



## Research Article

Volume-02|Issue-04|2021

## Usefulness of Financial Perspective (FP) in Performance Appraisal using Balanced Scorecard of Objective (BSCO) As An Alternative To Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria

Gift Chinatu Okorie\*

P.O. Box 74058, Victoria Island, Lagos, Nigeria

### Article History

Received: 01.04.2021

Accepted: 15.04.2021

Published: 30.04.2021

### Citation

Okorie, G. C. (2021). Properties of Soluble Subgroups of General Linear Group. *Indiana Journal of Humanities and Social Sciences*, 2(4), 7-18.

**Abstract:** This comparative study examined the Usefulness of the Financial Perspective (FP) on Performance Appraisal using Balanced Scorecard of Objective Method and Staff Performance Appraisal and Development Reporting Method in the Civil Service of Lagos State, Nigeria. Descriptive survey design was adopted for the study with Key Informant Interviews (KII). The population comprised fourteen Ministries, the Civil Service Commission, and the Office of Transformation, Creativity and Innovation with total staff strength of 7,555 in the Lagos State Civil Service. Utilizing Taro Yamane's sampling technique, a sample size of 380 participants was arrived at. Structured questionnaire was used to collect information about variables that formed the basis for assessing the appraisal instruments, BSCO and SPADEV; from the perspective of the Level of appropriateness (LApp). The questionnaire was validated, yielding a Cronbach's alpha coefficient of 0.830. Total of 494 questionnaires were distributed, with a response rate of about 75%. Data from questionnaires were analyzed using descriptive and inferential analyses ( $p=0.05$ ) while data from the interview were content-analysed. Findings revealed significant difference ( $p<0.003$ ) between BSCO (FP:  $\bar{x}=10.50$ ) and SPADEV (FP:  $\bar{x}=4.26$ ) for criterion variables assessing the appraisal instruments. Analysis of KII revealed BSCO appraisal method to be superior to SPADEV.

**Keywords:** Financial Perspective (FP), Balanced Scorecard of Objective (BSCO), Staff Performance Appraisal and Development (SPADEV) Reporting System; Key Performance Deliverable (KPD), Key Performance Indicator (KPI), Performance Management (PM).

Copyright © 2021 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0).

## BACKGROUND

Measuring employee Key Performance Deliverables (KPDs) from the financial perspective (FP) has remained a controversial and difficult concept amongst Human Resource experts, Line Managers and especially the rank and file of staff. This controversy and or misconception, is even more prevalent in the Civil service, than in the private sector in Nigeria. This is stemming from the fact that the job titles that do not have revenue deliverables attached to, or contained in their job descriptions see no reason why the financial perspective should be included in their performance measurement or appraisal.

The Financial Perspective (FP) as addressed by the Balanced Score card (BSC) a'la Norton & Kaplan (2007); & Balanced Score card of Objective (BSCO) a'la Okorie (2017), is one of the key dashboard elements (alongside Internal Business Process, Customer Perspective, and Learning and Growth) for appraising employee performance.

The thematic focus of this paper is to evaluate the usefulness of the financial perspective (FP) or otherwise in the contemporary business (government or private) milieu across the globe, because competition is becoming fiercer by the day, it is fast becoming entrenched in international best practices, that regardless

of an employee job role, job title, job description or thematic area of operation, if you are not bringing money in, you should be saving money. It is also to find out, if FP is better captured in appraisals using either the Staff Performance Appraisal and Development (SPADEV) Reporting method or the Balanced Scorecard of Objective (BSCO) method.

Essentially, FP of the appraisal spectrum, measures the employee contributions in the business value-chain from how much financial value the employee has been able to either bring in and or save the organization. In other words, from the job role of a driver, secretary, receptionist, Cleaner, Line Manager, Marketer and CEO, you have a contribution to the financial value-chain of the organization.

It is common knowledge that back-end operations staff, contextually shy away from accepting any financial fabric as being relevant in their appraisals, yet these overtly and or covertly constitutes a critical part of the expectations, not only in their Key Performance Deliverables (KPDs) but also in their Standard Operating Procedures (SOPs). When an employer expects an employee not to waste resources, it is not only a financial appraisal issue but part of the employee SOPs (covertly or overtly). For instance, if secretary is used to wasting several A4 papers in trial and error printing prior to

producing clean copies, this could have a cumulative impact on his or her contributions to the financial value-chain of the organization ultimately. The same is the situation for a driver who is known for unnecessary frequent request for fueling his car and other associated reimbursable probably due to either incompetence or sharp practices. This presentation is representative of every and any job role in an organization.

The implementation of performance appraisal in the Lagos State Civil service has evolved, from the post-colonial era when performance appraisal was more secretive in nature during the era of Confidential Appraisal System (CAS), to the era of Annual Performance Evaluation Report (APER) when the implementation of performance appraisal witnessed some measure of improvements but was still fundamentally semi-secretive in nature. APER model of performance appraisal is commonly used in the Civil Service in Nigeria as at 2015, however, Lagos State changed from APER to the Staff Performance Appraisal and Development (SPADEV) reporting model in 2007. Sadly, the difficulty associated with the financial perspective of the performance appraisal inherently persisted and was transiting along with every appraisal system that was introduced.

The dissatisfactions observed in the history of performance appraisal models in the Lagos State Civil Service as a result of the gaps associated with appropriately applying the financial perspective (FP) in the performance appraisal models in the Civil Service of Lagos State, Nigeria is a major motivation for this study on BSCO as an alternative to SPADEV. Balanced Scorecard of Objective (BSCO) model is a Performance Appraisal concept that extrapolates the relevant aspects of the Balanced Scorecard (BSC) and Management by Objectives (MBO) by Kaplan and Norton (1995) and Drucker (1954), respectively. The BSCO could be effectively and efficiently implemented in both the private and public sector as well as in Non-Governmental Organizations (NGOs). The implementation of BSCO as an alternative to SPADEV has become increasingly imperative in order to align realistic appraisals to employee performance.

Balanced Scorecard of Objective (BSCO) uses the strategy of setting and establishing performance objectives at the beginning of the business or performance period, especially at the beginning of the year, by individual team members with their Line Managers / Supervisors and approved by the Management. These objectives are then evaluated periodically vis-à-vis the employee performances which are benchmarked on BSC's quadrants of the financial, customer, internal business process and learning and growth perspectives. However, objective setting in the BSC in most cases are usually set and approved at the top by the management and passed to members of staff with

little or no real wide appropriate consultations, hence BSC is mostly considered to be abstract in this regards.

The difference is that in BSCO, objective setting is based on bottom-up approach where there are wide and appropriate consultations with relevant stakeholders including both those at the senior, middle and lower cadres. On the other hand, the BSCO also shares some principles with MBO objective setting which uses a bottom-up approach in the agenda setting where there are wide consultation beginning from the grass-root prior to adopting a generally and officially approved objectives which are adopted for implementation. However, the MBO is handicapped at the juncture where it does not benchmark its appraisal from a balanced perspective of the quadrants as implemented in the BSC.

For the Civil Service, periodic (quarterly, half-yearly or annual) agenda or objectives setting could be developed, discussed and agreed between Supervisors, Line Managers, principal officers and their team members during which the objectives that are agreed upon are documented and signed to become a working document which would be subjected to periodic (quarterly or half-yearly) reviews, prior to appraisal exercises. In governance, the common notion is that the government is responsible for setting goals and objectives through budgeting which are believed not to be truly driven by appropriate fundamentals like consultations, agreements and consensuses.

The BSCO establishes measurable objectives that are as discussed, agreed, set, adopted and approved by the Management at the beginning of a business or service period, which becomes a working document of reference during review and appraisal periods. BSCO model also provides a mechanism for periodic reviews to monitor agreed deliverables or key performance indicators (KPIs) and the extents of their implementations by team members.

#### **Statement of Problem**

Measuring employee Key Performance Deliverables (KPDs) from the Financial Perspective (FP) has remained a controversial and difficult concept amongst Human Resource experts, Line Managers and especially the rank and file of staff. This controversy and or misconception, is even more prevalent in the Civil service, than in the private sector in Nigeria. This is stemming from the fact that the job titles that do not have revenue deliverables attached to, or contained in their job descriptions see no reason why the financial perspective should be included in their performance measurement or appraisal dashboards. Another factor include the fact that employees are of the opinion that their Line Managers, place so much emphasis on the performance side to the detriment of the reward side of the performance management spectrum, forgetting that the concept of

performance management (as a two-edged sword), is inherently a full-contact sport.

Another challenge is that several Nigerian Civil servants, especially in Lagos state, except those in the Lagos State Internal Revenue Service (LIRS), are of the believe that their job functions has no nexus to financial appraisals and or implications. They are keenly of the opinion that the performance appraisal using the Staff performance Appraisal and Development (SPADEV) Reporting System does not only reflect true evaluation of their performances but also does not align appropriately align appraisal to promotions.

Also, ignorance, inadequate knowledge and or lack of capacity on the officers (HR department, Line Managers and Supervisors) responsible for the application and implementation of the concept of financial derivatives in the performance management and appraisal exercise, significantly contribute to the confusion, mistrust and willingness on the part of the appraises.

These difficulties were part of the reasons why the Lagos state government jettisoned the previous APER system and replaced it with SPADEV.

Some other key reasons are attributable to the relative difficulties encountered in the implementation of the revitalized SPADEV in the Lagos State Civil Service. Some of these reasons could be classified as defective institutional and attitudinal mechanisms. The institutional mechanisms include the incoherent and sometimes dysfunctional organizational structure and reporting lines, while the key factors under the attitudinal mechanisms include the high level of subjectivity rather than objectivity of the appraisal content of SPADEV document. This leads to trust challenges between the Appraisers and the Appraises which is due partly to the perception of over-reliance on discretion and instincts by the Appraisers rather than on measurable key performance deliverables (KPD) or objectives.

### **Objective of the Study**

The main objective of this study is to determine the usefulness of the Financial Perspective (FP) as a key performance appraisal factor in Balanced Scorecard of Objective (BSCO) as an alternative to Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria

### **Research Question**

The research question is focused on providing answers to the following concerns and objectives, *viz*;

‘How is Financial Perspective (FP) a useful factor in performance appraisal using Balanced Scorecard of Objective (BSCO) as an alternative to Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria?’

### **Hypothesis**

The following Null and Alternate hypothesis were tested at 0.05 level of significance.

**H<sub>0</sub>**: Financial Perspective (FP) is not a useful factor for performance appraisal using the Balanced Scorecard of Objective (BSCO) and the Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria.

**H<sub>1</sub>**: The Financial Perspective (FP) is a useful factor for performance appraisal using Balanced Scorecard of Objective (BSCO) as an alternative to Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria.

## **LITERATURE REVIEW**

Arguably, there is insufficient literature that interrogated and analyzed the usefulness of the Financial Perspective (FP) as a key factor in performance appraisal in either the Staff Performance Appraisal and Development (SPADEV) Reporting System in the Nigerian Civil Service across-board in general and or linking Balanced Scorecard of Objectives (BSCO) as an alternative to SPADEV especially both in the Federal Civil Service and in the Civil Service of Lagos State, Nigeria, in particular.

The literature that were reviewed, analyzed the Balanced Scorecard (BSC) in its characteristic presentation as a performance management concepts and not as a performance appraisal concept in the strict sense of it and so it is a ‘natural’ phenomenon that also that the concept of BSC discussed the benefits of BSCO over the SPADEV as Performance Appraisal models. However, both BSCO and SPADEV are sometimes used in a manner that portrayed that they are intertwined with meanings oscillating between performance management and appraisals. This study also identified and filled-in identified gaps through new knowledge gained as part of its contributions to knowledge.

The review of literature adopted the funnel approach due to the dearth of relevant and appropriate research materials on the concept of BSCO as a PA model. This approach is aimed at examining a robust framework of critiques or critical analysis of historical research materials conducted in similar terrain with a view to highlighting and filling – in of the gaps where necessary.

### **Usefulness of the Financial Perspective (FP) on Performance Appraisal**

De Wet & De Jager (2000) postulated that the Balanced Scorecard has proved itself as a valuable strategic tool in measuring the financial performance and growth of a company alongside the three other key elements of the BSC. To date, very little has been done to incorporate new breakthroughs in financial management in the financial perspective of the Balanced Scorecard. De Wet & De Jager (2000) recognize new trends in financial management research in suggesting a

balanced financial scorecard comprising only five selected measures of financial performance

This study agrees with De Wet et al. (2000) that very little has been done by organizations in recognizing financial perspective as a performance measurement metric for all employees. But with the proposal and adoption of BSCO as an alternative to SPADEV in the Lagos state Civil Service, there should be an improvement in performance appraisal perceptions and implementations for members of staff.

Cleverley (2001) notes that most senior executives and board members experience information overload in their decision making roles. They simply receive an excessive amount of unrelated data that is not benchmarked to standards that enable them to make effective decisions. This is an unfortunate situation given the volume of information technology and the availability of public data that exists today. Many firms in a variety of industry sectors have combined the concept of "Balanced Scorecards" with "dashboard" reporting to revamp their senior level executive reporting systems. He further outlined a sample dashboard reporting system for a hospital.

Bean & Jarnagin (2002) emphasize the role of performance measurement in the strategic management process and noted the performance measurement of the balanced result card method and its contribution to the strategic management process. For this purpose, scientific literature is searched and detailed information about the implementation steps of the methods are given. For this reason, financial performance indicators and non-financial performance indicators, the balanced result card method; which combines the tangible assets and intangible assets of the organization together and establishes the performance management related activities on the organization's strategic goals, is a priority in fulfilling the functions expected from performance measurement.

Determining critical success factors by considering the four basic dimensions of the balanced result card method will contribute to the success of the organizations by creating strategy maps and creating action plans in line with the determined vision, mission and strategic goals of employees and establishing link between individual goals and institutional objectives in this direction, Bean & Jarnagin (2002),

As a result, although the use of the balanced result card method has some limitations, it does not take into account financial and non-financial performance dimensions, strategy-oriented structure, handling performance in all aspects, intermediation of managers and employees to focus on critical success factors, oriented and innovative approach. It is an effective instrument that institutions can use in today's competition conditions.

Davis & Albright (2004) in their quasi-experimental study, investigated whether bank branches implementing the Balanced Scorecard (BSC) outperform bank branches within the same banking organization on key financial measures. Although the BSC has gained popularity among managers as a performance measurement tool, little empirical evidence exists to substantiate claims that the BSC promotes superior financial performance when compared to a traditional performance measurement system. This study corroborates BSCO position by emphasizing that all positions in the organizations have financial responsibilities, either by income generation or cost / wastage savings

Cleverley & Cleverley (2005) posit that to develop a dashboard reporting system for hospitals, four critical factors should be taken into account: Factors most important to the organization's success; Critical drivers that influence performance attainment; Relevant measures; and Relevant benchmarking data. Cleverley & Cleverley (2005) position seems lopsided because there were no appropriate mention and linkages of the other traditional three perspectives -customer, internal business and learning and growth. Though the financial perspective is a critical aspect of the BSC, the other three perspectives are equally important. However, the impact and importance of financial perspective is key to the effectiveness of the Balanced Scorecard implementation in an organization.

Waruhiu (2014) examines the various arguments that have been put forth in critique of the Balanced Scorecard (BSC) and is presented in form of a sequel to Kaplan and Norton's work. He posits that despite the widespread support that the Balanced Scorecard (BSC) has enjoyed since its introduction by Kaplan and Norton (1992), the various modifications it has been subjected to Kaplan & Norton (1996; 1996a; 2001; 2004; 2008); and the inroads it has made in the corporate world in its adoption and application, Neely et al. (2004); Johnson & Beiman (2007); & Bengtsson et al. (2000).

Some critics have argued that BSC has failed to balance the interests of the stakeholders, Gering & Mntambo (2000); that there has been little evidence indicating that its adoption results in improved financial performance, (Angel & Rampersad, 2005); that the cause-effect relationship touted by Kaplan and Norton (1996) is not established; that the great interest towards it is largely due to promotional rhetoric rather than substance as an innovative and practical theory based on sound or logical arguments (Norreklit, 2000; 2003) and that the cause-effect should not be the starting point for strategy scorecards in all circumstances, (Bukh & Malmi, 2001).

Waruhiu (2014) findings agree with De Wet & De Jager (2000) position on the need to rebalance the

Balanced Scorecard. The author argues for the rebalancing of the Balanced Scorecard in view of the insights presented by various critics. This study agrees with Waruhiu (2014) position and subsequent study on rebalancing the BSC. The BSC treated performance in a manner that presents the BSC as a performance management rather than performance appraisal strategy which sounds more abstract than practical to the staff.

Hawawini & Viallet (1999) illustrated the importance of financial information in maximizing firm value. They provided a concise and analytically sound introduction to financial management that is neither too simplistic nor too theoretical. Their study balances a thorough exploration of modern financial principles with a strong practical focus on real-world applications and rigorous analysis, even while avoiding complicated

formula with little value for decision-making. They analyzed a series of integrated case studies that have the same set of companies throughout the text to explore concepts in greater depth and reinforced learning.

**Empirical Review of the Literature on the Usefulness of the Financial Perspective (FP) on Performance Appraisal**

This has to do with appraisals of previously related scholarly postulations, findings and conclusions. The empirical review enables this study to identify gaps and fill them accordingly so as to facilitate and enhance contribution to knowledge.

The summary of the literature map or table are as shown below;

**Table 1.** Empirical Table Summary of Literature Review

S/N	Author’s name /Year	Research Title	Findings
1.	De Wet, J.H. & De Jager, P., (2000)	An appropriate financial perspective for a Balanced Scorecard	Found that over the long term, the five suggested measures outperform traditional accounting ratios, thus lending support to the contention that the five suggested measures better represent the drivers of shareholder value than do the traditional accounting ratios.
2.	Cleverley, W.O., (2001)	Financial Dashboard Reporting for the Hospital Industry	Revealed that most senior executives and board members receive excessive amount of unrelated data that is not benchmarked to standards that enable them to make effective decisions. He noted that the senior executives and board members experience information overload in their decision making roles.
3.	Bean, L. & Jarnagin, B.D. (2002),	New cost priorities: Using a balanced scorecard approach in Financial Reports	Discovered that financial performance indicators and non-financial performance indicators; The balanced result card method, which combines the tangible assets and intangible assets of the organization together and establishes the performance management related activities on the organization's strategic goals, is a priority in fulfilling the functions expected from performance measurement.
4.	Davis, S. & Albright, T. (2004)	An investigation of the effect of Balanced Scorecard Implementation on financial performance	Found that there are evidences of superior financial performance for branches implementing the BSC when compared to non-BSC implementing branches. They buttressed this in their quasi-experimental study, where they investigated whether bank branches implementing the Balanced Scorecard (BSC) outperform other bank branches within the same banking organization on key financial measures.
5.	Cleverley, W.O., & Cleverley, J.O., (2005)	Scorecards and dashboards: using financial metrics to improve performance,	Pointed out that four critical factors should be taken into account in order to develop relevant benchmarking dashboard in the hospital performance management system. They include: Factors most important to the organization's success, Critical drivers that influence performance attainment, Relevant measures and Relevant benchmarking data.
6.	Waruhiu, H. (2014)	Rebalancing the Balanced Scorecard: A Sequel to Kaplan and Norton	Posited that there is need for rebalancing the Balanced Scorecard in view of the insights presented by various critics. He examines the various arguments that have been put forth in critique of the Balanced Scorecard (BSC) and is presented in form of a sequel to Kaplan and Norton’s work.
7.	Hawawini, G. & Viallet, C. (1999)	Finance for Executives:	Revealed a balance between a thorough exploration of modern finance principles with a strong practical focus on real-world

Managing for Value Creation applications and rigorous analysis, even while avoiding complicated formulas with little value for decision-making.

**Gaps in Literature for Review of the Usefulness of the Financial Perspective (FP) on Performance Appraisal**

**Table 2.** Summary Table of Gaps in Literature

S/N	Author's Name/Year	Research Title	Gaps (Suggestions for further Studies)
1.	De Wet, J.H. & De Jager, P., (2000)	An appropriate financial perspective for a Balanced Scorecard	Failed to link the relationships between the five suggested measures and the traditional accounting ratios to ensure that members of the organizations are carried along in the transition. Further studies suggest a consideration for an opportunity for the traditional accounting ratios to be fully and optimally implemented before jumping to recommendations for a new model.
2.	Cleverley, W.O., (2001)	Financial Dashboard Reporting for the Hospital Industry,	Did not recognize that information "overload" is gradually becoming a trend. Hence, it has become imperative for organizations to be trendy from relevant service and information perspectives. Further studies could be channeled towards a seamless incorporation of data, operations and future speculative positions.
3.	Bean, L. & Jarnagin, B.D. (2002),	New cost priorities: Using a Balanced Scorecard approach in Financial Reports	Other aspects of the BSC like customer, internal business process and even learning and growth perspectives could form better part of the priority because an understanding of the other factors would ensure a natural impact in the organizational bottom-line and finances. Further recommendations could consider factors outside the BSC quadrant for effective organizational success.
4.	Davis, S. & Albright, T. (2004)	An investigation of the effect of Balanced Scorecard Implementation on financial performance	Did not enlighten the readers whether there are other extraneous factors responsible for one branch's success over the other beyond the implementation of BSC. Further studies could isolate BSC in order to enhance and compare the establishment of organizational survival beyond the BSC
5.	Cleverley, W.O., & Cleverley, J.O., (2005)	Scorecards and dashboards: using financial metrics to improve performance,	The study was generalized in the categorization of the four factors that are relevant for benchmarking organizational dashboard. Further studies could separate these categorizations for proper and easier understanding.
6.	Waruhiu, H. (2014)	Rebalancing the Balanced Scorecard: A Sequel to Kaplan and Norton	The study was not strategic and comprehensive enough in assessing, evaluating and analyzing what and how it want a rebalancing of the Nortorn and Kaplan's position on the quadrants. Further studies on the specific areas that are critical for comparisons with Norton and Kaplan (1996) position is advisable at this juncture.
7.	Hawawini, G. & Viallet, C. (1999)	Finance for Executives: Managing for Value Creation	Position appears very abstract and could do better by being more specific in issues or factors that could be of practical value to both readers and organizations.

**THEORETICAL FRAMEWORK**

Theoretical review provides related eclectic postulations and analysis of the a theoretical frameworks for this study, using the Contingency Theory (CT). This section would guide the readers to the ideological leanings of the Theorists including the associated alignments and critiques from authors on the theory.

**Contingency Theory**

Optimal organization and leadership style are contingent upon various internal and external constraints. The Contingency Theory is an organizational theory which claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. A contingent leader effectively applies his own style of leadership to the right situation, (Fiedler, 1964).

In the face of the fact that the management and several employees might perceive their roles as having little or nothing to do with financial deliverables either directly or indirectly, call for an adoption of a contingency plan or model fashioned out to track the financial perspectives of employees both during performance management and appraisal periods. The dashboard of financial perspectives should be tracked using the ability of the customer to bring-in money or save wastages regardless of their job roles in the organization.

The Contingency Theory of organizations essentially postulates that organizational effectiveness results from fitting allotment of the organization (structure) to different contingencies such as environment, organizational size and strategies. In other words, varying circumstances should determine the best fit for organizational strategies. The existence of "people" or social control is an alternative to control through performance evaluation. In contrast to the classical scholars, most theorists today believe that there is no one best way to organize. What is important is that there be a fit between the organization's structure, its size, its technology, and the requirements of its environment.

Historically, Contingency Theory has sought to formulate broad generalizations about the formal structures that are typically associated with or that best fit the use of different situations. The perspective originated with some scholars who argued that technologies directly have impacts in determining differences in such organizational attributes as formalization of rules and procedures, centralization of authority and span of control. Some important attributes for contingencies for companies include, unions, technology, government, consumer interest groups, suppliers and distributors and customers and competitors. Some of the main ideas underlying the Contingency Theory include that:

- Organizations are open systems that need careful management to satisfy and balance internal needs and to adapt to environmental circumstances
- There is no one best way of organizing. The appropriate form depends on the kind of task or environment one is dealing with.
- Management must be concerned, above all else, with achieving alignments and good fits
- Different types or species of organizations are needed in different types of environments.

Morgan (2007) discussed situational favourable-ness as part of the dynamics that affects Contingency Theory. Situational favourable-ness could be described in terms of three empirically derived dimensions:

- Leader-Member Relationship – high if the leader is generally accepted and respected by followers
- Degree of Task Structure – high if the task is very structured

- Leader's Position Power – high if a great deal of authority and power are formally attributed to the leader's position (Fiedler 1964).

For Scott (1981), the best way to organize depends on the nature of the environment to which the organization must relate. Lawrence & Lorsch (1967) agree with this statement by being more interested in the impact of contingency factors on organizational structure. Lawrence & Lorsch's (1967) structural contingency theory was the dominant paradigm of organizational structural theories for most of the 1970s. A major empirical test was furnished by Pennings (1975) who examined the interaction between environmental uncertainty, organizational structure and various aspects of performance.

Pennings' (1975) study demonstrated an example of retail brokerage offices where aspects of their market environment such as competitiveness, change and munificence versus organizational arrangements such as decision making templates and power distribution were juxtaposed for possible implications for performance evaluation. While structural attributes of offices strongly impacted performance, the evidence for "contingency" was less conspicuous.

It can therefore be concluded that there is no one-size-fits-all or 'no one best way' or approach in management for doing things. Different situations call for different strategies to deal-with, handle, manage, and solve challenges. Management and organization are an 'Open system', which embrace anomalies, issues or challenges every now and then, that requires 'adaptable' and 'situational' solution in order to overcome or solve the problems, challenges or issues. Other circumstantial or contingency factors include 'changes in customer demand for goods and services, change in government policies or laws, changes in environment or climate change, and so forth.

It is very clear from the above analysis that in the contemporary times, it would be a disservice for an organization to be rigid with regards to policies, activities and actions that would deliver positive results. In as much as it is arguably desirable to be guided by authoritative consensus binding policy implementations in organizations, especially in the government establishments, it is also imperative to recognize the danger associated with bandwagon effects on policies especially when the operating environment is unique. The operators need to factor –in the peculiarities and implement only policies that would deliver appropriate solutions.

Despite the fact that the Lagos State Civil Service operates on governance and operational principles that are generically applicable across-board in all the thirty-six (36) state Civil Services across the country including that at the Federal Civil Service, the

fact remains that the Lagos State Civil Service has lots of peculiarities that differentiates her from the rest of the other states in Nigeria. These peculiarities range from population to landmass, Internally Generated Revenue (IGR), cosmopolitan nature, and level of development to mention but a few. While Lagos State is the smallest in terms of landmass, it is the most populated as well as the most developed state in Nigeria. It is the fifth largest economy in Africa (Vanguard, 2016, vol. 27). It enjoys the attention of global policy formulators and international bodies for experimental and developmental partnerships, especially with focus on Third-world economic experimentations.

It is in the light of the aforementioned, that the Lagos State Civil Service should seek the type of policy formulation and implementation strategies, including in the area of performance appraisal methods in her Civil Service, which best delivers the best fit for her performance appraisal goals and objectives. Hence the contingency theory becomes not only handy but relevant in explaining the adoption of BSCO as an alternative to SPADEV reporting system in the performance appraisal model of the Lagos State Civil Service.

## METHODOLOGY

The study adopted the descriptive survey research method. The questionnaire survey instrument, review and analysis of literature as well as Key Informant Interviews (KII) were used to carry out the survey. The quantitative and qualitative data sources and collection methods were used in the study. The quantitative method dwells on the collation and articulation of data generated from the measuring (questionnaire) instrument, including the numerical measurement between variables, while the qualitative data focuses on the social processes that give rise to the relationships, interactions, and constraints of the research survey inquiries, including literature reviews and analysis. Part of the qualitative and quantitative values are to be captured in the responses of the sample population in the questionnaire data collection. (Howell, 2013).

The rationale for this methodology is to enable the researcher make use of existing literatures, administer questionnaires and conduct guided interviews in order to arrive at appropriate findings.

### Population Distribution, Sample Size and Sampling Technique

**Table 3.** Summary of Population Distribution, Sample Size And Sampling Technique of the Selected Ministries in the Lagos State Civil Service (CSC) and also the Office of Transformation, Creativity and Innovation (OTCI) and their sample sizes.

S/N	Ministry	Staff Strength	Sample size
1	Commerce, Industry and Co-operatives	228	11
2.	Economic Planning and Budget	233	12
3.	Education	451	23
4.	Environment	674	34
5.	Establishment, Training and Pensions	188	9
6.	Health	771	39
7.	Information and Strategy	263	13
8.	Justice	1434	72
9.	Physical Planning and Urban Development	838	42
10	Science and Technology	262	13
11.	Special Duties & Inter-Governmental Relations	102	5
12.	Wealth Creation and Employment	120	6
13.	Works and Infrastructure	1,185	60
14.	Youth and Social Development	655	33
15	Civil Service Commission	122	6
16	Office of Transformation, Creativity and Innovation	29	2
	<b>Total</b>	<b>7,555</b>	<b>380</b>

**Source:** Lagos State Public Service Commission / Survey Research (2016)

**Table 4.** Summary Table of Survey Instrument and Validity of Statistics

Variables	No. of Items	Guttman Split-Half	Composite Reliability
Financial Perspective and Performance Appraisal	6	0.7062	0.8062

**Source:** Research Study 2017

It was proved that the questionnaire developed and used for usefulness of Financial Perspective (FP) in Balanced Scorecard of Objective (BSCO) as an

alternative to Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria, was valid for the study.



**Table 5.** Summary Table of Reliability Test – Cronbach’s Alpha for Studied Variables

Variables	Cronbach’s Alpha Value
Financial Perspective and Performance Appraisal	0.8013

Source: SPSS Output Result 2017

**Data Analysis**

Two hundred and eighty (280) questionnaires were retrieved from the respondents and analysed using SPSS (Statistical Product and Service Solutions; Version 21) data analysis software. The total number of questionnaires retrieved represented approximately 5.5% or 20 questionnaires more than the calculated sample size. The findings of the primary and secondary sources of data were analyzed to determine the validity or otherwise of the research hypotheses.

**Method of Data Analysis**

Linear regression analysis was used to test the significance of the appropriateness of BSCO or SPADEV and performance appraisal. Data from the questionnaire were analyzed using descriptive statistics and inferential analyses ( $P=0.05$ ). The study also used comparison of mean and paired t-test while data from the interview were content-analyzed. The summary of results of the research findings are as stated in the Table 11.1.1 and subsequent presentations as follows;

**Table 6.** To Measure the usefulness of Financial Perspective (FP) using Balanced Scorecard of Objective (BSCO) as an Alternative to Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria

	N	Min	Max	Mean	Std. Deviation
SPADEV adequately measures the financial (income and expenditure) perspective of my performance during appraisal exercises.	280	0	4	1.46	.777
BSCO adequately measures the financial (income and expenditure) perspective of my performance during appraisal exercises	280	0	4	3.49	.861
SPADEV adequately measures the budgeted wastages saved over a period of an appraisal exercise	280	0	4	1.38	.724
BSCO adequately measures the budgeted wastages saved over a period of an appraisal exercise	280	0	4	3.51	.831
SPADEV adequately measures the budgeted cost saved over a period of an appraisal exercise	280	0	4	1.42	.759
BSCO adequately measures the budgeted cost saved over a period of an appraisal exercise	280	0	4	3.50	.827

Source: Field survey, 2017

From Table 9.1.1, the respondents, with Mean=1.46 and SD=.777, stated that SPADEV appraisal system adequately measures the financial (income and expenditure) perspective of their performance during appraisal exercises, while the respondents, with Mean=3.49 and SD=.861, indicated that the BSCO appraisal system adequately measures their financial (income and expenditure) perspective of their performance during appraisal exercises. Similarly, respondents, with Mean=1.38 and SD=.724, are of the opinion that SPADEV adequately measures the budgeted wastages saved over a period of an appraisal

exercise, compared to the respondents, with Mean=3.51 and SD=.831, who are of the opinion that BSCO adequately measures the budgeted wastages saved over a period of an appraisal exercise. Conversely, the respondents, with Mean=1.42 and SD=.759 are of the opinion that SPADEV adequately measures the budgeted cost saved over a period of an appraisal exercise, compared to the respondents, with Mean=3.50 and SD=.827, who indicated that BSCO adequately measures the budgeted cost saved over a period of an appraisal exercise, thereby, also indicating preference for BSCO as a better choice of appraisal document.

**Table 7.** Summary of Paired Sample T – Test of BSCO and SPADEV

Variables	N	SPADEV (Mean ± SD)	BSCO (Mean ± SD)	Mean Difference	T-statistics	P. value
Measuring the effect of Financial Perspective using BSCO and SPADEV in the Lagos State Civil Service	280	4.2590 ± 1.870	10.5000 ± 2.031	-6.24101	-29.371	.001

A paired-sample T-test was conducted to compare the effect of the use of BSCO and SPADEV in conducting performance appraisal in the Lagos State Civil Service. Results in There was a significant difference in the recorded scores establishing and evaluating the impact of appraising performance from financial perspective using BSCO (Mean=10.5000  $\pm$  SD=2.031) and SPADEV (Mean=4.2590  $\pm$  1.870) with a Mean difference=-6.24101,  $t(278)=-29.371$  and  $p=.001$  in the methods of appraisal in the Lagos State Civil Service.

### Hypotheses Testing and Decision Rule

The pre-set level of significance for this study is 0.05. The null hypothesis assumes a negative or contrasting disposition to the usefulness of BSCO in the performance appraisal of the Lagos State Civil Service. The null hypotheses are embodiments of the position and statement that financial perspective will not be effective on performance appraisal using BSCO and SPADEV in the Lagos State Civil Service.

On the other hand, the alternative hypotheses assume a positive disposition in each of the null hypothetical assertions. On the whole, if the P-value (that is, the significance or the probability value) is less than or equal to the level of significance (which is 0.05), the null hypotheses will be rejected and the alternative hypotheses will be accepted;

### NULL AND ALTERNATE HYPOTHESIS

#### The Null hypothesis are as stated below

H<sub>0</sub>: Financial perspective will not be useful for conducting performance appraisal Using BSCO and SPADEV in the Civil Service of Lagos State, Nigeria.

#### The Alternative hypothesis are as stated below

H<sub>1</sub>: Financial perspective will be useful for conducting performance appraisal Using BSCO and SPADEV in the Civil Service of Lagos State, Nigeria.

## RESULTS AND DISCUSSION OF FINDINGS

The synopsis of the analysis and findings of this study indicate that the respondents are of the opinion that, generally, regardless of the associated challenges, the Financial Perspective (FP) is useful and can be effectively implementation in the Balanced Scorecard of Objective (BSCO) as an alternative to Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria.

Through performance appraisal, organizations are capable of knowing the weaknesses and strengths of its employees in order to re-enforce the strengths and improve on the weaknesses for the overall benefit of the employees and the organization (Ijewereme, 2013).

The content of the measuring instruments were developed to reflect the research objectives. The findings of the study in relation to the research questions and objectives are discussed below.

### Restatement of Research Objective and Findings

To Evaluate and Measure the Usefulness of The Financial Perspective (FP) in Performance Appraisal (FP) using Balanced Scorecard of Objective (BSCO) as an Alternative to Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State Civil, Nigeria.

This study found that the financial appraisal is more effective using the BSCO method than the SPADEV method in the performance appraisal of the Lagos State Civil Service. Interrogating the impact of appraising performance from financial perspective using the BSCO and SPADEV methods of appraisal in the Lagos State Civil Service on a paired sample t-test revealed that SPADEV recorded a Mean  $\pm$  SD of 4.2590  $\pm$  1.870 while BSCO recorded a Mean  $\pm$  SD of 10.5000  $\pm$  2.031 indicating a mean difference of -6.24101, a t-test statistics of -29.371 and a P value of .001. The study found that most of the respondents believed that the costs saved in the cause of their job within a specified period can be measurable. This, according to them is possible by establishing goals or agenda in the beginning of the performance period and ascertain the status after, prior to the appraisal periods to compare with the new status. This way would be easier to measure and ascertain what has changed over time in terms of performance in costs.

Most of the respondents believed that using the financial perspective (FP) as a key appraisal facto will help build a dashboard to track employee financial contribution to the organization, either from the perspectives of revenue and or saving costs and wastages. The study also found that most of the respondents believed that the reduction of wastages in the cause of their job within a specified period is measurable. They were of the opinion that initial goal agenda setting also applies in this circumstance for effective establishment of performance measurement. The study further found that most of the respondents believe that although, the civil service is not majorly saddled with the responsibility of making money, but where, making money is applicable(for example in the Ministry of finance through the Internal Revenue Service), the amount of money brought-in by Civil Servants into their ministries within a specified period in their job functions could be measurable, as far as it was part of the definable tasks in the goal/agenda setting, during the goal-setting periods.

The Permanent Secretary and Solicitor-General in the Ministry of Justice concurred to the effect that the amount of either costs or wastages could be measurable but not necessarily in the area of making money since they were not carved out, essentially for money-making.

The study found that although there are factors that affect the implementation of performance appraisal in the Civil Service, they are not significant enough to affect the implementation of BSCO in the Lagos state Civil Service. The Permanent Secretary and Solicitor-General was of the view that there is no connection between the government business of rendering service and financial earnings and measurement.

The reason being that the government is primarily meant to deliver service and not make money or seek profit. She however explained that where it becomes necessary that a particular agency of the government is saddled with the responsibility to ensure financial revenue from the public like what obtains in the Internal Revenue Service, then there could be a measurement or appraisal from the financial perspective of performance.

The Director General in the office of transformation, creativity and innovation was of the opinion that performance appraisal could be viewed from two perspectives – the employee side and the employers side. This is to enable the exercise measure and contribute every sides contribution to the success or otherwise of the organizational objective. It is also aimed at ensuring that the systems are not skewed in such a manner that would not give employees the confidence to stress that the failure may be as a result of the failure of the employer to fulfil their own side of the performance management system by providing adequate resources to deliver of his/her objectives or perform up to expectations. It is pertinent to note that the aforementioned has recurrently accounted for the reasons why several good government programmes have ended up in the basket-bin of failed socio-economic policies. This same reason has also exacerbated the violation of the social and political contract between the government and the citizens.

## CONCLUSION AND RECOMMENDATION

At this juncture, it would be appropriate to conclude on the position of the study and also proffer recommendations based on associated findings of the study.

### Conclusion

Performance evaluation in the Lagos State Civil Service using the financial perspective (FP) has not only been replete with difficulties but has undergone series of bureaucratic, structural and administrative transformations ranging from the era of Confidential System, to the Annual Performance Evaluation Reporting system (APER), to the Staff Performance Appraisal and Development (SPADEV) reporting system, and to the current status where they are using the Revitalized SPADEV. Regardless of these transitions, performance appraisals were still replete with difficulties

as the exercises usually measured traits rather than actual performances.

Nevertheless, the current performance appraisal system which is the revitalized SPADEV, has also failed to address performance appraisal from a balanced perspective. The current system is unable to measure performance from the BSC/BSCO quadrant of the financial perspective, amongst other deficiencies. In spite of these performance appraisal types and appraisal reforms, performance appraisal systems in the Lagos State Civil Service are still not able to achieve the set objective of effectively measuring performance due largely to attitudinal and institutional challenges. Effective and efficient management of performance appraisal could still be achieved by ensuring that it does not merely measure traits but by connecting performance appraisal with appropriate rewards and positive customer's perception with the use of objective criteria.

Performance appraisal exercises ought to be a recurrent cycle before performance management could be regarded as complete. This is because performance appraisals provide feedback on the employee's performance in the organizational value-chain. On the basis of the performance appraisal results or feedback, the organization can decide whether to promote, demote, transfer or terminate the employee. Pay increments and disciplinary actions can also be aligned to performance appraisals. Resources for rewards are allocated using performance appraisals feedback mechanism which facilitates communication flow, organizational diagnosis and development. The superiors and subordinates should both take each other as partners and work towards attainment of organizational goals and objectives.

The Human Resources Departments in organizations establishes performance criteria and standards that would eventually act as performance benchmarks through the key performance indicators (KPIs) and the key performance deliverables (KPDs). Then the superior who is conducting the appraisal communicates the job descriptions, targets and goals to be achieved at the end of the year to the subordinate who is being appraised. Thereafter the actual appraisal takes place and the results are tabulated by the HR department. The tabulated results are analyzed thoroughly and objectively to measure the tangible and actual performance. In the end, the organization takes corrective and remedial measures based on the results derived from the performance of the employees.

From the point of view of the sample population, due to the factors of human and institutional impediments, the performance appraisal systems hitherto implemented in the Lagos State Civil Service including the current appraisal system have been unable to neither meet nor surpass the objectives for which they were set to achieve.

The findings of this study shows that including the financial perspective (FP) in performance appraisals using Balanced Scorecard of Objectives (BSCO) could be a more objective performance appraisal method than using the Staff Performance Appraisal and Development (SPADEV) Reporting System in the Civil Service of Lagos State, Nigeria. In other words, the BSCO, has the capacity and potential to achieve effective and efficient achievement of set performance appraisal objectives in the Lagos State Civil Service.

### Recommendations

Based on the findings of this study, recommendations were proffered to enhance the significance of the research exercise. The recommendations are as follows;

The financial perspective variable of the Balanced Scorecard of Objective (BSCO) should be built into the deliverables of every employee regardless of their job roles in a manner that must encourage either bringing-in money or savings costs and or wastages.

Employee job descriptions and or offer letters should endeavour to contain their direct or indirect responsibilities to the organizational financial perspectives to reinforce as part of the key organization ethos.

The organizational performance appraisal models should have variables that are by default connected to employee contribution to the growing the bottom-line and improving on the top-lines.

Organizations should encourage and adopt mechanisms that would enable employees to periodically and more frequently evaluate the performances from financial perspectives.

The employees, regardless of their specialization should endeavour to take some trainings and personal developments on financial education to enhance their quality of service delivery.

The art and science of financial knowledge should be introduced in junior and senior secondary schools to enable building the psychology of customer service early enough.

The employees should be educated on the need for training and retraining on financial intelligence.

Governments and the private should institute periodic awards for best financial conscious employee, especially in the area of cost-saving and wastages.

The concept of financial intelligence should also be encouraged and reinforced at religious institutions and not just at secular places only, because it is part of the fabric for good neighbourliness.

Finally, beyond the annual or quarterly performance appraisal exercises, institutions and organizations should put in place mechanisms for employees to run a self-appraisal on the status of how much financial improvements they have helped the company to achieve.

### REFERENCES

1. Bean, L., & Jarnagin, B.D. (2002). New cost priorities: using a balanced scorecard approach in Financial Reports, *Journal of Corporate Accounting and Finance*, 13(3), 55-62.
2. Cronbach, L. J., (1955). Processes affecting scores on understanding of other and assumed Similarity. *Psychological Bulletin*, 52(3), 177-193.
3. Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *psychometrika*, 16(3), 297-334.
4. Cleverley, W. O. (2001). Financial dashboard reporting for the hospital industry. *Journal of health care finance*, 27(3), 30-40.
5. Cleverley, W. O., & Cleverley, J. O. (2005). Scorecards and dashboards using financial metrics to improve performance: the balanced scorecard and its natural subset, the dashboard, can help keep you focused on the critical areas that affect your hospital's overall performance. *Healthcare Financial Management*, 59(7), 64-70.
6. Davis, S., & Albright, T. (2004). An investigation of the effect of balanced scorecard implementation on financial performance. *Management accounting research*, 15(2), 135-153.
7. De Wet, J.H., & De Jager, P., (2000). An appropriate financial perspective for a balanced scorecard. *Southern African Business Review*, 11(2), 98-110
8. Drucker, P. F. (1954). *The practice of management*, Harper and row (1<sup>st</sup> Ed.). New York.
9. Hawawini, G., & Viallet, C. (1999). *Finance for executives: managing for value creation* (4<sup>th</sup> Ed.). Cincinnati: Thomson Publishers.
10. Waruhiu, H. (2014). Rebalancing the balanced scorecard: a sequel to Kaplan and Norton. *European Journal of Business and Management*, 6(29), 116-122
11. Yamane, T. (1967). *Elementary sampling theory* (4<sup>th</sup> Ed.). Printice-Hall, Fitz Publishers, 405.