team in accomplishing a task. In this performance dimension, peer might be in the best position to give a more accurate and objective and more reliable performance rating on team process system.

**Task Outcome Performance Dimension**

This other performance dimension evaluates the nature and content of the outcome of the tasks performed specifically in the terms of the quality and quantity of the final products produced by the employees. In the case of task outcome performance, the supervisor might be in the best position to judge behaviour or final outcome given the supervisor’s expertise is in the field and
ability to judge the quality of task outcomes leading to a higher level of feedback acceptance by the employees.

2.6 SOURCES OF PERFORMANCE APPRAISAL AND ITS FEEDBACK EFFECT ON EMPLOYEES.

Recently in an attempt to increase effectiveness of the appraisal system, organizations have introduced multi source appraisal and feedback programs.(Albright & Levy 1995). In the multi source appraisal program, Employees receive evaluation and feedback from not only their supervisors but also from other sources such as peers, subordinates and even their customers. This form of performance appraisal came up as result of increasing number of responsibility and task for the supervisor and well as increasing number of subordinate. Another contributing factor to the effectiveness of this program is the continuous flattens of the hierarchy within the organization that might make it more difficult for supervisors to assess their subordinate. (Cascio 1995).

While some organizations are aware that their performance evaluation is multi sourced, some organizations are unaware of this fact. An appraisal program is considered multi sourced if more than one source in evaluating employees or considers all the sources like customers peers etc.

The aim of consulting as many sources is to allow employees obtain true feedback reflecting their true ability on the job and also help judge a wider variety of behaviour on the job that might not be displayed by the employee during the period of appraisal. The feedbacks on this form of appraisal are usually generally acceptable by the targeted employees.
According to (Dunntte 1993, Facteau et al 1998, Fuderburg & Levy 1998, London and Smither 1995), Multi source performance appraisal has received attention from both managers and academics. Though the program has led to many researches, many issues still remain unresolved.

2.7 FACTORS THAT MAY AFFECT THE FEEDBACK PROCESS

Positive Appraisal Reaction Feedback/Components of a Good Appraisal System

Satisfaction

One of the most frequently measured appraisal reaction is Satisfaction (Giles & Mossholder, 1990). Appraisal satisfaction has been mainly viewed in three ways:

(a) Satisfaction with the appraisal interview or session,

(b) Satisfaction with the appraisal system

(c) Satisfaction with performance ratings.

Satisfaction of performance appraisal is an indication of the degree to which subordinates are satisfied, serves as a report of the accuracy and fair evaluations of performance, and the feel that they will improve their working relations with their supervisors.

In the same view, Taylor et al. (1995) conceptualized satisfaction with a four-item scale of assessing: whether the organization should enhance or change the appraisal system, whether there are less work problems arising as a result of the performance appraisal system, whether employees are satisfied with the way the organization conducted the appraisal, whether having appraisals is a waste of time.

This measure may potentially fail to distinguish between satisfaction and utility. Lastly, some satisfaction measures seem to also fail to distinguish between appraisal satisfactions with job
satisfaction. For example, Dorfman, Stephan, and Loveland (1986) measured appraisal satisfaction by having employees respond to the following questions: "How satisfied were you with the discussion between yourself and your supervisor about your job performance?", "In general, how satisfied are you with your supervisor?", "In general, how satisfied are you with your job?", and "How satisfied are you with the overall evaluation of your performance? These questions are too direct and does not necessarily address appraisal but rather seems to be measuring job satisfaction.

**Fairness**

Assessing the appraisal fairness is a more complicated phenomenon compared to other reactions from performance appraisal. This is due to the influence the organization justice has recently on measuring employees’ reaction to performance appraisal. This argument is in line with Smither’s (1998) that a good appraisal system is of great sensitivity to issues of justice or fairness.

In the past, appraisal fairness was viewed as either the perceived fairness of the performance rating or the perceived fairness of the appraisal in general. In recent times however, researchers in performance appraisal have brought to life the concepts of procedural and distributive justice and have used these measures to assess and justify the issue of fairness (e.g. Korsgaard & Roberson, 1995). To this effect, appraisal fairness has been interpreted in four different ways:

(a) Fairness with performance ratings,

(b) Fairness with the appraisal system,

(c) Procedural justice, and

(d) Distributive justice.
Perceived Utility

One of the popular reactions to performance appraisal is the utility of the appraisal. In comparison with satisfaction and fairness, the measurement of perceived utility has been relatively consistent and uncompounded. The most typical idea of perceived utility has focused on the usefulness of the appraisal system. “For example, Greller (1978) conceptualized utility in terms of the appraisal session and operationalized this with items such as “The appraisal helped me learn how I can do my job better” and “I learned a lot from the appraisal.”.”

Perceived Accuracy

In reviewing any performance appraisal, perceived accuracy has to be used as a criterion because it presents an unusual case when compared to other typical reactions that are measured. “Cawley et al. (1998) reported that the vast majority of studies appear to confound accuracy with other reactions, most notably fairness”. In this study the employees perceived the performance appraisal as not been accurate.

2.8 EMPLOYEES ATTITUDE TOWARDS THE CONTENT OF PERFORMANCE APPRAISAL

It is important in this work to consider the employees attitudes towards performance appraisal itself and its feedback. In any appraisal system the managers know more than the employees this gives a form of reception on the part of the employees to the appraisal process. Employee’s attitude towards performance can also be change by making the appraisal system about them and not about how the organisation can make money. In the two studies conducted by Levy and
William in 1992 and 1998, there is a perceived knowledge in predicting appraisal reaction in terms of job satisfaction and organisational commitment. The conclusion from the studies was drawn as: The employees who believe they understand the appraisal system used in the organisation are most likely to favour important organisational variables in the future and also have the following characteristics:

- They are more accepting and largely favours the appraisal system and its feedback.
- They have more satisfaction on their job.
- They are highly committed to the organisation.
- They are most likely to rate the performance appraisal as fair.

According to Mount 1984 for performance appraisal to be conducted in an effective manner and for it to be accepted, the unique perceptive ability of both the employees and the managers must be taking into consideration. In summary for employees to have a positive attitude towards performance appraisal, the following should be taken into consideration.

- There should be a system of formal appraisal.
- It should be conducted frequently.
- Supervisors should have more knowledge about the appraisal process.
- Employees should have an opportunity to appeal their ratings.
- The organisation environment should be co-operative rather than competitive.
- The plan of the organisation should also deal with weakness rather than only acknowledge strength.
2.9 EMPLOYEE ATTITUDE TOWARDS WORK

Employees have attitudes or viewpoints about many aspects of their jobs, their careers, and their organizations and these viewpoint play an important role in performance appraisal. The most known employee attitude is job satisfaction. According to Locke (1976), employee attitude is described as a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences.

A lot of confusion and debates have been going on among practitioners on the topic of employee attitudes. According to (Rynes, Colbert, & Brown, 2002), in a study of Human resources professionals, there are three knowledge gaps in the area of employee attitudes. Namely

(1) The causes of employee attitudes,

(2) The results of positive or negative job satisfaction, and

(3) How to measure and influence employee attitudes.

Analysing the first gap, the causes of employee attitudes, several studies have shown the influences of a person’s disposition on employee attitude and job satisfaction. (Staw & Ross, 1985) demonstrated in their study that a person’s job attitude and satisfaction scores have stability over time, even when he or she changes jobs or companies. (Staw, Bell, & Clausen, 1986). Also discovered in their own study that childhood temperament was found to be statistically related to adult job satisfaction

According to Shane, & Herold, 1996 differences in attitude across employees can be traced, in part, to differences in their disposition or temperament. Weiss and Cropanzano (1996) suggest
that disposition may influence the experience of emotionally significant events at work, which in turn influences work attitude and coherently job satisfaction. Also, in a related development, Brief (1998) and Motowidlo (1996) have developed theoretical models in an attempt to better understand the relationship between dispositions and job attitude of employees.

There is also currently a heavy research on the influences of culture or country on employee attitudes. Hofstede (1980, 1985) conducted research on employee attitude data in 67 countries and found that the data grouped into four major dimensions and that countries, systematically varied along these dimensions. The four cross-cultural dimensions are: (1) individualism-collectivism; (2) uncertainty avoidance versus risk taking; (3) power distance, or the extent to which power is unequally distributed; and (4) masculinity/femininity, more recently called achievement orientation. In his research, the United States was found to be high on individualism, low on power distance, and low on uncertainty avoidance whereas Mexico was high on collectivism, high on power distance, and high on uncertainty avoidance. These dimensions help in understanding cross-cultural differences in employee attitudes, as well as recognizing the importance of cultural causes of employee attitudes. (Saari, 2000; Saari & Erez, 2002; Saari & Schneider, 2001). have also proved that country/culture is as strong a predictor of employee attitudes as the type of job a person has.

The issue of work situation should not be left out in terms of employee attitude, job satisfaction and organization impact. Contrary to some beliefs, the most visible influence on employee attitude and job satisfaction is the nature of the work itself—often called “intrinsic job characteristics.” (Judge & Church, 2000;
Jurgensen, 1978), have shown in their research that when employees are asked to evaluate different facets of their job such as supervision, pay, promotion opportunities, co-workers, and so forth, the nature of the work itself generally emerges as the most important job facet. This does not rule out the impact of compensation programmes or effective supervision but instead it proves that, more can still be done to influence employee attitude at work by ensuring that work is as interesting and challenging as possible. It is very wrong to think that employees are most desirous of pay to the exclusion of other job attributes such as interesting work situation. A study by (Kovach, 1995). Examining the importance of job attributes, showed that employees ranked interesting work as the most important job attribute and good wages ranked fifth, while managers ranked, good wages first and interesting work ranked fifth.

Employee attitude and job performance

The 1930 Hawthorne studies, creates vivid awareness of the effects of employee attitudes on performance. Shortly after the studies, came the notion that a “happy worker is a productive worker.” This notion became an interesting area of research for most researchers. Many of the researchers however saw a weak relation between employee attitude and performance. Thus, the conclusion that the presumed relationship between job satisfaction and performance was a “management fad” and “illusory.” became widely spread. Subsequent research on this proved the earlier perception inadequate. Organ (1988) suggests that the reason why a strong relationship could not be found between employee attitude and performance is as a result of the narrow scope of the definition of job performance. Organ proposes that the definition of job performance
should be made to include important behaviours not generally reflected in performance appraisals, such as organizational citizenship behaviours, as such the strong relationship between job attitude and performance will be visibly clear.

**Employee attitude and life satisfaction**

Judge and Watanabe (1994), in their modern research have exposed that there are three probable forms of the relationship between employee attitude, job satisfaction and life satisfaction: (1) spill over, where job experiences spill over into non-work life and vice versa; (2) segmentation, where job and life experiences are separated and have little to do with one another; and (3) compensation, where an individual seeks to compensate for a dissatisfying job by seeking fulfilment and happiness in his or her non-work life and vice versa.

**Employee attitude and Withdrawal Behaviours**

Recent research has it in records that employees who are dissatisfied are more likely to quit their jobs or be absent than employees who are satisfied. The three authors below all support this view. (Hackett & Guion, 1985; Hulin, Roznowski, & Hachiya, 1985; Kohler & Mathieu, 1993). Job satisfaction shows correlations with turnover and absenteeism. Job dissatisfaction also appears to be related to other withdrawal behaviours, including lateness; unionization, grievances, and drug abuse, and decision to retire. Hulin et al. (1985) categorized these individual withdrawal behaviours as evidences of “job adaptation” and have suggested that these individual behaviours be grouped together because the occurrence of most single withdrawal behaviours is quite low, looking at a variety of these behaviours improves the ability for showing
the relationship between job attitudes and withdrawal behaviours (Hulin, 1991). Relying on the research that shows job satisfaction predicts withdrawal behaviours like turnover and absenteeism, researchers like Cascio, 1986; Mirvis & Lawler, 1977, have been able to statistically measure the financial impact of employee attitudes on organizations.

**Measurement and Influence of Employee Attitude**

There are quite some researched methods for measuring employee attitudes, such as conducting focus groups, interviewing employees, or carrying out employee surveys. Employee attitude survey, seem to be the most accurate method of measurement, if well constructed. Thus, we first provide an overview of the major research on employee attitude surveys. To correctly influence employee attitudes in a positive way, some of the research already discussed need to be well understood. Also, if employee attitudes are to be improved, cogent considerations for analysing employee survey results need to be known.

**Employee Attitude Surveys**

Two major research areas on employee attitude surveys are discussed below: employee attitude measures used in research and facet versus global measures. The areas discussed are not meant to provide knowledge of all relevant considerations for designing employee surveys, but rather provide background on the research and an overview of some major areas of study. In the research literature, the two most extensively validated employee attitude survey measures are the
Job Descriptive Index (JDI; Smith, Kendall, & Hulin, 1969) and the Minnesota Satisfaction Questionnaire (MSQ; Weiss, Dawis, England, & Lofquist, 1967). The JDI assesses satisfaction with five different job areas: pay, promotion, co-workers, supervision, and the work itself. The JDI is reliable and has an impressive array of validation evidence. The MSQ has the advantage of versatility—long and short forms are available, as well as faceted and overall measures. Another measure used in job satisfaction research (e.g., Judge, Erez, Bono, & Thoresen, in press) is an updated and reliable five-item version of an earlier scale by Brayfield and Rothe (1951). All of these measures have led to greater scientific understanding of employee attitudes, and their greatest value may be for research purposes, yet these measures may be useful for practitioners as well. In practice, organizations often wish to obtain a more detailed assessment of employee attitudes and/or customize their surveys to assess issues unique to their firm.

**Relationship between Employee Attitudes to Business Measures.**

One research area that identifies important areas for survey action is to link employee attitudes to business outcomes. Schneider and his colleagues undertook recognisable research activity in this area; their research was on how employee attitudes about various human resources practices correlated with customer satisfaction measures, thus indicating key levers to improve customer satisfaction. They found that when employees reported higher satisfaction with work facilitation and career development, customers reported higher service quality (Schneider & Bowen, 1985). Other researchers like, Wiley, 1996) developed a linkage models that identify the organizational
practices (as rated by employee attitude surveys) that relate to high levels of organizational performance. A number of researchers like (Ashworth, Higgs, Schneider, Shepherd, & Carr, 1995; Colihan & Saari, 2000; Harter, Schmidt, & Hayes, 2002), have shown how employee attitudes are predictive of important financial performance measures, such as market share.

Employee surveys, can be engines for improving employee attitudes and producing organizational change. This statement is based on two important assumptions, first, that employee attitudes affect behaviour and second, that employee attitudes are important levers of organizational performance. There are many variations of survey feedback and action, though an important research finding is that participation in feedback sessions alone will not result in change—and this is often where organizations fall short.

**Conclusion**

Although the literature on appraisal reaction lacks a theoretical framework, researchers have not carefully considered how the various performance appraisal reactions might work together. However, most research studies measuring one performance appraisal reaction tend to measure other reactions as well.

The above literature still leaves us with a major question about what part does the feedback take in performance appraisal? The above literature seems to support the fact that feedback especially the positive feed
CHAPTER THREE

3.1 CASE STUDY OVERVIEW AND RESEARCH METHODOLOGY

UNIQUE ASSURANCE COMPANY

Unique Assurance Company is Nigeria’s foremost insurance company, established in 1973. The company engages in underwriting various policies, namely, motor, Fire, general accident, Burglary, Workmen’s Compensation, Contractor’s All Risks, Erection All Risks, Machinery All Risks, Money, Third Party Liability, Marine& Cargo, and Life insurances. Unique assurance total assets are about 28 billion naira and paid up capital is 2.5 billion, which imposes confidence in its clients and customers.

In addition to this, Unique Assurance Company recognizes the power of staff and widespread branches, as a key factor in its huge success, as such, has staff strength of about 900 employees in a total of 20 branches located in various parts of Nigeria. Unique Assurance Company deals with the best reinsurance and insurance companies worldwide such as Munich Re, Swiss Re, American Intl Group, AXA Group, Allianz Worldwide, and Manulife Financial etc.

3.2 Appraisal System in Unique Assurance Company

The complete process of performance appraisal in Unique Assurance Company has the following key phases:

• The managers are provided with the appraisal forms
• The Managers complete the forms

• The manager discusses with the concerned employee about the ratings

• The employee identifies with the assessment, either by agreeing or disagreeing

• Discuss, Identify and formalize SMART (specific, measurable, achievable, realistic, time-bound) objectives

• Plans are set to achieve the agreed objectives

• Appraisal forms are sent back to HR Manager for appropriate action

• Employee Personal file is updated

This process used by Unique Assurance Company is a combination of various techniques, using ranking, setting of goals by employees in discussion with managers, providing for mutual consent and agreement thus linking to the employee’s career. The processes are well explained under.

Step –1 Managers and employees are provided with the Appraisal Forms

The performance appraisal forms are given to all the managers and employees before the end of the year. In the forms; there are various performance determinants like communication skills, work quality, job knowledge, customer service, Problem solving and decision making ability, team work, commitment to the job, punctuality and loyalty towards the organization. The employee’s readiness for promotion is also not left out. In The form, there are sections for
professional development plans and also the SMART objectives section, which means Specific, Measurable, Achievable, Realistic and Time, bound. After which managers will have to record their observations on the forms

**Step –2 Managers completes the forms:**

Managers will fill the forms. The key performance factors are usually ranked from 1-5 with one being the lowest ranking and 5 being the highest.

**Step-3 Manager discusses with the concerned employee about rating:**

The manager and the employee will meet to discuss the manager’s observations, which will touch areas like the strengths of the employee, likely areas of improvement, future professional development plan. The employee, is then given the freedom to exercise his or her choice, either by agreeing or disagreeing with the manager’s assessment and also making his own observations. The two sides will then have to agree and finalize the assessment in order to proceed.

**Step-4: Employee identifies with assessment either by agreeing or disagreeing:**

While discussing with the manager, the employee has the right to state his strengths and adjust the rankings to his level. At this stage, if the manager disagrees with the employee, the matter is turned over to the human resources manager to mediate, to reach an agreement.

**Step-5: Discuss, Identify and formalize SMART**

SMART objectives help in

- understanding the company and departmental goals
• Setting goals for the employees, which also are in order with the company goals
• checking the performance of the employee against the previous goals, it’s also a platform to celebrate employee achievements

**Step-6: Plans are set to achieve the agreed objectives**

At this stage, an effective plan of action has to be put in place, regarding the employee’s need of training and skill requirements

**Step-7: Appraisal forms are sent back to HR Manager for appropriate action:**

The response of the human resources manager is an important role in the appraisal issue, as some influential decisions will be taken as regards the employee’s salary, bonus and promotion, which will have a tangible effect on the employee’s career and attitude. These decisions are taken by the HR based on the summary of the employee’s performance, professional development plan and the agreed SMART objectives.

**Step-8: Employee Personal file is updated:**

Documentation is very vital, it is as important as carrying out the appraisal itself, all appraisals that an employee has had with the company are put in his/her file An employee’s file has to reflect all the appraisals and the career growth he/she has had with the company. It acts as a future reference point.
The objectives this research aims to solve are:

- To investigate employee opinion on the evaluation of performance appraisal, analyze and understand their opinions.

- The purposes of performance appraisal

- Whether performance management is related to employee empowerment

- The benefits of employees for performance appraisal

3.3 Method of Research Used

This thesis makes use of both quantitative and a qualitative research methodology approaches. According to Wikipedia, the quantities method is an interactive process whereby evidence is evaluated, theories and hypothesis are refined, technical advances are made. Quantitative research is objective, measurable, reports statistical analysis. it is often regarded as a scientific method of research. On the other hand, the qualitative method is collecting, analyzing, and interpreting data by observing what people do and say. While quantitative research refers to counting and measuring of things, qualitative research refers to the meanings, concepts, definitions, characteristics, symbols, and descriptions of things.
Comparism of quantitative and qualitative research approaches

- Quantitative seeks to confirm hypothesis about phenomena, while qualitative seeks to explore phenomena

- In quantitative, Instruments use more rigid style of eliciting and categorizing responses to questions, while in qualitative, Instruments use more flexible, iterative style of eliciting and categorizing responses to questions

- Quantitative method uses highly structured methods such as questionnaires, surveys, and structured observation, while qualitative uses semi-structured methods such as in-depth interviews, focus groups, and participant observation

- Quantitative method is usually used to quantify variation while qualitative is used to describe variation

- Quantitative, is used to predict casual relationships, while qualitative is used to describe and explain relationships

- The question format in quantitative is usually closed ended, while in qualitative it is open-ended

- The data format in quantitative is numerical, usually by assigning numerical values to responses, while the data format in qualitative is textual

- In quantitative, participant responses do not determine which questions are asked next while in qualitative, responses affect which question is asked next
Data collection

We collected the required information for this research work through primary and secondary sources. The primary data was collected with the use of questionnaire and interview. Table 3.1 contains the way the questionnaire was distributed.

Table 3.1

Breakdown of Questionnaire statistics

<table>
<thead>
<tr>
<th>UNIQUE ASSURANCE BRANCHES</th>
<th>SERIAL NUMBER</th>
<th>NUMBER OF RESPONDENTS (EMPLOYEES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAGOS STATE</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Ogun State</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>OYO STATE</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>EDO STATE</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>RIVERS STATE</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>KANO STATE</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>SOKOTO STATE</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>ENUGU STATE</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>IMO STATE</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>EKITI STATE</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>
The questionnaire was designed in a concise and precise language to avoid ambiguity, and also to arouse the respondents interest. The questionnaires consisted of well structured (close ended) multiple choice questions, which just required ticking the right answers by the respondent. It also consisted of unstructured (open ended) questions, which allowed respondents to answer to the questions in their own words and freedom .we decided to use questionnaires, to allow responses to be gathered in a standard way, bringing out objectivity, and reducing bias. Also, the use of questionnaires, allows information to be presented in numerical and graphical backgrounds. Anyway, the use of questionnaires is not without its limitations. Since questionnaires are issued after the event being researched has taken place, there is the likelihood that many respondents would have forgotten major parts in the events being researched. Another limitation is that of distribution of the questionnaires, as it might not include all cadres of employees as some employees were absent from work, while it was being distributed for various reasons.

**The interview method**

As a supplement to the questionnaire, the interview method was also adopted to decode some of the information that could not be accessed using the questionnaire. To this effect two unstructured calls where placed to the managers of two branches of the company. The call lasted about 10minutes.

**SECONDARY DATA:**-secondary data are those which have already been collected by some other persons and have passed through some statistical processes. In this research, we consulted a lot of professional management journals mostly electronic.
VALIDITY AND RELIABILITY.

Validity and reliability are interdependent, thus if data is found to be unreliable there is no need to test for validity. Validity is the extent to which data accurately reflects what they are meant to reflect. There are some factors which can affect the validity of data, for example, if a respondent is in a haste to complete. The questionnaire, the validity of his responses could be affected; also misinterpretation of questions by respondents will also affect validity.

POPULATION OF THE STUDY

Population actually means the totality of individuals, from which a sample is drawn. The population of this work is made up of about 900 employees of Unique Assurance Company.

SAMPLE SIZE

Owing to the large size of the population, also due to the fact that the population is spread across all the states of Nigeria, we decided to study only 10 branches, in 10 states of the federal republic of Nigeria. the branches we studied are Lagos state, Ogun state, Oyo state, Edo state, rivers state, Kano state, Sokoto state, Enugu state, Imo state and Ekiti state.

For the purpose of simplicity, we further decided to study 10 employees in every branch listed above. Therefore N=100.
METHODS OF DATA ANALYSIS

Tables and simple percentages were used in analyzing the variables. for the test of hypothesis; chi-square ($\chi^2$) statistical model was used.

CHI-SQUARE ($\chi^2$)

This is a non-parametric test, which is used in testing the relationship or association of a group.

**Level of Significance**

For this study, the level of significance is 5%. This means that we are 95% confident that the decision taken is accurate.
CHAPTER FOUR

4.1 DATA PRESENTATION AND ANALYSIS

INTRODUCTION

This chapter deals with the presentation and analysis of the data collected. The formulated hypothesis will be tested for acceptance or rejection, using tables and statistical methods.

DISTRIBUTION AND RETURN OF QUESTIONNAIRES

Questionnaires were distributed to hundred employees in the selected branches of unique assurance company. Out of the hundred questionnaires distributed, only 80 were answered correctly and returned.

4.2 PRESENTATION AND ANALYSIS OF DATA FROM THE RESPONDENTS

<table>
<thead>
<tr>
<th>OPTIONS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MALE</td>
<td>56</td>
<td>70</td>
</tr>
<tr>
<td>FEMALE</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>TOTAL</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

TABLE 4.2.1 shows that 56 individuals representing 70% of the respondents are males while 24 individuals representing 30% of the respondents are females.

From the questionnaire 19 persons representing 23.7% of the respondents are within the age of 20-30 years. 37 persons representing 46.3% of the respondents are within the age of 31-40 years.
while 17 persons representing 21.3% of the respondents are within the age of 41-50 years. 7 persons representing 8.7% of the respondents are above 50 years of age.

QUESTION 1: DO YOU BELIEVE THAT THE RESULTS OF PERFORMANCE APPRAISAL IS A TRUE REFLECTION OF YOUR ABILITY?

RESULT: 17 persons representing 21.3% of the respondents agreed that the result of performance appraisal is a true reflection of their ability, while 63 persons representing 78.7% of the respondents said that the result of performance appraisal is not a true reflection of their ability.

QUESTION 2: DO YOU CONSIDER THE PERFORMANCE APPRAISAL SYSTEM IN YOUR COMPANY FAIR

RESULT: 15 persons, representing 18.75% of the respondents, saw the performance appraisal system as unfair, while 65 persons, representing 81.25% of the respondents saw the system as fair.

QUESTION 3: DO YOU THINK THAT THERE HAS BEEN AN IMPROVEMENT IN ORGANIZATIONAL PERFORMANCE SINCE THE INTRODUCTION OF PERFORMANCE APPRAISAL
Result: shows that 60 persons, representing 75% of the respondents, see an improvement in the organization due to performance appraisal, while 20 persons, representing 25%, do not see any improvement in the organization as a result of performance appraisal.

QUESTION 4: HAS YOUR ATTITUDE TOWARDS WORK AND THE ORGANIZATION CHANGED AS DESIRED AS A RESULT OF THE PERFORMANCE APPRAISAL

RESULT: shows that 76 employees, representing 95% of the respondents, have witnessed positive changes in their attitude to work as a result of performance appraisal, while 4 employees, representing 5%, have not noticed positive changes in their attitude to work as a result of performance appraisal.

QUESTION 5: FROM YOUR OWN PERCEPTION, DO YOU THINK THAT UNIQUE ASSURANCE COMPANY FOLLOWS THE PERFORMANCE APPRAISAL SYSTEM POLICIES AND PROCEDURES STRICTLY

RESULT: shows that 50 persons, representing 62.5% agreed that the company followed the correct procedures of performance appraisal strictly, while 30 persons, representing 37.5% of respondents did not agree to this.

QUESTION 6: DO YOU THINK THAT PERFORMANCE APPRAISAL SHOULD BE LINKED WITH EMPLOYEE PROMOTION
RESULT: depicts that 66 employees, representing 82.5% of the respondents agreed that performance appraisal should be linked with promotion, while 14 employees, representing 17.5% of respondents, did not agree that performance appraisal should be linked with promotion.

QUESTION 7: DO YOU THINK THAT PERFORMANCE APPRAISAL SHOULD BE LINKED WITH EMPLOYEE RENUMERATION

RESULT: shows that 47 persons, representing 58.75% of respondents do not agree that performance appraisal should not be linked with remuneration, while 33 persons, representing 41.25% believe that performance appraisal should be linked to remuneration

QUESTION 8: HOW OFTEN DID YOUR MANAGER COMMUNICATE WITH YOU ON YOUR JOB PERFORMANCE DURING THE YEAR?

RESULT: shows that 56 employees, representing 70%, have their managers communicating occasionally with them during the year, 16 persons, representing 20%, have their managers communicating with them frequently, while 8 employees, representing 10%, have their managers never communicating with them at all throughout the year.

QUESTION 9: FROM YOUR OWN PERCEPTION, WHICH IS MORE: THE POSITIVE IMPACTS OF PERFORMANCE APPRAISAL ON EMPLOYEES OR THE NEGATIVE IMPACTS?

RESULT: shows that 72 employees, representing 90% of the respondents believe that performance appraisal has more positive impacts to offer employees than negative impacts, while 8 persons, representing 10% believe otherwise.
QUESTION 10: DO YOU AGREE THAT PERFORMANCE APPRAISAL BRINGS
ABOUT UNHEALTHY COMPETITION AMONG EMPLOYEES

RESULT: shows that 77 employees representing 96.25% of the respondents believe that
performance appraisal causes unhealthy competition among staff, while only 3 employees,
representing 3.75% do not believe this.

QUESTION 11: DO YOU RECEIVE ADEQUATE TRAINING AND INFORMATION
ABOUT THE PERFORMANCE APPRAISAL EXERCISE BEFORE IT STARTS

RESULT shows that 70 persons, representing 87.5% did not receive adequate training and
information before the appraisal exercise, while 10 persons, representing 12.5% received
adequate training.

QUESTION 12: DOES PERFORMANCE APPRAISAL SUGGEST TO YOU THAT THE
COMPANY IS GENUINELY INTERESTED IN YOUR INDIVIDUAL PERFORMANCE
AND DEVELOPMENT

RESULT: shows that 56 persons representing, 70% of the respondents see performance
appraisal as the company’s interest in their individual performance and development while 24
persons, representing 30% of the respondents did not see performance appraisal as the
company’s interest in their individual performance and development.
QUESTION 13: DO YOU THINK THAT PERFORMANCE APPRAISAL ENCOURAGES GOOD TEAM SPIRIT

RESULT depicts that 11 persons representing 13.75% of the respondents believe that performance appraisal encourages good team spirit, while 69 persons, representing 86.25% believes that performance appraisal does not encourage good team spirit.

QUESTION 14: DO YOU THINK THAT PERFORMANCE APPRAISAL BRINGS ABOUT JOB SPECIALISATION AND PERFECTION

RESULT shows that 58 employees, representing 72.5% think that performance appraisal results in job specialization and perfection, while 22 employees, representing 27.5% think that performance appraisal does not result in job specialization.

4.3 TEST OF HYPOTHESIS

The hypothesis, which were stated earlier in chapter one, would be tested in this chapter for acceptance or rejection. All the hypotheses are to be tested using the Chi square ($\chi^2$) model thus:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$
TEST OF HYPOTHESIS ONE

For the purpose of clarity, the hypotheses are hereby restated thus:

H0: The changes in the attitude of employees as a result of performance appraisal

H1: The changes in the attitude of employees is not as a result of performance appraisal.

Questions 3 was used in analyzing this hypothesis, using the chi-square ($\chi^2$) model thus:

Table 4.2.2

<table>
<thead>
<tr>
<th>O</th>
<th>E</th>
<th>$(O-E)^2$/$E$</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>40</td>
<td>32.4</td>
</tr>
<tr>
<td>76</td>
<td>40</td>
<td>32.4</td>
</tr>
</tbody>
</table>

$\chi^2 = 64.8$

The table value of expected ($\chi^2$) at df of 1 and alpha level of 0.05 is equal to 3.841

ACCEPTANCE/REJECTION OF HYPOTHESIS ONE

The Chi-square ($\chi^2$) calculated values of 64.8 are greater than the table value of 3.841 at df of 1 and 0.05 alpha level. Therefore, the null hypothesis (H0) which says that the attitude or the
behaviour of employees has not changed as a result of performance appraisal is REJECTED. Hence the alternative hypothesis (H1), which states that the attitude or the behaviour of employees has changed as a result of performance appraisal, is ACCEPTED.

**TEST OF HYPOTHESIS TWO**

H0: Performance appraisal is believed to have more negative effects on employees than positive effects

H1: Performance appraisal is believed not to have more negative effects on employees than positive effects

Questions 14 is used in analyzing this hypothesis using the chi-square model thus:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>O</td>
<td>E</td>
<td>(O-E)^2</td>
<td>E</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>8</td>
<td>40</td>
<td>25.6</td>
<td></td>
</tr>
<tr>
<td>72</td>
<td>40</td>
<td>25.6</td>
<td></td>
</tr>
</tbody>
</table>

\[ \chi^2 = 51.2 \]

The table value of expected (\( \chi^2 \)) at df of 1 and alpha level of 0.05 is equal to 3.84
ACCEPTANCE/REJECTION OF HYPOTHESIS TWO

The Chi-square calculated value of 51.2 is greater than the table value of 3.841 at df 1 and 0.05 alpha level. Therefore the null hypothesis (H1) which states that performance appraisal has more negative effects on employees than positive effects is REJECTED. Hence, the alternative hypothesis (H1) is accepted, this means that performance appraisal has more positive effects on employees than negative effects.

TEST OF HYPOTHESIS THREE

H0: Performance appraisal does not bring unhealthy competition among employees

H1: Performance appraisal is brings about unhealthy competition among employees.

Analyzing the data in question 10 using the chi-square model thus;
Table 4.2.4

Hypothesis Three

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>O</td>
<td>E</td>
<td>(O-E)²</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>40</td>
<td>34.225</td>
</tr>
<tr>
<td>77</td>
<td></td>
<td>40</td>
<td>34.225</td>
</tr>
</tbody>
</table>

χ² = 68.45

ACCEPTANCE/REJECTION OF HYPOTHESIS THREE

The chi-square (χ²) calculated value of 68.45 is greater than the table value of 3.841 at df of 1 and 0.05 alpha level. Therefore the null hypothesis (H0), which states that performance appraisal does not bring unhealthy competition among employees, is REJECTED. Hence, the alternative hypothesis (H1) is ACCEPTED. This means that performance appraisal brings about unhealthy competition among employees.

TEST OF HYPOTHESIS FOUR

H0: Performance appraisal is believed to encourage good team spirit

H1: Performance appraisal is believed not to encourage good team spirit

Questions 13 was used in analysing this hypothesis.
Hypothesis Four

Table 4.2.5

<table>
<thead>
<tr>
<th>O</th>
<th>E</th>
<th>(\frac{(O-E)^2}{E})</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>40</td>
<td>21.025</td>
</tr>
<tr>
<td>69</td>
<td>40</td>
<td>21.025</td>
</tr>
</tbody>
</table>

\[\chi^2 = 42.05\]

ACCEPTANCE/REJECTION OF HYPOTHESIS FOUR

The Chi-square calculated value of 42.05 is greater than the table value of 3.841 at df of 1 and 0.05 alpha level. Therefore, the null hypothesis (H0) which states that performance appraisal encourages good team spirit is REJECTED. Hence, the alternative hypothesis (H1) is ACCEPTED. This means that performance appraisal does not encourage good team spirit.
CHAPTER FIVE

FINDINGS, RECOMMENDATIONS AND CONCLUSION

INTRODUCTION

This chapter deals with the discussion on the findings of the analysis of the data collected. Conclusion and recommendation are also discussed.

5.1 FINDINGS

In this study, the following were the major findings:

1) That the performance appraisal system of Unique Assurance Company believe it is fair, and follows performance appraisal system policies and procedures. This puts enough confidence of objectivity into the minds of the employees. This finding might not be correct for another company but with our representation of Unique Assurance Company, every organisation needs adequate performance appraisal.

2) There have been positive changes in the attitude of employees towards work and the organization as a whole, as a result of the introduction of performance appraisal. These changes are evident in work quality, job specialization, meeting deadlines. All these are noticeable in our research.

3) The fact that performance appraisal was linked to remuneration was generally not accepted. when followed up with an oral interview, our findings were that linking performance appraisals to remuneration, reduces the value of appraisals, as many
employees would not want to admit their work problems, knowing fully well that their salary increase depends on the result of the performance appraisal

4) Communication between managers and their subordinates, over their job performances during the year was mostly done occasionally; as such most employees were left in the dark about their job progress during the year before the performance appraisals.

5) Our findings suggest that performance appraisal should be encouraged as it was proved that performance appraisal has more positive impacts on employees than negative effects

6) We found that performance appraisal brings about unhealthy competition among employees, as it is now seen as a race in which a winner must emerge. This belief can reduce work quality and at the same time eliminate team spirit.

7) Most Employees did not receive adequate training and information about the performance appraisal exercise before it starts, as such they did not know what exactly to expect.

8) Performance appraisal leads to job specialization, which in turn gives a near-perfection job result. as the staff performs the job year in year out, the performance appraisal results serve as a guide to him on which areas to improve frequently

5.2 RECOMMENDATIONS

Based on the findings stated above, the following were the recommendations of the study:-

1) Performance appraisal should no longer be linked to remuneration, so that employees will be willing to admit their work faults and weaknesses, thereby willing to improve. Linking performance appraisal makes the whole process of performance appraisal look
judgemental, and punitive, instead of the initial idea of encouragement to employees, which performance appraisal was designed to be.

2) More communication between managers and their subordinates, over the subordinate’s job progress during the year, should be encouraged. This will give the employee a sense of belonging and as such will work hard to implement improvements, neglect weaknesses and focus on strengths.

3) Employees should be given adequate training and information about the appraisal exercise before it starts, so that the whole exercise will not look new to them. This will enable employees to know their roles and mission in the organization better. The idea that performance appraisal is a competition among employees will also be removed from the minds of employees, if adequate training is given to them.

5.3 CONCLUSION

From our research, it can be clearly seen that performance appraisal comes with a lot of benefits and packages for both the employees and the organization as a whole. The validity of this claim was tested in the first and second hypothesis of our research (hypothesis 1 & 2). However it should not overruled that performance appraisal also has its shortcomings or negative effects towards the employees and the organization as a whole, though it seems that the positive effects outweigh the negative effects. The validity of this claim was tested in the third and fourth hypothesis of our research (hypothesis 3 & 4). It is therefore evident from our research that performance appraisal is a phenomenon that should be warmly embraced by all organizations, globally, to achieve good and effective results leading to the realization of organizational goals.
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APPENDIX A

Dear respondents,

We are students of the School of Management Blekinge Institute of Technology Sweden writing our masters’ thesis on the topic: **Attitude Of employees to work Performance**. Find attached here, a copy of the questionnaire we have designed to get your response on issues related to this topic. We will really appreciate it if you spend a few minutes of your time filling this questionnaire.

Your response is important and will enable us to make proper analysis of our research. Your response shall be treated confidentially and anonymously. I kindly request you to complete this questionnaire honestly.

Thank you for your assistance as I anticipate your response.

Awosanya Olasunkanmi, Demola Oyewunmi

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Supervisor : Per Esiele
QUESTIONNAIRE

INTRODUCTION: Please kindly indicate your preference among alternative answers for each question by ticking in the appropriate box. Where alternative answers are not provided, fill in the gaps provided.

1) SEX
   a) Male†
   b) Female†

2) AGE
   a) 20-30 years†
   b) 31-40 years†
   c) 41-50 years†
   d) Above 50 years†

3) EDUCATIONAL QUALIFICATION
   a) WAEC/GCE†
   b) OND/NCE†
   c) BSC/HND†
   d) MBA/MSC†
   e) PHD†
   f) OTHER PROFESSIONAL QUALIFICATION†

4) CADRE
   a) Junior staff†
   b) Senior staff†
   c) Management staff†

5) DO YOU BELIEVE THAT THE RESULTS OF PERFORMANCE APPRAISAL IS A TRUE REFLECTION OF YOUR ABILITY
   a) Yes†
   b) No†
6) DO YOU CONSIDER THE PERFORMANCE APPRAISAL SYSTEM IN YOUR COMPANY FAIR

a) Yes
b) No

7) DO YOU THINK THAT THERE HAS BEEN AN IMPROVEMENT IN ORGANIZATIONAL PERFORMANCE SINCE THE INTRODUCTION OF PERFORMANCE APPRAISAL

a) Yes
b) No

8) HAS YOUR ATTITUDE TOWARDS WORK AND THE ORGANIZATION CHANGED AS DESIRED AS A RESULT OF THE PERFORMANCE APPRAISAL

a) Yes
b) No

9) FROM YOUR OWN PERCEPTION, DO YOU THINK THAT UNIQUE ASSURANCE COMPANY FOLLOWS THE PERFORMANCE APPRAISAL SYSTEM POLICIES AND PROCEDURES STRICTLY

a) Yes
b) No

10) DO YOU THINK THAT PERFORMANCE APPRAISAL SHOULD BE LINKED WITH EMPLOYEE PROMOTION

a) Yes
b) No

11) DO YOU THINK THAT PERFORMANCE APPRAISAL SHOULD BE LINKED WITH EMPLOYEE RENUMERATION

a) Yes
b) No

12) HOW OFTEN DID YOUR MANAGER COMMUNICATE WITH YOU ON YOUR JOB PERFORMANCE DURING THE YEAR?

a) Frequently
b) Occasionally
c) Never
13) FROM YOUR OWN PERCEPTION, WHICH IS MORE: THE POSITIVE IMPACTS OF PERFORMANCE APPRAISAL ON EMPLOYEES OR THE NEGATIVE IMPACTS?

a) Positive
b) Negative

14) DO YOU AGREE THAT PERFORMANCE APPRAISAL BRINGS ABOUT UNHEALTHY COMPETITION AMONG EMPLOYEES

a) Yes
b) No

15) DO YOU RECEIVE ADEQUATE TRAINING AND INFORMATION ABOUT THE PERFORMANCE APPRAISAL EXERCISE BEFORE IT STARTS

a) Yes
b) No

16) DOES PERFORMANCE APPRAISAL SUGGEST TO YOU THAT THE COMPANY IS GENUINELY INTERESTED IN YOUR INDIVIDUAL PERFORMANCE AND DEVELOPMENT

a) Yes
b) No

17) DO YOU THINK THAT PERFORMANCE APPRAISAL ENCOURAGES GOOD TEAM SPIRIT

a) Yes
b) No

18) DO YOU THINK THAT PERFORMANCE APPRAISAL BRINGS ABOUT JOB SPECIALISATION AND PERFECTION

a) Yes
b) No

19) WHEN FACED WITH A LOT OF MISTAKES FROM YOUR JOB DURING THE YEAR, DURING PERFORMANCE APPRAISAL, HOW DO YOU FEEL

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