

The Influence of Performance Appraisal Management on Corporate Business Survival in Nigerian Financial Institutions: A Case Study of First Bank Nigeria PLC and Guaranty Trust Bank PLC

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Abstract

This study investigates the impact of performance appraisal management on the survival of corporate businesses in the Nigerian financial sector. Focusing on First Bank Nigeria Plc and Guaranty Trust Bank Plc, the research aims to establish the relationship between performance appraisal practices and organizational sustainability. A case study design was adopted, targeting a population of 150 employees from both banks. A sample size of 70 respondents was selected using a simple random sampling technique. Primary data were collected using questionnaires and interview schedules. Data analysis was conducted using descriptive statistics and Pearson Product Moment Correlation Regression analysis, executed through SPSS (version 23.0). The findings revealed that effective performance planning and frequent performance appraisals significantly influence innovative employee behavior and contribute positively to the long-term survival of corporate businesses. The study recommends that organizations should adopt participatory performance planning and establish a robust performance implementation system aligned with strategic business goals.

Keywords: *Performance Appraisal, Corporate Business Survival, Organizational Performance, Innovation, Strategic Planning.*

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Background to the Study

Corporate survival in today's dynamic business environment requires proactive strategic management of human resources. Performance appraisal management is one such tool that plays a critical role in driving innovation, productivity, and sustainability. This study explores how structured performance appraisal systems influence the long-term survival of financial institutions in Nigeria, using First Bank Nigeria Plc and Guaranty Trust Bank Plc as case studies.

Literature Review

Performance appraisal refers to a systematic process by which an organization evaluates employee performance against set objectives. According to Armstrong (2014), effective appraisal systems align employee efforts with organizational goals. Performance management not only enhances employee motivation but also promotes accountability and innovation (Dessler, 2020).

Corporate business survival entails the ability of an organization to sustain its operations, profitability, and competitive edge over time (Porter, 1985). Organizations that evaluate employees based on measurable goals, time management, and skill development tend to adapt better to environmental challenges and maintain growth trajectories (Aguinis, 2019). Frequent performance evaluations foster innovative work behavior among employees, which is vital for institutions operating in rapidly changing financial markets (Kuvaas, 2006).

Methodology

This research employed a case study design. The study population included 150 employees across First Bank and GTBank branches. A sample of 70 employees was randomly selected. Data were collected using structured questionnaires and in-depth interviews to obtain both quantitative and qualitative insights. Descriptive statistics were used to summarize the demographic characteristics and responses of the participants. Pearson Product Moment Correlation and regression analysis were performed using SPSS (version 23.0) to test the relationship between performance appraisal variables and corporate business survival.

Results and Discussion

The results of the Pearson correlation analysis indicated a strong positive relationship between performance appraisal management and corporate business survival ($r = 0.523$, $p < 0.01$). Regression analysis further confirmed that performance planning, feedback mechanisms, and appraisal frequency significantly predict corporate sustainability metrics. Respondents agreed that performance reviews, when aligned with development plans, enhance employee motivation and innovation. Interview responses emphasized the importance of including employees in the planning and evaluation phases, which promotes ownership and commitment to organizational goals. These findings corroborate previous studies (Armstrong, 2014; Aguinis, 2019) which highlight that structured and inclusive appraisal systems foster innovation and drive strategic outcomes.

Conclusion and Recommendations

This study concludes that effective performance appraisal management significantly contributes to the survival of corporate businesses in Nigeria's financial sector. Frequent evaluations, employee inclusion in planning, and alignment with strategic goals enhance organizational resilience and innovation.

The following recommendations are proposed:

1. Employers should involve employees in creating development plans as part of performance management.
2. Performance appraisals should focus on measurable goals, time management, and innovation.
3. Management must implement performance systems that support feedback and continuous improvement.
4. Organizations should integrate appraisal outcomes with long-term strategic planning for sustainability.

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