

Relationship between Performance Appraisal System and Staff Retention in Enugu Electricity Distribution Company

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Abstract: The study was to evaluate the relationship between performance appraisal system and staff retention in Enugu Electricity Distribution Company of Nigeria. The specific objectives include to; examine the relationship between employee's rate of output produced and employee training. Examine the relationship between employee recognition and achievement of organizational goals. The population consists of 983 staff of Enugu Electricity Distribution Company of Nigeria (EEDC). The study used the survey approach. The primary sources used were the administration of questionnaire to staff. The 274 sample size of the study, the study used the Freund and Williams's formula. 261 staff returned the questionnaire and accurately filled. The validity of the instrument was tested using content analysis and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability co-efficient of 0.82 which was also good. The hypotheses were analyzed using f-statistics (ANOVA) tool. The findings indicated that there is positive effect relationship between employee's rates of output produced and employee training $F(95, n=274) = 827.372, P < 0.05$; This indicates that there is positive effect relationship between employee recognition and achievement of organizational goals $F(95, n=274) = 367.439, P < 0.05$. The study concluded that appropriate training and development programmes would be designed to correct deficiencies through performance appraisal. The study recommended that Performance appraisal should be encouraged in organizations to assist workers and management meets their expected target and Recognition of employees by the management should be a top issue in organization to enable workers give out their best.

Keywords: Performance, Appraisal system, Retention.

INTRODUCTION

Globally, associations whether administration or assembling do everything conceivable to guarantee that all employees are sufficiently dedicated to their particular work with a specific end goal to accomplish authoritative objectives [1]. Thusly, performance appraisal (PA) is a noteworthy management practice to survey the prompt and future importance of any laborer in any given association. Performance appraisal uncovered the quality and the shortcoming of the staff at work particularly in created world [2]. It is essential, that in Northern countries performance appraisal rehearse is managed without the appraisers connecting themselves to the activity not at all like Southern nations where the activity is said to be inefficient and influence hierarchical objectives.

For each association to continually understand its set objectives, it is vital that performance appraisal

must turn into a general exercise and should possess focal part/or capacity of the management. The fair rehearsed of performance appraisal will make all associations to confront sharp rivalries and difficulties at nearby, national and universal levels. That is, performance appraisal is must turn into a device to gauge the status of any association crosswise over board. Employee performance is a piece of performance management which is the formal and casual nonstop procedure of assessing and supporting an employee's performance in the work put. Associations ought to oversee employee performance with a persistent input framework that spotlights on consistent, powerful correspondence amongst supervisors and staff and limit administration [3].

Realistic rating scale comprises of a rundown of occupation obligations, performance models and scale that is utilized for rating employee performance.

A 360 degree criticism framework contains contribution from everybody with information of the employee's performance, for example, companions, boss and yourself. In self appraisal performance estimation allows employees to assess themselves and legitimize their performance amid the appraisal meeting. Management by goals is a helpful technique in estimating the performance of employees as the targets are set by both the employee and supervisor.

The strategies used to quantify performance are basic in assessing employee's activity related qualities and shortcomings and addresses the benchmarks set by the association. Amid the audit of these measures the director will have the capacity to assess the employees on their performance in view of the performance pointers or principles set for them, for example, nature of work, amount of work, participation with different associates, non-appearance and their trustworthiness at work. At the season of assessment the chief will have the capacity to know how the employee has performed through the rating they have given for every performance standard and have the capacity to speak with the employee on the outcomes and have criticism on it. This will empower the director to realize what the issue is that made a drop in performance and how to enhance it in light of the criticism got from the employee. The assessments will enable the supervisors to build up if the employee needs preparing. An employee who has performed very much in light of the scores will have the capacity to be remunerated through acknowledgment or pay or even advanced [4]. Thus, the investigation has a tendency to inspect the connection between employees' rate of units delivered and employee preparing, to look at the connection amongst acknowledgment and accomplishment of hierarchical objectives.

Statement of the Problem

It deserves of note that association make performance appraisal to make employee retention, increment employee's performance and estimation of the goals sets. Employees need consistent criticism. On the off chance that they are not accomplishing something right, they ought to get some restorative criticism from the get-go the procedure with progressing training until the point that the performance is to a coveted level. For the individuals who are performing at an abnormal state, set aside the opportunity to remember them. Acknowledgment doesn't need to be budgetary. Deals compel as of late added thanks with identifications to Chatter. This can likewise be joined with satisfaction and prizes, however "much obliged" goes far.

Directors need to adjust at giving input, both positive and negative. On the off chance that they aren't happy with giving input, they may not be the correct individual for the activity or they merit the preparation to have the capacity to legitimately give criticism.

Criticism has additionally turned out to be social. While most companion input inclines to the positive, the administrator can ask for peer criticism as a component of a yearly appraisal process or on an as required premise. This component is one of the great keys to cloud human capital management frameworks.

The territories of performance appraisal that reason the most harm to employee commitment, progressing performance and retention, are constrained dispersions of employee evaluations. The chime bend never truly worked in school and unquestionably doesn't work in business. A little part of the issue incorporates: Employees get so hung up on the numerical rating they never really hear the criticism that is planned for them; Employees lose trust in their chief, rendering progressing input futile. The employee basically terminates their manager before they leave – getting to be separated and looking somewhere else while as yet gathering their paycheck from the present organization.

Objectives of the Study

The general objective of the study is to examine the relationship between performance appraisal system and staff retention in Enugu Electricity Distribution Company of Nigeria. The specific objectives include to;

- Examine the relationship between employee's rate of output produced and employee training.
- Examine the relationship between employee recognition and achievement of organizational goals.

Research Questions

- What is the relationship between employee's rates of output produced and employee training?
- What is the relationship between employee recognition and achievement of organizational goals?

Statement of the Hypotheses

The following alternate hypotheses were formulated for the study;

- There is positive effect relationship between employees' states of output produced and employee training.
- There is positive effect relationship between employee recognition and achievement of organizational goals.

LITERATURE REVIEW

Performance Appraisal

The performance appraisal is a discrete, formal, hierarchically authorized occasion, predominantly not seeming more than more than once per year, which has clearly expressed performance measurements and additionally criteria that are utilized as a part of the assessment procedure [5]. Most of the

associations today, put a few types of performance appraisal framework to outfit the employees with input about their performance and to encourage the association or organizations to settle on appropriate choices about those things that expansion their compensation and advancements. Efficiency is thought to be the most essential factor in enhancing association performance and friends aggressiveness and also a basic long haul asset particularly in saving money businesses for national financial and social improvement [6].

Skilled appraisal of individual performance in an association or organization serves to enhance the general viability of the substance. Kane and Lawler [7], demonstrated that, the three fundamental utilitarian zones of performance appraisal frameworks are managerial, enlightening, and motivational. Appraisals influences the authoritative in that it serves the part of encouraging a systematic methods for deciding compensation increments and different prizes, and of designating specialist and obligation to the most able people. The enlightening capacity is satisfied when the appraisal framework supplies information to supervisors and assesses about individual qualities and shortcomings. At last, the motivational part involves making a learning background that inspires laborers to enhance their performance. At the point when successfully utilized, performance appraisals encourage employees and administrators set up objectives for the period before the following appraisal.

Staff Retention

Armstrong [8] watched that staff retention alludes on how an association shields their employees from leaving the association along these lines thinking of retention methodologies to guarantee that employees stay in the organization. There are six (6) procedures specified in this exploration; remuneration, preparing, work life adjust, great workplace, professional success and correspondence. It was seen that high pay came about to the accomplishment of the association. There are different types of pay, for example, benefit sharing, stock possession or increase sharing that organizations can provide for their employees as a show of acknowledgment of their work and performance [9].

Having a work life adjust has been believed to affect holding staff as it encourages employees to have a harmony amongst work and family life. This has helped employees to diminish weight on them and wind up expanding their performance at work. Having set up a work and individual life adjust strategy has appeared to have an expansion in the level of spirit in the firm, a retention device for esteemed employees, responsibility and dependability and additionally a lessening in truancy and enhanced performance and profitability [10].

Employee Performance Appraisal and Employee Staff Retention

Galbreath [11], declares that the capacity of a firm to have the capacity to hold their employees is a flag of progress and demonstrates that the association isn't just an esteemed work environment yet in addition that there is sure outcomes for the company's performance and profitability. Employee performance can be estimated through performance pointers, for example, nature of the employees work, yield of the employee, participation, collaboration and reliability of the employee in the association [12].

Retention systems set up in the association, for example, correspondence where employees can speak with their chiefs and different companions guarantees that the performance of the employee is high as there is collaboration. This guarantees there is collaboration and an ability to cooperate consequently making a workplace that is helpful for work advance [13]. Furthermore, associations that have work life adjust arrangement will result to low non-attendance rate as the employee has a harmony amongst work and life accordingly lessening pressure which can influence the profitability of the employee [14].

Employees who have had professional success or advancement in the association feel committed to perform better so as to demonstrate that they are the correct individuals on the post and in this way perform better. The nature of work delivered is high as room of edge is negligible and work is proficient rapidly and precisely [15]. At the point when employees are prepared the activity abilities and strategies get the chance to be scholarly. The system and types of gear to be utilized are shown in this way influencing the employee to be exceptionally talented in their work. This outcome to the employee to work proficiently and successfully to meet the objective set for them and handle a palatable volume of work [9].

Remuneration is essential in retention as the employees have a need to get paid as far as their performance level. Tried and true employees who are determined in their work and take care of business on time, functions admirably under strain and enhance their performance prompts them being adjusted [9].

An employee's performance appraisal is a key piece of the procedure that influences both retention and improvement. Vocation advancement objectives turn out to be a piece of a performance appraisal when the employee and her chief talk about long haul profession objectives as a feature of a yearly assessment. Furthermore, employee input offered amid the appraisal procedure reveals insight into what the employee is looking for in a compensating vocation and what it takes to hold her. Employee retention and vocation advancement are in this way entwined. Vocation advancement gets ready employees for testing work

assignments and advancements which will keep up their advantage, and subsequently their craving to remain with your organization.

METHODOLOGY

The study was to evaluate the relationship between performance appraisal system and staff retention in Enugu Electricity Distribution Company of Nigeria. The population consists of 983 staff of Enugu Electricity Distribution Company of Nigeria (EEDC). The study used the survey approach. The primary sources used were the administration of

questionnaire to staff. The 274 sample size of the study, the study used the Freund and Williams's formula. 261 staff returned the questionnaire and accurately filled. The validity of the instrument was tested using content analysis and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability co-efficient of 0.82 which was also good. The hypotheses were analyzed using f-statistics (ANOVA) tool.

DATA PRESENTATION AND ANALYSIS

Table-4.1: Response on the relationship between employee's rate of output produced and employee training.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	82	31.4	31.4	31.4
	Agree	130	49.8	49.8	81.2
	Neutral	34	13.0	13.0	94.3
	Disagree	12	4.6	4.6	98.9
	Strongly disagree	3	1.1	1.1	100.0
	Total	261	100.0	100.0	

From table-4.1, 82 respondents representing 31.4 percent strongly agree that there is relationship between employee's rate of output produced and employee training in Enugu Electricity Distribution Company.. 130 respondents representing 49.8 percent

agree, 34 respondents representing 13 percent were neutral, 12 respondents representing 4.6 percent disagree while 3 respondents representing 1.1 percent strongly disagree.

Table-4.2: Response on the relationship between employee recognition and achievement of organizational goals

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	77	29.5	29.5	29.5
	Agree	91	34.9	34.9	64.4
	Neutral	23	8.8	8.8	73.2
	Disagree	35	13.4	13.4	86.6
	Strongly disagree	35	13.4	13.4	100.0
	Total	261	100.0	100.0	

From table-4.1, 77 respondents representing 29.5 percent strongly agree that there is relationship between employee recognition and achievement of organizational goals in Enugu Electricity Distribution Company. 91 respondents representing 34.9 percent agree, 23 respondents representing 8.8 percent were neutral, 35 respondents representing 13.4 percent

disagree while 35 respondents representing 13.4 percent strongly disagree.

Test of Hypotheses

Hypotheses One

Ho: There is no positive effect relationship between employee's states of output produced and employee training.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.971 ^a	.942	.941	.13763
a. Predictors: (Constant), ACT, MCW, AGO, AMM, GAL.				

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.361	5	15.672	827.372	.000 ^b
	Residual	4.830	255	.019		
	Total	83.191	260			
a. Dependent Variable: TERE						

Where,

TERE = The effect of relationship between employee's rate of output produced and employee training.

ACT = Appraisal system in my organisation creates room for training which increases more output value.

MCW = Most capable workers are sort out after appraisal and offers responsibility.

AGO = Appraisal gives opportunity for training in my company and creates chances for delegating authority to employees

AMM = Appraisal creates learning experience and improve workers performance in my organisation

GAL = Good appraisal leads to training and effectiveness in my organization.

Statistical criteria {first order test}

Coefficient of multiple determinants { r^2 }

The R^2 {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as .942 and adjusted to .941. This means that R^2 accounts for 94.2 percent approximately 94 percent. This indicates that the independent variables accounts for about 94 percent of the variation in the dependent variable. Which shows goodness of fit? From the result, f-calculated {827.372} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis { H_0 } and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that there is positive effect relationship between employee's rates of output produced and employee training.

Hypotheses Two

H₀: There is no positive effect relationship between employee recognition and achievement of organizational goals.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.937 ^a	.878	.876	.15341
a. Predictors: (Constant), ERD, ASA, NPS, EAM, GNE				

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.238	5	8.648	367.439	.000 ^b
	Residual	6.001	255	.024		
	Total	49.240	260			
a. Dependent Variable: TBOG						
b. Predictors: (Constant), ERD,ASA,NPS,EAM,GNE						

Where,

TBOG = The relationship between employee recognition and achievement of organization goals

ERD = Employee recognition is done in my organization when there is appraisal.

ASA = Appraisal system attracts salary increase in my organisation and employee effectiveness.

NPS = Non-performing staff are identified and replaced during appraisal in my organisation

EAM = Employees and managers establish levels or goals when recognised in my organisation

GNE = Good working environment is established in my organisation and better profit sharing when employee is recognized

Statistical criteria {first order test}

Coefficient of multiple determinants $\{r^2\}$

The R^2 {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as .878 and adjusted to .878. This means that R^2 accounts for .878 percent approximately 88 percent. This indicates that the independent variables accounts for about 88 percent of the variation in the dependent variable. Which shows goodness of fit? From the result, f-calculated {367.439} is greater than the f-tabulated {2.7858}, that is, $f_{cal} > f_{tab}$. Hence, we reject the null hypothesis $\{H_0\}$ and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that there is positive effect relationship between employee recognition and achievement of organizational goals.

DISCUSSION OF FINDINGS

From the result of hypotheses one, the R^2 accounts for 94.2 percent approximately 94 percent and f-calculated {827.372} is greater than the f-tabulated {2.7858}, that is, $f_{cal} > f_{tab}$. This implies that there is positive effect relationship between employee's rates of output produced and employee training. In support of this result, Wingfield [16] posits that some effective methods employers utilize in order to keep employees happy and part of their organization instead of looking for employment opportunities elsewhere is through Training employees and reinforces their sense of value. Through training, employers help employees achieve goals and ensure they have a solid understanding of their job requirements. That is why the core issue in any organization is to give a continuous ongoing effort to identify and try to keep all the best performers irrespective of their age. Gberville [17] has stated that employee retention strategies refer to the plans and means, and a set of decision-making behavior put formulated by the organizations to retain their competent workforce for performance.

From the result of hypotheses one, the R^2 accounts for 87.8 percent approximately 88 percent and

f-calculated {367.439} is greater than the f-tabulated {2.7858}, that is, $f_{cal} > f_{tab}$. This indicates that there is positive effect relationship between employee recognition and achievement of organizational goals. William [18] posits that when you show your employees that you see and appreciate their efforts and take the time to demonstrate how much of a measurable impact they're having on your business and your corner of the world those employees feel good about what they do and they take those feelings home with them.

CONCLUSION

The study concluded that there is relationship between employee's rate of output produced and employee training and there is relationship between employee recognition and achievement of organizational goals. The study concluded that when performance appraisal is effectively used, employees and managers establish goals for the period, Performance Appraisal is the most powerful instrument for mobilizing employees in organizations in order to achieve the strategic goals of the organizations, when an appraisal is carried out, the organization will be in a position to reward the performing employees. The exercise will also create an opportunity for determining deficiencies in the performance of the workforce and as well increase productivity. Consequently, appropriate training and development programmes would be designed to correct such deficiencies.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations are made;

- Performance appraisal should be encouraged in organizations to assist workers and management meet their expected target.
- Recognition of employees by the management should be a top issue in organization to enable workers give out their best.

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