PERFORMANCE APPRAISAL AND REWARD SYSTEMS IN NIGERIA
A CASE STUDY OF AFRIBANK NIGERIA PLC.

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BY

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CERTIFICATION

This thesis entitled "Performance Appraisal and Reward Systems in Nigeria: A Case Study of Afribank Nigeria Plc" by Salisu I. Lawal meets the regulations governing the award of the degree of Master of Business Administration of Ahmadu Bello University, Zaria and has been approved for its contribution to knowledge and literary presentation.

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DEDICATION

In everlasting memory of my late Father, Alhaji Muhammad Lawal Ibrahim Anchau -May his soul rest in perfect peace, Ameen.

DECLARATION

I hereby declare that this thesis has been written by myself and that it is a record of my research work. It has not been accepted in any previous application for a higher degree nor been submitted to any university for examination.

All sources are clearly acknowledged by means of reference.

I take full responsibility for any mistakes or misrepresentations that may occur.

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Salisu I. Lawal.

May, 1995.

ABSTRACT

Every organisation aims to carry out the various tasks that make up its "Work" in the most efficient, effective way it possibly can and to set up a workable programme through which it can carry on doing so for as long as it exists. This is as true for a non-profit organisation as it is for a profit oriented organisation and this is what "Performance" in supposed to mean.

For an organisation to perform, however, it must have available to it all those resources that need to be imputed into its system to make performance the output. The most important of these inputs is without doubt the human resource of the organisation. It is imperative then that this resource be managed effectively in order to achieve the best result and a cardinal aspect of this human resource management is the appraisal of individual and/or group performance and taking of action appropriate to the results of such appraisals.

This study shows in brief what performance appraisal is all about and the various methods used by different organisation to carry out the process. Its inevitable, close link with reward systems, particularly promotion, is highlighted and critically analysed in the light of literature available on the subject. At the end of the work detailed recommendations are made for the improvement of the

system as obtainable in a typical Nigerian organisation which in this case happens to be Afribank Nigeria PLC.

The choice of Afribank Nigeria PLC was dictated primarily by the need to delimit the study to a manageable size and thereby carry out an in-depth research. What has been put down in the following pages is by no means exhaustive but it is hoped that it would contribute at least to a better understanding of *PERFORMANCE APPRAISAL AND REWARD SYSTEMS IN NIGERIA* particularly as obtainable in *AFRIBANK NIGERIA PLC.*

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CHAPTER ONE

1.1 INTRODUCTION

There is no doubt that the most important resource available to any organisation is its human resource. The ability of an organisation to perform, whether a Government parastatal, a profit - oriented Company, or even hospital, is largely dependent on the quality and the commitment of the people who perform the various tasks that make up the work of the organisation. Thus it is of paramount importance that every organisation finds ways not only of engaging and retaining top quality personnel but also of making such personnel as productive as possible.

Behavioural Science has shown that the ability of the individual only on ranks ahead of his motivation in determining his performance. Even then it is widely accepted that performance is a product of ability and motivation. Ability is usually independent of the organisation except for additional skills gained through on-the-job training. Motivation, however, is almost wholly dependent on the conditions obtainable in the organisation and is itself determined by, among other things, the reward systems that are obtainable in the organisation. The reward systems of most organisations, large or small, are mostly based on the contribution of the individual as perceived by those who determine the distribution of rewards in the organisation. Where there is a performance and appraisal system in place, as in most large organisations in the

country, then this is bound to be a key determinant of the allotment of rewards to employees and importantly of advancement to positions of higher responsibility and authority in the organisation. As such there is a strong connection between performance appraisal and reward systems, especially promotion, in organisations in which performance appraisal is practiced. In Nigeria, this can generally be shown to be the case although the methods employed may vary from one organisation to another.

It is logical to infer from the foregoing that performance appraisal ultimately has a bearing on two very important management issues in the organisations; (1) By determining the distribution of rewards it impacts strongly on motivation. (2) By determining who is promoted to a position of higher authority and responsibility it bears on the staffing decisions of the organisation. This is particularly important considering that the performance of the organisation as a whole is almost wholly dependent on the ability of its employees to carry out tasks associated with their positions in it.

It is possible to go on and on about the importance and contributions of performance appraisals and their relation with reward systems but for the purpose of this work the above quoted would suffice. Based on these two important factors and without disregard to other important related issues, one is attracted to the idea of researching into performance appraisal and reward systems in Nigeria as a

whole. Unfortunately the Country represents a vast entity that most likely would prove too much of a task for one person. A study with the spotlight on one organisation is, however, a feasible solution. Such a study would shed light on the connection between performance appraisal and reward systems and also underline their importance to the organisation. In the end recommendations would be made for improvements where necessary. For these and other reasons the author has chosen to carry out this work under the title: "Performance Appraisal and Reward Systems in Nigeria: A case Study of Afribank Plc Nigeria".

1.2 STATEMENT OF THE PROBLEM

1. Improperly designed and conducted performance appraisal exercises lead to mismatching of persons and jobs, and also improper distribution of rewards among employees in the organisation.
2. The apparent widespread dissatisfaction among employees of large organisations with performance appraisals and their influence on reward systems poses a threat to commitment and motivation among them (employees).

1.3 SCOPE OF THE STUDY

This study is intended to look into performance appraisal and its relation to reward systems decisions particularly its impact on promotion of staff to positions of higher authority and responsibility in the organisation.

The breath and depth of reward systems makes it impracticable to analyse all issues regarding it in a work of this nature and so attention would be focused only on performance appraisal methods, design and conduct with reference to promotion of staff as a result of such exercises. Special reference will be made to what is obtainable in Afribank Nigeria Plc with a view to analysing and recommending ways in which the ideal performance appraisal exercise should be effected and how it should affect promotions in particular.

1.4 OBJECTIVES OF THE STUDY

1. To analyse existing methods of performance appraisal and their relation with rewards systems with a view to indentifying any flaws that might be inherent in them so as to be able to come up with recommendations for improvement.
2. To underline the importance of performance appraisal and rewards systems on motivation, staffing and organisation performance.
3. To highlight any relevant issues that may come up in the course of this research.

1.5 SIGNIFICANCE OF THE STUDY

The issue of performance appraisal and rewards systems is very important to human resource management in any organisation of whatever endeavour. It is, however, most relevant to large organisations where the management of

human resources requires more specialised skills than in small organisations. This is particularly true of corporations like Afribank Nigeria Plc among whose ranks most of the data for this work would be gathered.

The benefits that would be derived from properly constituted performance appraisal exercises include good staffing decisions, equitable distribution of rewards and adequate motivation of staff among others. It is in this context that the significance of a study of this nature can not be over emphasized.

1.6 RESEARCH METHODOLOGY

1.6.1 TYPES OF RESEARCH METHODS

Research is simply the process of arriving at dependable solutions of problems through the planned and systematic collection, analysis and interpretation of data.
-E.C. OSUALA

The choice of a primary mode of investigation of a phenomenon is key to the research activity of the researcher. To do this he ought to have a thorough knowledge of the methods available to him ad from this he decides on the metods most suited to his purpose. Whatever is being researched into is capable of being classified on the basis of time as follows:-

(1) The Past: Historical Research Method.

(2) The Present: Normative - Survey Research Method.
Experimental Research Method.

(3) The Future Prognostic or Predictive Research Method.

It is easy for the researcher to decide in which area of time his problem lies and select, on the basis of that desicion, his basic research method.

(1) <u>The Past</u>: Historical Research Method.

Historical Research, as the name suggests, is basically concerned with interpretation of trends of attitude, event, and facts of the past. It is concerned with the whole field of human past in all spheres of life. It is important here that in dealing with data about the past care is taken to view it in the perspective of the social system in general and not as an isolated entity. The main reason for historical research are a view to gaining a clearer perspective of the present by an analysis of the past and the scholarly desire to arrive at an accurate account of the past.

Data available to the historical researcher could come from either primary or secondary sources. Primary data are those derived from actual witnesses to the events in question while secondary data come from middlemen who did not actually witness the event(s) but had contact with those who did. It is common for a researcher to rely either on primary data or secondary data only or both. Due to this the historical research

method is handicapped by its complete lack of empiricity on the part of the researcher.

(2) The Present: Survey Research Method and Experimental Research Method.

The approach to research is remarkably different from what obtains in historical research method if the researcher happens to be interested in phenomena that are presently taking place. In other words, studying present events usually does not entail the use of data obtained by someone other than the researcher except as a basis for defining parameters of the study.

The nature of research of present events and facts is basically descriptive in nature and could be done either by the survey method or by the experimentations. The experimentation method is the most scientifically sophisticated and it's purpose is derive verified functional relationships among phenomena under controlled conditions. This is in order to identify the conditions underlying the occurrence of a given phenomenon. It's essence is to enable the researcher to improve conditions under which he observes so as to arrive at more precise results. Survey research, on the other hand, studies both large and small populations by selecting and studying samples chosen from the population to discover the relative incidence, distribution and interrelations of sociological and

psychological variables. The aim is to assess accurately the characteristics of whole populations by studying samples drawn from such populations. Surveys interpret, synthesize and integrate data and point to implications and interrelationships. Survey is more realistic than experiment in that it investigates phenomena in their natural settings. This is usually a great strength in the early stages of the investigations of a problem in that it affords flexibility and versatility. In the later stages, however, this becomes a weakness because the lack of a control precludes a definitive test of crucial hypothesis.

Personal interview, Mail questionnaire, panel, Telephone and controlled conversations are all employed, in isolation or in combination, in order to make a survey depending on the problem being researched into.

(3) <u>The Future</u> Predictive Research Method

Research into what probably will be is remarkably different from research into what has already happened and/or what is happening at the moment. Predictive research aims to anticipate the likely course of events or a phenomenon before it actually comes to pass. It is true, however, that data might be gathered about past occurrences in order to have an idea of the likely

trend of events as experience has it. In doing this, it is common for a researcher to employ the use of a lot of mathematical/statistical formulae with the aim of giving his work a lot of scientific, methodical backing and basis. The breadth and the depth of the data used and the particular formulae the researcher uses in order to arrive at his "Scientific" solutions to analysis of same is as varied as there are peculiar problems to research into. Whatever data, formulae, and basis the researcher uses, however, it is always likely that his approach would be different from that of another person engaged in either historical researcher or a survey of on going events.

1.6.2 RESEARCH DESIGN AND METHODS

Researchers face an arducus task in the definition of the way and manner in whch they carry out their work. A good research design is key to obtaining and understanding generalisations that provide the basis for making predictions. While such generalisations may not be within the realm of a descriptive research they are key intermediaries to final generalisations.

Research design is important for whatever type of research is being carried out. In descriptive research such as this, it is possible to adopt either a detailed presentation, longitudinal descriptions, or selected description. The specific nature of the problem, however

has made a selected description the best option for success. This is because the problem is such that a selected description is mostlikely to allow for (1) appropraite sampling procedures and (2) precision in defining terms and eliciting information - two central factors to a quality investigation and minimal bias in the whole process.

1.6.3 METHODOLGY EMPLOYED

The reseach method employed in this work was the survey research method. Surveys basically deal with the present. They are oriented towards the determination of the status of a given phenomenon and are usually based on the study of large populations by means of cross sectional samples. Surveys can be convienently classified by the following methods of obtaining information: Personal Interview, Mail questionnaire, Panel, Telephone and Controlled Observation Of these, personal interview far overshadows the others as the most powerful tool of social research.

It is true, however, that the pecularities of each research problem present the reseacher with the opportunity of moulding or adapting these well known tools of reseach in such a way they serve his unique purpose. In trying to do this the researcher may avail himself of all the different forms of survey in combination or he may choose a number of them and use them while consciously rationing the importance of each in pursuance of his goal.

The data for this study came from documented sources (in-house material of Afribank) and, importantly, from a survey of Afribank staff opinion on performance appraisal as obtainable in Afribank. In particular, the personal interview was adopted for the later. Those interviewed included:

1. Staff responsible for the carrying out and interpretation of performance appraisal exercises in the organisation. This precisely involved staff of the Manpower Planning and Development Unit of the Staff Department at the head office of the bank.
2. Staff responsible for the performance appraisal of subordinates (mostly Managers and Heads of Department).
3. Other staff who are aware of the workings of the appraisal system but are not involved in the appraisal of their subordinates/collleagues. This category was, however, delimited to staff belonging to the officer cadre only.

The interviewers carried out with all these categories of staff were largely unstructured but for some few pre-set questions asked at the beginning of each interview. In effect, the unstructured part far outweighed the structured part of the interview in each case. The structured part, however, consisted of the following questions among others;

What is the essence of performance appraisals?, What is intended to be achieved by the process?, Have you received any form of formal training to do with P.A.?, Do you put it in mind to adopt any particular rating pattern before hand (liniency or harsh)?, To what extent does the personality of the appraisee affect your judgement of him?, What connection do you see between P.A. and rewards?, Do you make any concious effort to be as objective as you possibly could be?, How do you suppose improvements could be brought about in the system as it exists presently?. Most of these questions were asked of interviewees, albeit in different sequences depending on answers given by them. Furthermore, the very nature of the questions dictated that some were asked only of those in positions of appraising subordinates. This divide between "appraisers" and "appraisees" led to some questions being asked only of those who do not appraise others. The questions included such as; Do you think appraisals in the organisations are fairly objective?, Have you ever felt denied of a reward despite a "good" appraisal?, How confident are you in the systems? and What things would you like to see brought into the exercise?.

This last set of questions as we shall see really brought out the view held by many regarding the appraisal process. Indeed, some suggestions made in reply to the last questions were quite instructive in arriving at the recommendations made at the end of this study. The data so gathered and research into texts on the performance

appraisal process were combined and analysed for the formation of the backbone of this study.

1.6.4 SOURCES AND JUSTIFICATION OF DATA

Sources:-

1. Documents obtained from Manpower Planning and Development Unit, Head Office Staff Department.
2. Interview with Head, Manpower Planning and Development Unit, Head Office Staff Department.
3. Informal session with Area Manager, North West Area Office (Kaduna) at Staff Training Centre Kaduna.
4. Discussions with staff at various courses designed to improve such staff in their work.
5. Interview of staff of Kaduna Main Branch, Zaria Main Branch, and North West Area Office.
6. Documented sources - Official Journals.
7. Interview with Branch Manager, Afribank Kaduna Main Branch and with two Heads of Department.

Justification:- Except when a complete census is taken, research is almost invariably conducted by means of a sample on the basis of which generalisation about the whole population are made. Sampling is taking any portion of population or universe as representative of that population or universe.

Random sampling is perhaps the most feasible way of testing the qualities of a large population and it has proved over time that it can actually deliver very acceptable results. The choice of sampling in this study is to serve the practical purpose of (1) Reducing Cost (2) Accounting for speedier completion of the work (3) Ensuring greater accuracy and (4) Providing a greater scope.

In deciding on whom to interview, the Manpower Planning and Development Unit, Managers (Appraisers) at the Branch level and staff of the officer cadre (non-appraising) were preferred; The staff of the M.P. & D Unit because they organise and supervise the whole process. Managers (and other organisers, HODs) because they actualise the process envisaged by management and so are closer to the "actual" process and non-appraising members of the officer cadre because they constitute the most educated and capable group in the non-appraising staff component of the organisation and so appreciate more the intricacies of the appraisal process.

The interviews were mostly undisguised, unstructured interviews except for some questions that were asked of interviewees at the beginning of each interview in order to set the stage for more important questions. This course of action was adopted for the paramount advantage of flexibility the researcher is able to avail himself in the course of an undisguised, unstructured interview.

A lot of what is written in this study has been dependent upon the interviews carried out. The nature of the interviews and their reliability usually depends on individual items and true these can be inconsistent in some matters. This, however, is true of any technique and to that extent the results of this study can be held as being as reliable as they would have been if any other method had been used. Perhaps they are even more so.

1.7 DELIMITATIONS AND LIMITATIONS

Delimitations

1. The study has been delimited to performance appraisal and reward systems in Afribank Nigeria Plc as a model of the Nigerian scene.
2. Views were sought from personnel of staff department (Head Office) of the Bank and staff under the jurisdiction of the North West Area Office only. From this population a sample was taken.
3. The study concentrated almost wholly on the subject as it relates to personnel of the "officer" cadre of the bank.

Limitations

1. The constraint imposed by time available for the study.
2. The resources available to the researcher in the form of finances posed a limit to the areas that could be visited for the research.

CHAPTER TWO

LITERATURE REVIEW

2.1 THE CONCEPT OF PERFORMANCE APPRAISAL

All managers make appraisals of other people and make them frequently.

"As soon as Mr. Walters called about Jack and described the job he had in mind for him I knew I had a problem. Because this is a job Jack can do easily, and because of the increase involved, he'll probably jump at the chance to take it. Where am I going to get a replacement?".

Such a comment is typical of the almost daily appraisals Managers and Supervisors make.

-Marion S. Kellogg.

So Kellogg started the first chapter of her book "What to do about Performance Appraisal". (Amacon, 1975).

It is true that managers and supervisors are perpetually involved in performance appraisal. Since they rely on getting work done through other people their normal day often involves a series of appraisals. Each involves the deliberate act of appraising another person - subordinate or business associate.

An appraisal is not an occasional chance happening; it is basic to the manager's work and an essential part of his job. In formal organisations, large and small, performance appraisal is an important management issue that is usually well planned and executed depending on the suitability of the method used and the competence of those responsible for

it's success. Leap and Crino (1989) defined performance appraisal as "The process of assessing quantitative and qualitative aspects of an employee's job performance" and add that it should provide answers to some basic, yet important questions for both employee and the employer. "How well am I doing?" "How can I do better?" "How well are our employees doing individually and collectively?" "What can we do to help our employees do better for us and for themselves?" and "For which employees are various personnel actions appropriate?".

These questions are what performance appraisal is essentially all about. Every organisation whether a government institution, a profit making company, or even a non-profit making organisation needs to continually reassess the contribution of it's workers in order to be optimally efficient by taking action appropriate to the result of such assessments.

It is nonetheless true that despite the apparent appeal and straight-forwardness of the concept of performance appraisal there are many issues regarding it which continue to be debated upon. Indeed the concept itself sometimes comes under attack especially regarding the methods used. As Doglas McGregor put it in his article "An uneasy lack at performance appraisal", Harvard Business Review May/June 1975, "The conventional approach, unless handled with consummate skill and delicacy, constitutes something dangerously close to a violation of the integrity of the

personality. Managers are uncomfortable when they are put in the position of "playing god". The respect we hold for the inherent value of the individual leaves us distressed when we must take responsibility for judging the personal worth of a fellow man. Yet the conventional approach to performance appraisal forces us not only on to make such judgements and to see them acted upon but also to communicate them to those we have judged. Small wonder we resist!".

Perhaps this is a rather cynical view of a program that both employees and employer supposedly benefit immensely from but are found wanting in the seriousness they attach to the issue by writers such as M.R. Williams (1975) who says "A more common experience with conceptual trait rating schemes is that managers tend to treat them as an annual ritualistic chore to be got through as quickly as possible. Completion of the assessment form is often seen as the end of the appraisal process when, in fact, it is only the beginning".

These rather contrasting views suggests that there is a lack of commitment to the performance appraisal issue amongst those who should be most concerned with it most probably as a result of inadequate knowledge, improper planning and poor conduct of performance appraisals and so on and so forth. This of course is a big drawback for personnel administrators and managers alike and is bound to deprive organisations of the benefits of well planned,

successful performance appraisal systems. A good appraisal system affords the benefits of discovering how and why the employee is presently performing on the job and how he can perform more effectively in the future so that he, his boss, and the organisation as a whole all benefit.

The performance appraisal concept is key to the successful management of any organisation. It helps managers to learn from experience and do their jobs better. In this it helps not only managers but their workers as well and without it an organisation would be like a rudderless ship heading for nowhere. As the Peter principle says "If you don't know where you're going, you'll most likely end up somewhere else". Thus performance appraisal is inevitable.

2.2 TYPES OF PERFORMANCE APPRAISAL

There are basically two types of performance appraisal. A performance appraisal system is either open or closed. These two types can, however, be undertaken in several different ways i.e. the methods of performance appraisal, whether open or closed, are varied and many and there is no universal way in which the exercise is carried out. A combination of methods may be used in different ways depending on the needs of the organisation involved. Furthermore, the job content, the calibre of the individual being appraised, and so on may dictate that the method(s) be modified in order to achieve the desired objective.

It can, therefore, be said that all appraisal systems are unique. Any organisation that really uses its appraisals systems - makes it contribute something towards the efficient running of the company - will have developed a system that suits the company culture. And as company cultures vary so it is not possible to prescribe a universal system. The important thing is that the system adopted should suit the purpose of the company.

In almost all organisations in the Nigerian context a combination of the two types - open and closed - is used but differences arise in the methods used to actualise these exercises. The principal methods in use in most organisations are ranking methods and rating scales. These are usually employed along with lesser methods such as essay evaluation, management by objectives, critical incidents and weights checklist methods.

The main distinction between open and closed systems may be inferred from the names. In the open system the appraisee is actively involved in the process and is actually allowed to see any comments and remarks made about him and may be given the opportunity to make comments of his own regarding what the appraiser has written about him on the forms. In the closed system, however, the appraisee does not get to see what is written about him and in some extreme cases may not even be aware that an appraisal is being carried out at the material time. But whether the appraisal is open or closed it is usually carried out by use

of one of the methods aforementioned or by use of a combination of them.

Briefly, one may summarise the methods and the way they are carried out thus:

a) Ranking Method:- Employee ranking methods emphasise how employees compare with one another. Regardless of the ranking procedure selected, the final result is a rank order of employees in terms of their job performance. Ranking methods includes:- Straight ranking method, paired comparison, alternative ranking and the slightly unique forced distribution method. The first three all result in the best employee receiving a rank of 1, the next best a rank of 2, and so on until all employees are ranked. The last technique, however, assigns employees to different performance groups; average, above average, and so on . It is noteworthy that the forced distribution method has the advantage of easier information processing over the other techniques and may be the reason for it's appeal among organisations with large numbers of employees.
In the straight ranking method an evaluator attempts to rank all employees from best to worst and this becomes increasingly difficult as the number of those involved increases. The paired comparison method reduces this task to one of

comparing only two employees at a time and usually on one job criterion at a time. Alternative ranking also reduces the information processing task when there are many employees to evaluate. The evaluator is presented with a list of all employees. He is requested to select the best and worst employee from that list. A new list is started with the names of the best at the top and the worst at the bottom. The evaluator then crosses off the two selected names on the original list. He then selects the best and worst employee from the remaining names on the original list. The best this time is placed on the new list directly below the best employee from the last selection and the worst directly above the worst employee from the lat selection. This process is continued until all employees have been crossed off the original list and the placed on the new list. The employee's location on the new list becomes his rank. The forced distribution method is operated under the assumption that the levels of the employee performance conforms to a normal distribution. In this way they are grouped according to the assumed distribution. For example, the following distribution might be assumed to exist: 5 percent of all employees will be excellent performers, 20 percent will be good,

50 percent average, 20 percent acceptable, and 5 percent poor. In this way the appraiser goes ahead to group them accordingly.

b) Rating Scales: Rating scales are the most prevalent form of performance appraisal. The typical graphic rating scales system consists of several numerical scales, each representing a job related performance criterion such as quality of work, initiative, job knowledge, and so forth. Each continuum ranges from excellent to poor performance. The rater checks the appropriate performance level on each criterion then computes the employee's total numerical score. Graphic rating scales offer the advantages of adaptability, relatively easy use, and Low Cost. Nearly every type of job can be evaluated with some form of graphic rating scale. Individual scales can be easily constructed and tailored to a specific job. Due to the simplicity of their design, graphic rating scales generally enable supervisors to evaluate large numbers of employees in a short time. Rating scales, however, possess major problems to do with rating pattern errors. More than any other performance appraisal method, graphic rating scales encourage these errors as well as a false sense of precision in the evaluating process.

A new dimension, and variety, is given to rating scales by incorporation of Behaviourally Anchored Rating Scales (BARS) and/or Behavioural Observation Scales (BOS). The former attempts eliminate differences in individual rater judgements resulting from varying semantic interpretations of "high" verses "low" as well as raters' different evaluative standards by use of concise narrative description of what constitutes "high", "low", "excellent", "poor", etc. The later operates in a similar fashion but goes further to analyse the various components of a job (job analysis) and provide guidelines for weighting and rating them in order to evaluate the performance of an employee. In comparison to other performance appraisal methods, the errors of central tendency, recency, ambiguity, and conflict of interest are probably minimal in BOS.

c) Other Methods of Performance Appraisal:- Along side the aforementioned methods are some other methods that though in use are not to be found as prevalent in an organisation's system of appraisal. These include:-

i) Management by Objectives (MBO):- This is a form of performance appraisal because it involves the establishment of performance objectives and assessment of how well those objectives are

fulfilled. Performance appraisal under the BOS systems permits frequent evaluation and, importantly, enables the employee (ratee) to become involved. It is, however, less likely to be used in non managerial jobs where employee goal - settings is not feasible.

ii) Critical Incidents Approach to performance appraisal describes certain criteria or behaviours that are critical to the successful performance of a job. These incidents are then grouped into a smaller number of behavioural categories and points allotted. The approach is really an unrefined version of BARS or BOS.

iii) Weighted Checklist:- This is developed by obtaining a number of performance statements about a job from persons familiar with the job. Each statement is evaluated by a group and its importance to performance analysed. Scores are therefore converted to weights and employee scores on each statement and depending on its weight it contributes to his final score.

2.3 ESSENCE AND FORMS OF REWARD SYSTEMS

Major challenges and opportunities for change occur at the workplace. Although it may not be universally accepted, the concept exists that people not only need to work, they want to. This means work need not only provide for physical

and mental survival but must also be meaningful. In this regard, perhaps the most important element is the reward(s) to be derived from the work. (Henderson, R.I., 1979).

The rewards provided by the employer usually come in a "package". The intent of these rewards from the perspective of an employer is to encourage and to channel employee behaviour into activities that lead to successful business operations. It is possible for a rewards system to channel or modify behaviour through either a positive or negative approach. Much better understanding of human psychology and advances in behavioural sciences have tended to encourage adoption of reward systems that modify through a positive approach. Today, the emphasis on workplace behaviour relates to individual desire and willingness to accept job responsibilities. Key concepts involved in this change in directing activities of people at work are involvement and commitment; a self - dedication to performing job assignments and duties in an acceptable manner. To promote these valuable attributes of involvement and commitment, the modern business must provide rewards that stimulate the desire of workers to achieve, to be constructive, to enhance self-growth, and to be productive. This is the essence of reward systems.

Reward systems could be Compensatory or Non-compensatory. The compensatory system results from allocation, conversion, and transfer of the income of a business to its employees for their monetary and in- kind

claims on goods and services. The monetary claims are wages and salaries paid to the employee. The in-kind claims are claims on goods and services paid for by the employer and available to the employee for consumption and include such things as medical bills and so on. The value of any one in-kind payment, however, varies according to the preference of individual employees. The non compensation reward system covers a much broader range of subjects than does the compensation system. Any activity of the employer that has an impact on the mental, emotional, and physical well-being of the employee and is not specifically covered by the compensation system falls under non-compensation system. Non-conpensation rewards enhance a workers' self-respect and esteem by others. They assist in providing the employee with a feeling of achievement. Henderson (1979) lists these rewards as including the following:-

1. Improving working conditions to reduces physical and mental fatigue.
2. Providing status symbols to enhance employee perception of self-worth.
3. Improving technology to enhance workers' productivity.
4. Allowing employees some ownership.
5. Training to improve present and future job skills and opportunities.
6. Creating peer relationships that are supportive and create a socially healthy work environment.

It is clear then that the essence of any reward system, compensation and non-compensation alike, is to encourage the employee to continue to provide the organisation with some amount of physical and mental effort by satisfying many of his physiological and psychological demands. As we shall see later, non-compensation rewards such as recognition, promotion, status symbols and so on play a significant role in motivating staff to perform. In the final analysis, because rewards are mostly tied to performance appraisal we would see that performance appraisal is ultimately very important as a motivator for worker productivity and survival of the organisation.

2.4 LIMITATIONS OF PERFORMANCE APPRAISAL AND REWARD SYSTEM

a) Barriers To Effective Appraisal:- Although a lot of the literature on performance appraisal focuses on the technical aspect of the subject but it is the human element that is actually most important in the whole exercise as it is in all other areas of human resources management. Regardless of the complexity of the organisation, the barrier to effective appraisal is human, not technical. Not all managers are equally capable of assigning tasks and assessing how well these are performed in the context of the human element. Some managers are more sensitive to other people, more perceptive in interpreting responses, reactions and so on. Some are more systematic in making their judgements. But skilfully or not, they make the appraisal

any way. No matter what he tries the appraisal would ultimately have a lot to do with the subjective judgement of the manager. For example, a manager who has come up the hard way, without the benefit of a university education, may unintentionally overrate the individual who has a Ph.D. Another manager with this background may resent employees who have had educational advantages, may expect more from them than other employees, and as a result, be tougher on them in his appraisal.

The barrier to effective appraisal, the human factor, manifests itself in a number of forms. Leap and Crino (1989) list the principal forms in which these barriers come up as including:-

1. Halo Error.
2. Past-Record Anchoring.
3. Inappropriate Rating Patterns.
4. Recency Effect.

Briefly, these can be explained thus:-

1. Halo Error:- The halo effect occurs when the person carrying out the appraisal allows a single attribute or general impression of the person being appraised to distort or "colour" the entire performance appraisal. This could happen even if all technicalities are in order.

2. Past-Record Anchoring:- Regardless of an employee's current level of performance, if the past

performance ratings have been high supervisors will continue to rate the level of performance as high and vise versa. Even if the ratings change the variance would hardly be as significant as the actual variance in performance.

3. Inappropriate Rating Patterns:- This happens when a manager appraising a number of employees fails to make appropriate distinction between employees with a view to giving them all good (leniency), average (central tendency), or poor (hashness) ratings even though certain employees are clearly superior to others.

4. Recency Effect:- This effect occur, when the appraisal is distorted by recent incidents or employee behaviours that occur shortly before evaluation. Such incidents may either be favourable or unfavourable and could have a disproportionate weight in the final analysis due to their recency.

To these may be added the undefinable factor of appraiser bias. This could be especially true or seen to be true where employees believe there is nepotism, ethnocentricity and so on as in the Nigerian context. All these simply provide a general idea but the list of human factors that bring about ineffective appraisal is perhaps inexhaustible.

b) Disparate Values of Rewards:- Reward system are mostly enchored to the perceived contribution of the employee judging by the job content of his schedule. Extraordinary rewards that come up from time to time as a result of excellent performance are, however, a result of performance appraisal ratings of the employee. Invariably then, the reliability and accuracy of the appraisal system as a whole is a limitation on the credibility of the reward systems of the organisation in toto. We need not to elaborate on this.

One might, however, add a behavioural science perspective to the issue. Namely that individual employee preferences determine their perception of rewards, the value they attach to such rewards, and ultimately how they react to rewards as compensation and motivation for better performance in future. In this way, a limitation is in place on the effective use of rewards as a tool of human resources management.

2.5 PERFORMANCE APPRAISAL AND REWARD SYSTEMS REVISITED

The quality of selection, training, development, compensation and disciplinary programs depends directly on the performance appraisal process. It is that important.

A lot has been said about the different methods of performance appraisal, and about the strengths and weaknesses of each. Perhaps other important issues relate

to (1) tailoring appraisals to an organisation's specific set of jobs. (2) training appraisers on the importance of objective, error-free assessment of employees' performance and (3) periodically monitoring and evaluating the operation of the organisation's appraisal program in the context of the specific circumstance of the Nigerian working environment. Perhaps a careful study of the socio-economic, cultural and technological background of the typical Nigerian business environment is crucial to carrying out this last mentioned issue.

Obviously a strong connection exist between appraisal and rewards. In seeking to optimise benefits to employer and employee, rewards need not only take their cue from appraisals but they must go hand in hand. Increasingly now the design, implementation and administration of any reward component require a sensitivity and understanding of human perceptions, needs and drives. The relationship between appraisal and reward systems, therefore, continues to strengthen.

CHAPTER THREE

THE AFRIBANK ORGANISATIONAL FRAMEWORK

3.1 INTRODUCTION

The banking industry is populated by companies (Banks) who play the role of financial intermediaries between surplus and deficient units of the economy. This entails a dual activity of both sourcing and disbursing of funds in such a way that they (the banks) turn out to be operating profitably at the end of the day. To be able to do this in an environment that is especially competitive requires not only good organisation and marketing strategy but also the procurement and retention of capable hands to steer the activities of the bank. A key factor to doing this successfully, as we have already seen, is the performance evaluation process.

All organisations that aim to succeed (ostensibly all do) have in place a management set up that has the primary responsibility of structuring all activities in such a way that goals and objectives are met. To this end all well managed entities in Nigeria have some sort of performance evaluation process in place. These appraisal systems invariably have a lot of bearing of the reward systems of such organisations to the extent that one can not comprehend them (appraisal and reward) as being mutually exclusive. This however, does not suggest that appraisals should be handled as being only for the purpose of rewards but that

rewards are inevitably a chief concern in the final analysis.

But to what extent has the typical Nigerian organisation made an effort at educating its staff on appraisal, putting it place a good system, and ensuring the competent execution of the appraisal process? Second, in what ways have deficiencies manifested themselves and how can some improvement be brought about? As this study attempts to answer these questions the spotlight shall be on the methods and practices in Afribank Nigeria Plc.

3.2 Afribank Nigeria Plc: A Profile

Afribank Nigeria Plc of 94, Broad Street, Lagos was incorporated late in 1959 and licensed to start banking business in Nigeria in the same year. Early in 1960 the bank started business in Kano under the name Bank Internationale Pour L'Afrique. Occidentale. As might be inferred from the name it had then (BIAO), the Nigerian Bank had affiliations with another preexisting Bank of French Nationality. This connection with French corporations is still manifest today. Over time, however, the Bank has grown in various ways and today the Bank operates on a paid up share capital base of N225m and shareholders' funds of over N7b. This vast asset base ranks the bank as the fourth largest in the country after Union Bank, First Bank and UBA. And as the asset base has grown so also has the Bank diversified its business so that the Afribank Group, which

is synonymous with Afribank Nigeria Plc, now consists of five different entities; Afribank Nigeria Plc (Banking), Afribank International Limited (Merchant Banking), Afribank Insurance Brokers Ltd (Brokage), Afribank Estate Company (Real Estate) and IBWA Finance Ltd, Dublin (International Finance).

The Bank, Afribank Nigeria Plc, on which our focus is directed is engaged in banking business - lending and acceptance of deposits. It is today one of the most highly regarded of the banks operating in the country and is known for efficient, courteous service. The bank employs a staff that is 4,000 strong and it is known in the industry that they are among the best trained lot in the country. This is evidenced by the fact that of the banks that are considered the biggest in the country Afribank employs the least number of people - 4000 as against Union's 14000 and First Bank's 17000 - but is able to remain the most efficient when profitability is considered against the background of staff strength, asset base and number of branches. It is nonetheless true that Afribank remains the fourth largest bank in the country (the lesser of four devils as insiders would say) and today has about 126 branches nationwide.

Overlooking this vast empire is a workable organisational structure that ensures the efficient and effective use of resources - material and human. There are clearly defined areas of responsibility, planning and control, coordination, and implementation of policy

guidelines through well developed channels of communication. The organisational structure, referred to as the Group Corporate Organisational Structure, comprises of Divisions, Departments and subsidiaries. The overall affairs of the bank are overseen by a Board of Directors through the office of the Group Managing Director who also serves as Chief Executive of the Bank. He is assisted by three (3) Executive Directors who head the operational divisions of the bank vis:-

1. Banking Operations Division.
2. Finance and Corporate Clients Division.
3. Corporate Development and Services.

The bank is able to operate by clearly defining the roles of each of these divisions and assigning the various subsidiaries and departments tasks appropriate to their calling under these divisions. Thus each department, branch, subsidiary et cetera reports to a particular division depending on the task at hand. (A detailed outline is in the appendices).

As pointed out earlier, this structure is staffed by people numbering a little over four thousand (4000) and the staff structure can be subdivided into Executive Management Staff, Non-Executive Management (or Senior Management) staff, Senior Staff and Junior Staff.

The Executive Management team is made up of the Group Managing Director and the three Executive Directors who head

the various functional divisions of the bank. The senior management cadre consists of "management staff" who help in the formulation of policy with ranks ranging from the *Principal Manager* to *General Manager*. *The senior staff* cadre, the core of operational staff responsible for implementation of policy and operational guidelines especially at the branches, has people ranked from Executive Assistant to Senior Manager. This cadre is the most involved in the day to day running of the affairs of the company and it is on this cadre that this study was mostly focused. The junior staff cadre is the unit consisting of office assistants, clerical staff and supervisor grade employees who are ranked highest in the category.

The organisation is structured in such a way that authority flows along a functional line even though there exists some sort of matrix formation. This suggests that an employee at the lower levels may find himself reporting to a head of department now and liaising with the legal *department at head office the following day.* This happens because the solution to a single credit proposal for instance may involve decisions in the banking operations division at the head office, the legal department at the Area office and the corporate clients department at Head office after being first mentioned at say Kaduna branch. This overlapping of functions is really normal but calls for adequate training and development of staff at all levels, an issue we shall look at shortly.

3.3 TRAINING AND DEVELOPMENT

Training and development for staff of senior (or officer) cadre of the Afribank Nigeria Plc follows the recruitment process into this cadre in a manner that can be said to be spontaneous. First, recruitment into this cadre, excepts for staff finding themselves in the cadre due to promotion from the ranks, is strictly on the basis of an employment process that involves an aptitude test, an examination, and a rigourous interview. Following this, those who are employed usually go through a training programme that lasts twenty months during which they are exposed to work in all functional departments of the bank. Secondly, those who have already passed through this introductory stage are periodically called upon to attend a refresher courses either at the staff development centre or at fora set up by external consultancy and management development bodies. Thus, the training and development process is continuous.

The refresher courses can be said to be developmental in nature as distinct from the introductory courses which can be said to be "training" courses. The basis upon which recommendations are made for staff to go on these developmental courses should ideally be appraisal exercise. The Afribank appraisal process, as we shall see later, is intended to lead to such recommendations among other things and is actually said to be doing this. It is conceivable,

however, that staff who should go on certain courses based on the result of the appraisals do not get to go on such courses and may thereby be denied the attendant advantages, to themselves and the organisation as well, that may occur if they are able to. This then shows a connection between appraisal and training and development and there are many other ways in which this connection can be shown.

It is nonetheless an accepted fact in the industry that Afribank gives its staff some of the best training in the Banking Industry as whole. In the sections to come we shall look at the issue of training and development in the light of performance appraisals and relate the effect of this relationship to the issue of reward systems.

3.4 PERFORMANCE APPRAISAL FOR HUMAN RESOURCES MANAGEMENT IN AFRIBANK

The purpose of performance appraisal in any organisation is ultimately to aid in arriving at decisions relating to human resources management. In Afribank as in any other organisation, the aim is not different and fittingly appraisal process of the Bank is handled by Manpower Planning and Development Unit of the Staff Department under the office of the Deputy General Manager in charge of Human Resources Management (HRM). The Manpower Planning and Development Unit (MPD) is the unit responsible for such issues as training, placement, promotions, refresher courses and so on. As such appraisal results

which are used to arrive at decisions concerning the aforementioned issues are important if the job is to be done done well enough. This explains why the MPD unit handles all these issues hand in hand. And to be able to do this well the Bank has put in place an appraisal system that fairly satisfies the requirements of a good system.

The performance appraisal process in Afribank consists of both open and closed systems of appraisal. The closed system is usually carried out without any form of participation by appraisees. What obtains is that management at that area office level unilaterally carry out assessments of staff within the area primarily for reward (promotion) purposes. To that extent this part of the appraisal systems is purely for rewards and not the other objectives of a good appraisal system. The open system, the end of year ritual, involves filling out an appraisal form with participation by both appraiser and appraisee.

The performance appraisal form used in Afribank consists of four (4) parts, A to D. Part A deals with the personal data of the appraisee - age, educational qualification(s), marital status, working experiences and courses attended and so on. Part B deals with the actual assessment by means of rating scales with scores from 1 to 5 representing poor, below average, average, above average (good), and outstanding, respectively. Part C is concerned with recommendations and conclusion in the form of development potential, improvements since last review and so

on. There is also a sub-section for comments by the appraiser and the appraisee based on discussion between them. Lastly, part D deals with comments and recommendation of the management staff from area office level to the staff department unit at Head office with room for final decisions to be written down at the back of the forms (Appendices).

The aim of all this is to ensure that the organisation continually adequately assesses the contributions of its employees with a view to identifying what improvements have been made and what measures need to be taken to improve on deficient units in order to achieve a higher level of competitiveness in the business environment within which it operates. As no resource is as important as the people who run the organisation it is only right that a lot of effort and time should be expended towards improving efficiency of this resource as a whole through more prudent personnel management. The Afribank performance appraisal systems, the backbone of Human Resources Management effort of the organisation, is rightly geared towards the attainment of all the desirable benefits derivable from a good appraisal systems but admittedly it could do with a little improvements as we shall observe shortly. It has nonetheless gone along way towards the primary aim of the system and is being used for motivational and control purpose and as a policy statement put it, the purposes of performance appraisal effort of the bank is "to provide data about the past, present and expected future performances of

managers and staff alike so that appropriate action or decision can be taken on matters related to the objectives and standard of performance expectations of the bank.

3.5 REWARD SYSTEMS IN AFRIBANK

In considering rewards here we give little or no attention to compensation since it is generally irrespective of an employee's performance unless his performance has resulted in his being promoted - rewarded one might say. THe decision to leave out compensation is informed by the fact that rewards are being considered in this study only in the context of performance appraisal and so compensation is automatically excluded from the points of reference. The appraisal/reward connection is, however, well recognised. If the rewards are well tied to performance then the appraisal exercise would definitely bear more than any other factor on the rewards that go to individual employees.

In Afribank a good assessment ensures either a promotion or two notches on the same grade. An average or poor assessment is still able to fetch the appraisee a notch on the grade. Whatever the result of an appraisal, the outcome is either a promotion, two notches, or a single notch. To that extent there exists a certainty as to the nature of the "reward" for the individual's performance. It is simple one might say.

So, in so far as the appraisal exercise is concerned the question of rewards is answered to the extent that each

employee is guaranted a "reward" for working with the organisation from the last date of appraisal to the present irrespective of his performance on the job. It is hardly conceivable, however, that in an organisation such as Afribank the difference between all those who do not merit a promotion based on the appraisal exercise can be represented by a single notch - most hardworking two notches, least contributors one notch. There are no records to show that any other form of "tangible" reward is awarded those who work hard but not hard enough for a promotion.

There is evidence though that the staff department takes into account the results of appraisal exercises in arriving at the list of people that require refresher courses and of what sort. These courses not only contribute to the individual but to the organisation as a whole and are in line with modern management's emphasis on creation of positive approaches to the modification of workplace behaviour. These courses, inter alia, lead to responsibility and willingness to contribute towards the attainment of the organisational goals.

In the final analysis, it is clear that the appraisal system is linked to the rewards system, albeit weakly.

3.6 CONCLUSION OF THE CHAPTER

We have seen very clearly the nature of the business of Afribank, its historical background and organisational structure, the resources at its disposal and the number of

people and staff structure employed to further the objectives, aims and aspirations of the Afribank Group. In analysing these components of the entity we have been able to discern that Human Resources are of paramount importance to the organisation, indeed to any organisation, and have further analysed the role that performance appraisal plays in the management of this important component of the organisation.

The Afribank appraisal system predictably is linked strongly to the reward system but arguably more importantly it is bound to the important personnel administration issues of training and development, promotions, placement and postings. The appraisal system is however, imperfect in itself and most continually be reassessed itself to identify any possible areas that need to be improved upon. This then has been the essence of this study and as we shall see in the next chapter the Afribank appraisal system could do with a lot of improvement. This is not to say that it is completely inadequate as it is or that it has gone totally obsolete but rather that as organisations are growth oriented and the business environment dynamic there is a need to update systems with a view of keeping abreast of changes especially where complex beings such as human are involved. This is what we shall look at shortly as we take a closer look at the Afribank appraisal process.

CHAPTER FOUR

DATA ANALYSIS

4.1 THE AFRIBANK APPRAISAL PROCESS

The performance appraisal exercise in Afribank is carried out once a year and can be regarded as an annual ritual. Dated documents, however, show that the exercise was at one time carried out at the end of each quarter of the year in years gone by. It then came to be a biannual event and nowadays it is done between October and November of each year. The exercise essentially involves the filling out of forms designated "Staff Development and Review" and the return of these forms to he Manpower Planning and Development Unit of the Staff Department at head office. As in all other efficiency conscious organisations the aim of the exercise is, ostensibly, to aid not only in determining rewards but also in making decisions regarding manpower placement, retraining and other personnel management issues. The challenge to management in all such cases then is to pursue with all vigour the goals of the performance appraisal concept by means of careful planning and execution of the exercise.

The performance appraisal process in Afribank consists of both the open and closed systems of appraisal. The closed system is usually carried out without any form of participation by appraisees. What obtains is that management at the Area office level unilaterally carries out assessment of staff within the area primarily for reward

(promotion) purposes. To that extent this part of the appraisal system is purely for rewards and not necessarily the other objectives of a good appraisal system. The open system, the end of year ritual, involves filling out an appraisal form with participation of both appraiser and appraisee.

There are two types of appraisal forms in use in the Bank; one for junior staff and another for senior Staff. Our concern is however centred around the use of the senior staff Development and Review form. This appraisal form consists of four (4) parts marked A.B.U. and D. Part 4 deals with the personal data of the appraise - Age, Educational qualification, marital status, working experience, courses attended and so on. Part B deals with the actual assessment by means of Rating Scales with scores ranging from 1 to 5 representing Poor, Below Average, Average, About Average (Good) and outstanding, respectively. Part C is concerned with recommendations and conclusions in the form of development potential, improvements since last review and so on. Importantly, there is a subsection for comments by appraiser and appraise based on the appraisal interview or discussion between them. Lastly, part D deals with comments and recommendations of management staff from the Area office level to the Staff Department of the Head Office with room for final decisions to be written down on the forms. (Appendix).

These appraisal forms should ideally be filled out after discussion between the appraiser and appraisee judging by the concept behind the exercise and by the very design of the forms. This is hardly the case. The practice is that managers usually hand out the forms through their deputies to staff who then complete Part A, as they should, and thereafter either the Heads of Department or Managers themselves go on to fill out Part B with hardly any dialogue between appraiser and appraisee. Filling out of the forms by managers is almost wholly a matter of allotting scores in respect of some traits on a set of Rating Scales. As the Rating scales on the forms do not incorporate any Behavioural Anchoring or Behavioural observation elaborations it would not at all be cynical to assert that what is obtained from the forms is anything but a competent assessment. In addition, there seems to be the belief that the staff strength at the branches is such that managers can hardly devote the quantum of time required for an exhaustive exercise. But we digress. In any case forms completed by managers are subsequently returned to appraisees who write their own opinions regarding the content of the assessment made of them. All forms are then sent to the Area Office from where they are sent to head Office after comments have been made by the Area Manager based on what has already been written by Branch Managers and more importantly on the strength of deliberations made at the Area appraisal meeting. This area appraisal meeting is usually attended by

the Area Manager, Area personnel officer, the Assistant Area Manager and all branch managers. Despite the composition of the Area appraisal committee it is fair to say that apart from the manager of an appraisee in question it is usually true that all the others present have no more than a casual acquaintance with the character and performance potentials of the appraisee. In such circumstances hardly any meaningful deliberations can be made. After the forms are filled out by the Area Manager they are sent to the Staff Department Unit of the Head Office where final recommendations are then made. And so yet another performance appraisal exercise is completed with the release of promotion listings in January of the following year being the major result.

It is noteworthy that the implementation of decisions arising from the appraisal exercise so soon after the completion of the exercise itself, particularly the promotion lists, does not allow employees enough time to air any grievances they may have in respect of the appraisals. Also an appraisal exercise should not be seen to end merely with the rewards phase but should go on to address personnel management tasks of retraining, reassignments, and other developmental measures aimed at improving staff productivity. Perhaps Afribank management is really interested in seeing that these aims are achieved by means of appraisals. But it is clearly evident from the sampling of opinions of "other" staff made in the course of this

study that performance appraisals are most singularly associated with promotions. And that is just one problem in a multitude concerning the Afribank appraisal process. What other problems are there?

4.2 PROBLEMS OF PERFORMANCE APPRAISAL AND REWARD SYSTEMS IN AFRIBANK

The performance appraisal and reward systems in Afribank just like all man made systems are a little imperfect. Nonetheless one could assert that the system has worked creditably. It is true, however, that the system could be better and is, as it presently is, probably far better than what obtains in most organisations not only in the Nigerian Banking Industry but in the country as a whole. This is plausible because a close look at the organisation called Afribank reveals it is surely among the most well organised, managed entities in the country. This does not, however, suggest that all about the organisation is flawless. The performance appraisal and reward systems in Afribank are constrained by a number of problems and these need to be addressed in order to improve the effectiveness of the system.

The appraisal process is weakened by the fact that the exercise is carried out only once a year. This has some negative effects on the reliability of the information thereby gathered for performance appraisal is supposed to be a continuous process. The fact that so much time elapses before an appraisal comes round allows for impact of such

distortive elements as Recency Effect and Halo Error. It also has the effect of leading participants to believe that the exercise is a mere ritual as many people find it hard to comprehend how performance can be well evaluated on the basis of only an annual exercise. Secondly, we have seen that the appraisal is done by a single person and this allows for greater chances of error than if a panel were to be constituted at each branch or department for the purpose of appraisals. The system of a single appraiser allows for possible bias and discontent among appraisees. It also allows for rating pattern errors such as leniency (all good) or harsh (all poor) ratings depending on the whims of the appraiser. There is also the issue of past-record anchoring on the part of the appraiser. All these are further compounded by the fact that virtually all persons in position to appraise others have not been tutored, at least not by Afribank, on the intricacies and salient points of performance appraisal. This lack of know-how is also a serious drawback for the whole process.

The problems to do with rewards in Afribank has a lot to do with the appraisal system as, in principle, the rewards system is tied to the appraisal system and rewards are a result of the perceived contribution of the individual as indicated by his score in the performance evaluation exercise. The only reward that seems derivable from the Afribank system is a promotion. The fact though is that a good rating in the appraisal exercise is rewarded either

with a two- notch advance on the same grade or with a promotion depending on how good the rating is. Those who do not do exceptionally well get a regulation one-notch advance. This means that the only possibilities at the end of the year are a normal one-notch advance, a two- notch advance or a promotion to the next grade no matter how an employee's performance has been judged (see chapter 3.5). This is too narrow and one cannot understand how in an organisation as large and complex as Afribank it is possible to distinguish various levels of performance by just three (3) (strictly speaking just two) different levels of reward i.e. progress up the career ladder. The slimness of the margin definitely does not suggest fairness and equity. This has contributed to the not too favourable view that employees have of the system as a whole.

And in considering the "image" of the process a very important issue, perhaps the most important, is how and to what extent decisions arising from information gathered in the exercise are implemented. One can confidently say that the Afribank process is seriously lacking in this regard especially with respect to non-reward recommendations such as retraining, transfers and placements. This is perhaps the most serious drawback since it has the effect of actually being a demotivator instead of a motivator. The gravity of such a problem cannot be over-emphasized.

4.3 CONCLUSION OF THE CHAPTER

Every management information system needs for its success not only the determination of its operators and reliability of its process but also the understanding, cooperation and loyalty of the people whom it is intended to inform about.

The staff performance and development review of Afribank is no exception to this rule. Furthermore, the success it has achieved if any, may somehow be conjectured by an analysis of the views of staff on the matter. That we shall now see.

In the course of interviewing staff of the bank (see chapter 3) certain facts came up as follows:

(1) Those engaged in appraisals (appraisers) had not been tutored on the intricacies of performance appraisals and how to conduct them in way to achieve best results.

(2) The average staff member knows very little about the actual essence of appraisals and makes a strong connection between appraisals and promotion only.

(3) Virtually all staff believe appraisals are not as objective as they should be. As one of them put it "... the performance appraisal exercise is primarily a tool for recommending people for promotion which is open to a lot of bias".

(4) Most of those interviewed believed considerable improvement could be made even if they could not suggest how.

(5) Asked to rate their confidence in the system on a scale of 1 to 5 for None, a little confident, some confidence, confident and very confident, respectively most interviewees scored it 2 (a little confident) and no one scored it above 3 (some confident).

These results show clearly a dissatisfaction among staff and a disappointing level of success for the system as regards its conception among staff of the Bank. Perhaps we would be able to highlight why as we summarise the findings and recommend ways to improve the system in the chapter next following.

CHAPTER FIVE

5.1 SUMMARY

The Afribank appraisal system consists of an open exercise and a closed exercise. The closed exercise which takes place sometime in mid-year is infact a purely promotion decisions tool as it neither allows for participation of appraisees nor does it make for recommendations on retraining, reassigning or the like. Indeed it is impossible that an exercise carried out at the Area offices would infact take care of the performance of all individuals within the jurisdiction of the area office concerned even if we believe that those at the area offices are conversant enough with the contributions of officers at the branches. This mid-year exercise and the subsequent traditional promotions that follow it are the source of a great deal of disaffection among staff of the Bank with what they view as a farce that allows for a lot of bias and nepotism.

The end of year open appraisal ritual is however a different thing altogether. Although it is designed to allow for appraisee participation there is hardly any except for completion of part A as we have seen (Chapter 4). The Part B of the forms employ the use of rating sales to score employees on such vague terms as maturity, creativity and innovation, and intellectual abilities. In designing the rating scales attempts were clearly made at introducing some level of behavioural Anchoring but these attempts are at

best feeble. The elaboration made at the bottom of the various entries are not enough to take care of the varying semantic interpretations of these entries that are definitely to abound in the minds of different appraisers. Furthermore, the employment of Behaviourally Anchored Rating Scales that are more elaborate than those presently in use would provide concise narrative descriptions or examples of what constitutes "outstanding" maturity or "poor" creativity and innovation. Indeed the nature of the various jobs in the organisation are such that a performance appraisal form can be designed in such a way that a very clear picture of the various dimensions of a job performance are to be presented. The Afribank form fails to even make an attempt at this. Clearly Behaviour Observation Scales (BOS) are not employed.

If the design of the forms is not flawless what of the execution of the exercise? To this there is only one answer: it could be much better. First, appraisers, as we have seen, have no adequate knowledge on how to conduct these exercises in a way that ensures the best results but are only tutored on the completion of the forms. This is a pointer to the general trend, namely that perhaps other than a handful at the personnel department hardly any one knows much about performance appraisal and all its various implications. Small wonder then that there is hardly any confidence in it among those interviewed. Their lack of confidence is buttressed by the fact that it happens once a

year and thereby likely to be distorted by recency effects and past record anchoring. Staff it seems understand that they would be more fairly treated if it is a "continuous assessment".

But what rewards do staff expect for their performance? All who think they have done well believe they should be promoted - promotion seems to be the only real reward on offer. Since it is not practicable to promote all who have done well but only the best a lack of variety in the reward systems is obviously an unforgivable lapse. Those who are not promoted may be justified in alluding to the theory that handwork does not pay. As the performance appraisal is supposed to be a motivator by the allotment of rewards there is a clear case of failure here - the appraisals might indeed be demotivators here. Staff sometimes feel denied due to perceived bias, an allegation that is allowed room by the fact that a single person rates an employee.

Perhaps it is not practicable to narrate all the things that are wrong with the appraisal system of Afribank but shortly recommendations shall be made on how to improve in the most glaring flaws (see 5.3).

5.2. CONCLUSION

We have seen that there are three dimensions to a performance appraisal exercise - the design of the system it self, appraisee understanding of and confidence in the

system borne by knowledge, and appraiser skills and determination to achieve the best possible result.

First, the design of the system consists not only of appraisal forms but also of timing and regularity of the exercises and also the creation of a strong connection between the exercise itself and rewards, retraining and staffing decisions. The pursuance of these goals allows the appraisal system to serve as a management tool for personnel administration, motivation and corporate planning. Secondly, appraisee participation and confidence jump-starts the appraisal exercise into a motivational tool. The success of all other management plans based on the appraisal exercise depends a lot upon the confidence employees have in the system. Last, but not least of all, skill and determination in the execution of the appraisal exercise on the part of both line managers and top management alike is key to the success of the whole set-up. The importance of good planning, tenacity and timely follow up can not be over emphasised.

5.3 RECOMMENDATIONS

We have seen that the appraisal of employees' performance is essentially a three-dimensional phenomenon involving the design of the system (appraisal forms, regularity of exercise etc), the participation and cooperation of appraisers and apprisses, and the implementation of the exercise by appraisers and management

of the organisation. It would be pertinent then to aim at correcting and/or improving any appraisal system by directing energies towards the creation of conditions that allow each of these facets of the system to be efficient by fashioning them in a way consistent with the objective of attaining best results.

In recommending ways of improving the system in Afribank Nigeria Plc, we shall classify the suggestions based on the aspect of the system that each is intended to improve. That is to say based on the design of the forms and their use, on employee participation, and on implementation by management of the bank of both the exercise itself and its aftermath.

First, the design of the forms. The Afribank appraisal forms, as we have seen elsewhere, in their most important part consist of rating scales that are used to score an employee on a variety of traits and these scores are then added up to give the employee a final aggregate score. The particulars of these rating scales leave much to be desired because they are mostly ambiguous and vague and ways of improving them would involve;

(1) The incorporation of Behaviourally Achored Rating Scales (BARS) for the purpose of eliminating doubts about the score an employee should get on a certain trait by eliminating differences arising from varying individual rater interpretations of "high", "average",

"low", etc. This would be achieved by concise narrative descriptions of what constitutes "excellent", "average", "low" etc.

(2) The incorporation of Behavioural Observation Scales (BOS) alongside the "BARS" in order to take the aim of BARS a step further by providing guidelines for weighting and rating different components of a job in order to evaluate the performance of an employee. This is achieved by analysing the various components of a particular job (job analysis) and giving, in clear and definitive language, the form of behaviour and/or action an employee is expected to exhibit in certain situations in order to fetch himself a particular score in that aspect of the job. BOS is particularly efficient in eliminating errors of recency, central tendency and conflict of interest.

(3) Widening the section reserved for the appraisal interview to allow the parties a greater space within which to express any views about the issue. The space available in the forms as they are limits the "freedom of expression" of those filling them out and would need to be widened to achieve best results.

(4) A review of the use of the forms from once a year to three (3) times a year (4 - month intervals) or at least twice a year. The stereotype, ritualistic use of the forms once in a year has tended to buttress the

argument of cynics that the appraisal forms are not actually used for anything other than the management ritual of having them filled out. A more frequent use of the forms, even if only in an abridged version, in the other two proposed exercises would certainly make users of information derived from them more current about the people in the organisation and thereby allow for more timely decision-making. An increase in frequency would also be a motivator for staff since they get to be aware that the appraisal is now a more continuous process and rewards (or no rewards) get more frequently apportioned. In the final analysis, an increase certainly would keep everyone, management, appraisers and appraisees alike, on their toes and ensure higher input and greater productivity.

Having touched on the forms and their use the next step is to look at the participation and cooperation of line managers (appraisers in most cases) and the average employee in the organisation. Both these categories we have seen are not as committed to the appraisal exercise as one would have hoped for a number of reasons. These reasons boil down to the issue of knowledge and/or confidence in the system. The issue of knowledge about the essence and use of appraisals is one that should be easily tackled by a concerted effort at educating both managers and employees on the importance of appraisals and the need to participate fully and deligently. Confidence in the system would, however, have

to be won by a little innovation and by the implementation of decisions arrived at from analysing the information supplied by the forms in such a way that employees really believe that the forms and what they contain actually matter in, for instance, the promotion process. In this regard a panel of a least three instead of a single appraiser for each employee would go a long way towards dispelling the belief, as one Afribank staff put it, that the appraisal exercise is "... primarily a tool for recommending people for promotion which is open to a lot of bias". A tangible minimisation of this perceived bias through the use of a panel and decisive implementation of appraisal results would go a long way towards winning the confidence and cooperation of staff in the appraisal process as a whole.

Lastly, and in close connection to the issue last raised is the important issue of management action subsequent to the analysis of data and availability of information to do with the appraisals. As pointed out earlier, the need for strict implementation of the recommendations for refresher courses and reassignments can not be over emphasised. More importantly, however, the issue of rewards arising from appraisals must be re-addressed. The breadth of these rewards leaves much to be desired. Indeed it is too narrow and unfair. A reward system that signifies the difference between a staff who does very well on the job (but not well enough for a promotion) and another who is only an average performer by

giving the former two notches and the later a notch is to say the least quite illogical. One finds it hard to understand how in a large organisation of the sort we are studying a single notch is all that is able to show the difference between good performers and average performers across the whole network. Surely the difference between these classes of staff must be better than a single notch. Infact the two-notch, one-notch reward is actually a demotivator since almost everyone tends to get two notches and only those supposedly being "punished" for a misdemeanour get to be given a single notch progression. A way out is to broaden the range of reward so as to broaden the appeal of performing well. Among others, this can be done in the ways mentioned hereunder.

(1) Allowing very good performers up to a maximum of four notches instead of two.

(2) Issuing gifts and certificates to those who perform well enough for four notches and allowing them extended leave (plus commensurate leave allowance) in recognition of their efforts.

(3) Giving more responsibility to good performers as a sign of recognition of their potentials.

All these rewards are essentially designed to not only transfer benefits to their beneficiary but also accord recognition to him. It goes without saying that the rewards an organisation gives are bound to be more effective as motivators when they not only go towards satisfying the

physiological needs of the beneficiary but also towards his psychological needs by addressing his ego and self actualising aspirations. In this case certificates of merit and the like are bound to boost the ego of the staff and enhance his esteem among his colleagues. And as others strive to emulate him and win such status for themselves these rewards not only serve their primary purpose but serve as motivators as well. In the case we are studying a step like this would indicate to staff the importance that management attaches to performance as judged by the appraisal process.

In the final analysis, we again reiterate the importance of performance appraisals as a management tool but go further to say that no particular system is flawless and none can serve two different organisations equally well due to different organisation cultures. However, management has an obligation at all times and in all cases to continually search for ways of improving the suitability and efficiency of its system for as the environment changes so also do systems become obsolete. It is hoped that the recommendations of this study would go a long way towards improving the system as they are targeted at optimising the efficiency of all dimensions of the performance appraisal process.

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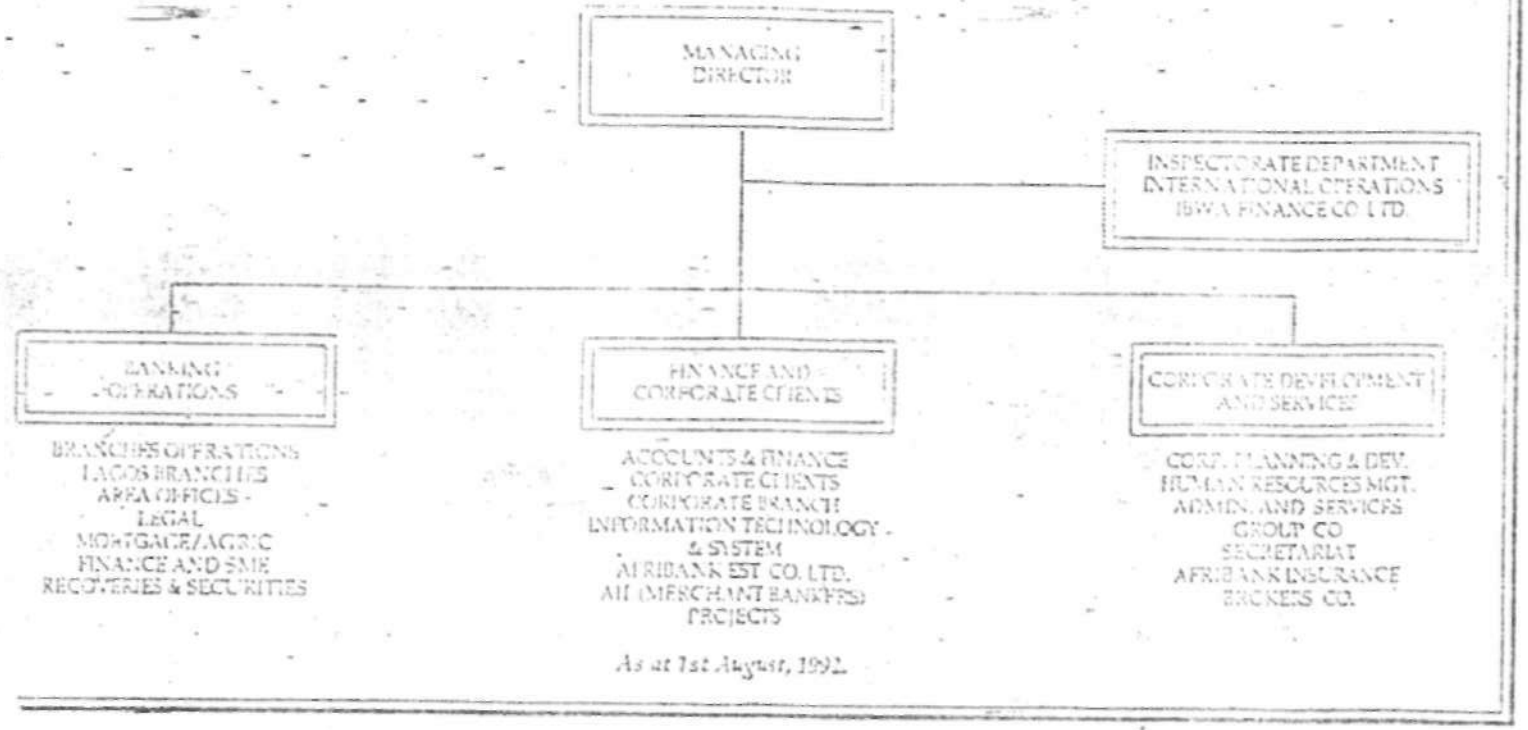
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APPENDIX C

AFRIBANK

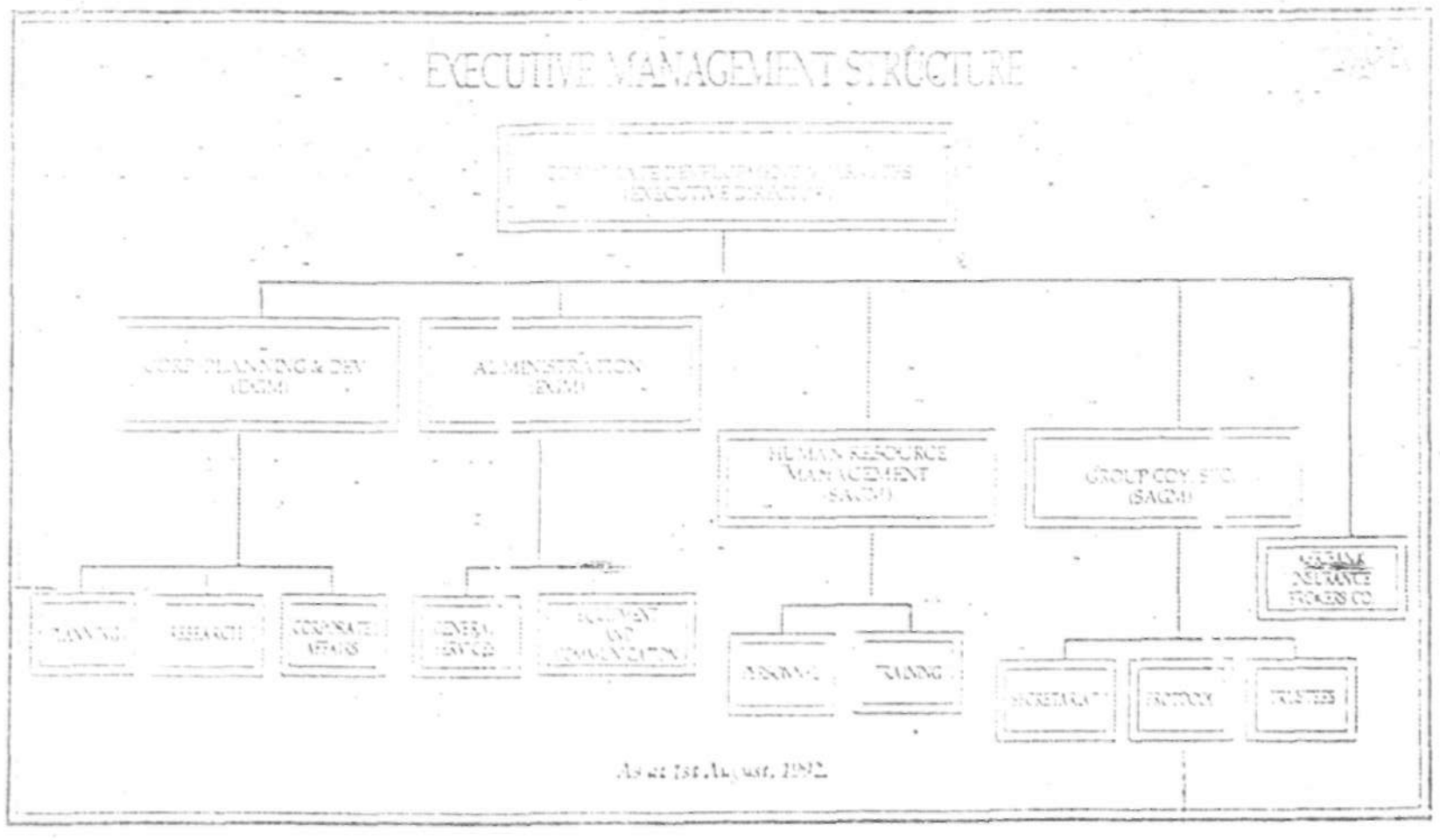
STRUCTURE OF AFRIBANK

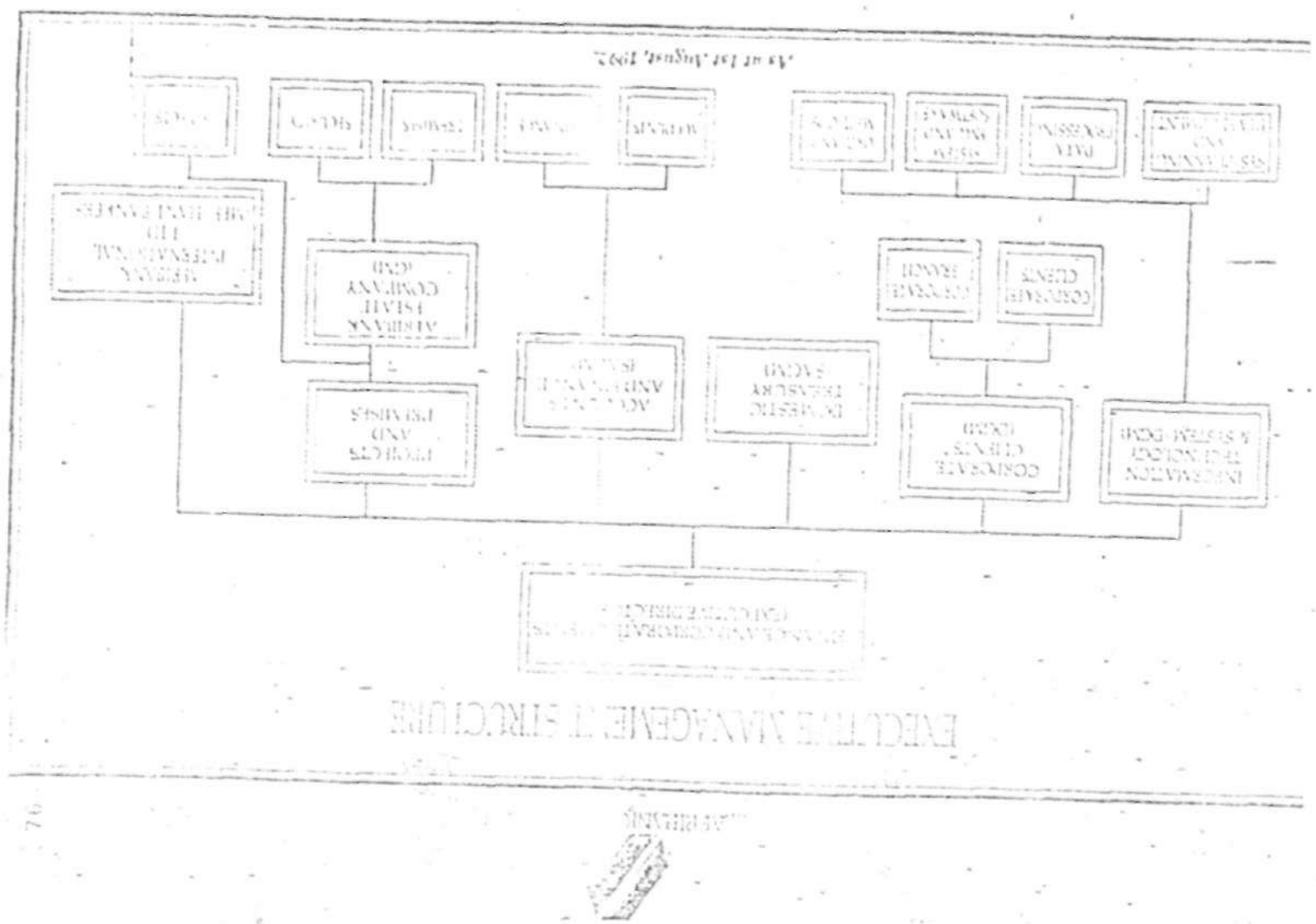
CORPORATE ORGANISATIONAL STRUCTURE

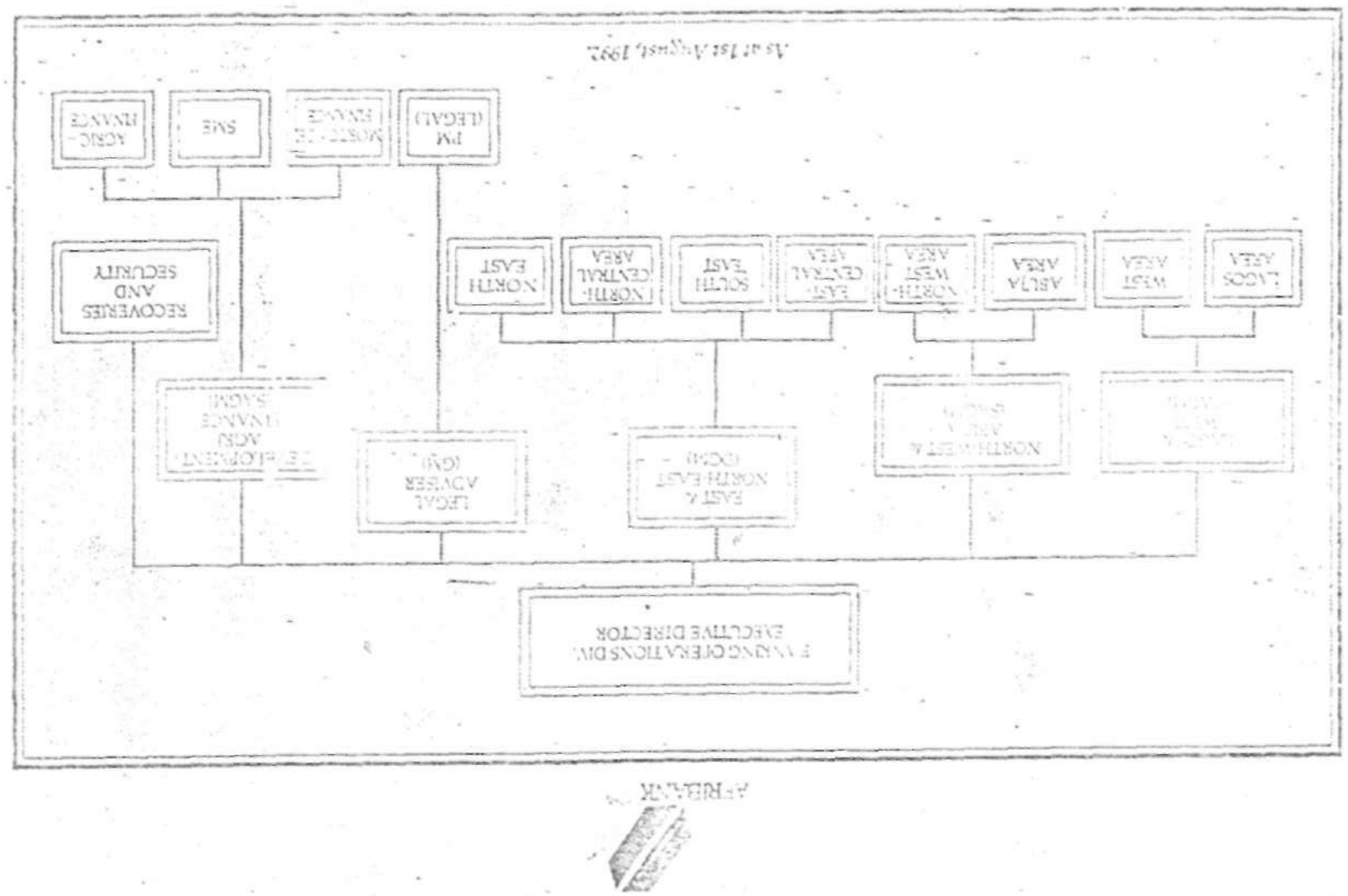


As at 1st August, 1992.

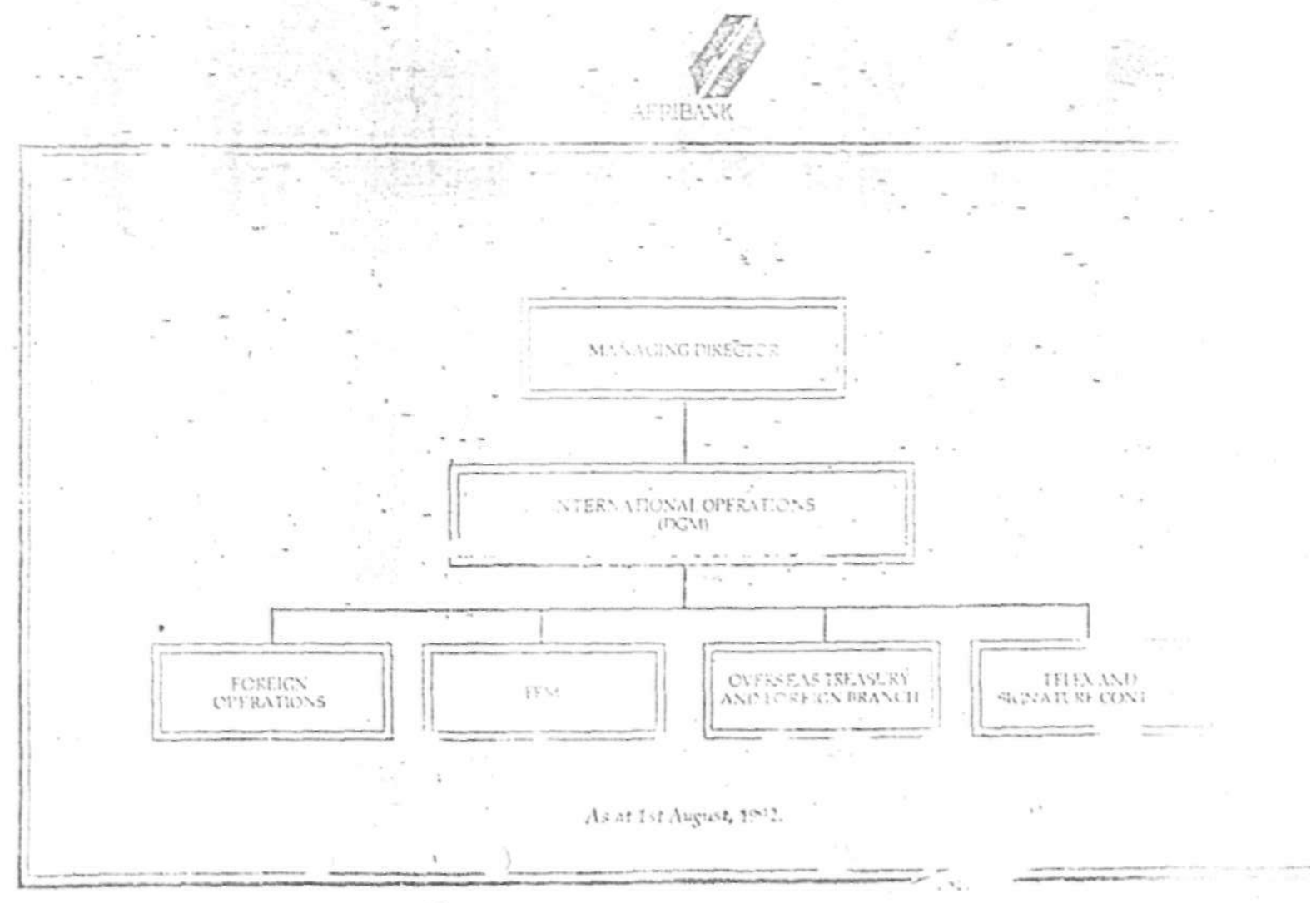
AFRIBANK


EXECUTIVE MANAGEMENT STRUCTURE
HUMAN RESOURCE MANAGEMENT (SAGM)
GROUP COY. SEC. (SAGM)
As at 1st August, 2002

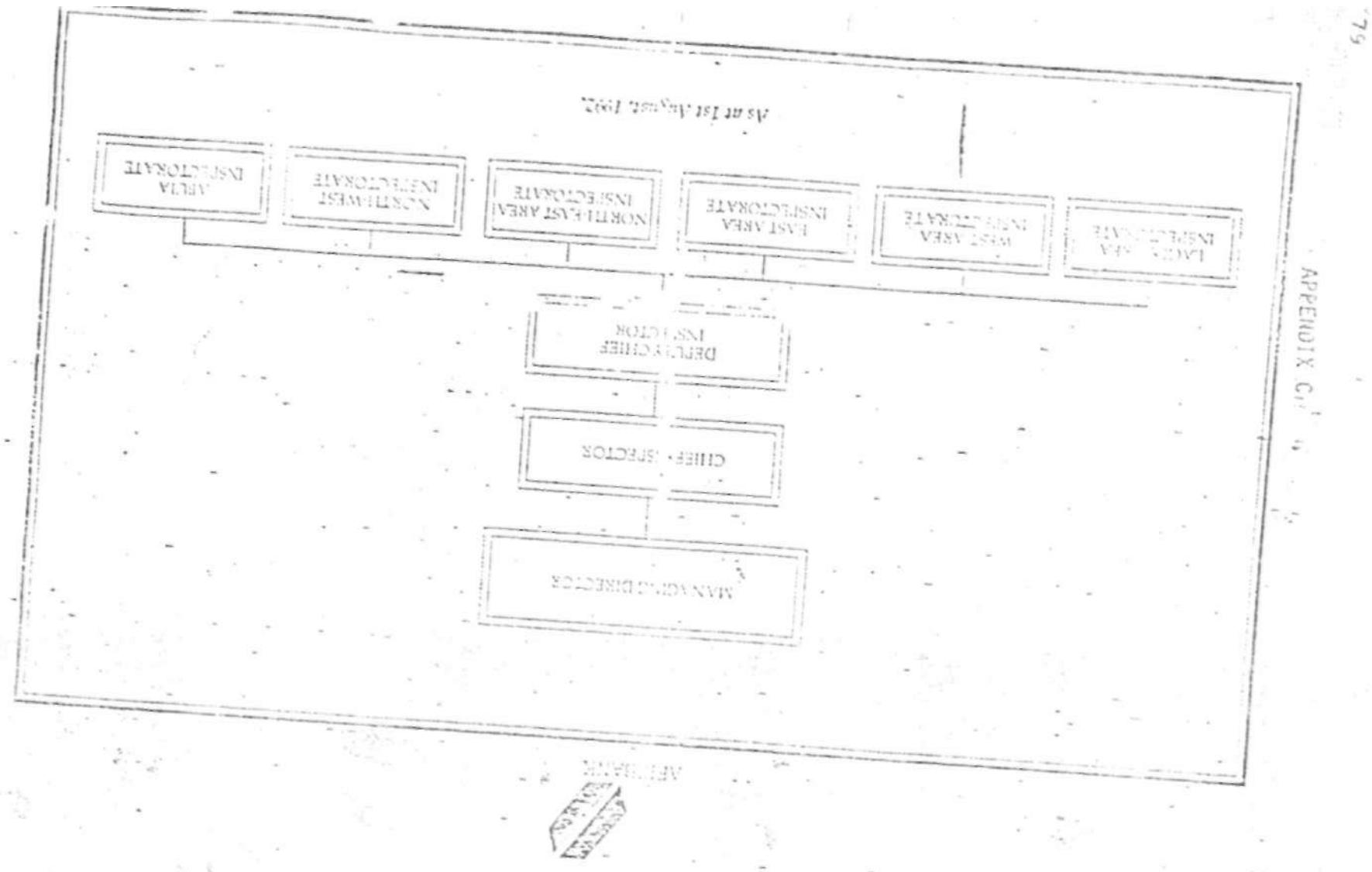

EXECUTIVE MANAGEMENT STRUCTURE


As of 1st August 1992
PM (LEGAL)
SNE
ACMC - TRAINEE
RECOVERIES AND SECURITY
NORTH EAST
NORTH CENTRAL AREA
SOUTH EAST
EAST CENTRAL AREA
NORTH WEST AREA
ASEAN AREA
WEST AREA
LAGOS AREA
LEGAL ADVISER (GM)
EAST A NORTH EAST (GCM)
NORTH WEST A AREA
ACMC - TRAINEE
EXECUTIVE DIRECTOR
BANKING OPERATIONS DIV.
APPRENTICE

APPENDIX C



As at 1st August, 1982.


As at 1st August 1992.
DEPUTY CHIEF INSPECTOR
CHIEF INSPECTOR
MANAGING DIRECTOR

APPENDIX

AFRIBANK NIGERIA LIMITED

SENIOR STAFF PERFORMANCE & DEVELOPMENT REVIEW

AFRIBANK

STAFF NO.

COVERING PERIOD
FROM
TO

Names (Surname first & (underline) _____

_____

Date of Birth _____

Marital Status: Married/Single (underline)

Names of Children (if any) Dates of Birth & Sex, F/M

_____

_____

_____

_____

Residential Address _____

_____

_____

Grade _____ (Yrs on Grade) _____

Annual Basic Salary _____

Dept./Branch _____

How long in Dept./Branch? _____

No. of days on sick leave _____

Years with Afribank _____

Job/Function _____

_____

No. of days late to work _____

No. of query/warning/caution _____

EDUCATION

ACADEMIC:

PROFESSIONAL:

MAIN DUTIES AND ACTIVITIES:

CAREER/EMPLOYMENT HISTORY:

SPECIAL ABILITIES, KNOWLEDGE, EXPERIENCE AND SKILLS:

COURSES ATTENDED IN LAST 2 YEARS	DEPARTMENTS/SECTIONS WORKED IN LAST 2 YEARS

EXPLANATION OF THE ASSESSMENT LEVELS

	2 Below Average	3 Average	4 Above Average (Good)	5 Outstanding

	1	2	3	4	5
PERSONALITY TRAITS:					
Self Confidence					
Maturity					
Integrity					
Endurance (Ability to work long hours)					
Determination					
Horizon (Exposure, broadened outlook for life – open mindedness, awareness of life, of changing standards, perceptual breadth, life experiences)					
INTELLECTUAL ABILITIES (Flexibility, originality, analytical ability, judgement, decisiveness)					
NUMERICITY (Knowledge and interpretation of figures)					
PROFESSIONAL EXPERIENCE: (Experience, perceptions, of circumstances and decision making ability to identify the essential elements of a problem, perceive, give meaning to both theory and practice)					
MANAGERIAL QUALITIES (Leadership ability to delegate, motivate, manage people, conceptual skills and knowledge, self-confidence)					
COMMUNICATION ABILITY					
Written					
Spoken					

(Signature of Assessment Centre Assessors)

(Date)

APPENDIX D

STAFF NO.

		1	2	3	4	5
G.	BUSINESS INSIGHT: (Plans, objectives, responsibility, profitability, cost control, customers, etc. Trade/Expenditure allocation)					
(COMMENTS)						
H.	CREATIVITY & INNOVATION: (Innovation and most effective operation method, generate new ideas)					
(COMMENTS)						
I.	RELATIONSHIP WITH SUPERIORS: (Reaction to criticism, loyalty, openness, moral courage, preparedness to learn etc.)					
(COMMENTS)						
J.	RELATIONSHIP WITH SUBORDINATES: (Guidance, leadership by example, understanding)					
(COMMENTS)						
K.	RELATIONSHIP WITH COLLEAGUES: (Teamwork, supportive attitude & Cooperation)					
(COMMENTS)						
L.	COMMITMENT, PERFORMANCE: (Initiative, performance under stress, devotion, work volume)					
(COMMENTS)						
M.	WORK HABITS: (Safety precaution, working discipline, discount, working speed, economical use of materials etc.)					
(COMMENTS)						
N.	PUNCTUALITY: (Early to work)					
(COMMENTS)						
O.	ATTENDANCE: (Regular at work)					
(COMMENTS)						
P.	APPEARANCE					
(COMMENTS)						

DEFINITION OF THE ASSESSMENT LEVELS

1. Poor/Inadequate 2. Below average 3. Average 4. Above Average/Good 5. Outstanding

PART C — APPENDIX D

STAFF NO.

DEVELOPMENT POTENTIAL

Professional Managerial:
Best possible placement, capable of dealing with more demanding tasks, is overtaxed by current duties

NOTEWORTHY CHANGES SINCE THE LAST PERFORMANCE REVIEW

On what areas would improvement be most profitable?

EDUCATION: PROFESSIONAL:

ACADEMIC:

TWI (TRAINING WITHIN INDUSTRY)

MOBILITY: In what areas is staff most thoroughly qualified?

Is the staff already designated for a different function?
If so, which one and as of what date?
Does he require some training for the new assignment?
If yes, specify

DEPUTY/REPLACEMENT

Who acts as his/her deputy?

Who could replace him/her?

Is the staff already designated in a different function?

If yes, in which one and as of what date?
Potential Head of Section/Department

APPENDIX D

STAFF NO

MEASURES

What can the person being appraised himself/herself contribute towards his/her further development?
Further development of professional and management abilities

(a)

(b)

(c)

DISCUSSION OF THE PERFORMANCE REVIEW WITH THE STAFF

Main points of the interview (use key words)

Reaction and opinion of the staff

Date Signature

APPRAISER (Appraising Officer)

Comments and recommendation

Name Grade
Date Signature

85

APPENDIX D

CONFIDENTIAL

COMMENTS & RECOMMENDATION BY THE HEAD OF DEPARTMENT/BRANCH MANAGER
(Head Office)

Date _____ Signature _____

COMMENTS & RECOMMENDATION BY HEAD OF DEPARTMENT/AREA MANAGER/INDIVIDUAL HEAD
(Head Office)

Date _____ Signature _____

FINAL RECOMMENDATION (STAFF DEPT.)

TOTAL SCORES