



Examining the effectiveness of performance appraisal systems on employee retention in public secondary schools in Bauchi State – Nigeria

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Abstract

Employee retention is a major challenge that many organizations are facing globally. Employees are the asset of an organization and the organization cannot afford to lose its key performers. Organizations are striving to retain their talents by implementing effective retention strategies. High Employee Turnover would subsequently have an impact on the productivity and sustainability of the organization. Therefore, this study examines the effectiveness of performance appraisal on employee retention in public secondary schools in Bauchi State, Nigeria. On employees who are working under the Teachers service commission Bauchi. The study is guided by expectancy theory and equity theory. The study adopted a survey research design and the target population of the study is the 1958 employees of the Teacher's service commission, Bauchi, and sample size of 416 was employed using Krejcie and Morgan table and the sampling procedure used for the study was a simple random sampling technique. The primary data, which were collected through a self-administered questionnaire, were analyzed using multiple regression analysis. SPSS was the technique used in this study. The major finding shows that career development has a positive and significant effect on employee retention which shows that performance appraisal influences employee retention in public secondary schools. Teachers who undergo performance appraisal demonstrate improved job satisfaction, motivation, and engagement. They also perceived performance appraisal as a tool for improved performance and appreciate the feedback provided by the appraisers which impact employee retention. Also, the study recommends an effective performance appraisal procedure should be implemented to attract and retain the best-talented employees and improve the performance of learners the rating system of appraisal should be authentic and unbiased as it leads to employee retention, and employees should be rewarded accordingly to install confidence in the appraisal system. In conclusion, the study provides insight for both school administrators and appraisers on how to enhance the effectiveness of performance appraisal and improve employee retention.

Keywords: Employee retention, performance appraisal

1. Introduction

Most companies encounter a variety of obstacles. One of these problems is human resource management, which refers to the effective and efficient use of human resources to meet an organization's goals and objectives (Anwar & Abdullah, 2021). Some of these issues may be seen in personnel-related aspects such as

reimbursement, recruiting, and performance management, employee retention, training and career development, health and safety, benefits, motivation, and administration, to name a few (Akanda, Bhuiyan, Kumarasamy, & Karuppanan, 2021). Employee retention is essential to the success of any organization, including schools in Bauchi State and throughout the

world. It is critical to keep competent, professional, and experienced staff since replacing them is costly and time-consuming (Hinkin, & Tracey, 2000). According to Rodriguez and Walters (2017), performance assessment is a key approach for retaining employees since it assists in identifying strengths and shortcomings as well as overall performance.

Furthermore, performing assessments is not without difficulties; one of the most significant difficulties is a lack of training and skill among managers and supervisors in conducting performance reviews, as well as a lack of feedback. Employees may also feel disappointed or demotivated if they do not believe the assessment process was fair. This can lead to lower retention. Human resource is the most important of all production elements, and human capital is what separates one firm from another (Kryscynski, Coff & Campbell, 2021). As a result, for an organization to thrive and remain relevant and competitive, it must be able to retain and retain efficient and productive personnel to increase production (Yin & Mahrous, 2022).

Employees are the important resources of any organization. They have also been termed the lifeblood of an organization (Abson & Schofield, 2022) because of their crucial role in an organization. And as a result of technological advancements, most firms are becoming increasingly technology-driven. However, because technology requires human resources to function, this circumstance does not diminish the worth of people in a business. With issues such as globalization, competition is becoming rapid in most organizations. Also, organizations demand human resources to remain competitive in their respective organizations. Kumar, (2022) to remain competitive, firms must not only recruit the greatest individuals but also keep them on the job for a long time. The most difficult task that businesses face nowadays is not just how to manage people,

but also how to retain them on the job for as long as possible while keeping them vibrant and ambitious. Employee turnover is a common issue in the education sector (Ingersoll, May & Collins 2019). The rate at which employees of secondary schools are leaving in Nigeria is high in many cases due to lack of job security, low salary, and lack of growth prospects compelling an employee to look for change.

In Bauchi state schools, the challenges of conducting appraisals are further compounded by factors such as limited resources, high teacher turnover rates, and a lack of data-driven approaches to performance management, all these factors contribute to an ineffective appraisal process which can negatively impact employee retention

The purpose of this study is to examine the effectiveness of performance appraisal on employee retention.

However, the study provided an answer to this research question: to what extent does performance appraisal affect employee retention?

2. Literature Review

2.1 Employee Retention

Employee retention is one of the most pressing concerns for organizational leaders as a result of skilled labor scarcity, economic growth, and excessive employee turnover. When analyzing the scientific literature on retention, there is strong evidence that remaining and departing include distinct psychological and emotional processes (Kurdi & Alshurideh, 2020). Retention is an organization's voluntary effort to establish an atmosphere that engages personnel in the long term (Kurdi & Alshurideh, 2020). According to Karman (2020), this attachment connection should be long-lasting and consistent, and it should connect the employee to the organization through shared values and the way the organization reacts to the needs of the employees. Employee retention is concerned with keeping or encouraging

employees to remain with a company for as long as feasible. Employee retention, according to Zimmerman, Swider, and Arthur (2020), is "a tactic used by firms to keep an efficient staff while meeting operational objectives."

According to Wakabi (2016), the goal of retention strategies is to discover and keep dedicated employees for as long as it is mutually beneficial to the organization and the person. As a result, the primary goal of retention is to keep capable individuals from leaving the organization, which might hurt productivity and service delivery (Odunayo, 2019). Furthermore, retention enables senior and line managers to attract and retain vital talents and high-performing individuals. This is accomplished by giving these managers information on retention and retention methods that will ensure that the organization's goals and objectives are met (Venkatesh, 2015). Coaching and mentoring programs can also help to reduce turnover (Lim, Loo, & Lee, 2017).

Rotich, (2020) asserts that employee retention and turnover are at an all-time high thereby posing a great difficulty to HR management. The effect of a rising turnover rate thereby increases the complexity and costs of retaining the right employees in an organisation. In essence, many reasons have been given for the high rate of turnover, and one of these reasons according to a study by Rotich, (2020) is inequity in compensation. The report noted that many organizations are already losing their employees to organizations that are offering higher salaries. The study listed limited growth opportunities and role stagnation as other reasons for high rates of turnover. Employee retention is crucial to every organization's long-term health and profitability; but firms are finding it more challenging to recruit, motivate, and keep vital people. Turnover rates continue to climb, and as the talent competition grows more severe each year, it is becoming increasingly vital for companies to ensure they retain the appropriate individuals to

fuel future company success. Employee retention is critical to the overall success of any organisation. According to Al Mamun and Hasan (2017), a lack of adequate retention tactics is seriously harming firms, since changing key personnel is disruptive, expensive, time-consuming, and may even risk an organization's viability.

2.2 Performance Appraisal

Performance appraisal (PA) is a central human resource activity in organizations because of its critical importance in enhancing both employee and organizational performance (Nawaz & Pangil, 2016). Although the importance of PA within organizations has long been recognized, in recent years PA has also become central to political and policy debates as well.

Performance appraisal serves as a management information system for organizations; it provides feedback to the employee about his/her performance and therefore can be said to have been generally accepted as a logical means to evaluate, analyze and effectively utilize the abilities and knowledge of employees at all organizational levels. While a number of organisations continue to use informal and subjective performance evaluation practices to make reward decisions, there is evidence that objective performance evaluation practices an increasingly prevalent in the current times (Idowu, 2017). There is a responsibility on management to provide systematic procedures for reviewing and appraising the contributions of personnel to the organization's objectives. Performance appraisal is a completely integrated system involving periodic planned discussions between the manager and employees' total performance against predetermined goals, having the manager to coach and counsel the staff in areas requiring correctives actions, to improve overall performance for the benefit of both employees and the total organization. Retention is to give employee feeling of ownership so that they can stay in

the organization on longer basis Employee retention is a key to organizational success (Gulzar and Advani 2019).

In every organisation, employees are an asset and are the backbone of the operation and management. Therefore, an organisation must retain their best employees using a strong retention plan. According to Malik et al., (2019), effective HRM practices are a main factor of success in an organisation. HRM practices consist of the element of planning, training and development, compensation, performance appraisal and employee security in order to enhance the organisation's performance as well as employee productivity based on their skills and knowledge.

2.3 Performance Appraisal and Employee Retention

Muhammad and Zulfiqar (2019) conducted a study and find out that there is a strong positive association between performance appraisal and employee retention. Biswakarma (2017), has discussed the impact of appraisal on employee's retention. He specifically suggested that results of appraisal provide information to managers to take further steps about promotions and development of employees. On the contrary (Biswakarma, 2017) suggests that weak areas of performance are identified through effective performance appraisal system. In this way, managers can take decisions regarding training of employees to improve those weak areas.

An organization's capacity to manage employee engagement is closely related to its ability to achieve high performance levels and superior business results. Enhancing employee engagement creates a „win-win“ situation. Employees are happier and more productive and this ultimately leads to a positive impact on their performance and business results. Biswakarna (2017) observes that employee engagement is critical to any organization that seeks not only to retain valued employees, but also to increase its levels of performance. The more highly engaged the

employees are, the more likely is to have a strongly customer-focused organization.

Gulzar, Advani and Jalees (2017) focused on validating the relationships of performance appraisal and employee retention suggested that this relationship becomes more meaningful if the employers use this tool for counselling the employees and for resource planning. Studies while confirming the relationship also observed that the appraisal system would be more effective if it is based on qualitative and quantitative aspects.

Ademola, (2017) summarize the benefits of performance appraisal to the organisation as the effective basis for retention of employees, reward decisions; targeted training based on identified needs and future employee promotion decisions.

2.4 Expectancy Theory

Expectancy theory (Porter and Lawler, 1968; Vroom, 1964) states that motivation is determined by the interplay of three separate beliefs: expectancy, instrumentality, and valence. To be motivated to complete a task, a person must feel that if she puts in enough effort, she will be able to attain the requisite level of performance. Using job performance as an example, if a person works hard at her job, she must think that she will be able to satisfy her employer's performance criteria. This is known as expectation.

A person must also think that his or her performance will result in a specific consequence. The connection between performance and results is known as instrumentality. An individual may see a result as desirable or unpleasant. The last prerequisite for an individual to be motivated is to favourably value the outcomes she feels she will obtain for her work. This is known as valence. Individual perception determines expectancy, instrumentality, and valence. As a result, employees in the same organisation may have widely disparate views on anticipation, instrumentality, and valence. As a result, their motivation may differ.

2.5 Equity Theory

Equity Theory This theory was developed by Adam. The components of this theory are input, outcome, comparison person, and equity-in-equity. According to this theory, satisfaction or dissatisfaction is the result of comparing his input-outcome with comparison of other employee's input (comparison person). Thus, if the comparison is felt balanced (equity) then the employee will feel satisfied. However, if there is an imbalance (inequity) can lead to two possibilities, namely over compensation inequity (and imbalances that benefit him), and vice versa under compensation inequity (imbalances that benefit other employees who are comparison or comparison person). Individuals pursue equity by mentally distorting the inputs or results or by physically altering the inputs or outcomes. These physical acts might include leaving the group or organisation where they are experiencing unfairness.

3. Methodology

Survey research design was used to collect data via questionnaire. The total population of the study is 1958 selecting from 15 various public senior secondary schools within Bauchi metropolis. While the sample size was determined Using Krejcie and Morgan (1970) sampling model and the study arrived at a sample size of 416. A total of 416 questionnaires were randomly administered. Simple random sampling was used in this study. Descriptive statistics and regression analysis were used for data analysis and hypotheses testing with the SPSS package version 23. The tests were carried out at a 95% confidence interval and 0.05 level of significance.

4. Results and Discussion

4.1 Results

Variables	Beta	T-Value	P-Value
PA	0.17	3.647	0.000
R Square			0.445
Adjusted R Square			0.439
F-Change			76.832

*P<0.05

The research objective was to investigate the extent to which performance appraisal affect employee retention.

Ha1: Performance appraisal has a significant effect on employee retention.

Result of the regression analysis displays that the coefficient between performance appraisal and employee retention is positive and significant at 5 % ($\beta = .170$, $t = 3.647$, $P = .000$). Therefore, in Teachers Services Commission, Bauchi State, there is a significant effect between the performance appraisal and the employee retention.

4.2 Discussion

The finding revealed that performance appraisal affects employee retention, therefore, hypothesis is accepted. There is a significant relationship between performance appraisal and employee retention using regression analysis at 95% confident interval. When the employees are retained the organization is making them to stay in the organisation. Employee retention affords employees job satisfaction because it gives them all the authority and independence to move to a certain task without prejudicing the organisational aim. This findings was in accordance with the previous empirical studies of (Malik et al., 2019) who noted a positive relationship between performance appraisal and employee retention. He further explained that when employees are retained the positive outcomes will develop to self-belonging and ownership of the organisation and later on leads employees to strive towards meeting the organisation goals and four practices should be implemented to retain the employee that is employee training, recruitment, employee empowerment and a clean appraisal system should be maintained in the organisation. The result of the study is also in line with the study carried out by (Gulzar et al., 2017) who reported in their article that effective performance appraisal procedure should be implemented in order to retain the best talent in a leading bank.

Both the theories expectancy theory and equity theory point out that a fair and effective performance appraisal process can improve employee retention by motivating employees through rewards and recognizing and addressing any inequities that may be affecting their motivation to stay with the organization. It is important to establish a clear and fair performance appraisal system that aligns with the organizations goals and values and provides opportunities

5. Conclusion and Recommendations

This study tested the significance effect of performance appraisal to employee retention as recommended by other researchers such as (Biswakarma 2017, Gulzar, Advani & Jalees 2017, Ademola, 2017). The employees of the Teachers service commission Bauchi State made up the study target population. The survey instruments were used to create the variables, which were examined through the SPSS using regression analysis. Hence this study found a strong positive significant effect of performance appraisal on the employee retention. The research conclusions provide more support for the significant effect of performance appraisal on employee retention. When the organization maintain higher employee retention rates the employees are motivated, also talented potential employees are encourage to join the organization believing that their job is secured. The study also found that the more the organization involved employee retention in the appraisal system the more the employee are committed and motivated to perform better. The study has added valuable contribution theoretical, methodological, and practical contribution to the body of knowledge in the field of performance management, most especially human resource development. The study suggested that organisation should encourage and support performance appraisal.

The study also suggested that, the future studies may address and possibly consider

other employee retention elements like promotion and reward system. Similarly, there is need for further empirical studies that will cover other states in Nigeria to test the relationship between the employee retention elements again. Future research can also be done in non-educational institutions and consider other determinants of employee retention.

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