
PERFORMANCE APPRAISAL AND PRODUCTIVITY OF EMPLOYEES OF 7UP BOTTLING COMPANY IN ABA, NIGERIA

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ABSTRACT

The study examined the effect of performance appraisal on productivity of employees of 7up bottling company Aba, Abia state. A survey approach was adopted in the study. The population of the study comprised 182 staff of 7up bottling company in Aba, Nigeria. The study determined a sample size 125 staff using the Taro Yemani formula for sample size determination. Sample elements were derived through simple random sampling. Secondary and primary data were utilized in the study. Secondary data was sourced from literature while primary data was collected using structured questionnaire. Simple regression served as the test statistic, with the help of SPSS. The study found that performance appraisal has there is a positive and significant effect on employee productivity in terms of effectiveness and efficiency of employees. The study concluded that performance appraisal is a common management practice. The study recommends that managers should appraise their employees often, in order to increase the productivity of their employees.

Keywords: 7Up bottling company, employee productivity, employee effectiveness, employee efficiency

INTRODUCTION

Various human resource management policies can be used enhance employee productivity (Leigh, 2012). Performance appraisal is one of such specific human resources policy that influence employees' output. Performance appraisal is a common management practice utilized by employers to get knowledge about employees and take effective decisions about specific employees. Performance appraisal includes identifying, measuring, influencing, and developing employees in the organization to live up to set norms and standards for a particular period to achieve goals and Objectives.

Performance appraisal provides a rational for measuring individual worker contribution to corporate goal achievement and success (Lillian & Sitati, 2011). It is a complex management function that demand extra-maturity, fairness, and objectivity in assessing individual worker job performance based on explicit job-related criteria (Onyije, 2015). Employees are required to generate a total commitment to desired standards of job performance and improved job performance for sustaining profitable long-term value creation for customers and the organization (Singh et al., 2010). This involves optimally using available knowledge, skills and abilities in the workforce to optimize employee productivity and give an organization a competitive advantage. The results of performance appraisal is used to set the direction for individual development (Ekwochi, 2012).

The aim of this study therefore, is to examine the effect of performance appraisal on productivity of employees' of 7up bottling company in Aba. The specific objectives are to determine the extent to which performance appraisal relates to employee efficiency of 7up bottling company and to examine the relationship between performance appraisal and employee effectiveness.

LITERATURE REVIEW

Conceptual of Performance Appraisal

Performance appraisal is a systematic evaluation of employees, according to their job and potential development (Güngör, 2011). It is an employer's way of telling employees what is expected of them in their jobs and how well they are meeting those expectations (Gichuhi et al., 2016). Performance appraisal is used to support such human resource decisions as promotion, termination, training, and merit pay increase. Through performance appraisal, employees' job performance is reported and evaluated. It thus helps to identify employees level of productivity employees and training needed to improve performance (Cook and Crossman, 2014).

Performance appraisal measures staff performance against set objectives and standards to show how well it was accomplished; it also helps management understand employees' productivity, and measured against job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, cooperation, judgment, versatility, health and the like (De Waal, 2014). It is a structured and formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development (Gabris & Ihrke, 2000).

Performance appraisal is essential to effective management and evaluation of staff (Allan, 2014). Appraisal helps to develop individuals and improve organizational performance. Annual performance appraisals enable management and monitoring of standards, agreeing on expectations and objectives, and delegation of responsibilities and tasks. Employee performance appraisals also establish individual training needs and enable organizational training needs analysis and planning.

Employee appraisal helps in motivating workers. When an employee is graded high and as such promoted, it boosts his morale and as a worker, he wants to continue putting in his best. Performance appraisals are measures taken in managing the performance of people and organizations. Performance appraisal is a systematic evaluation of an individual with respect to performance on the job. Gluck (2010) reveals that companies use performance appraisals for evaluation and developmental purposes. A well-designed performance appraisal can start a dialogue between supervisors, and workers that may result in positive outcomes for the individuals and the business.

Performance Appraisal and Employee Productivity

Prior studies report varying levels of relationship between performance appraisal and employee productivity. Iqbal et al. (2013) found that performance appraisal impact employee performance in their study on motivation and employee performance. Gichuhi et al. (2016) determined the effectiveness of performance appraisals and found that performance criteria, feedback, and frequency significantly influenced employee productivity. Ekwochi (2012) examined effects of performance appraisal on productivity of employees. The study found that participation of employees in appraisal exercises and the use of performance appraisal result to increase in output to the organization and higher standard of living for the employee because of promotion given and another necessary reward that motivated the employee to work hard. Onyije (2015) investigated the effect of the appraisal system on employee productivity at Niger Delta University. Ineffective performance appraisal practice affect employee productivity.

In view of the above, the following null hypotheses are formulated to guide the study:

Ho₁: There is no significant relationship between performance appraisal and efficiency of employees of 7up bottling company in Aba.

Ho₂: There is no relationship between performance appraisal and effectiveness of employee of 7Up bottling company in Aba.

Theoretical Framework

This study is rooted in justice theory (Rawls, 1971) and expectancy theory (Vroom, 1964). Justice theory explain performance appraisal and employee productivity by stating that organizational justice refers to perceived fairness in the workplace. Justice theory holds that different dimensions of fairness (procedural, distributive, interpersonal, and informational justice) relate to performance appraisal exercise in an organization. Expectancy theory on the other hand states that a person's motivation towards an action at any time is determined by their perception that a certain type of action would lead to a specific outcome and their preference for those outcome. Expectancy is the probability that particular action will lead to a desired reward. Thus, if an individual has a particular goal, some behavior must be produced in order to achieve that goal. They will weigh the likelihood that various behaviors will achieve the desired goals and if certain behavior is expected to be more successful than others, that particular behavior will be preferred by the individual (Vroom, 1964). Employees are motivated to put more effort so as to produce better results because of the expected reward.

METHODOLOGY

This research adopted a survey design. The population of this study comprised 182 staff of 7up bottling company in Aba, Nigeria. The study determined a sample size 125 staff using the Taro Yemani formula for sample size determination. Sample elements were derived through simple random sampling. Secondary and primary data were utilized in the study. Secondary data was sourced from literature while primary data was collected using structured questionnaire. Simple regression served as the test statistic, with the help of SPSS.

DATA PRESENTATION AND ANALYSIS

Table 1: Regression showing the effect of performance appraisal employee effectiveness

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .984 ^a | .968 | .968 | .17896 | 1.215 |

a. Predictor: (Constant), Performance Appraisal

b. Dependent Variable: Employee Effectiveness

Table 2: Coefficient of Determination

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B | |
|-------|--|-----------------------------|------------|---------------------------|-------|------|---------------------------------|-------------|
| | | B | Std. Error | Beta | | | Lower Bound | Upper Bound |
| 1 | (Constant) | .044 | .069 | | .632 | .529 | -.094 | .182 |
| | Critical incident appraisal, Ranking method and Assessment | .158 | .046 | .183 | 3.410 | .001 | .066 | .250 |
| | Work standards approach and Forced-choice rating | .323 | .106 | .315 | 3.032 | .003 | .112 | .534 |
| | Graphic rating scale and Checklist method | .506 | .112 | .498 | 4.527 | .000 | .285 | .728 |

R = 0.984

R-Square = 0.968

Adjusted R-Square = 0.968

T – Statistic = 4.527

Source: Researcher's Estimation 2023

From Table 2, the coefficient of determination R-square of 0.968 implies that 96.8% of the sample variation in the dependent variable is explained or caused by the explanatory variable while 3.2% is unexplained. The remaining could be caused by other factors or variables not built into the model. The high value of the R-square is an indication of a very good relationship between the dependent variable. The value of the adjusted R² is 0.968 this shows that the regression line which captures 96.8% of the total variation in the dependent variable is caused by variation in the explanatory variable specified in the model with 3.2% accounting for the stochastic error term. The T-statistics was also used to test the overall significance of the mode. The high and positive T-statistics value of 4.527 is an indication that the model is statistically significant at a 5 percent level of significance.

Table 3: Regression showing effect of Performance appraisal on employee efficiency

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .949 ^a | .901 | .898 | .36473 | .535 |

a. Predictors: (Constant), Performance Appraisal

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B | |
|-------|--|-----------------------------|------------|---------------------------|-------|------|---------------------------------|-------------|
| | | B | Std. Error | Beta | | | Lower Bound | Upper Bound |
| 1 | (Constant) | -.543 | .131 | | 4.142 | .000 | -.803 | -.283 |
| | Critical incident appraisal, Ranking method and Assessment | .658 | .193 | .571 | 3.410 | .001 | .275 | 1.040 |
| | Work standards approach and Forced-choice rating | .037 | .227 | .031 | .162 | .872 | -.413 | .486 |
| | Graphic rating scale and Checklist method | .413 | .247 | .352 | 1.674 | .097 | -.076 | .903 |

R = 0.949
 R-Square = 0.901
 Adjusted R-Square = 0.898
 T – Statistic = 3.410

Source: Researcher's Estimation 2023

From Table 2, the coefficient of determination R-square of 0.901 implies that 90.1% of the sample variation in the dependent variable is explained or caused by the explanatory variable while 8.9% is unexplained. The remaining could be caused by other factors or variables not built into the model. The high value of the R-square is an indication of a very good relationship between the dependent variable. The value of the adjusted R² is 0.898 this shows that the regression line which captures 89.8% of the total variation in the dependent variable is caused by variation in the explanatory variable specified in the model with 10.2% accounting for the stochastic error term. The T-statistics was also used to test the overall significance of the mode. The high and positive T-statistics value of 3.410 is an indication that the model is statistically significant at a 5 percent level of significance.

DISCUSSIONS OF FINDINGS

In hypothesis one, it was revealed that there is a positive and significant effect of performance appraisal methods on employee effectiveness of 7up bottling companies. This is in conformity with the findings of Gichuhi et al. (2016) whose study determined the effectiveness of these performance appraisals. Therefore, the purpose of the study was to establish the impact of performance appraisal criteria, feedback, reward, and frequency of appraisals on employee productivity in these supermarkets. The study found that performance criteria, feedback, and frequency significantly influenced employee productivity.

In hypothesis two, it was revealed that there is a positive and significant effect of Performance appraisal on employee efficiency of 7up bottling company. This is in conformity with the findings of Natalie, (2014) who determined the effect of performance appraisal on employee motivation using a survey of slum-based Non-Governmental Organizations in Nairobi. The effect of the performance appraisal process on employee motivation established that the system is important for employee motivation. Performance appraisal system has helped improve job performance at work. The challenges of performance appraisal on employee motivation established that some managers tend to be liberal or strict in their rating of staff which may affect the employees' motivation. The manager's ability to address the skills gaps has a significant impact on the employee's motivation. The study concluded that the performance appraisal process on employee motivation established that the system is important for employee motivation.

CONCLUSION AND RECOMMENDATIONS

Performance appraisal is one of the most common management practices utilized in all organizations worldwide. It is a formal program in which employees are told the employer's expectations and are rated on how well they have met those expectations. For an organization to succeed in accomplishing its goals, it must be able to create the right plans, acquire the resources necessary to implement its plans, and use its resources in the implementation of its plans. Efficient organizations implement their plans using the smallest possible expenditure of resources to generate high margins of profit. Based on the findings of the study, we recommend that managers should allow for adequate training of staff to promote efficiency in the organization; that management should improve the payment plan of employees as this leads to greater efficiency and productivity; and that management should define ethical principles that will be suitable for the employee's welfare and work efficiency.

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