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**Performance Appraisal Procedure and Employee Job Outcomes in Selected Deposit Money Banks in Ilaro, Ogun State**

By

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**Abstract**

*The purpose of the study was to investigate the relationship between employee outcomes and performance review processes in a few deposit money banks located in Ilaro, Ogun State. The research was guided by a survey design. The full group was included in the sample, which comprised 158 employees from five deposit money institutions in Ilaro. A systematic questionnaire was used to collect the data, and the Cronbach alpha method was used to verify its reliability and validate its content. Multiple regression analysis was used to analyse the data using STATA version 12. The results indicated that performance setting was significantly associated with employee satisfaction ( $\beta = .223$ ;  $p < 0.05$ ), and performance evaluation also exhibited a statistically significant relationship with employee satisfaction ( $\beta = .016$ ;  $p < 0.05$ ). In contrast, performance feedback did not show a statistically significant link with employee satisfaction ( $\beta = .023$ ;  $p > 0.05$ ). Nonetheless, the findings of the ANOVA showed that these factors significantly affected employee satisfaction when taken into account collectively ( $F = 21.98$ ;  $p < 0.05$ ). The study came to the conclusion that employee work outcomes are significantly impacted by performance appraisal techniques. The management of the chosen deposit money institutions was advised to use a transparent and technical approach to staff evaluation.*

**Keywords:** DMBs, Employee, Job satisfaction, Performance appraisal, Performance management.

**1. INTRODUCTION**

Performance management is a well-known assessment framework that uses certain instruments, metrics, and processes that are adapted to the particular circumstances and traits of an organization's workforce (Peters & Waterman, 2021). Accurately evaluating employee performance is particularly important since improved performance is a direct result of employee satisfaction (Milika & Milos, 2018). A crucial component of efficient performance management is giving workers feedback on their performance results since it raises job happiness (Milika, 2018). Additionally, the evaluation data guides coaching, work experiences, training, and other skill-building activities when the performance management system is utilised for developmental objectives (Owino, Oluoch & Kimena, 2019). While a performance management system can theoretically support both growth objectives and strategic decision-making, it can be difficult to put into practice. Furthermore, studies show that performance evaluations have different impacts based on the way they are applied to development or decision-making.

Organisations nowadays frequently struggle to fulfil their goals because a large number of employees fail to satisfy the expected performance requirements. Unfavourable working conditions that deter employees from giving their best efforts could be the cause of this gap. It is possible that issues like decreased productivity, low work commitment, low morale, and poor job satisfaction would surface if management does not set clear performance measuring requirements.

Organisations must put in place enticing performance evaluation systems in order to inspire workers to put in extra effort and reach the performance levels that are represented in their output. To precisely ascertain each employee's contribution to improving performance and raising production, a variety of techniques must be used. Finally, there has been a noticeable drop in staff productivity in spite of large investments in performance management systems. This points to a lack of knowledge regarding performance management procedures and the significance of giving staff feedback. Productivity may suffer if performance reviews are not given on a regular basis. Thus, the purpose of this study is to look into how employee happiness and performance management relate to one another.

### **Objectives of the Study**

Examining the connection between performance management procedures and worker job satisfaction is the main goal of this research. With regard to specific deposit money banks in Ilaro, Ogun State, the study aims to:

- i. Evaluate the impact of performance setting on employee work satisfaction.
- ii. Examine how performance reviews affect workers' job satisfaction in the same banks.
- iii. Find out how performance reviews affect these deposit money institutions' employees' job satisfaction.

This study is guided by the following research questions:

- i. Does performance evaluation affect workers' job satisfaction in a few Ilaro, Ogun State, deposit money banks?
- ii. How much does performance review affect these banks' employees' work satisfaction?
- iii. In the chosen deposit money banks in Ilaro, Ogun State, does employee job satisfaction change as a result of performance reviews?

## **2. LITERATURE REVIEW**

### **2.1 Conceptual Review**

Performance management, according to Fatile (2019), is an all-encompassing strategy that makes use of a variety of management methods to guarantee that organisational objectives are met. The process is ongoing and include determining, evaluating, and enhancing an individual's performance in accordance with the organization's strategic goals (Aguinis, 2019). Performance management creates a shared framework for understanding in this integrated process, in addition to influencing the organization's core competencies, values, and future orientation. In order to match employee performance with the larger organisational goals, executives, managers, and supervisors actively engage in this process (Beardwell & Holden, 2021).

Additionally, according to Shane (2019), performance management is a methodical approach to improving performance that involves setting specific objectives, defining performance standards,

and continuously gathering, analyzing, and reporting data to promote advancements at the individual and group levels.

Performance setting, which establishes the foundation for the entire system, is an essential component of any performance management plan. The manager and employee work together to set performance standards at the start of a performance review session. In this stage, workers determine goals and critical performance areas that they can actually accomplish in a year. They then work with their supervisor to finalize these goals.

Performance reviews take place twice a year in many organisations, usually as part of mid-year reviews and end-of-year evaluations. The appraisee begins this procedure by filling out a self-appraisal form, rating themselves and calculating their cumulative accomplishments. The appraiser offers final marks based on the employee's quantifiable accomplishments following the self-assessment. The goal of this cooperative review process is to identify the underlying reasons for any performance discrepancies and offer workable fixes.

The focus on counselling and feedback is a crucial part of this strategy. At this point, the appraiser provides the employee with open, honest criticism about areas that require work as well as an assessment of whether they are performing up to par. In addition to highlighting areas for improvement, this open feedback approach determines the employee's training and developmental requirements. The appraiser advocates for the employee in training programs intended to increase competences and overall productivity and offers individualized counselling, advice, and mentoring to ensure the employee achieves the intended results.

According to Malik, Saleem, and Ahmad (2021), employee satisfaction is the instantaneous manifestation of contentment and positive thoughts towards one's work. It shows how happy a worker is with their position, which encourages them to successfully accomplish the goals and objectives of the company. According to Crossman and Cook (2018), a performance review's efficacy may be weakened if staff members lack the necessary training, which could result in differences between expected and actual performance. Similar to this, Lee (2019) observes that when workers are happy with the way their performance is assessed, it is likely to show in their output. To accomplish strategic objectives and maintain their competitive edge, successful companies rely on outstanding staff performance (Dessler, 2021). A strong person-job fit is also essential since it influences an employee's capacity to deliver quality work and stick with the company.

In the end, excellent productivity, strong performance, and competitiveness in today's organizations are all fuelled by employee pleasure (Muli, 2020). According to Caruth and Humphreys (2018), frequent promotions can greatly increase employee engagement when accompanied by prompt feedback from an efficient evaluation system. On the other hand, while creating a performance system, management should take into account how performance reviews relate to prospects for pay or advancement, according to Prowse & Prowse (2019). Lawson (2018) emphasizes even more how a properly executed performance management system may significantly raise worker satisfaction.

## **2.2 Theoretical Review**

According to goal-setting theory, which serves as the foundation for this study, people are more inclined to take action when they are promised a reward for finishing a task or behaviour (Davis, 2011). Essentially, goal-setting theory contends that a well-defined reward improves task performance, whereas motivation and need theories seek to explain how underlying objectives influence behaviour. In certain situations, the ultimate result itself functions as the reward, which should be made clear.

Four essential elements must be present for a goal to be successful: feedback, specificity, difficulty, and closeness (Edwards, 2018). A well-defined time period between start and finish, moderate difficulty (not too simple to be trivial, but not too difficult that achievement appears unachievable), and specificity (enough that people know exactly what is expected of them) are characteristics of an ideal aim. This specificity reduces distractions and aids in focus maintenance. Frequent feedback is also essential since it enables people to evaluate if their efforts are sufficient and in line with the objective, or whether changes are required.

The work of Latham and Locke (1979), which finds four pathways connecting objectives to performance results, emphasizes the applicability of goal-setting theory to this investigation. First, priorities are easier to focus on when goals are well-defined. Second, goals encourage greater effort and better achievement when they are linked to a system of rewards. Third, setting difficult objectives pushes people to use all of their abilities and expertise in order to succeed. Lastly, people are more inclined to use their full range of skills when the task is more difficult.

## **2.3 Empirical Review**

In order to investigate the elements that contribute to employee happiness, Abdulwahab (2018) looked at things including work fit, clear objectives, effective communication, and recognition. According to the report, engagement and employee satisfaction are intimately correlated, and greater satisfaction not only makes good commercial sense but also fosters productivity and professional development. In the end, the study came to the conclusion that increasing employee engagement is essential to the success of an organisation.

Muna and Zain (2020) reviewed the literature on the connection between employee performance and work happiness. According to their findings, there is a cyclical cause-and-effect relationship between contentment and performance, with numerous mediating elements causing satisfaction to be reinforced by greater performance.

On the other hand, Asia (2020) looked into how performance management systems affected worker performance and discovered that factors including measurement, performance criteria, and quality improvement procedures had no discernible relationship with worker performance.

The impact of performance management systems on employee commitment and satisfaction was investigated by Anu and Devina (2021). Employee commitment and job satisfaction were found to be moderately correlated, whereas employee satisfaction and the performance management system were shown to be strongly correlated.

## 2.4 Conceptual Framework



Source: Adapted by Researcher (2024).

## 3. METHODOLOGY

### Research Design

The study adopted a survey design.

### Population

Employees of the following deposit money institutions in Ilaro, Ogun State, are included in the study's population: Polaris Bank Ltd (18 employees), Access-Diamond Bank Plc. (25 employees), Wema Bank Plc. (15 employees), Union Bank Plc. (22 employees), and United Bank for Africa Plc (30 employees).

### Sample and Sampling Technique

The entire population was chosen as the sample size for this investigation.

### Method of Data Collection

The data used in this study was from the primary source via a self-administered questionnaire.

### Questionnaire Design

The main instrument used in this study to collect data was a questionnaire, which participants filled out independently. The instrument was split into two sections: Section B contained statements pertaining to the study's subject, while Section A collected demographic information. The degree of respondents' agreement with each item was gauged using a four-point Likert scale, where 4 denoted "Strongly Agree," 3 "Agree," 2 "Disagree," and 1 "Strongly Disagree."

### Validity and Reliability Test

Content validity was used to assess the study instrument's validity. In order to assess the reliability of this research project, the Cronbach's alpha method of reliability was employed.

### Method of Data Analysis

A variety of statistical tools were used in this study's data analysis. The data was summarised using descriptive statistics, such as frequency tables and percentages. Multiple regression analysis was used to evaluate the impact of independent factors on the dependent outcomes and test the study hypotheses. STATA version 12 was used for all analyses.

#### 4. RESULTS

A total of 158 questionnaires were distributed, but only 103 were returned. Consequently, the analysis for this study was based on the responses received from those 103 respondents.

**Table 2: Reliability Test**

| Cronbach's Alpha | Valid Number | Number of Items |
|------------------|--------------|-----------------|
| 0.821            | 103          | 20              |

**Source: Field Survey, 2024.**

The Cronbach alpha value of 0.821 suggests that the research instrument is highly reliable.

**Table 3: Model Summary**

| Model | R                 | R Square | Adjusted Square | R | Std. Error of the Estimate |
|-------|-------------------|----------|-----------------|---|----------------------------|
| 1     | .821 <sup>a</sup> | .866     | .856            |   | .470                       |

a. Dependent Variable: Employee satisfaction

b. Predictors: (Constant), performance setting, performance evaluation, performance feedback

The model summary demonstrates the robustness of the model employed in this investigation with an R<sup>2</sup> value of 0.866. This indicates that variations in performance evaluation, performance feedback, and performance setting account for 86.6% of the variance in employee satisfaction, with other factors not included in the model accounting for the remaining 13.4%. Furthermore, the model still explains roughly 85.6% of the systematic variance in employee satisfaction after adjusting for degrees of freedom, according to the adjusted R<sup>2</sup> value of 0.856.

**Table 4: ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | 25.061         | 3   | 3.235       | 21.98 | .000 <sup>b</sup> |
|       | Residual   | 12.189         | 99  | .470        |       |                   |
|       | Total      | 37.25          | 102 |             |       |                   |

a. Dependent Variable: Employee satisfaction

b. Predictors: (Constant), performance setting, performance evaluation, performance feedback

With an F-statistic value of 0.000 in the ANOVA table, the model is statistically significant and appropriate for this investigation. The fact that this value is less than the significance criterion of 0.05 indicates that the predictors significantly affect the dependent variable.

**Table 5: Correlation matrix**

|            | Employee | Setting | Evaluation | Feedback |
|------------|----------|---------|------------|----------|
| Employee   | 1.000    |         |            |          |
| Setting    | 0.586    | 1.000   |            |          |
| Evaluation | 0.927    | 0.559   | 1.000      |          |
| Feedback   | 0.517    | 0.522   | 0.514      | 1.0000   |

a. Dependent Variable: Employee satisfaction

b. Predictors: (Constant), performance setting, performance evaluation, performance feedback

The coefficients of correlation between the independent variables and employee satisfaction, the dependent variable, are shown in the above table. It demonstrates that employee happiness and performance setting have a relatively high association ( $r = 0.586$ ), a strong correlation ( $r = 0.927$ ), and a moderately strong correlation ( $r = 0.517$ ).

**Table 6: Coefficients Table**

| Model        | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|--------------|-----------------------------|------------|---------------------------|-------|------|
|              | B                           | Std. Error | Beta                      |       |      |
| 1 (Constant) | .223                        | .128       |                           | 1.75  | .084 |
| Setting      | .016                        | .008       | .018                      | 1.91  | .04  |
| Evaluation   | .839                        | .045       | .954                      | 18.49 | .000 |
| Feedback     | .023                        | .038       | .026                      | 0.59  | .557 |

a. Dependent Variable: Employee satisfaction

b. Predictors: (Constant), performance setting, performance evaluation, performance feedback

### Hypotheses Testing

**T-Test Decision Rule:** The null hypothesis is upheld and the alternative hypothesis is deemed unsupported if the test's significance level is greater than 5%. On the other hand, the alternative hypothesis is accepted and the null hypothesis is rejected if the significance level is less than 5%.

#### Hypothesis I:

**H<sub>0</sub>:** *Performance setting has no significant influence on employees' satisfaction.*

**H<sub>1</sub>:** *Performance setting has a significant influence on employees' satisfaction.*

**Decision:** The p-value for performance setting is 0.06, which is higher than the 5% significance level. This implies that performance setting and employee satisfaction do not have a statistically meaningful relationship. Consequently, we conclude that there is no substantial correlation between performance setting and employee happiness and accept the null hypothesis.

#### Hypothesis II:

**H<sub>0</sub>:** *performance evaluation does not have a significant influence on employees' satisfaction*

**H<sub>1</sub>:** *performance evaluation has a significant influence on employees' satisfaction*

**Decision:** With a p-value of 0.00, performance evaluation falls below the 5% significance threshold. Employee satisfaction and performance reviews appear to be statistically correlated, according to this finding. As a result, we conclude that there is a strong correlation between performance evaluation and employee satisfaction and reject the null hypothesis.

#### Hypothesis III:

**H<sub>0</sub>:** *performance feedback has no significant impact on employees' satisfaction.*

**H<sub>1</sub>:** *performance feedback has a significant impact on employees' satisfaction.*

**Decision:** The p-value for performance feedback is 0.557, which is higher than the 5% significance level. This implies that performance feedback and employee happiness do not statistically

significantly correlate. Consequently, we accept the null hypothesis and conclude that there is no substantial correlation between performance feedback and employee satisfaction.

#### **4.2 Discussion of Results**

Based on the analysis of data in this chapter, several findings on performance management and employee satisfaction have emerged:

**Performance Setting:** Employee satisfaction is not considerably impacted by performance setting, according to the study. Employees seem to be inspired to go above and beyond the call of duty when they are given clear instructions on their responsibilities.

**Performance Evaluation:** On the other hand, it was discovered that employee happiness was significantly impacted by performance reviews. According to the findings, evaluations must adhere to a good due procedure and be accompanied by suitable rewards in order to be effective.

**Performance Feedback:** Additionally, the investigation found no evidence of a substantial correlation between employee satisfaction and performance feedback. Employee performance appears to be unaffected by whether they receive feedback.

All things considered, the findings indicate that only performance evaluation—among the independent variables analyzed—is significant ( $p\text{-value} < 0.05$ ). As a result, while the null hypotheses were accepted for hypotheses I and III, the alternative hypothesis was approved for hypothesis II.

#### **5. CONCLUSION AND RECCOMENDATIONS**

The study looked at how performance setting affected workers' job happiness in order to achieve its first goal. According to the findings, employee satisfaction is a crucial component of organisational performance and is directly related to the core objectives set by contemporary, socially conscious businesses. Additionally, companies prioritise maintaining the pleasure of their clients, customers, suppliers, and other stakeholders in addition to their employees.

In reference to the second goal, which investigated how performance reviews affected employee work satisfaction, the findings show a clear and substantial correlation between employee satisfaction and performance management procedures in the field of human resource management.

The final goal of the study was to find out how performance reviews affected workers' job satisfaction. The findings demonstrate the broad influence that performance feedback has on different facets of organisational performance. All things considered, it can be said that performance review processes have a big impact on worker satisfaction and influence organisational results.

The management of the chosen banks and other businesses looking to improve their performance management systems in order to increase employee satisfaction are given the following advice based on the study's findings:

- i. To prevent discouraging workers from taking on more work after finishing their allotted duties, management should utilize performance setting sparingly. This strategy can improve overall organisational performance as well as employee satisfaction.
- ii. It is recommended that management put in place a technical and transparent evaluation system to make sure staff members are aware of the standards and procedures applied to their evaluations.
- iii. Lastly, to avoid any possible discontent, performance reviews ought to be given sparingly. To promote their growth and engagement, employees must receive timely and helpful appraisal feedback.

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