

## **Model for Performance Management System of Corporate Organizations in Nigeria**

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**Abstract:** *The individual performance is critical to the execution of institutional strategy and the achievement of strategic objectives of organizations. Institutions tend to put more focus on the formulation of strategies rather than on the strategy implementation, which requires good performance by all employees in the institution. Commercial off-the-shelf (COTS) Performance Management Systems (PMSs) are too generic, which have several challenges, and have resulted to concerns regarding being effective and objective by employees of some organizations. This study developed a Task-based PMS model to address the gaps identified in the current PMSs. This was achieved by review of existing performance measurement models; survey of employee's perception on the current PMS and model design for Employee Task-based PMS. Analysis of the survey revealed that 71% of respondents do not use task-based PMS in their organization, 66% are of the opinion that the current system is ineffective and 77% opined that the current system lacks objectivity, hence the need for a Task-based PMS model. The research recommends the need for feasibility study as well as model evaluation and validation prior to the adoption of new model. For further research, the study recommends improvement of the model in private and public sector in Nigeria.*

**Keywords:** *framework, model, management, measurement, performance, appraisal.*

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### **I. Introduction**

As organizations strive to remain relevant and competitive in the market, organizations need to develop short, medium and long-term strategies to actualize the vision and mission of the set targets that are specific, realistic, and achievable within a specified period. Most of the successful organizations implement reliable Human Resource (HR) systems with robust PMS [10]. Human Resource Management focuses on personnel related areas such as job design, resource planning, performance management system (PMS), recruitment, selection, compensations and employee relations [4]. Out of these, only performance evaluation plays a critical role for the global success of the organization. Employees of many organizations in Nigeria and other stakeholders raised concerns on the effectiveness and objectivity of the current PMS used. The credibility and objectivity of the system does not guarantee fair and transparent appraisal; reward mechanism is the major drawback, which has no clarity on how management does it [11]. Further, employees in most cases have no trust in the current PMS because of a one-way communication instead of promoting a two-way communication. Employees have also observed that goals are not set at the beginning of the year rather as an annual event at the end of the year, which may not represent all instances within the year.

Lack of employees' confidence in current PMSs implemented in most corporate organizations in Nigeria necessitated this research. This research developed an implementable Employee Task-based PMS model to minimize subjective appraisal system thereby attaining employee confidence and promote ethical and productive competition among employees. This could eventually help the organizations achieve the strategic goals, vision, mission and mandate.

According to [3], performance management is one of the most essential processes in the human resources management of each organization. The process integrates different human resources aspects such as organizational development, human resource development and reward system. A study conducted by [9] opined that the goals of performance management are motivating employees in the company and linking the individual objectives with the strategic objectives.

A PMS is also a process that begins by translating overall institutional objectives into clear individual objectives that will be set as targets for individual employees on a quarterly or annual basis [2]. The performance target of individual employees also sets the agenda for supervisors and individual employees regarding the monitoring and reviewing of performance. It is in those set performance targets and requirements that the satisfactory or non-satisfactory performance of employees is determined. After such determinations, good performance is rewarded and poor performance is improved through appropriate improvement measures.

In a similar study, [9] opined that the tools and techniques for the process vary depending on the scale, that is, individual, team and organization. The process starts with the evaluation of the current performance before deciding the required levels in the future and the measures used. The techniques used in the first two phases could be performance appraisal and personal development review. After comparing the present performance and the desired performance, it comes to planning how to get to the goals. The organization finalizes the process by implementing their plan before reviewing it for improvement in the last phase.

The benefit of PMS is to enable employees of the company understand the importance of their contributions to the company's objectives and goals. If the employees are committed towards achieving assigned tasks, the company's performance improves, and with good system and communication going on, employees may also be loyal and more productivity is recorded [6]. Besides that, it is important to set performance standard, to identify competencies and competency gaps that hinder to performance, and to promote and recognize performance culture [13]. Performance culture is achievable through building block for enhancing performance and implementing the performance management process. An assumption of any corporate management is that culture makes people to be truly engaged in the business of the organization [14].

The goal of performance appraisal should be to provide information that best enable managers to improve employee performance. Thus, ideally, the performance appraisal provides information to help managers manage in such a way that employee performances improve [7].

Performance appraisal research has primarily focused on perfecting the appraisal instrument and measurement issues which has led to the system being built around a central technique (Daley, 2002). Basically, there are two appraisal techniques: subjective based procedure which deals with observable acts and the objective based procedure which defines performance according to tasks and targets [5].

The type of technique used drives the appraisal process and contributes to organizational development. Nevertheless, due to the inherent problems associated with the subjective techniques in terms of lack of communication, inter-rater differences, errors and inability to explain the procedure of the appraisal to others, objective technique is most preferred. Hence, behaviourally anchored rating scales (BARS) and management by objective (MBO) approaches are most often used in place of subjective essays, graphic rating scales, forced choice checklist and forced distribution interpersonal comparison [5].

However, this study attempted to improve on these models by introducing Task-based PMS to minimize the subjectivity issues perceived by employees of some corporate organization in Nigeria.

## **II. Methodology**

Taking into account the purposes of the research and the availability of the resources to conduct the survey, the researchers opted for non-probability sampling such as convenience sampling. This research has adopted a combination of quota sampling and judgment in order to process the survey instruments economically.

The population of the research consists of 12 randomly selected corporate organizations in Nigeria, comprising samples from Deposit Money Banks, Public Non-financial Corporations, Private Non-financial Corporations, Monetary Authority, Small and Medium Enterprises.

Sampling procedure synchronized the purpose of selecting individuals from the target population. Thus, each respondent had equal opportunities of selection using purposive sampling as long as they were within the target population. One hundred (100) TPMS closed-ended questionnaires were distributed to staff of 12 selected corporate organizations in Nigeria. Statistical Package for Social Sciences (SPSS) version 18.0 analysed the data to provide descriptive statistics.

The research also used an industry-standard language, Unified Modelling Language (UML), specify, visualize, construct, and document the artifacts of the TPMS. It simplifies the complex process of software design and making a blue print for construction of the model.

## **III. Results And Discussions**

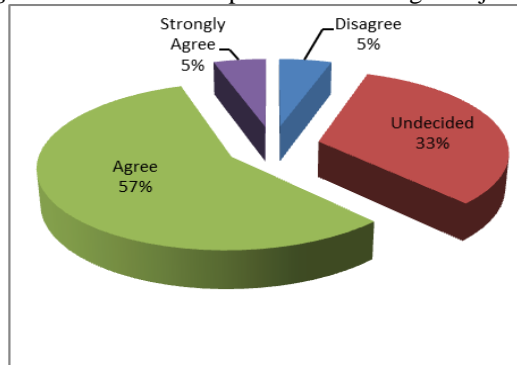
Ninety-eight (98) responded out of the one-hundred (100) semi-structured close-ended survey instruments distributed. Out of the 98 respondents, 60 per cent are junior (mainly subordinates) and 40 percent senior staff. Similarly, 61 per cent of the respondents are head office staff while 39 percent are branch staff. Responses to core questions asked in the survey instruments in relation to this study are analysed and interpreted in Figures 1 to 8.

i. Employee awareness of departmental strategic objectives: 57 percent agreed, 5 percent strongly agreed, 33 percent undecided and 5 percent disagreed. In aggregate, greater percentage (62 percent) of the employees agreed that they are aware of department strategic objectives as shown in Fig. 1.

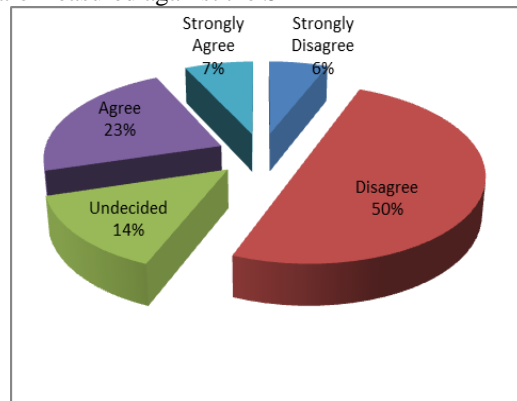
ii. Measurement of Employee performances against the agreed set out in the SLA: 23 percent agreed, 7 percent strongly agreed, 50 percent disagreed, 6 percent strongly disagreed and 14 percent undecided. This revealed that majority (56%) of the respondents disagree with the statement "Employee performance are

measured against what is stated in the SLA”. This means that most of the PMS implemented by some corporate organizations lacks objectivity as illustrated in Fig. 2.

**Fig. 1:** Awareness of Departmental Strategic Objectives.



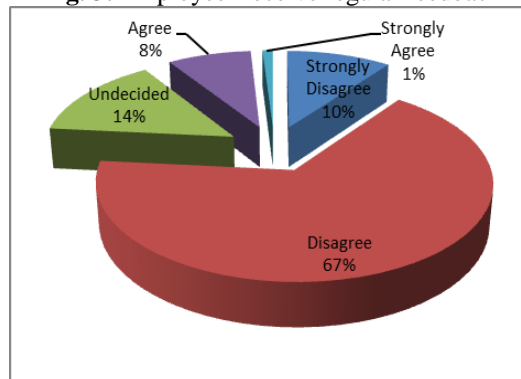
**Fig. 2:** Employee performance are measured against the SLA



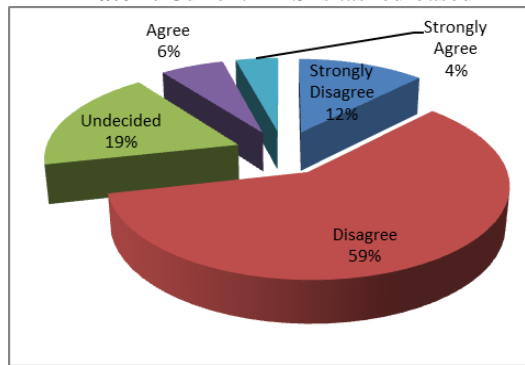
iii. Employees receive regular feedback on how well they are performing their duties: 67 percent and 10 percent disagreed and strongly disagreed respectively. Thus, majority of the employees disagreed as illustrated in Fig. 3. This is one of the gaps identified in the current frameworks and addressed in this research.

iv. Current PMS in the current PMS is tasked-based: 59 percent disagreed, 12 percent strongly disagreed, 19 percent undecided, 6 percent agreed and only 4 percent strongly agreed. This indicated that the current PMS is not tasked-based as illustrated in Fig. 4.

**Fig. 3:** Employee Receive regular feedback



**Plate 4: Current PMS is tasked-based**

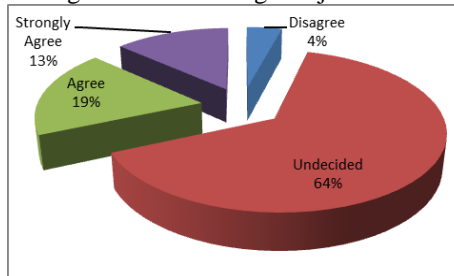


v. The current PMS assisted the employee to achieve their goals and meet strategic objectives of the department: 64 percent neither agreed nor disagreed with the statement. This means that the current PMS lacks capability to address strategic objectives of the department as illustrated in Fig. 5.

vi. The current PMS is effective and meets organizational and employee expectations: 64 percent disagreed, 2 percent strongly disagreed, 19 percent undecided, 10 percent agreed and 4 percent strongly agreed. This indicated that the current PMS is not effective and does not meet the organizational end employees' expectations as illustrated in Fig. 6.

vii. Subjective ratings of current system: 77 percent opined that the current system used in their organization does not address this perception by subordinates as illustrated in Fig. 7.

**Fig. 5: The PMS goals meets strategic objectives of the department**



**Fig. 6: The current PMS is effective and meet organizational and employee expectations**

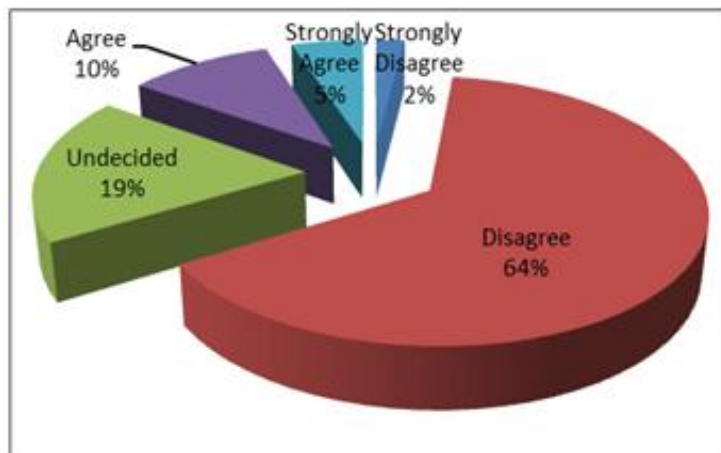


Fig. 7: Subjective rating of current PMS

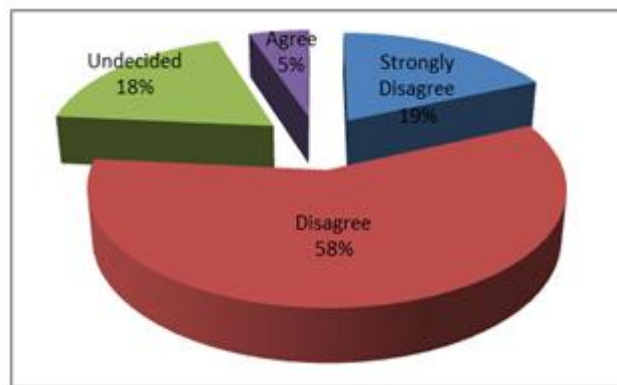
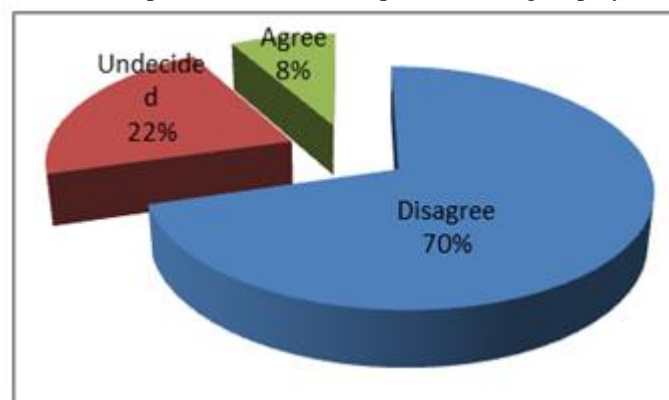


Fig. 8: The current PMS promotes ethical competition among employees & departments



viii. Current PMS promotes ethical completion among staff, offices, departments, etc.: 70 percent of the respondents are of the opinion that the current competition among employees are unethical as illustrated in Fig. 8.

In summary, based on the findings from the survey carried out, it is evident that most of the current PMS implemented in some corporate organizations in Nigeria lacks efficiency, effectiveness and objectivity. Hence, the need for a TPMS model in addressing these issues.

#### IV. Development of PMS Models

The performance management process by [1] is the main tool in developing the PMS for the corporate organizations, as it does not only reflect the necessary processes to include but also actions in each step. Fig. 9 show the model of performance management process for individual employee developed from the original model of [9]. The highlights in blue colour show the new additions. Fig. 10 is a conceptual framework for improving performance appraisal. It provides basis for determining factors that enhances employee's performance and supervisor's objective appraisal. The framework is consistent with relevant theories, which emphasize individual characteristics of the organization as drivers for performance improvement.

The conceptual framework utilizes input and output approach. Organization's staff performance is difficult to assess due to vague and complex goals, which are hard to evaluate. Hence, it is necessary for organizations to set well-articulated organizational goals, which are realistic and attainable that are internalized within the organization through campaigns, town hall meetings, pamphlets and constant reminder about the mission and vision of the organization. Subsequently, departmental, branch and team goals should link to the pre-defined organizational goals. Furthermore, employees should understand their roles and expectations, such that responsibilities should be drawn and tied to the overall departmental and/or team deliverables. These defined roles should be discussed between superior and subordinate in order to establish whether employee possessed the required personal effectiveness and job skills to deliver the responsibilities. On the other hand, it aids in establishing clearly defined tasks of each individual and quantifiable targets, which can lead to time dependent delivery of assignments. This has the capacity to minimize the subjectivity associated with the current appraisal system in most organizations.

Once responsibilities are established, allocation of resources for effective delivery of tasks are also established, and bridging skill gaps where necessary, results are observed by the superior periodically using the KPIs. At the end of a period, it is good to undergo appraisal exercise to observe the outcomes. This defines and sets the output component of the model into effect. Usually, lack of training of superiors on how to appraise subordinates is a key challenge that influence negatively on the credibility of the current appraisal system. Hence, the training of supervisors on the appraisal process is necessary to understand how it should be conducted and for whom the system was designed. The training also helps to understand the logic behind the process and the need for objective measurement to motivate employees, reward hard work, and excellence in service to increase organizational contribution to the sectoral performance. To enhance objectivity in the appraisal rating, establishment of measurement criteria on job description is necessary, based on the organizational culture, and be communicated to the entire staff of the organization. By communicating the established criterion, employee knows what is actually measured and how it affects outcome of the evaluation.

At the appraisal stage, the system appraises the based on the task assigned to him/her as contained in the SLA monitored by the system and supervisor. This gives objective ratings since manual interference is minimal. Conversely, if performance is excellent, rewards motivate performing staff and encourage low performers. Depending on predefined benefits, rewards could take monetary incentives, awards or both.

The clear definition and communication of corporate strategies revived employees' passion and aligned the direction of the entire organization. It also gives an avenue for the implementation of the performance management and appraisal systems that are at the core of a performance-based organization.

The improved performance management system enables effective communication between management in different departments, as well as between supervisors and staff, regarding performance requirements, job objectives and areas to be improved. The clearly defined responsibility structure together with the quantified strategic and operational goals facilitates the effective use of resources.

The fair and transparent performance assessment mechanism encourages employees to work together for the company. Linking the performance management and appraisal systems to the compensation and incentive scheme can encourage enhanced performance, while the improvement initiatives and talent development mechanism fostered a culture of continuous improvement.

Fig. 11 show the relationships of entity sets stored in a database, which illustrate the logical structure of the database. Fig. 12 is a Use Case diagram, which presents activities in Task-based PMS with principal actors and sub-systems.

In conclusion, evaluation should be a continuous process that should be done progressively and task-based for effective performance monitoring, evaluation and feedback.

## **V. Conclusion And Recommendations**

This main aim of this study is to design a TPMS model for an employee of corporate organizations in Nigeria. To design the model, several PMS models were reviewed and survey was conducted to find out about the perceptions of employees on the current PMS in relation to objective ratings, efficiency and reliability. The survey revealed that most employees of corporate organizations in Nigeria feel that the current PMS implemented lacks objective ratings, efficiency and reliability.

The improved TPMS model is based on the reviewed literatures and employee perceptions on the current system, which promotes transparency and minimizes subjectivity in employee appraisal system being perceived by some employees of corporate organizations in Nigeria. The new model, when implemented could help organizations to track tasks assigned to branches, directorates, departments, offices and employees from initiation to completion with the ability of tracking multiple sub-tasks originating from the original task. With the role-based dashboards, organization's management at various levels can instantly monitor performance departments, branches, offices, teams and employees.

The researchers recommend the following based on findings of this study:

- i. The survey for this study revealed that employees (supervisors and subordinates) of 12 selected corporate organizations do not have adequate knowledge on the functionalities of the current PMS. Therefore, the study recommends that organizations should always sensitize staff before implementing and adopting any PMS.
- ii. Corporate organizations in Nigeria that intend to use PMS should adopt TPMS in order to have efficient, robust and reliable system to minimize subjective appraisal system perceived by many employees. However, feasibility studies need to be carried out as well as the framework evaluation and validation prior to its adoption.
- iii. Assignment of tasks to employees should be based on SMART principles to minimize assigning vague and unrealistic tasks to employees.
- iv. For further research, the study recommends the study of TPMS framework for public sector and/or a generalized model.



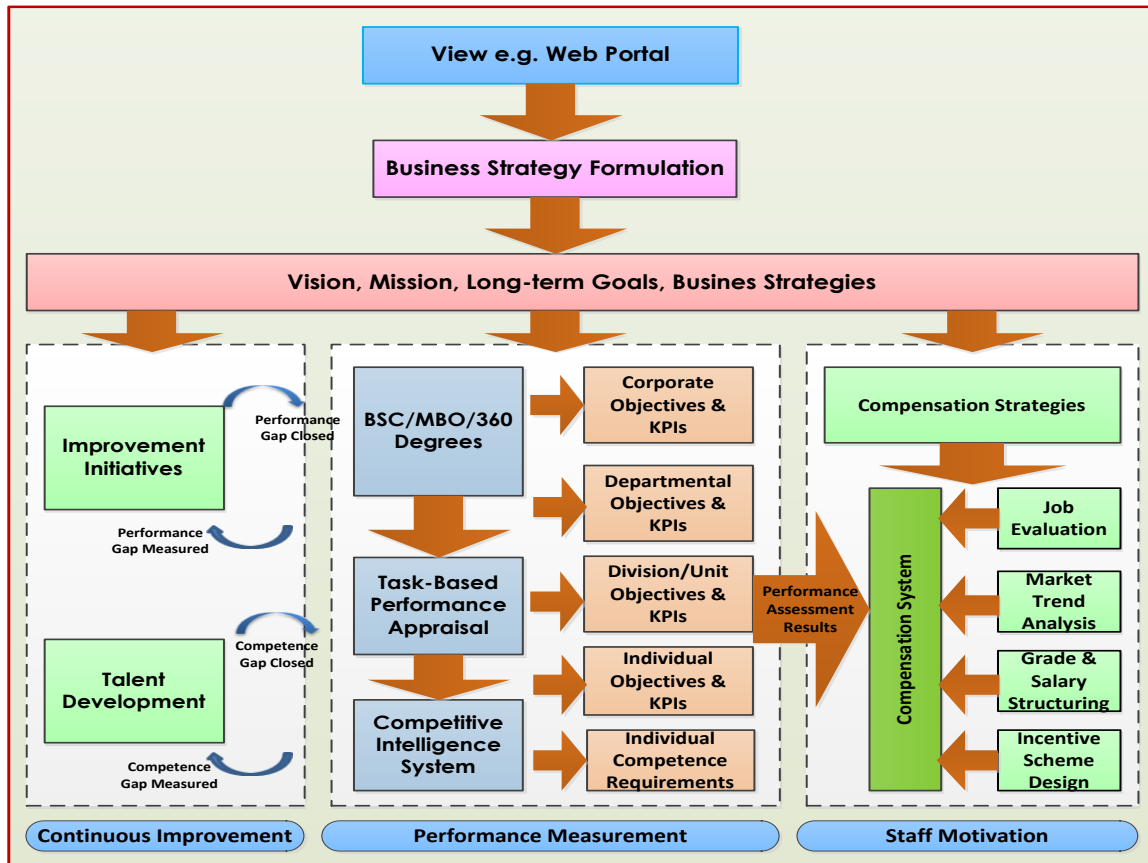


Fig 10: Conceptual Framework for TPMS

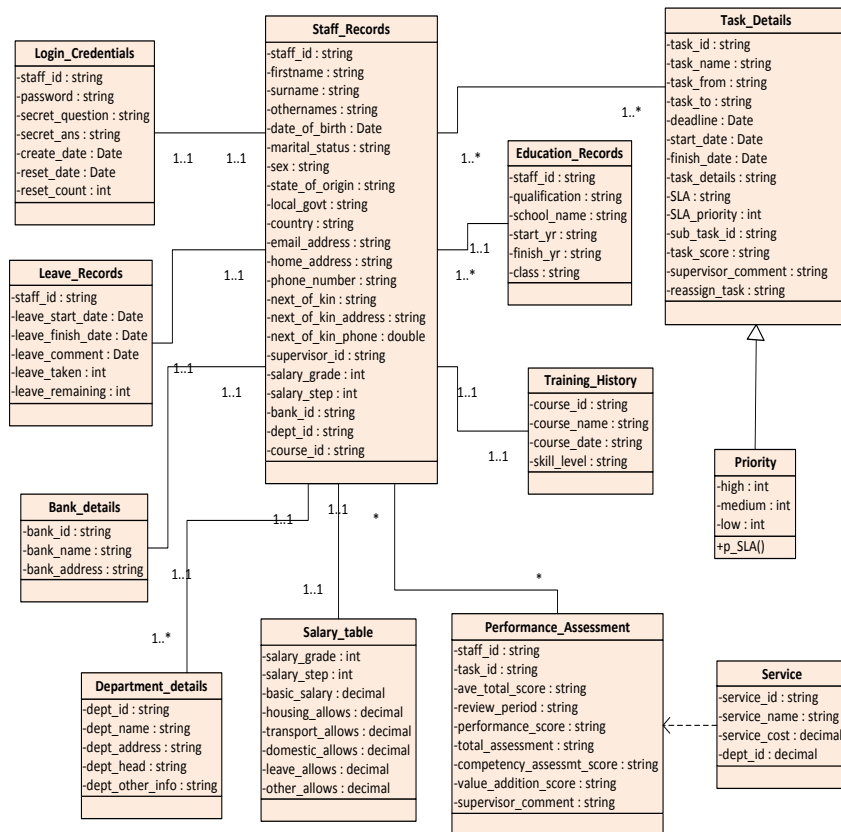


Fig 11: ERD of Task-based PMS



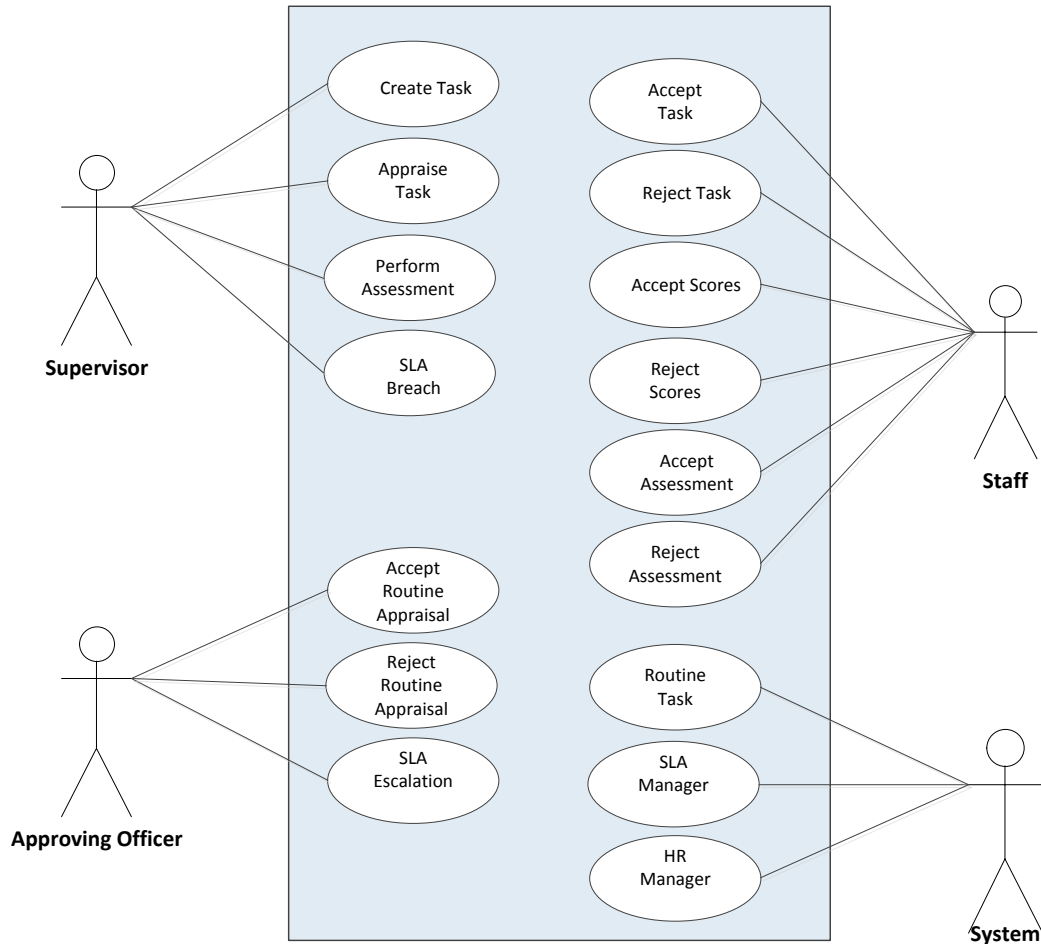


Fig. 12. Use Case Diagram for Task-based PMS

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