

Building Corporate Organizations through Effective Staff Performance Management

Author Details: Tope Oni, Ph.D. Sociology

Department of Sociology, Demography & Social Statistics Joseph Ayo Babalola University, Ikeji-Arakeji

Abstract

Staff performance management is globally recognized as an important human resource management process in organisations that seek to achieve peak performance, stay ahead of competition and continue to be a vibrant going concern. There are however a significant number of organisations that are yet to appreciate and give prime focus to the central place of staff performance appraisal and management in the pursuit of peak business performance. The author used the participant and non-participant observation methodology to study many organisations over several years. The study reveals that, while many multinationals and blue-chip companies in the private sector carry out effective staff performance appraisal and management according to global best practices, most Small-and-Medium-Scale Enterprises (SMEs) in developing economies are yet to accord effective performance appraisal and management the central place it deserves in business management and organisational development. This paper examines global best practices in staff performance appraisal and management, current realities in staff performance appraisal and management in SMEs in Nigeria, the existing gap between these realities and global best practices, explanations for the gaps and recommendations on how the gaps can be filled and the challenges overcome for maximum organisational effectiveness.

Key Words -Performance Appraisal & Management, Employee Development, Human Resources, Reward, Organisational Development.

1.Introduction

There is a virtual unanimous view that human resources are the most vital asset of any organisation, be it in the private or public sector. The effective and productive management of an organisation's human capital is therefore a most critical success factor for peak organisational performance. Obisi (2011) rightly submits that good organisational performance through human resources can only be achieved with effective staff performance appraisal and management. Immense works have been done in organisational and management studies in the last four decades that centre on staff performance appraisal and management, its purpose, benefits, uses and the best practices in handling it, within different environmental contexts. In the world of practice, many organisations around the world have keyed into the effective practice of staff performance appraisal as a tool for organisational growth. Most of these organisations are found in developed, western countries and in the multinationals and big, blue-chip companies of developing countries that are poised to conform to global standards of organisational management. On the other hand, only few organisations in the Small-and-Medium-scale Enterprises (SMEs) category take effective staff performance appraisal seriously. Even among the few SMEs that practise regular staff performance appraisal, a predominant number are unable to realize and experience the immense benefits and values that regular employee appraisal is expected to add to their business because they either do not do it right or they don't use the results for other human resources and organisational decisions

Our objectives in this paper are: to examine the meaning, scope and ramifications of staff performance management; to demonstrate that there is a strong relationship between good performance management and organisational performance; to discuss global best practices in staff performance appraisal and management; to review the extent to which these best practices are adopted in Nigeria SMEs and what gaps and challenges are observed, and to make recommendations on how the gaps can be filled and the challenges effectively confronted.

The qualitative methodological approach is used, through participant and non-participant observation, which came from our direct interactions with several organisations in all key sectors of the economy as organisational development and human resources management consultant within and outside Nigeria for about two decades, and our work in two leading banks in Nigeria for six years as HR Manager.

2.Theoretical Background

As this paper seeks to review global best practices in building corporate organisations through effective staff performance appraisal and management, and the slow response to the imperative for change in adopting these best practices among most corporate organisations in developing economies, particular among SMEs, we posit that Kurt Lewin's change management theory of force-field analysis would be an appropriate theoretical framework for our discussion. Kurt Zadek Lewin was a German-American psychologist, who later migrated to and naturalized in the United States. He came up with a model of change management which he called the 'force-field analysis' of social change. His work has gained significant prominence in sociology (particularly in the sociology of social change), psychology, social psychology, organisational development, process management, and change management. In his theory, Lewin (1947) propounded the force-field model to stress that there are lots of different factors (forces) for and against making change happen, which we need to be aware of (through analysis). If the factors for change outweigh the factors against change, we will get through with the change. If not, then there's low motivation to change, and therefore the change will hardly ever occur. Force field analysis provides a framework for looking at the factors (forces) that influence a change situation, originally social situations. It looks at forces that are either driving movement toward a goal (helping forces) or blocking movement toward a goal (hindering forces). The principle developed by Kurt Lewin is a significant contribution to the fields of social science. His theory was expanded by Coch & French, Jr. (1948), who related it to overcoming resistance to change in organisational and industrial settings. The model of social change developed by Kurt Lewin describes social change as a three-stage process of: Unfreezing, Change, Refreezing.

The Unfreezing stage is about getting ready to change. It involves getting to a point of understanding that change is necessary, and getting ready to move away from our current comfort zone. This first stage involves overcoming inertia and dismantling the existing "mind set". Defense mechanisms have to be broken down or bypassed. The Unfreezing stage is about preparing ourselves, or others, before the change can happen (and ideally creating a situation in which we want the change). The more we feel that change is necessary and the more we feel the urgency, the more motivated we are to push through with the change, regardless of all odds. Unfreezing and getting motivated for the change is all about weighing up the 'pros' and 'cons' and deciding if the 'pros' outnumber the 'cons' before you take any action. This is the basis of what Kurt Lewin called the Force Field Analysis.

The second stage is the 'Change' phase, where we actually make the change happen. Kurt Lewin was aware that change is not an event, but rather a process. He called that process a transition. Transition is the movement or journey we make in reaction to a change. This second stage occurs as we make the changes that are needed. People are 'unfrozen' and moving towards a new way of being, and of doing things. This stage is said to be the hardest, as people are unsure and fearful, while the forces against change may not have completely given up. People are learning about the changes and need time to understand and work with them. Support is really important here and can be in the form of training, coaching, and expecting mistakes as part of the process. Using role models and allowing people to develop their own solutions also help to make the changes. It's also really useful to keep communicating a clear picture of the desired outcome and the benefits to people so they don't lose sight of where they are heading. Also, the generation of some quick wins will go a great deal in facilitating the change process.

The third stage is the Freezing (or Refreezing) stage. Kurt Lewin refers to this stage as freezing although a lot of people refer to it as 'refreezing'. As the name suggests this stage is about establishing stability, once the changes have been made. The changes are accepted and become the new norm. People form new relationships and become comfortable with new processes. This can take time. Critics have stressed that, in today's world of change the next new change could happen in weeks or less. There is just no time to settle into comfortable routines. This rigidity of freezing does not fit with modern thinking about change being a continuous, sometimes chaotic process in which great flexibility is demanded. Popular thoughts have thus moved away

from the concept of a long-term freezing. Instead, critics argue that we should think about this final stage as being more short-term and flexible, ushering us to the Unfreezing stage of the next change initiative (Garvin, 1993; Dawson, 1994; Burnes, 2004). This is a different emphasis from Lewin's concern that a change may be short-lived because people might soon relapse to the old way. The new point of emphasis is that there must be a continuous improvement and quick responsiveness mindset that would make a new equilibrium to be short-lived, before the group or organisation consciously plans a move to a higher level, a better way of doing things, and the pursuit of better result, by again unfreezing the current equilibrium.

In applying Kurt Lewin's theory of change management to the slow response of some organisations in keying into and adopting the best practices in staff performance appraisal and management, we will examine what the best standard practices in staff performance appraisal, how some organisations are successfully operating these best practices to their benefits, and how many organisations in developing economies are either ignorant of, or have subtly resisted these positive standards of staff performance appraisal. Later in our discussion, we advance possible explanations for this resistance, the effects, and some recommendations on overcoming the resistance and obstacles, such that SMEs will receive in increasing dimension the right way to carrying out staff performance appraisal and management, will start adopting these best practices and thus fully tap into the associated benefits.

3.Literature

Performance appraisal, otherwise called staff/employee appraisal, performance review, or performance evaluation is the process by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost and time). This is most often done by the corresponding manager or supervisor. The concept of 360 degrees appraisal is however a more recent concept, by which all contact persons with an employee make some input into his evaluation process, apart from the immediate supervisor who is the principal appraiser – self, peers, subordinates, as well as internal and external customers (Price, 2011).

Scholars have provided incisive understanding of the full gamut of performance appraisal and management as: part of the process of guiding and managing career development of staff; the process of obtaining, analysing, and recording information about the relative worth of an employee to the organisation; the analysis of an employee's recent successes and failures, personal strengths and weaknesses, and suitability for current job, promotion and/or need for further training; the judgment of an employee's performance in a job, based on productivity and other considerations, such as demonstrated attitude, competencies and capabilities; a systematic and objective way of evaluating both work-related behaviour and potential of employees, and a process that involves determining and communicating to an employee how he has performed on the job in a given period of time, which should ideally lead to a plan for improvement (Rao, 1984; Fajana, 1999; Atiomo, 2000; Akindele, 2007).

Alo& Oni (2016) have averred that, while some people use performance appraisal and performance management interchangeably, there is a thin but significant line of difference between the two. Performance appraisal describes the process of evaluation or rating of the performance of a staff over a given period of time, leading to the placement of the staff within an overall rating category. Performance Management on the other hand encompasses both the rating process as well as what the organisation does with the outcome of that rating to enhance the composite productivity of its staff and, 'ipso facto', of the whole organisation. An organisation that effectively manages performance does not stop at rating or evaluation of staff, but uses the result for such human resource management processes as training and development, succession planning, compensation and reward management, staff placement and redeployment, career management and exit management.

Armstrong and Baron (2004) stress that performance management is a process which contributes to the effective management of individuals and teams in an organisation in order to achieve high levels of

organisational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people, which will ensure that the desired work-goals are achieved. Oyadiran (2008) rightly links an organisation's performance management system with its corporate culture. According to him, performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviours and contributions. It is about sharing expectations. He also emphasizes the relationship and communication aspect of performance management.

Staff performance management refers to the regular evaluation of the performance of an employee on the basis of his job descriptions, key performance indicators and the organisation's core values, and the use of the composite result for key HR decisions in the organisation. Strauss & Sayles (1978) consider staff performance appraisal as being originally devised to provide guidance to management in selecting managers for promotion or salary increases, as well as coaching officers to improve their performance. In the same vein, Michael (1971) sees performance appraisal as the process of estimating the worth of employees in order to first, determine rewards and penalties and second, provide a basis for counseling. Though performance appraisal still emphasizes these 'carrot-and-stick' goal components, the objectives and benefits of staff performance appraisal have become more comprehensive and far-reaching than the original goals Strauss & Sayles, and Michael alluded to. According to Pigors & Myers (1977), performance appraisal is adopted by many organisations as a means of helping supervisors to evaluate the work of each employee. However, that evaluation is not an end in itself; it must be seen as the means to the fundamental ends of adding great practical values to the performance and growth of the organisation, and of measurably improving the career development and worth of the individual worker.

From our review of existing literature, we may safely submit that when staff performance appraisal is properly conducted and put to use, the exercise offers immense and invaluable benefits to all parties within the corporate enterprise – the employee, the supervisor and the organisation

The performance appraisal exercise is a positive feedback process which will provide employees the opportunity to: obtain better understanding of their role and understand more clearly how and where they fit into the broader organisation; receive better understanding of how their performance is perceived, assessed and monitored by the people they relate with, within the organisation, particularly by their immediate supervisor; have improved understanding of their strengths and weaknesses and developmental needs, from the feedbacks received in the evaluation process; receive counsel and help in identifying ways in which they can improve performance; have opportunity to discuss and clarify their developmental and training needs, which should serve as input into the organisation's training plan; have opportunity to discuss their objectives for the next year, as well as their career direction and prospects; and, receive motivation that would boost performance, through the recognition and reward associated with performance appraisal. The purpose of a good performance appraisal process to the employee can be summed up thus: having been told his job expectation through a clear job description, key performance indicators and targets, he is told how well he has performed and what areas require improvement; he is assisted to improve upon that performance through appropriate training needs definition and exposure, and he is rewarded for good performance or suffers the loss of that reward, for poor performance.

The appraisal process and result will be an opportunity for supervisors to hear and exchange views and opinions with their staff, away from the normal pressure of work, as the outcomes of post-appraisal rapport between employees and her supervisor appear to be more effective than the on-going discussions in the daily course of work; identify any potential difficulties or weaknesses in staff, with the goal of addressing them, as clearly thrown up in the post-appraisal discussions; receive an improved understanding of her team, after she must have had detailed discussions with each of them in the post-appraisal interview and discussions; plan for and set objectives for the next appraisal period, using the result of the performance in the previous period as starting

point; have a better appreciation of their supervisory role and leadership style, from feedback received from the staff they supervise; make plans for further delegation and coaching as part of his staff development approach, in order to achieve improved performance; and, reward and motivate members of the team, either directly through appreciation and commendation or by making recommendations to the appropriate levels, depending on each organisation's appraisal procedure. This explains why Armstrong & Baron (2004) stress that performance management is a tool for ensuring that managers manage effectively; that they ensure the people or teams they manage know and understand what is expected of them, have the skills and ability to deliver on these expectations, are supported by the organisation to develop the capacity to meet these expectations, are given feedback on their performance, and have the opportunity to discuss and contribute to individual and team aims and objectives. It is also about ensuring that managers themselves are aware of the impact of their own behaviour and management style on the people they manage and are encouraged to identify and exhibit positive management and leadership style and behaviour.

Effective performance management adds immense value to the organisation. The organisation will have a structured and objective means of holistically identifying and assessing potentials and competence of its staff; have a reliable performance history of each staff over time, which will help in taking critical human resources and other management decisions. It will have up-to-date and objective information on which to base such HR decisions such as: compensation and reward, promotion, career management, succession plan, staff training and development plan, and staff optimization, among others. Performance appraisal is key instrument for reinforcing appropriate behaviours and for entrenching the core values in an organisation. In this vein, Akindele(2007) sees staff performance appraisal as a reinforcement strategy. He submits that behaviours that are followed by negative consequence are less likely to be repeated. Organisations then must focus on the systematic positive reinforcement of appropriate behaviours, to increase the probability that they will be repeated. They must of course not provide positive reinforcement for inappropriate behaviours. Akindele presents four reinforcement strategies: positive reinforcement, negative reinforcement, punishment, and extinction. Though Akindele did not proceed to differentiate between negative reinforcement and punishment, it would appear that negative reinforcement would be a denial of any reward or benefit for an inappropriate behaviour, and may also include verbal warning. Punishment would be a stiffer and more painful negative sanction for deviant behaviour in the organisation. What he calls extinction is more appropriately called 'exit counselling' or 'separation'. Organisations must ensure that it uses the results of performance appraisal exercise to fortify the corporate culture of the organisation through all the above reinforcement strategies.

Two notes of caution are however needed in the consideration of Akindele's concept of reinforcement strategy in the use of staff performance appraisal. First, care should be taken not to overemphasize the reward/sanction fall-out of staff performance appraisals, while underplaying its training and development goals. Over-emphasis on the sanction goal of staff performance appraisal reinforces such negative sentiments as fear, threat, resistance, and subjectivity. Second, care must also be taken not to base the performance measures on the whole appraisal process on behavioural competencies, including the more technical Behaviourally Anchored Rating Scales (BARS) to the detriment of Key Performance Indicators (KPIs), which are more directly job related and which meet the SMART test, as job-related KPIs and targets are more disposed to being Specific, Measurable, Articulated, Realistic and Time-bound, than behavioural competencies.

The strategic and effective use of the staff performance appraisal and management system in all the above ways will enhance improved performance and the achievement of the corporate objectives of the organisation in the competitive market, as no organisation excels without an objective and robust staff performance management system.

Price however notes that although these intentions seem entirely compatible with an integrated and strategic approach to human resources management, in reality, the definition and measurement of good performance is a controversial matter, involving fundamental issues of motivation, assessment and reward. Employees are often

dissatisfied with the methods of performance management systems and managers are frequently reluctant to engage in the process because of its confrontational nature. However, Pettijohn et.al. (2001) have stressed that a positive attitude towards appraisal – from employees and managers – is possible if managers and all stakeholders are provided with information designed to increase the benefits of engaging in the evaluation process and if more thought is given to the appropriateness of measurement criteria and the uses to which the evaluation results are put.

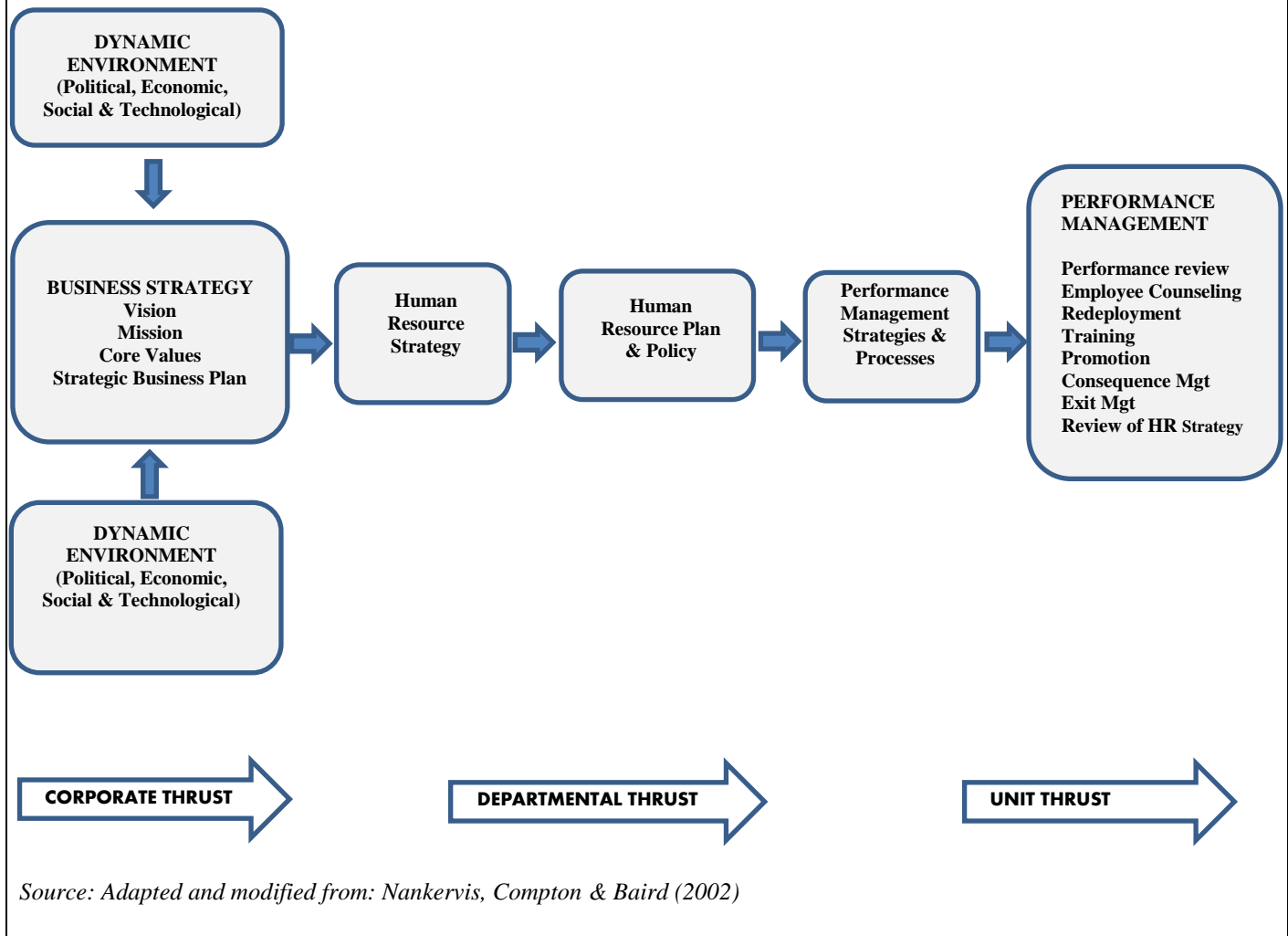
Oyadiran (2010) provides the conditions within which performance management can fulfill its purpose of progressively enhancing organisation's performance. He submits that performance management should be: strategic – it is about broader issues and longer-term goals; integrated – it should link various aspects of the business, people management, and individuals and team; it should ensure performance improvement throughout the organisation, for individual, team and organisational effectiveness. It should produce evident staff development; unless there is continuous development of individuals and teams, performance will not improve. It should also achieve the goal of positively managing behaviour – ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships and the enhancement of the organisation's desired work culture and work value.

4. Discussion

Global best practices in performance management stress that the desired goals of staff performance appraisal and management system in an organisation is only achievable when all relevant parties appreciate their roles and carry out those roles with dedication and utter professionalism. The key roles in the appraisal process of an organisation are: management, human resource department, appraisee, appraiser, and second-level supervisor.

Our experience and interaction with corporate organisations establish that multinationals and local blue-chip companies in Nigeria largely confirm to global best practices in staff performance appraisal and management. For the multinationals and global consultancy firms, the process is driven by their global head offices, while the pressure for excellence and the demands from shareholders of local large, blue-chip companies in the finance, energy and manufacturing sectors of the Nigerian economy make it compelling for them to get their staff performance appraisal right. Such organisations that we worked for or handled consultancy assignment for in Nigeria include: PricewaterhouseCoopers, Ernst & Young, Firstbank Plc; United Bank for Africa Plc, and De-United Foods Industries Ltd, among others. In these organisations, management often demonstrates deep and genuine commitment to an objective, effective and professionally conducted staff performance management system. Factors such as fear, favour, or vested interests, while not completely absent, often play minimal role in the appraisal and management process. They ensure that corporate vision, mission, strategy, enterprise goals and targets are set, to provide direction for the operations and evaluation of the organisation at the corporate, divisional, department and individual levels. The link between corporate, HR and Performance Management strategies is presented in Figure 1 below.

Fig.1 - Link Between Corporate, HR & Performance Management Strategies



Source: Adapted and modified from: Nankervis, Compton & Baird (2002)

Management also ensures that departmental targets are set, both for core and support functions and that an enabling environment for effective staff performance management system is created, particularly in terms of freedom of expression and open communication. Organisational leadership provides the required support for HR, rather than HR issues being viewed as secondary, or as distractions from the main business issues. Organisations that get their staff performance appraisal right often ensure that management drives and supports the training of all staff in the organisation on the meaning, purpose, process and roles in an effective staff performance appraisal and management process within the organisation, and demonstrate leadership by example in the process, in terms of timely appraisal, objective assessment and helpful post-appraisal discussions with employees. The consequences and implementation issues that result from the performance appraisal process are also largely enforced.

In line with best practices, the HR function is the custodian and administrator of the whole appraisal process. It is its role to work with management in training staff in the organisation's performance management system, and sensitize the organisation on the commencement of a new appraisal period. It ensures that performance targets

are set and communicated to staff at the beginning of each appraisal period, that the commencement of appraisal exercise is communicated at the right time, that appraisal forms are forwarded appropriately and that everybody in the organisation is adequately informed of the right appraisal procedure, particularly if the organisation practises electronic, on-line appraisal staff performance appraisal. The HR department collates appraisal results and decisions, handles trouble-shooting and challenges arising from the appraisal exercise, and ensures that appraisal results are implemented and used for other HR decisions.

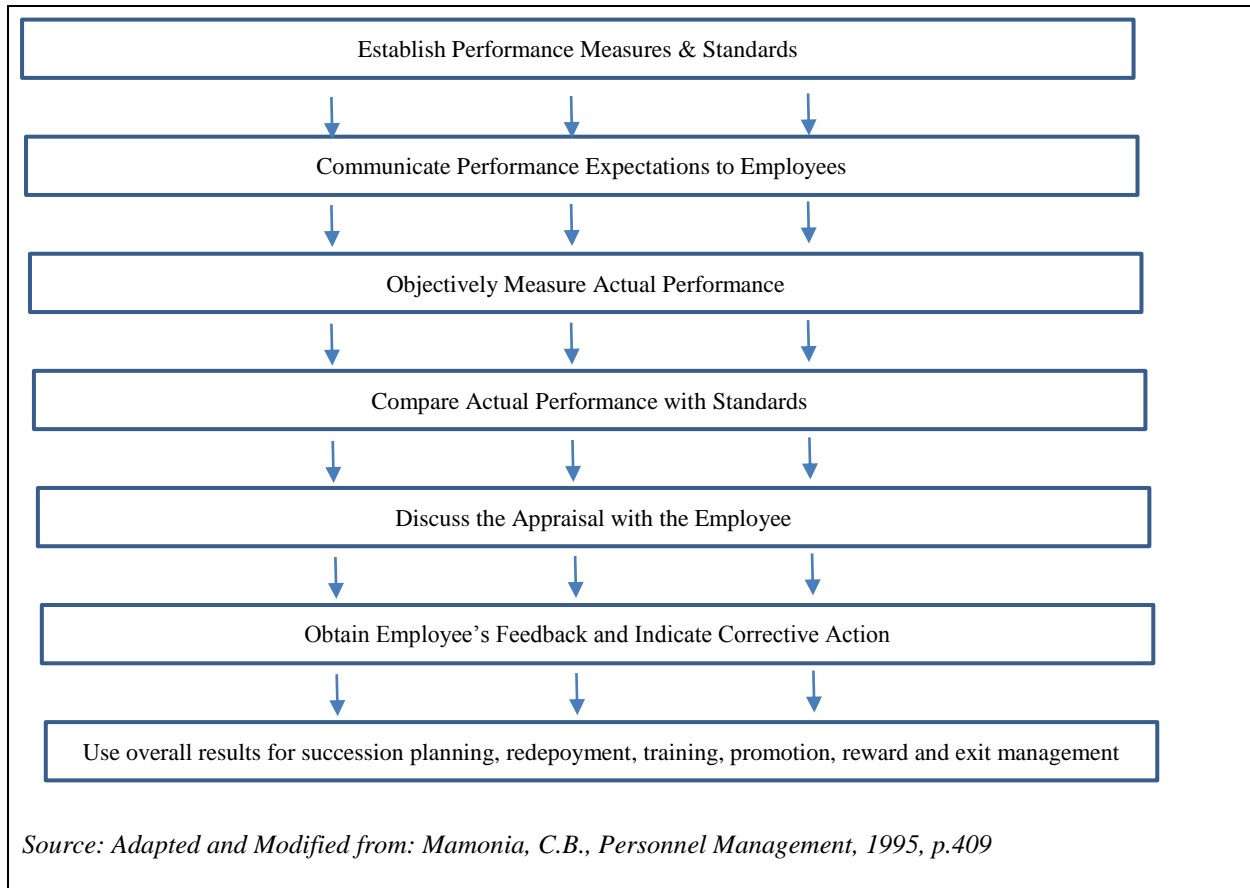
The appraisee keeps the supervisor alerted of the need for him (the appraisee) to be promptly appraised during the appraisal exercise (particularly where the boss claims to be so busy), and completes the bio-data section of the appraisal form, as the process begins. The appraisee is trained and encouraged to be open, relaxed and maintain the right attitude during the appraisal interview. It is also her responsibility to follow-up on the implementation of key decisions relating to career planning, self-development and performance improvement, working with her supervisor and with the HR department.

The appraiser has the responsibility of: ensuring that the appraisee is fairly, promptly and objectively appraised; promptly and effectively conducting the appraisal interview, in the right atmosphere; counselling the staff as appropriate, as a fall-out of the performance rating; and working with both HR/Personnel and appraisee, to ensure that the recommendations and action steps are effectively implemented.

The 2nd-level supervisor plays a critical role in the appraisal process, as he reviews the appraisal ratings, to ensure fairness and objectivity. He ensures that the recommendations made concerning the staff are appropriate and fair, ascertains that the whole appraisal process is professionally conducted and that it achieves the desired purpose, within his/her department or division.

As a wrap-up on this breadth of discussion, for an organisation to be able to successfully establish an effective performance management system, according to global best practices, certain critical inputs and conditions must be in place, which include: clear understanding of the 'what', 'why' and 'how' of performance appraisal and management; clear mission, vision, strategy, goals, targets and core values of the organisation; clear organogram and job descriptions; clear performance measures and targets, set at the beginning of each appraisal cycle; good performance appraisal instruments or forms that rightly set out what to measure and how to carry out the measurement; and an atmosphere of trust and mutual commitment to the growth of the organisation, which will enhance free communication among all relevant parties in the appraisal process. Figure 2 below shows the standard procedures for staff performance appraisal and management, which most blue-chip companies and multinationals largely comply with.

Figure 2: Performance Evaluation Procedure



Price (2011) submits that many organisations consider that they have a performance management system when in actual fact they do not, because one or more of the following conditions are missing:

- Agreement among all critical parties on what is to be performed
- An effective way to measure desired performance
- A reward system tied directly to performance
- An environment conducive to successful performance
- A communication programme to gain understanding, acceptance and commitment to the system
- A performance-based organisation culture

In our interaction with organisations that carry out performance appraisal and management according to global best practices, we observe that a number of features and activities characterize the process. Appropriate Performance Measures are used for the appraisal exercise. These include Key Performance Indicators (KPIs), set and communicated to the employee at the beginning of the appraisal cycle. The KPIs must meet the SMART test – Specific, Measurable, Achievable, Realistic and Time-Bound. In addition, the Performance Measures almost always include Behavioural Competencies as a separate section. It is clearly realized that organisations must avoid the practice of making the performance measures to be limited only to KPIs, or behavioural competencies alone. Both are important aspects of performance measures to be captured in the appraisal process, with the KPIs carrying the heavier weight, because it meets the SMART test, and because it is directly job-related. Behavioural competencies are imperative part of the appraisal system, providing

opportunities to measure employees' demonstration of the organisation's corporate culture, core values and other critical success factors in attitudes and behaviour.

In the course of training, raters are charged to watch out against the 'halo effect', a latent tendency to give a particular staff a much higher rating than he deserves for the work done in that particular appraisal cycle, because he is believed to be unquestionably and always good.

Appraisals are exhaustively discussed between appraiser&appraisee and signed off. If the perceived performance of the staff is not fully discussed with him, in a free communication environment, which also allows the staff to express himself, no true performance appraisal has been done, and the benefits of the process will be lost.

Appraiser's rating often covers the whole appraisal period. Raters are trained to watch out against 'recency effect', by which the evaluator bases her rating completely on only some recent effects, which may be positive or negative, and which would skew the overall rating, for or against the employee, without reflecting the true performance for the whole appraisal period. Some level of subjective evaluation and judgment is unavoidable in the appraisal process; this should however be minimized as much as possible. One of the ways for increasing the validity and objectivity of the rating is for the appraiser to have been diarizing key points and events in staff performance over the appraisal cycle, which he must also have been discussing with the staff as an on-going process. That way, surprises and disagreements are minimized during the appraisal exercise.

Best practices ensure that people are appraised by supervisors they work directly with. Our experience in the corporate world shows that there are organisations where the appraiser is not the appraisee's direct supervisor for the appraisal period. This occurs either because there is a 'big boss', a second- or third-level supervisor that appraises all staff in a big division, including those he does not work with directly, or where an employee is located in a different region away from the functional supervisor, for most of the appraisal period. We submit that there is no fair justification for requesting or allowing someone who did not directly supervise a staff to appraise him. Where necessary, an officer that needs to have some input into an employee's evaluation can send such input to the direct functional supervisor, who does the overall appraisal.

In the light of global best practices, appraisers are trained not to rate their staff on the basis of sentiment, stereotypes or biases that may have gender, ethnic, class or racial coloration. Managers and supervisors are charged to consciously watch against such tendencies, as the sentiments and biases may exist in the subconscious, and its manifestations may not be easily noticed and perceived.

Organisations that get their acts right in effective staff performance appraisal and management see the process as largely developmental and not punitive or as a time to share largesse. The fear, threats, and pugnacious tendencies associated with appraisal exercise are largely minimized, and appraisees often elicit more cooperation and openness, if the developmental goals are more emphasized than the reward/sanction goals.

It is required that ratings on both the Job Targets and the Behavioural Competencies be justified by specific reasons and instances, particularly if such ratings are either at the highest or the lowest ends of the rating scale. Best practice in effective performance management pushes the organisation's leadership to monitor overall performance against the general figures of staff performance to ensure that the business and financial performance of the organisation is in sync with the general performance trend in staff performance appraisal. For this reason, information about organisational and departmental performance are often made available to all sections of the organisation before staff performance appraisal.

Average performance in a department or unit must also reflect the rating of that unit on its goals, as well as the rating of the departmental or unit head. General performance in a departmental, unit or in the whole organisation are often checked to ensure that they follow normal distribution or bell curve. A situation where

almost every staff in a department is rated excellent or outstanding is considered abnormal, unacceptable and may result in the review of the whole process in general, or in the affected department or division, particularly when this does not reflect the overall performance of the organisation, and management's perception of the performance of that unit or department

Finally, organisations that follow best practices in staff performance management often realize that they can only derive the intended benefits and strengths from their staff performance management exercise when they use the results for other key HR decisions. Our experiences and observations in the corporate world, particularly among SMEs, indicate that there are many organisations that go through the rigours of performance appraisal without using the results. This defeats the purpose of the whole exercise and makes employees to lose interest and confidence in future appraisal exercises.

The practical uses to which the appraisal results are put, in organisations that get it right, to address the whole gamut of performance management, often includes the following:

- **Career development counseling:** The employee is counseled to know his strengths and consolidate them, and know his weaknesses and opportunities for improvement so he can consciously work on them for positive transformation. He receives other counsels that will enhance his career development plan and overall goals and aspirations, within the context of the organisation's mission, vision, goals and objectives.
- **Functional redeployment:** As a fall-out of an appraisal exercise, staff may be redeployed to where they are most needed and where their skills and competence would fit in most appropriately
- **Training and Development:** Not all inadequacies can be effectively addressed through redeployment. The appraisal exercise is a key input in developing the training plan for the organisation. Skills and competence gaps that can be most adequately addressed through training and coaching are often identified, both as perceived by the supervisor and the appraisee. The extraction of all these training needs are collated and categorized, to build the annual or regular training plan of the organisation. This is a most veritable channel of synchronizing training efforts and the actual skills and competency needs of the organisation.
- **Succession Planning:** The result of the appraisal exercise is a helpful tool for developing and regularly reviewing the succession plan for all key positions in the organisation, through the strengths and potentials that are thrown up in the evaluation exercise.
- **Promotion:** Although several factors come into play in promotion decisions (such as vacancies within the organisation structure, cost implications, among others), the performance of employees in the appraisal exercise is a key consideration in determining staff that are best due for promotion. The link between performance and fitness for promotion are made clear in the organisation's human resources management procedure manual and career management plan. This ensures that merit is a principal consideration in promotion, rather than patronage, sentiment and corporate politics, which are the common considerations in many organisations.
- **Compensation:** Many organisations now link staff performance results with the compensation system through some pay-for-performance plan. This takes different forms, but virtually in all cases, there is direct relationship between staff performance outcome and certain components of the compensation system. The way this is effected varies from one organisation to another and may include: making a percentage of total remuneration to be variable pay tied to performance, notch increments in the payroll structure, or tying bonus share to appraisal performance. While we have cautioned that reward and sanction should not be the only key consideration and goal in the staff performance appraisal system, the link between performance and pay is expected to be a strong motivation for excellent performance and the strife to do things right.

- Finally, the results of the staff performance appraisal process are often used for staff optimization and exit counselling. The appraisal process, when properly carried out, throws up the laggards in the system, who perhaps came in through recruitment error, or have lost their focus over time, despite all attempts to address their inadequacies through counseling, coaching and training. Some organisations have the practice of giving the bottom 5% in every appraisal the opportunity to increase their performance in six months to one year, or be counseled out and advised to exit the system. This will help to build the health of the organisation and also assist staff that do not fit to the organisations to identify other careers or places of best fit.

5. Staff Performance Management Practices in SMEs

We worked closely with not less than 10 organisations in SMEs between 2010 to 2014 in consulting capacity, across several industrial sectors which include: energy (oil servicing companies), information and communication technology, microfinance banks, property and real estate, merchandising, education (schools), advertising, and conglomerates. We found that there is hardly any of them that conform to the global best practices discussed above. Even though several of them had existed for many years, they do not have clear, regular and effective staff performance appraisal and management system. There are cases where consultants design performance appraisal system for these organisations, which are never used, or which are not used correctly. The neglect of staff appraisal system in SMEs is a form of subtle resistance to change, though the management of these organisations would not directly admit this. Using the force-field analysis of Lewin, the internal forces that resist the required change are far stronger than the forces that could make the change happen. From our observations, we found that various factors account for the neglect of standard staff performance appraisal among most SMEs in Nigeria, which include:

- Failure to appreciate the role of good human resources management as a key strategic support function, with the view that all that matters in a company are the production, marketing and customer service functions. In many cases, the level of the corporate and professional exposure of the Chief Executive Officer is usually limited, as the key financier started the company just because he was able to muster the required fund for take-off and operation.
- Deliberate detest for clear structure, systems and procedures in some SMEs, with the view that such structure and standard procedures would deny the chief executive or sole proprietor the liberty to take whatever staff-related decision he chooses. Many CEOs of SMEs want to freely use their powers without any control or inhibitions, to recruit, deploy, compensate, promote or exit workers as they choose. They resist any attempt to control and guide their actions with standard HR systems such as staff performance appraisal, the results of which will have to be implemented, following standard procedures.
- Unwillingness to engage professional HR practitioners, either as permanent staff or in consulting capacity, to assist in putting good staff performance appraisal procedure and other HR systems in place, for reasons of cost or sheer ignorance.
- Fear that the output of such performance appraisal system may have cost implications, which they are not willing to face.

We also found that for the few SMEs that carry out staff performance appraisal, this is not properly done. In most SMEs that carry out staff performance appraisal, the exercise is irregular, and staff are not properly trained on the purpose, meaning, procedure and benefits of good staff performance appraisal procedure. In many cases, only behavioural competencies are used as performance measures in the appraisal forms; the use of SMART key performance indicators that are directly job-related is unknown or ignored. The whole staff appraisal process overemphasizes the reward or sanction dimension, rather than being viewed principally as an avenue for

performance improvement and personal/organisational development. Also, the appraisal process used is the outdated 'tell and sell' approach, where the supervisor only tells the subordinate what he thinks about his performance, with counsel or instructions on aspects calling for improvement. The essential aspect involving a meaningful two-way communication between appraisal and appraisee for a mutual and enhanced understanding of the factors that affect job performance and how the employee's performance can be improved is often jettisoned. As necessary training is not done, and as various control measures are absent, such as the role of the 2nd-level supervisor or an appraisal review committee, supervisors get away with subjective ratings, coloured by various prejudices and bias that centre around differences in ethnic group, gender, religion and other personal considerations. Finally, in most SMEs that have some form of performance appraisal system, the system is delinked and unrelated to other human resources management decisions and practices relating to deployment/redeployment, training, promotion, remuneration and exit.

The resistance of SMEs to develop and practise staff performance appraisal and management according to global best practices has several adverse effects on their business operations and performance, though this does not appear glaring and discernible to most of them. Such deleterious impacts include: poor skills and competence development among staff, poor motivation, weak staff commitment, low brand value, high staff turnover and inability to retain the most competent staff. These factors account for the poor performance of many SMEs in terms of customer satisfaction, revenue generation, profitability, and why many of them quickly collapse and cease to be going-concern, hardly ever outliving their founders.

As we conclude our discussion, we do not intend to indicate that all big multinational, blue-chip organisations in Nigeria or other developing economies get it right in every aspect of global best practices in performance appraisal and management as analysed above, or that all SMEs fail to practise performance appraisal according to standard best practices. Rather, we are indicating that a much larger number of organisations in the multinational category of companies do conform to best practices of staff performance appraisal in significant degrees, while most SMEs do not.

6.Recommendations

The management and stakeholders in corporate organisations need to appreciate the critical and crucial role of good human resources management system in general and of effective staff performance appraisal and management in particular, as a critical success factor for high business performance and organisational growth. They would need to understand that, within the context of a value-chain analysis of business, human resources management is a central support function that plan for, recruit, develop, motivate and reward the workforce that will deliver the value that is central to the performance of the organisation. They also need to develop a performance appraisal and management system that will effectively deliver the various values discussed earlier – to the different grades of employees and to the organisation.

In applying Lewin's force-field analysis of change management, the SMEs may need some external assistance, to come to the realization of what they stand to gain for embracing global practices in staff performance evaluation and management, and what they stand to lose for rejecting it. Such external assistance can come from HR professional bodies, the academia, consultants and government labour-related organisations, with the hope that such external support will produce the required enlightenment and motivation to adopt global best practices in performance management. It is expected that such interventions will strengthen the forces that would push for the required change, and weaken the opposing forces resisting that change, thus making the change to happen and become sustained, for the benefit of every stakeholder in such organisations, and of the economy as a whole.

7.Conclusion

In this paper, we have discussed the nature and scope of staff performance appraisal and management in formal organisations. We have stressed the high importance of good and effective staff performance appraisal and management for all stakeholders in the organisation, in order to achieve maximum career and personal development for staff and enhance overall organisational performance and impact, which will strengthen its continuity and growth. We reviewed global best practices in staff performance appraisal and management, noting that while many multinationals and blue-chip companies in developing economies (which Nigeria represents) strive to handle staff performance management in the right way, most SMEs have not accepted and adopted these best practices, and they seem to be subtly resisting the required change, due to the various reasons we have discussed. We mentioned some of the deleterious effects of the refusal of many organisations to adopt standard practice in staff performance appraisal, and make recommendations that could help in breaking the resistance, thus making the required change to happen, particularly among the SMEs of developing economies, to the benefit of all stakeholders in these organisations and ultimately for the national economy.

REFERENCES

- Akindede, R.I. (2007). *Fundamentals of Human Resources*. Ile-Ife: Cedar Productions.
- Alo, O.A. & Oni, T. (2016). Performance Measures and Effective Staff Performance Appraisal. *North Asian International Research Journal of Social Science & Humanities*,2(3),1-16
- Armstrong, M. & Baron, D (2004). *Managing Performance: Performance Management in Action*. London: Chartered Institute of Personnel and Development. Retrieved from:
<http://www.cipd.co.uk/bookstore>
- Atiomo, A.C. (2000), *Human Resource Management*; Malthouse Management Science Books,Lagos.
- Burnes, B.(2004). Kurt Lewin & the Planned Approach to Change: A Re-Appraisal. *Journal of Management Studies*, 41(6), 977-1002
- Coch, L. & French Jr., J.R.P. (1948). Overcoming Resistance to Change. *Human relations*, 1(4), 512-532
- Dawson, P. (1994). *Organisational Change: A Processual Approach*. London: Paul Chapman Publishing.
- Fajana, S. (1997). *Human Resources Management*; Labofin and Company, Lagos.
- Garvin, D.A. (1993). Building a Learning Organisation. *Harvard Business Review*, 78-91.
- Lewin, K. (1947). *Frontiers in Group Dynamics*. In: D. Cartwright (Ed.), *Field Theory in Social Science*. London: Social Science Paperback.
- Mamonia, C.B. (1995). *Personnel Management*. Bombay: Himalaya Publishing House.
- Michael, J.J. (1971). *Personnel Management* (7th Edition). Illinois: D. Irwin Inc.
- Nankervis, A., Compton, R. & Baird, M. (2002). *Strategic Human Resource Management* (4th ed.). Victoria:Nelson Australia Pty Limited.

Obisi,C.(2011). Employee Performance Appraisal and its Implications for Individual and OrganisationalGrowth.Australian Journal of Business and Management Research. 1 (9), 92-97

Oyadiran, P. (2008). Human Resource Management (A Diagnostic Approach). Abuja: Chartered Graphic Publication.

Pettijoh L.S., Parker R.S., Pettijohn, C.E. & Kent, O.L. (2001). Performance Appraisals - Usage, Criteria and Observation; *The Journal of Management Development*, 20(9), 71-754.

Pigors, P. & Myers, C.A. (1977). Personnel Administration: A Point of View & Method. Singapore: McGraw-Hill Int. Books Co.

Price, A. (2011). Human Resources Management (4th Edition). Hampshire: Cengage Learning EMEA.

Rao, T.V. (1984). Performance Appraisal: Theory and Practice, Vikas Publishers Aima Management Series, New Delhi.

Strauss, G. & Sayles, L. (1978). Personnel: The Human Resource Problems of Management. England: Prentice Hall Inc.