International Journal of Academic Management Science Research (IJAMSR)
ISSN: 2643-900X
Vol. 9 Issue 5 May - 2025, Pages: 126-132

Performance Management System And Organizational Performance In The Selected Nigeria Deposit Money Banks In South-South, Nigeria

1Bankole Michael Olushina, 2Prof. Olannye, A.P

1Department of Business Administration, Faculty of Management Sciences, Delta State University, Abraka, Nigeria
2Department of Marketing and Entrepreneurship, Faculty of Management Sciences Delta State University, Abraka, Nigeria

Abstract: *The study focused on the effect of performance management system on organizational performance in the selected Nigeria Deposit Money Banks in South-South, Nigeria. The specific objectives of the study are to ascertain the effect of performance feedback, performance training and development and managerial skills on organizational performance. Cross sectional survey research design method was adopted in the study. The total population is 250 which consist of the customers and the employees of Zenith Bank and First Bank in South-South region. Sample size was determined using Taro Yamani formula which resulted to one hundred and fifty four (154). A stratified sampling technique was used to select the respondents. Method of data used was collected from primary and secondary sources, using questionnaire as the research instrument. Findings revealed that the study revealed that performance feedback has a significant effect on organizational performance. The result revealed that performance training and development have influence on organizational performance. It was observed from the study that managerial skills have a significant effect on organizational performance. The study concludes that performance training and development to a large extent enhanced organizational performance. The ongoing education and training of human resources is essential for the success of any organization, as training and development are critical in a world where technological advancements happen quickly. The study recommends that Organizations should have in place a performance management system process which should be fair and open. There is need to give positive feedback after the appraisal process as this motivates and helps employees to improve.*

Key Words: Performance Management System, Performance Feedback, Performance Training and Development, Managerial Skills and Organizational Performance

Introduction

A key component of the human resources division's hiring, training, and retention processes is performance management, which is also used to evaluate employees' job performance. An annual performance review system is becoming more widely acknowledged for its inability to effectively involve employees, define and meet corporate objectives consistently, and generate accurate information on worker performance. Performance management, according to Valamis (2022), is a methodical approach to fostering and sustaining improved employee performance, which increases the efficacy of enterprises. By focusing on employee development and striking a balance between organizational goals and team and personal aspirations, managers may create a work environment that fosters the success of individuals as well as enterprises. Based on the idea of performance management, a business creates a system to assess and improve employee performance.

Mulwa and Weru as cited in Obajaja-Edo, Odita and Olannye (2023), performance management is a strategy that entails forging a consensus on the organization's goals and purposes, assisting each worker in realizing how they contribute to these objectives, and managing and improving performance on both a personal and organizational level. The similar viewpoint is expressed by Obajaja-Edo, Odita and Olannye, (2023), who go on to say that a "performance management system is a type of finished and integrated cycle for performance management." Performance management systems place a strong focus on enhancing organizational performance over time, which is accomplished via enhancing individual employee performance.

According to Lawler's recommendation, which was quoted by Mulwa and Weruas cited in Obajaja-Edo, Odita and Olannye, (2023), the goals of a performance management system often involve encouraging individuals to perform, assisting them in developing their abilities, creating a performance culture, identifying candidates for promotion, removing underachievers, and supporting the implementation of business strategy. Every individual has the capacity to excel in one or more functional domains. Nevertheless, for a number of reasons, the use and translation of this potential into deliverable performances is frequently suboptimal. By lowering obstacles in between and inspiring employees, performance management works as a catalyst to turn potential into performance (Mulwa&Weru, 2017).

Performance management includes management's ongoing efforts to enhance staff development, the establishment of clear goals, and the annual provision of frequent feedback. Compared to other methods of keeping an eye on employee performance, such yearly performance reviews, employee performance management is a significantly more involved, dynamic process that yields better outcomes. Even though it takes time to create and implement, an effective performance management system may save time and work for both you and the employee. Most importantly, since it will improve organizational performance for both you and the individual, it could be a strong motivator. A strategic method to achieving effective outcomes in businesses is performance management. This is accomplished by raising staff capacity, fostering talent development, and enhancing performance.

In order to steer both the corporation and its workforce toward the intended performance and outcomes, performance management may be seen as a proactive and constructive method of managing employee performance. To attain excellence in performance, it is important to strike a harmonic alignment between personnel and corporate objectives. While several studies have examined the impact of performance management systems on the operational efficiency of industrialized nations, none have examined the relationship between these systems and the operational efficiency of Nigeria's deposit money institutions. Due to this information vacuum, the study aims to investigate how performance management systems affect deposit money banks' organizational performance in Nigeria.

Statement of the Problem

The majority of firms in the world today seem to be plagued by unsatisfactory management practices, employee absenteeism, and public uproar about the quality of services provided, all of which impede productivity. Deposit money banks in Nigeria have long faced criticism from the public and government for allegedly having subpar management and no performance targets. Organizations have recently adopted techniques like results-based management, management by objectives, comprehensive quality management, and balanced score cards in an effort to track and measure the performance of both workers and the business. All of these, though, have had their share of shortcomings.

Failure on the part of service sector companies, particularly financial institutions, to keep an eye on and manage staff performance can foster dangerous conduct that might set off events such as the global financial crisis that was recently observed and the practices that resulted in the liquidation of many banks in Nigeria. Because it regularly monitors employee behavior and performance and takes corrective action when necessary, a well-designed performance management system with a short cycle, such as a quarterly basis, can serve as a deterrent. For a corporation, performance management is essential since it helps make sure that employees are working hard to help the organization reach its objectives. By defining expectations for employee performance through performance management, employees are motivated to work hard and in ways that the company expects. A performance management system also provides businesses with a comprehensive and knowledgeable management approach to assess the performance results of individuals and groups. Employee performance may be expected, assessed, and rewarded. The objective of the performance management system, which is to continuously improve organizational performance, is aided by improved individual employee performance. Therefore, one way to improve organizational performance is to use through performance management systems.

Research Objectives

The main objective of this study is to examine the effect of performance management system on organizational performance in the selected Nigeria Deposit Money Banks in South-South, Nigeria. The specific objectives are to:

i. ascertain the effect of performance feedback on organizational performance
ii. examine the extent to which performance training and development of employees have effect on organizational performance.
iii. determine the effect of managerial skills on organizational performance

REVIEW OF RELATED LITERATURE

Performance Management

Performance management is an ongoing, year-round communication process between an employee's supervisor and the company that aids in the accomplishment of its strategic objectives. The communication process includes setting clear expectations, creating targets and goals, providing feedback, and evaluating results (Berkeley, 2022). Managers and employees may communicate effectively about expectations, goals, and career advancement including how an individual's position ties to the company's overall objectives when they implement a systematic performance-management program. Performance management frequently takes into account each employee's position within the overall company hierarchy. You want to perform at your best, but you believe that's not possible.

Creating and evaluating goals, objectives, and milestones are common techniques used in performance-management systems. Additionally, they want to establish standards for what constitutes successful performance and create systems for doing so.

Performance management, however, uses every encounter with an employee as an opportunity to learn rather than the conventional paradigm of year-end appraisals.With the use of performance management systems, managers may modify workflow, suggest fresh strategies, and make other choices that will aid workers in achieving their goals. This then aids the business in achieving its objectives and operating at its peak efficiency. For instance, the manager of the sales division assigns the employees goal revenue levels that they must achieve within a predetermined time frame. The manager would provide advice aimed at assisting the salesmen in succeeding in a performance management system along with the figures (Tardi, 2022).

By streamlining staff performance and efforts to effectively meet the established goals, performance management can be said to be a continuous and systematic technique that assures the attainment of organizational business goals. In order to help the firm, achieve its strategic goals, performance management creates a communication mechanism between a manager and employee that takes place throughout the year. An essential component of HRM is performance management. It is used to establish a climate at work where employees are encouraged to provide their best effort and produce high-quality work.

Performance Management System

According to Rudman (2023), a performance management system is increasingly viewed as a way to integrate HRM operations with the organization's business objectives, where management and HR activities collaborate to impact both individual and group behavior in support of the strategy of the company. In addition, he emphasized that the organization's culture must be compatible with the performance management system. A type of finished, integrated cycle for performance management is called a performance management system. Performance management systems place a strong focus on enhancing organizational performance over time, which is accomplished by enhancing the performance of each individual employee (Zhang, 2014). Similarly from the suggestion of Lawler cited in Zhang, (2014), the objectives often include motivating performance, helping individuals develop their skills, building a performance culture, determining who should be promoted, eliminating individuals who are poor performers, and helping implement business strategies.

Organizational Performance

Performance levels inside an organization have an impact on its success. Employees that are responsible and have strong competence, knowledge, and experience in their jobs are more likely to achieve the organization's objectives and goals successfully. A successful organization's management is said to be a major indicator of a good level of employee engagement.The secret to success in every firm is employee performance. The company's vision and objective must be pursued by each individual employee. There is no single, overarching rule for how to manage, up skill, and encourage personnel; rather, it depends on the particular organization.

More than 85% of employees, according to SHRM's 2020 Report, are disengaged at work. Therefore, companies must find a means to guarantee staff involvement, which in turn promotes employee productivity.Employee performance is an assessment of how successfully or how poorly an employee carries out their needed work obligations and how quickly they accomplish their deadlines or criteria, claims Periyasamy (2022).

Review of Theories

The motivation Theory, propounded by Herberg (1959) analyzed the two factors that keep an employee motivated and satisfied. The analysis was conducted with the aim of understanding employee’s attitude and motivation towards their jobs, and toascertain the factors of employee’s work environment that leads to satisfaction and dissatisfaction.During his research, he discovered factors that lead to job satisfaction for employees differed from factors that led to job dissatisfaction; this finding prompted Herberg to divide the discovered factors into two namely: Hygiene and Motivators Factors. Motivators bring about job satisfaction through these five features namely: achievement, recognition, the actual job, advancement, and responsibility. It facilitates employee’s superior performance as the employees find these features intrinsically rewarding. The hygiene factor, on the other hand, leads to disengaged employees. Herberg opined that supervision; organizational politics, pay management approach, working conditions and relationships at work are capable of demoralizing employees of an organization. This theory supports that employee require in-house motivation to work effectively which include a stable work environment, management, workforce as well as effective communication. The theory shows that the absence of a stable work environment, management, effective internal communication, and workforce in an organization can lead to dissatisfied and disengaged customers. This will in return reflect negatively on the output and corporate image of the organization.

Methodology

The cross sectional survey research design method was adopted which involves gathering information from a subset or fraction of the population of interest through direct contact. The population of the study consists of employees of Zenith Bank and First Bank in South-South region.The research population comprises of lower, middle and the senior management of employees within the banks during period of questionnaire administration. A sample size of 154 members was derived from the total population is 250 which was determined using the Taro Yamani sample size determination. The stratified random sampling method techniquewas used. This is because the researcher grouped the population into strata such as senior, middle and lower management staffs. A validated questionnaire is the main instrument to be employed for data collection and copies of structure questionnaire were divided into two sections (A & B). Furthermore, Cronbach’s Alpha based test was used to test for the reliability coefficient. Statistical techniques of data analysis were applied in the study which includes descriptive statistics and regression analysis.

Results and Discussion

Out of the one hundred fifty four (154) sets of questionnaires administered, one hundred and fifty (150) were returned, four (4) were wrongly filled and were rejected, while one hundred and fifty (150) were usable.

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Performance Feedback	150	1.0	5.0	4.8612	1.10214
Performance Training & Development	150	1.0	5.0	3.6342	1.36034
Managerial Skills	150	1.0	5.0	2.4757	1.63062
organizational performance	150	1.0	5.0	3.9589	1.25451
Valid N (listwise)	150				

Source: **SPSS Output, 2025**

International Journal of Academic Management Science Research (IJAMSR)
ISSN: 2643-900X
Vol. 9 Issue 5 May - 2025, Pages: 126-132

Table 4.2 Correlation matrix studied variable

		Performance Feedback	**Performance Training & Development**	**Managerial Skills**	**Organizational Performance**
performance feedback	Pearson correlation Sig.(2-ailed) No.	1 150			
performance training & development	Pearson correlation Sig.(2-ailed) No.	.180** .008 150	1 150		
managerial skills	Pearson correlation Sig.(2-ailed) No	.495** .000 150	.532** .000 150	1 150	
organizational performance	Pearson correlation Sig.(2-ailed) No	.326** .000 150	.167* .000 150	.428** .000 150	1 150

**Correlation is significant at the 0.01 level (2-tailed)
*Correlation is Significant at the 0.05 level (2-tailed)

From the above table 2, it indicated positive correlation coefficients of the indicators which examine the factors that influence organizational performance. The findings indicated that performance feedback correlated positively with organizational performance (r= .326**, 0.01).

The second variable being performance training & development correlated positively with organizational performance (r= .167*, 0.05).

The third variable being managerial skills correlated positively with organizational performance (r= .428**, 0.01).

Table 3: Multiple Regression Analysis of Coefficients [a]

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.769	.178		2.147	.000
	performance feedback	.862	.065	.776	10.652	.000
	performance training & development	.701	.051	.781	11.254	.001
	managerial skills	.753	.060	.847	10.282	.004
a. Dependent Variable: organizational performance						

Source: SPSS Output (2025)

The B-values of influence performance management system are; performance feedback (β= .776, p<.001), performance training and development (β= .781, p<.001), and managerial skills (β= .847, p<001) had exhibited positive effects on organizational performance. The p-value calculated of performance feedback (.000<0.05), performance training and development (.001<0.05) and managerial skills (.004<0.05) had predicted organizational performance with a statistically significant at 0.05.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822[a]	.676	.643	.32547

a. Predictors: (Constant), performance feedback, performance training and development, managerial skills

Source: **SPSS Output, 2025**

From the summary above, R of 0.822 also represents a high correlation between the predictors or independent variables (i.e., performance feedback, performance training and development, managerial skills) and the predicted or dependent variable (i.e., organizational performance). The R-squared value of 0.676 indicates that the predictor variables account for approximately 68% of the variations in the predicted variable; while the Adjusted R-squared value of 0.643 simply indicates that the model has a strong predictive potential as approximately 64% of the changes in organizational performance can be predicted by the selected variables.

Table 5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.177	3	4.624	39.357	.000b
	Residual	8.936	146	.051		
	Total	24.113	149			

a. Dependent Variable: organizational performance
b. Predictors: (Constant), performance feedback, performance training and development, managerial skills
Source: **SPSS Output, 2025**

Table 5 shows a significant value of 0.000<0.001 which indicates the statistical significance of this regression model. The implication of this result is that the regression model predicts the independent variable significantly well. The F-ratio in the ANOVA Table tested weather the overall regression model is a good fit for the data. The table showed that the independent variables (performance feedback, performance training and development, managerial skills) significantly predict the dependent variable (organizational performance), since $F(3, 146) = 39.357$, $p<.005$, the regression model is good for the data.

Test of Hypotheses

HO$_1$ Performance feedbacks have no significant effects on organizational performance.

From the coefficient table 4.3 Performance feedbacks exhibited positively with organizational performance given the Beta value (β=776, p<.000). The regression analysis for Performance feedbacks and organizational performance on the test of hypothesis one, table 3 indicated that the exact level of significant calculated (.000) is less than the probability of committing a type one error (.05). Giving the result, the null hypothesis is rejected to accept the alternate hypothesis thereby implying that Performance feedback have significant effects on organizational performance.

HO$_2$: Performance training and development of employees does not have effect on organizational performance.

The coefficient table 3 showed the extent to which performance training and development of employees positively affects organizational performance. Given the Beta value (β=781, p<.001). The regression analysis for performance training and development of employees and organizational performance on the test of hypothesis one, table 4.3 indicated that the exact level of significant calculated (.001) is less than the probability of committing a type one error (.05). Giving the result, the null hypothesis was rejected to accept the alternate hypothesis thereby implying that performance training and development of employees do have effect on organizational performance.

HO$_3$: Managerial skill does not have influence on organizational performance.

The coefficient table 3 showed the extent to which managerial skill positively affects organizational performance. Given the Beta value (β=847, p<.004). The regression analysis for managerial skill and organizational performance on the test of hypothesis one, table 3 indicated that the exact level of significant calculated (.004) is less than the probability of committing a type one error (.05). Giving the result, the null hypothesis was rejected to accept the alternate hypothesis thereby implying that managerial skill do have influence on organizational performance.

Discussion of Findings

From the results of data analyzed in table 3, it was revealed that the overall positive correlation coefficient values among variables of Performance feedback is indicative that they are appropriate measures of Performance feedback. It showed the extent to which Performance feedback accounted for change in organizational performance (β=.776, P< 0.01). This shows that there is significant positive effect between Performance feedback and organizational performance.

Similarly, in table 3, it showed that the Adjusted R^2 reported 643 (64.3%) of the change in organizational performance is explained by performance feedback. The result of hypothesis tested reported that there is significant positive relationship between Performance feedback and organizational performance. This supports the findings of Chan, (2015) feedback is intended to identify both areas of success and areas of failure. This implies that while new habits are formed and learning curves for new abilities are climbed, leaders may need to exercise patience. Performance feedback is the information an employee receives about the rater's assessment of their performance as well as the manner in which the information is conveyed.

From the results of data analyzed in table 3 it was reported that the overall positive correlation coefficient values among variables of performance training and development is indicative that they are appropriate indicators and dimensions of performance training and development. It showed the extent to which performance training and development addition accounted for change in organizational performance (β= .781, P< 0.01). This shows that there is significant positive relationship between performance training and development and organizational performance. Table 4.3 showed that the Adjusted R^2 reported 643 (64.3%) of the change in organizational performance is explained by performance training and development.

The result obtained from table 3 portrayed an overall positive correlation coefficient values among variables that measure managerial skills, and this point out the fact that they were all appropriate measures of managerial skills. It showed that the (β= .847, P< 0.00) indicates that managerial skills has significant positive relationship and accounted for variance in organizational performance. Also table 4.3 showed that the Adjusted R^2 reported 643 (64.3%) of the change in organizational performance is explained by managerial skills

Conclusion

Based on the findings of the study, the following conclusions were consequently reached.

The study concluded that performance feedback enhanced organizational performance. Performance feedback can have large positive effects on work performance, but the effects are highly dependent upon a wide range of moderating factors, many of which can be managed by effective feedback processes.

The study also concluded that performance training and development to a large extent enhanced organizational performance. The ongoing education and training of human resources is essential for the success of any organization, as training and development are critical in a world where technological advancements happen quickly. Employees who receive quality training can reduce the performance gap between their current and desired levels.

The study concluded that managerialskills affect organizational performance. Effective employee participation in managerialskills are to understand the strategy the organization is trying to implement, timely communication of performance targets, timely feedback on progress towards set goals and employee full participation in setting goals.

Recommendations

In accordance with the review of the findings and conclusion of the study, the following recommendations are made.

i. Employee involvement has the effect of improving timely service delivery, morale and achievement of goals. The company should make use of this aspect of goal setting in order to enhance employee’s performance though reduction of resource wastage in organizations.

ii. The non-executive employees also respond that their high or low commitments towards the organization are not because of the distributive justice of performance appraisal. For them, the human relationship is much more important and should pay more attention rather than the bonuses that they may get as the result of their contributions and performance. Thus, the management can maintain or increase the outcome if necessary as it does not affect employees’ commitment towards the organization.

iii. Organizations should have in place a performance management system process which should be fair and open. There is need to give positive feedback after the appraisal process as this motivates and helps employees to improve. There should be continuous feedback which should be the basis of employee training and improvement.

References

Aktaruzzaman, S &Abdur, R. (2021).The Effects of Performance Management System on Employee Performance. International Journal of Scientific and Research Publications, 11(8), 491-501

Berkeley. (2022). *Performance management: Introduction*. Performance Management: Introduction | People & Culture. Retrieved June 24, 2022, from https://hr.berkeley.edu/hr-network/central-guide-managing-hr/managing-hr/managing-successfully/performance-management/introduction

Donohoe, A. (2021). *Employee performance definition*.Bizfluent. Retrieved June 24, 2022, from https://bizfluent.com/facts-7218608-employee-performance-definition.html

Golshan, N. M., Kaswuri, A.H., Agashahi, B, Amin, M, & Ismail, W.K.W (2011).*Effects of Motivational Factors on Job Satisfaction*: An Empirical Study on Malaysian gen-y administrative and Diplomatic Officers 3rd International Conference on Advanced Management Science IPEDR volume 19. Retrieved December 5, 2018.

Kagaari, J. (n.d.). *Performance management practices, employee attitudes and managed performance.* International Journal of Educational Management Vol. 24 No. 6, 2010 pp. 507-530 Emerald Group Publishing Limited 0951-354X DOI 10.1108/09513541011067683.

Leonard, K. (2018). *The impact of leadership on Organizational Performance*.Small Business - Chron.com. Retrieved June 24, 2022, from https://smallbusiness.chron.com/impact-leadership-organizational-performance-2970.html

Leonard, K. (2019). *Importance of employee performance in Business Organizations*.Small Business - Chron.com. Retrieved June 24, 2022, from https://smallbusiness.chron.com/importance-employee-performance-business-organizations-1967.html

Ogolla, C. &Oluoch, M. F. (2019).Performance Management Practices and Employee Productivity at State Department of Labour, Kenya.nternational Journal of Business, Humanities and Technology. 9(4), 20-30

Obajaja-Edo, E. U, Odita , O, &Olannye, A. (2023). Improving organizational performance through performance management in selected deposit money banks in South-South, Nigeria. Journal of Global Social Sciences, 4(15), 171–195.

Olannye, A. P. (2017), Research methods for business: A skill Building approach: Lagos, Peejen publication.

Opleidingen.(2021). *Vroom expectancy motivation theory*.Your Coach. Retrieved June 24, 2022, from https://www.yourcoach.be/en/employee-motivation-theories/vroom-expectancy-motivation-theory/#:~:text=Vroom's%20expectancy%20theory%20assumes%20that,%2C%20knowledge%2C%20experience%20and%20abilities.

Periyasamy, R. (2022). *Employee performance – 3 key factors that will improve it*.Enterprise Software Adoption at Scale. Retrieved June 24, 2022, from https://www.apty.io/blog/employee-performance-factors

Pradhan, R. K., & Jena, L. K. (2016).*Employee performance at workplace.*Research Gate. Retrieved June 25, 2022, from https://www.researchgate.net/profile/LalatenduJena/publication/311650540_Employee_Performance_at_Workplace_Conceptual_Model_and_Empirical_Validation/links/585263d208ae0c0f322242be/Employee-Performance-at-Workplace-Conceptual-Model-and-Empirical-Validation.pdf

Tardi, C. (2022). *Performance management definition*.Investopedia.Retrieved June 24, 2022, from https://www.investopedia.com/terms/p/performance-management.asp#:~:text=Performance%20management%20is%20a%20corporate,work%20most%20efficiently%20and%20effectively.

Valamis. (2022). *Performance management: best practices and examples*. Valamis. Retrieved June 24, 2022, from https://www.valamis.com/hub/performance-management

Ying, Y.Z., (2012). *The Impact of Performance Management System on Employee performance Analysis with WERS 2004.*