

**PERFORMANCE APPRAISAL, TRAINING AND REWARD MANAGEMENT AS PREDICTORS OF JOB EFFICIENCY OF NON-ACADEMIC STAFF OF BABCOCK UNIVERSITY NIGERIA**

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**ABSTRACT**

*This study examined the combined and relative effects of performance appraisal system, training and reward management on work efficiency of university non-academic staff. Two hundred and forty randomly selected non-academics from three universities in Ogun State, Nigeria took part in the study. The age range of the participants was between 23 and 57 years with mean age of 31.6 years while the standard deviation was 9.17. The data for the study were collected using a self-developed questionnaire with three subscales on performance appraisal, in-service training and reward management; while participants' annual performance evaluation report was used in generating data for work efficiency. Two major hypotheses were formulated and analyzed using multiple regression statistical procedure tested at 0.05 alpha level. The results indicated that the predictor variables when combined accounted for 40.3% of the variation in employees' work efficiency ( $R = .641$ ;  $R^2 = .411$ ,  $Adj R^2 = .403$ ;  $F = 38.404$ ;  $P = .000$ ). Performance appraisal proved to be the most potent predictor of employees' work efficiency ( $\beta = .458$ ;  $t = 4.501$ ;  $P < .05$ ), followed by reward management ( $\beta = .321$ ;  $t = 2.866$ ;  $P < .05$ ). In-service training has the lowest potency power ( $\beta = .390$ ;  $t = 3.478$ ,  $P < .05$ ). Based on the findings of this study recommendations were made.*

**Keywords:** Performance appraisal system, training, reward management, work efficiency, university non-academic staff

**Introduction**

The entire world over, the significance of human behaviour in the accomplishment of organizational goals and objectives has increased substantially over the years because of the growing competition, technology and globalization of field of work and management. Therefore, high productivity and performance of most organizations could not be realized without employee's support and contribution. This is because employees are partly responsible for the achievement of organization's goals and strategy. Hence, employers of labour in the recent past focus attention on issues and problems encountered in enhancing employee' effectiveness in organizations. This includes performance evaluation, training and reward management.

Today, many organizations have embraced a form of appraisal system as a process of motivation and control. In many jobs, not all aspects of employee performance are objectively measurable. Therefore, organizations frequently use subjective performance evaluations to measure the employees' contribution. Gibbs et al. (2003), for instance, have argued that the use of subjectivity in performance evaluation can strengthen incentive setting as more facets of the job can be appraised. On the other hand the use of subjective components in evaluations raises issues of rating bias which can cause substantial inefficiencies (see for instance Prendergast and Topel (1993), Murphy and Cleveland (1995), Moers (2005).

Appraisal of employee performance is believed helpful for productivity improvement and organization effectiveness (Adenuga, 2006; Bohlander & Snell, 2007). In the words of Welch (2007) "performance appraisals in the public sector can sometimes encourage increased motivation to be more productive at a higher-quality level, some people who have worked in both private enterprise and government organizations believe performance appraisals differentiating between levels of performance are more rigorous in private enterprise".

Evaluations are a motivational tool for Universities administrators to communicate performance expectations to employees and provide them with feedback. The performance evaluation process also indicates areas where an employee needs to improve and provides direction for training and professional development activities. This process can also identify opportunities for recognition, positive reinforcement, and improvement in the department's work environment (Chandra, 2006;

Kalb, et al., 2006) and general organizational development and employees' effectiveness on the job (Nwosu, Onuoha, & Ayodele, 2010).

The role that performance evaluations play in financial reward for performance was explored by Pounian and Fuller (1989). They found that even in a collective bargaining environment, there is a need to tie some financial reward to job performance. This can be done by through the use of so-called step plans where an employee must meet certain established criteria, which can include performance evaluation standards, before progressing to the next level, or step, and receiving an increase in pay. An alternative method is a pay-for-performance system in which pay raises are directly linked solely to performance ratings. Another alternative reward system is a provision for bonuses linked to outstanding performance.

However, Reward systems, and incentive compensation in particular, have been described in theory and in practice. Based on studies originating from the behavioural sciences and compensation as they correlate to motivation, achievement, expectancy, equity, etc., they have been examined, for the most part, from a theoretical point of view.

When an employee's job performance exceeds the prescribed acceptable performance level for the organization, the related reward is called merit pay. It can be paid in the form of a bonus or as an addition to base pay. The latter is generally preferred by employees; as such an increment becomes part of the base pay and continues to be received for the duration of employment, regardless of future performance levels with often residual lifelong benefits. Alternatively, the bonus is a single, one-off, lump-sum payment which can be in the form of cash or other creative monetary scheme, such as stock options. Unlike a base pay raise, a bonus is not automatically received in subsequent years unless justified by levels of performance in those years. In short, merit pay can be viewed as a reward for past performance, and incentive compensation as an inducement for future performance (Kanungo & Mendonca, 1992; Appelbaum & Mackenzie, 1996; Adenuga, 2006).

A large part of an individual's direct compensation is often the base pay. To establish its level, there are principally two approaches: job-based evaluation and person-based (skill-based) evaluation. The first approach is based on the assumption that, for the organization, each "job" has a value that can be evaluated, and the person doing the job is only worth what the job itself is worth. The second approach rewards individuals for increasing their skills and abilities and for developing themselves, rather than for moving up the hierarchy (Appelbaum, 1991; Appelbaum & Mackenzie, 1996). It is perceived that objective reward management plans can be a successful motivator of employees' job efficacy and efficiency (Adenuga, 2006)

Personnel selection and assessment remains a very important issue during the life-span of every small or large organization. Companies not only invest millions in choosing the appropriate people for filling in their vacancies, but also spend valuable working hours of current employees acting as interviewers, or test administrators (Schmitt & Chan, 1998). However, the efficiency of any organization depends directly on how well its members are trained. Adequate training motivates employees to work harder. Employees who understand their jobs are likely to have higher morale. They are able to see closer relationship between effort and performance (Ayodele & Fashanu, 2007).

Despite numerous studies on the influence of individual and organizational antecedents, little is known about the interaction effects between the two. In reality, employees' innovative performance is often interlinked with organizational structures and contextual influences. The rationale is that employees' innovative outputs are not exclusively determined by individuals themselves. Organizations' internal practices play a critical role in influencing employees' innovative performance. Indeed, the interactive process perspective theory supports the view that an employee's innovative performance is contingent upon individual-level antecedents and organizational characteristics (Edwards, 2000; Pierce and Delbecq, 1977; Slappendel, 1996; van de ven, 1986).

This study aims to fill this gap in the literature by empirically examining the interactive relationship between employees' job performance and organizations' attributes. In particular, we investigate the impact of performance appraisal, training, and reward management on job efficiency of non-academic staff in Babcock University, Ilishan-Remo, Ogun State, Nigeria.

## Research Hypotheses

Basing our work on reviewed literature, two research hypotheses were formulated for testing at 0.05 significant level.

1. There is no significant composite contribution of performance appraisal system, in-service training and reward management on job efficiency of non-academic staff.
2. There is no significant relative effect of performance appraisal system, in-service training and reward management on job efficiency of non-academic staff.

## Methodology

**Design:** This research adopted the survey research design of an ex-post-facto type. This is so because the researchers are only interested in establishing the influence of the independent variables on the dependent variable.

**Population and Sample:** The population of the study comprised of all non-academic staff whose ages ranged from 23 to 57, purposely chosen from a private owned university (Babcock University Ilisan Remo), a state owned university (Olabisi Onabanjo University, Ago-Iwoye), and a federal owned university (Federal University of Agriculture, Abeokuta) in Ogun State, Nigeria. The samples for this study consisted of two hundred and forty (240) staff randomly selected from all the faculty (schools) and administrative units of the universities. The mean age of the respondents was 31.6 years while the standard deviation was 9.17.

**Measures:** The assessment of performance appraisal system (PAS), in-service training (IST) and rewards management (RM) on job efficiency were ascertained using a self-developed inventory titled "Predictors of job efficiency in academic". The 30-item survey instrument consisted of 3 major subscales on PAS, IST and RM; each with 10 items constructed in four-point likert format measured along strongly agree(4) agree(3), disagree (2) and strongly disagree (1). Sample items include for performance appraisal system: "Rater is skilled at creating an atmosphere of trust and openness"; for in-service training: "Efficiency at work is adequately developed in my organization through training in humans skills"; and reward management: "Being satisfied with my chances for salary increases."

The questionnaire was subjected to both face and content validity by the assistance of three experts in test construction to evaluate with respect to adequacy, language, structure and relevance to content coverage". Reliability co-efficient of 0.81 for performance appraisal system; 0.77 for in-service training and 0.79 for training were obtained via a test-retest method after an interval of 2 weeks with 80 respondents drawn from Tai Solarin University of Education, Ijebu-Ode, Ogun State.

Data on employees' job efficiency were ascertained or measured using secondary data of employees' annual performance evaluation reports from unit/departmental heads. This reports measured indices of work record such as skill variety, task significance, autonomy, resourcefulness, readiness to work, punctuality, integrity/reliability etc.

**Procedure:** The researchers administered the questionnaires on the respondents. The data collection lasted for three weeks. The completed questionnaires were thoroughly checked to ensure that they were properly filled. Also, the total score of each personnel as recorded in their performance evaluation reports were coded and analyzed along with the responses of the items on the questionnaire. Analysis was carried out using multiple regression analysis (stepwise). A significant level of 0.05 was adopted.

**Results**

**Table 1: Correlation Matrix of the Dependent and Independent Variables**

Variables	Mean	SD	Performance Appraisal	In-Service Training	Reward Management	Job Efficiency
Performance Appraisal	21.133	3.607	-	.287*	.301*	.233*
In-Service Training	20.504	3.889	.287*	-	.269*	.211*
Reward Management	20.876	3.471	.301*	.269*	-	.291*
Job Efficiency	20.741	3.816	.233*	.211*	.291*	-

\* Correlation is significant at the 0.05 level (2-tailed)

The results in Table 1 indicated that there is positive relationship among the studied variables, the relationship ranges between .211 to .301 all significant at .05 level.

**Table 2: Model summary of the composite contribution the Independent variables on the Dependent Variable.**

Model	R	R <sup>2</sup>	Adj R <sup>2</sup>	SE	Change Statistics				
					R <sup>2</sup> Change	F Change	df 1	df 2	Sig. F Change
Performance Appraisal system, In-serving training & reward management	.641	.411	.403	10.107	.403	38.404	3	226	.000 <sup>a</sup>

a. Independent variables: (constant): Appraisal system, training and reward management

b. Dependent variable: job efficiency

The result above indicate that with all the independent variables entered into the regression model at once, there was a significant influence on job efficiency of university non-academic staff (R= .641; R<sup>2</sup> = .411, Adj R<sup>2</sup> = .403; F = 38.404; P = .000). This means that the performance appraisal system, in-service training and reward management system all accounted for 40.3% variance in the job efficiency of the employees. This finding rejected the null hypothesis, which stated that there is no significant composite contribution of performance appraisal system, in-service training and reward management on job efficiency of non-academic staff. This implies that all the independent variables are good predictor of employees' job efficiency.

**Table 3: Model summary of the step-wise regression between the Independent and Dependent Variables.**

Model	R	R <sup>2</sup>	Adj R <sup>2</sup>	SE	Change Statistics				
					R <sup>2</sup> change	F Change	df 1	df 2	Sig. of Change
Perf. Appraisal Sys.	.414 <sup>a</sup>	.171	.171	8.347	.171	21.103	1	228	.000
Perf. Appraisal system, In-service training	.520 <sup>b</sup>	.270	.268	5.449	.268	15.011	2	227	.000
Perf. Appraisal system, in-service. training, reward management	.641 <sup>c</sup>	.411	.403	10.107	.403	38.404	3	226	.000 <sup>a</sup>

a. Predictors: (constant), Performance appraisal system

b. Predictors: (Constant), Performance appraisal system, in-service training

c. Predictors: (constant), Performance appraisal system, training, reward management

Results show in table 3 above showed that when performance appraisal system was entered into the regression model due to the strength of its relationship with employees' job efficiency, there was a significant prediction of employees' job efficiency ( $R = .414$ ,  $\text{Adj. } R^2 = .171$ ;  $F_{(1,228)} = 21.103$ ;  $P < .05$ ). This showed that performance appraisal system alone accounted for 17.1% of the variance in the employees' job efficiency. Again, when in-service training entered into the model as the second independent predictor variable, a significant prediction was observed ( $R = .520$ ,  $\text{Adj. } R^2 = .270$ ,  $F_{(1,227)} = 15.011$ ,  $P < .05$ ). This means that performance appraisal systems with in-service training accounted for 26.8% of the variance in job efficiency. In-service training therefore accounted for an additional 9.7% of the variance in the employees' job efficiency. Also, when reward management was entered as the third predictor variable, there was a significant prediction of employees' job efficiency ( $R = .641$ ,  $\text{Adj. } R^2 = .411$ ,  $F_{(1, 226)} = 38.404$ ,  $P < .05$ ). This showed that reward management alone accounted for 13.5% of the variance in the employees' job efficiency.

**Table 4:** *Coefficient of relative contribution of Performance Appraisal system, In-service training and Reward Management to the observed variance in Job Efficiency.*

Model	Un-standardized Co-efficient		Standardized Co efficiency	T	Sig.
	B	SE	Beta		
Constant	12.174	6.704		6.981	.000
Performance Appraisal	.285	.036	.458	4.501	.000
In-service Training	.209	.041	.321	2.866	.000
Reward Management	.276	.033	.390	3.478	.000

**Dependent variable: Job Efficiency**

The results in Table 4 above revealed the predictor variables in the model; the beta values and the significant t-values corresponding to each of the variables against the criterion variable (job efficiency). Out of the three independent (predictor) variables performance appraisal systems was the most potent predictor of employees' job efficiency ( $\beta = .458$ ;  $t = 4.501$ ;  $P < .05$ ). Reward management system was the next potent predictor of job efficiency ( $\beta = .321$ ;  $t = 2.866$ ;  $P < .05$ ), while in-service training closely followed in the third position ( $\beta = .390$ ;  $t = 3.478$ ,  $P < .05$ ). The null hypothesis that stated that there is no significant relative contribution of performance appraisal system, in-service training and reward management to the predictions of job efficiency of non-academic staff was therefore rejected by this finding.

**Discussion**

The hypothesis which states that, there is no significant composite contribution of performance appraisal system, in-service training and reward management on job efficiency of non-academic staff was rejected and the alternative upheld. This revealed that 40.3 percent of the variance in the non-academics job efficiency was accounted for the combination of performance appraisal system, in-service training and reward management. It was obvious from this finding that the combination of the three variables determined employees job efficiency; notwithstanding, a large percentage of the variance in non-academic job efficiency could not be explained by the current data. The results agree with the research finding reported by Grote (2004) that authentic and value assessment system revolutionized performance management even in the most skeptical of organization. Also in support of this finding is Adenuga (2006) who reported a close relationship between reward management system and job performance; while Ayodele and Fashanu (2007) found that in-service training add to the efficiency of workers, which again improve organizational performance.

The outcome of the second hypothesis as shown in Tables 3 and 4 are revealing and surprising. All the independent variables were found to contribute relatively to the prediction of non-academics' job efficiency. Performance appraisal system has the highest beta value (.458), followed by the reward management system (.390) and lastly by in-service training (.321), all significant 0.05 level. Result from study corroborate earlier studies (Adenuga, 2006; Ayedele, 2007; which found that organizational factor like appraisal system, reward management and training and development are good predictors of organizational commitment and productivity. This in turn reduces turnover intention among employees. On the contrary, Olubunmi and Idowu (2006) found no correlations between appraisal system and job performance.

## Conclusion

With the findings of this study, it could be concluded that performance appraisal system, in-service training and reward management system collectively and individually predicted the job efficiency of university non-academic staff. Performance appraisal system is a powerful tool in employees' job efficiency and efficacy.

## Implication

A variety of implications emerge from the results of the present study. When the purpose of performance appraisal system is not well spelt out in a clear term, it will be seen as a tool for victimization and downsizing rather than a motivational tool for promotion, training and reward management. Ayodele (2009) and Tosi & Carroll (1968) have already highlighted the objectives of MBO in increasing organizational success. Our study therefore suggests that the success of MBO appraisal systems lies both on the raters and the ratees. When objectively done, its enhancement on the work environment would thus appear to be beneficial.

The results obtained in relations to the moderation of MBO are very crucial for the design of strategies oriented towards its prevention through environmental stimulations and re-orientations of raters and ratees to the overall success of the organization.

Finally, university administrators should manifest an ethical obligation to perform this complex functions in a fair and unbiased fashion given performance appraisal implications for employee career success, self esteem and mental health. In sum, beliefs regarding workers' performance, efficiency and efficacy, as well as motivation should always be questioned before performing the evaluation of the employees. This will ensure unbiased, ethical and objective appraisal system within the organization.

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