

**ASSESSMENT OF PERFORMANCE APPRAISAL PRACTICES AFFECTING
EMPLOYEE PERFORMANCE AT KENYA MEDICAL RESEARCH INSTITUTE**

KISUMU, KENYA

BY

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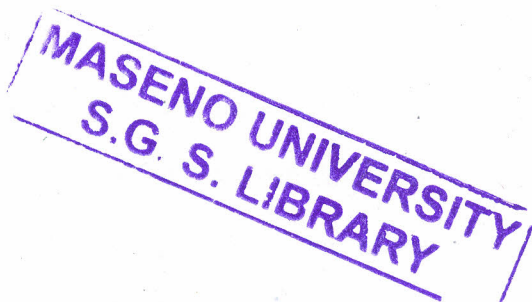
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ABSTRACT

Performance appraisal practices affect organizational strategy. Social justice theory views social exchanges as fair when individual's contributions are recognized with rewards. Effective performance appraisal practices require constant feedback to an employee outside formalized system. Kenya Medical Research Institute has formal appraisal system where employee and supervisor agree on targets to be achieved. However, 65% of the filled out exit questionnaires between years 2011 to 2014 reveals dissatisfaction on appraisal results. It is further noted that out of thirty appraisal forms seen, twenty remained unsigned by employees and supervisors. Prior studies on employee appraisal have majorly focused on formalized appraisal systems hence ignoring inclusion of achievements realized outside agreed performance targets, consideration of employee characteristics and supervisor's versatility in the appraisal process and therefore the extent to which these affect employee performance are not known. The purpose of the study sought to assess performance appraisal practices affecting employee performance at Kenya Medical Research Institute, Kisumu. Specific objectives being to examine extent to which non-inclusion of employee achievements, non-consideration of employee characteristics and supervisors' versatility affects employee performance. The study adopted social justice theory in a self- conceptualized framework that relates performance appraisal practices to employee performance in a descriptive research design. The target population was 220 employees. A saturated sample size of 210 employees was investigated. Primary data was collected using validated questionnaire. A pilot study of 10 employees was used to assess reliability and validity of the instrument. Validity was tested through expert opinion while Cronbach alpha was used to test reliability where $\alpha = 0.914$ was obtained against a threshold of $\alpha = 0.7$. Data was analysed using SPSS version 20 and results presented in descriptive statistics. To test for significance, a one sampled t-test was used with a cut-off of 2.5 at 5% level of significance. With exception of employees characteristics, the results showed that non-inclusion of employees' achievements and supervisors versatility had a significant influence on performance with p-values of all variables <0.05 . It is therefore concluded that achievements by employees outside agreed targets, supervisor's versatility and to some extent, employee characteristics be considered while evaluating performance. This will increase motivation and self-development. The study recommends performance review be pegged against actual output. The significance of the study is to enhance performance appraisal practices and advance knowledge in human resource management. Further research should however be done on appraisal practices and effects on employee and organizational performance.

CHAPTER ONE



1.0 INTRODUCTION

Managing employee performance should be an ongoing process. One of the mistakes managers make is waiting for the performance appraisal to give comments or criticisms on the employee's performance. There is need to offer insights and pieces of advice at all times and they should be recorded for future reference. If an employee has to wait for feedback only at the end of appraisal period in order to determine whether s/he is doing wrong and what s/he needs to improve, then the information can get lost during the year.

1.1 Background of the Study

Performance appraisal practice is the strength of performance management, which in turn affects the organizational performance. Kenya Medical Research Institute has a formal appraisal system where both the employee and supervisor agree on targets to be achieved. However, a review of exit questionnaires as filled out by employees between years 2011 to 2014 exiting from institution indicates 65% dissatisfaction on appraisal results. These employees exiting from the institution have indicated that their achievements have never been considered despite them being appraised. This in turn impacts on organizational performance due to turn-over of employees.

Performance appraisal practices are therefore crucial to any organization. Best practices will make it more likely that an organization retains competent staff and motivate them for higher performance. A closer review on prior studies gives directional perspective on employee performance appraisal practices. For instance, according to Smith, (2000) performance appraisal practices involves the identification of cause and effect relationships on which

employment and labor policies are based or can be based and it is a routine process that organizations use to evaluate their employees. Boyd (2004) further indicates that employee performance appraisal occurs when there is establishment of goals at the beginning of the evaluation cycle, which provides employees with clear performance targets, the monitoring of performance during the evaluation cycle (which can be used to assist poor performers) and the reinforcement provided for good performance through the provision of rewards, usually in the form of higher pay. These two studies appreciate the need for both the employee and supervisor agreeing on targets and rewarding for achievements. Smith, (2000), tends to view performance appraisal practice on standard employment policies while Boyd (2004) narrows performance appraisal practice on clear agreed targets in which an employee is appraised based on achievements. However these studies places little emphasis on need for appreciating achievements realized outside agreed targets and further ignore completely in its discussions the consideration of both the employee characteristics and supervisors' versatility into performance appraisal practices. It therefore follows that the extent to which non-inclusion of employee achievements into a formalized appraisal in affecting performance is not known.

Further review of performance appraisal practices reveals a lot of concentration to only job content and ignoring the need for factoring employee characteristics. For instance, Rudman (2003), defines employee appraisal is a method by which the job performance of an employee is evaluated generally in terms of quality, quantity, cost and time typically by the immediate line manager or supervisor. They further note that performance appraisal is part of the process of guiding and managing career development in both private and public sectors. They say that it is a systematic assessment that is as objective as possible of an ongoing programme or policy, its design, implementation and results. Mani (2002) on the other hand opines that performance appraisal is an analysis of an employee's recent successes and failures, personal

strengths and weaknesses and suitability for promotion or further training. It is also important to help staff members improve their performance and as an avenue by which they can be rewarded or recognized for a job well done. It is worth noting that these studies majorly emphasize on job content and how employees can be motivated to increase output. None of them have gone ahead in evaluating the extent of non-inclusion of employee characteristics in affecting performance and therefore extent of employee characteristics affecting employee performance is not known.

In many organizations, large amounts of money are being invested in appraisal activities and some managers are required specifically to set aside a certain amount from their budgets for this purpose (Denning, 2001). This rationale is based on the assumption that these types of incentives will encourage employee loyalty, foster teamwork and ultimately facilitate the development of the desired culture that encourages and supports knowledge sharing. Others maintain that to encourage knowledge-sharing, organizations should design reward and recognition systems that stimulate sharing of all kinds: goals, tasks, vision as well as knowledge (Wright, 2004). Although it has many benefits for the organization, performance appraisal have the equal probability of having a bad impact on the organization as well as on employee performance. The main aim is to appraise the relevance and fulfillment of objectives, efficiency, effectiveness, impact and sustainability. These studies treat employee performance appraisal as a measurement exercise and disregard information processing within the performance appraisal decision-making process that could be driven by the supervisor's versatility. It therefore implies that the extent to which supervisor's versatility affects employee performance is not known.

In conclusion, it can be noted that prior studies have only ventilated employee performance appraisal through a formalized system which does not allow other information processing for

inclusion. A lot of concentration is placed on agreed targets and how they are achieved. It therefore becomes more of measurement than information processing exercise. Kenya Medical Research Institute has in place such a formalized appraisal system. However, some employees still have registered dissatisfaction on appraisal results. It is out of this that there was need to study the extent to which non-inclusion of employee achievements into formalized appraisal system affects employee performance, extent to which non-consideration of both employee characteristics and supervisors' versatility in affecting employee performance are not known.

1.2 Statement of the Problem

Effective performance appraisal system in any institution is regarded as necessary for increasing employee performance. Appraisal practices that bring on board all the characteristics of parties involved in appraisal makes it more likely that overall goals of an organization will be achieved. In many organizations, employees have always registered dissatisfaction on the outcome of an evaluation in an appraisal process. For instance, dissatisfaction of appraisal results is evidence in KEMRI through the sampled out filled exit questionnaires. This problem is further advanced where it was noted that appraisal forms remained unprocessed at end of appraisal period. It is out of this problem that the researcher seeks to carry out a study of the appraisal practices employed by an organization and how it affects future performance. The study will focus on the extent to which non-inclusion of employee achievements, non-consideration of both employee characteristics and supervisors' versatility affect employee performance. Effective performance appraisal practice is that which evaluate the performance of its employees based on both the agreed and non-agreed targets and that which appreciates employee characteristics and supervisors' versatility. Most organizations have not fully appreciated full utilization of such practices and this lowers the

morale of employees when they realize that the tool does not incorporate all the appraisal factors. This study will be carried out at Kenya Medical Research Institute, Kisumu.

1.3 Objectives of the Study

The overall objective of the study is to assess appraisal practices affecting employee performance at Kenya Medical Research Institute Kisumu, Kenya.

1.3.1 The specific objectives being to:

- i. Determine the extent to which non-inclusion of employee achievements into formalized appraisal system affects performance at Kenya Medical Research Institute, Kisumu.
- ii. Assess the extent to which non-consideration of employee characteristics affect employee performance at Kenya Medical Research Institute, Kisumu
- iii. Investigate the extent to which non-consideration of supervisors' versatility affect employee performance at Kenya Medical Research Institute, Kisumu

1.4 Research Hypotheses

- i. Non-inclusion of employee achievements into formalized appraisal system lower future employee performance.
- ii. Non-consideration of employee characteristics affects employee performance.
- iii. Non-consideration of supervisors' versatility affects employee performance.

1.5 Scope of the Study

This study covered the types of performance appraisal practices used by the institute and the extent to which the non-agreed activities are utilized in appraising work performance of their employees. It further examined the extent to which non-consideration of employee characteristics and supervisor's versatility in affecting employee performance. The study was based at Kenya Medical Research Institute, Kisumu. It took one year to complete this study.

1.6 Significance of the Study

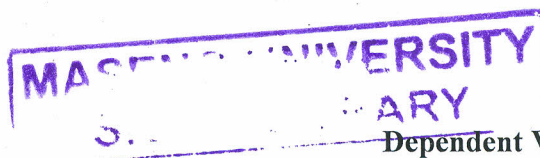
Human resource function is critical to organizational development. According to Wanjohi (2006), fifty years after independence, Africa still finds itself in state of under development and dependent on the industrial countries for most of its survival requirement. The trend has frustrated the emergence and growth of any form of national technological capability among the African population in both colonial policies and post-independence Africa. This calls for the need to embrace transformation of people capability both mentally and attitudinally and must involve peoples' willingness to create and produce technological products.

Wanjohi (2006) further opines that minority of activities in Human Resource Management are concerned with evaluating employees as individuals. Those activities are primarily selection and appraisal. In all other cases the focus of attention is not on individuals but on jobs, structure, procedures or people in groups. He goes ahead to say that evaluation of individuals in terms of their job performance is a task requiring a quality of managerial judgment which places consideration responsibility on the managers involved. Having proper system of employee appraisal in institution will thus considerably enhance the employee morale and accordingly enable the organization to achieve its corporate goals. As a result of this, the employee on one hand will benefit by being highly motivated and acquisition of

skills while on the other hand the institution will gain in increased output. Government agencies and policy makers may use the results to formulate positive national policies on a framework that is relevant and sensitive to the forces influencing employee performance. The study will provide information to potential and current scholars on the performance appraisal practices and it will expand their knowledge on performance appraisal practices and also identify areas of further study.

1.7 Conceptual Framework

Independent Variables



Dependent Variable

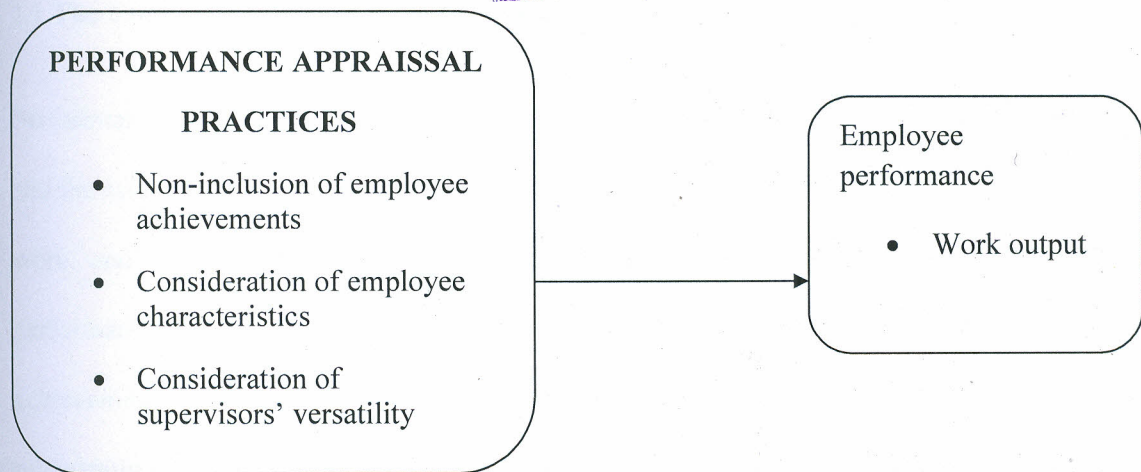


Fig. 1.1 Roch and Shanock (2006): The relationship between Performance Appraisal practices and Employee Performance.

The dependent variable in the study was employee performance. The dimension of the employee performance adopted in the study was the output of an individual employee. The independent variable was performance appraisal practices measured in terms of non-inclusion of employee achievements, consideration of both employee characteristics and supervisors' versatility.

CHAPTER TWO

LITERATURE REVIEW

This section analyses the concept of performance appraisal practices, theoretical and empirical review. It further brings into perspective; the extent to which non-inclusion of employee achievements, non-consideration of employee characteristics and non-consideration of supervisors' versatility affect employee performance. The chapter also contains critical review and summary of the literature.

2.1 The Concept of Performance Appraisal

Performance appraisal may be defined as 'the regular and systematic review of performance and the assessment of potential with the aim of producing action programmes to develop both work and individuals (Armstrong, 2005). Kane, (1995), on the other hand defines performance appraisal as the systematic process by which an organization assesses the achievements of its employees, as individuals and members of a group, in order to improve organizational effectiveness in the accomplishment of its mission and goals. It is imperative from these definitions that performance appraisal is a rational process aimed at increasing output of an organization. Appraisal as defined acts as an information processing system providing vital data for rational, objective and efficient decision making regarding improving performance, identifying training needs, managing careers and setting levels of reward. It should however be noted that appraisals must assist and encourage open sharing of information regarding employee strengths and weaknesses in order to ensure that the process will aid employee motivation and development. It is therefore necessary to acknowledge the total achievements of an employee whether planned and or not.

Different organizations use performance appraisal for different purposes. The most usual rationalization and justification for appraisal is to improve individual performance. Optimum organizational performance is dependent upon the performance of the individuals that make up the organization. When clear and reasonable performance appraisal metrics, standards and practices are used to develop goals and provide relevant feedback, it can be useful both for the individual being evaluated and for the organization. Poorly executed performance appraisals, however, can be detrimental to organizational performance. Successful performance appraisals are contingent upon employees and managers working together (Larson, 1989).

Armstrong, (2005) indicated that to be productive, the performance appraisal process must contain general three steps: evaluation and job analysis, appraisal interview, and post-appraisal interview. During the first step, both the appraiser and the appraisee should prepare for the interview by considering job performance, job responsibilities, and employee career goals, goals for improving performance, and problems and concerns about the job. Sometimes both the appraiser and the appraisee will fill out forms with questions addressing the previously mentioned topics. Next, managers and employees meet to discuss what they have prepared and to establish goals for the period before the next performance appraisal. It is important that the appraisal interview be an exchange, not a speech. Both parties must be able to share their perceptions of the appraisee's performance. The third step, the post-appraisal interview, gives managers the opportunity to discuss salaries and promotions with employees. By not addressing this issue during the appraisal interview, both managers and employees can focus on performance and goal setting, instead of money. The post-appraisal meeting also can serve as a time for reiterating employee goals. After appraising the performance of

employees, an organization must evaluate the system itself to determine if it is helping to achieve designated organizational objectives (Ryan and Deci, 2000).

According to Marsden (2007), managers may often fail to provide timely and accurate expectations and feedback to employees regarding performance. When feedback is provided, it is often communicated incorrectly thereby reducing morale and further reducing employee performance. Furthermore, employee groups often oppose the implementation of a performance appraisal policy. This is due to a variety of factors including distrust of management's ability, a perception that the performance appraisal policy is unfair and a traditional emphasis on superiority rules (Levinson, 2005). This excerpt guides us in appreciating the need for all-inclusiveness in appraisal process.

The primary goal of performance appraisal policy is to improve employee and organizational performance. However, a potential problem with performance appraisal policy and possible cause of much dissatisfaction, is expecting too much from one appraisal policy. Rudman (2003) contends that a performance appraisal policy that is effective for developing employees may not be the best for determining pay increases. A properly designed performance appraisal policy can help achieve organizational objectives and enhance employee performance. The basic purpose of a performance appraisal policy is to improve performance of employees, teams and the entire organization. Performance appraisal policy may also serve to assist in making administrative decisions concerning pay increases, transfers or terminations. In addition, performance appraisal policy should be legally defensible. Although a perfect performance appraisal policy does not exist, every policy should possess certain characteristics. Bond and Fox (2007) contend that an organization should seek an accurate assessment of performance that permits the development of a policy

to improve employee performance. The policy must honestly inform employees of how they stand with the organization.

Cook and Crossman (2004) highlight that the fundamental objective of performance appraisal policy is to facilitate management in carrying out administrative decisions relating to promotions, dismissals, layoffs and pay increases. For example, the present performance of an employee is often the most significant consideration for determining whether or not to promote the employee. Managers must recognize that an employee's development is a continuous cycle of setting performance goals, assessing performance as to the accomplishment of the goals and then setting new higher goals (Marsden, 2007).

2.2 Theoretical Review of Performance Appraisal

Various theories have been discussed in relation to performance appraisal practices. Reviews of such theories have been discussed below.

2.2.1 Justice Theory

More recently, Roch and Shanock (2006) used exchange theory to incorporate all four justice dimensions into one theoretical framework. They found that procedural, interactional, interpersonal, and informational justice were related to social relationships, either with the organization (i.e. procedural justice) or with the supervisor (i.e. interactional, interpersonal, and informational justice), whereas distributive justice is related more to an economic exchange relationship. In the current study, we draw upon this integrative framework and apply it specifically to a performance appraisal context. This conceptualization may hold the key to explaining employees' perceptions of fairness concerning their performance appraisals and appraisal systems.

2.2.2 Implicit Person Theory

Dweck (1986) defined implicit theories as lay beliefs about the malleability of personal attributes (e.g., ability and personality) that affect behavior. A prototypical entity implicit theory assumes that personal attributes are largely a fixed entity, whereas an incremental implicit theory assumes that personal attributes are relatively malleable.

Implicit theory research, conducted with children and students by educational and social psychologists (Kamins & Dweck, 1999), has focused largely on the motivational implications of holding a primarily entity or incremental implicit theory. Within an organizational context, several studies have examined how implicit theories of ability influence aspects of self-regulation including the goals that people set, their level of self-efficacy, the resilience of their self-efficacy following setbacks and their performance on complex decision-making tasks (Wood & Bandura, 1989). However, no published studies, to our knowledge, have examined the extent of managers' implicit theories on their judgments of others.

Implicit theories can be domain specific, pertaining particularly to areas such as ability, morality, or personality. However, that judgments about others are more likely to be influenced by a person's implicit person theory (IPT), that is, his or her domain-general implicit beliefs about the malleability of the personal attributes (e.g., ability and personality) that define the type of person that someone is, as well as how he or she behaves.

In the present series of studies we investigated the potential role of IPT in the revision of a manager's performance appraisal judgments. This is an important issue in organizational psychology because failure by managers to recognize a significant decrease in the performance of a medical surgeon, a paramedic, a security guard, an airline pilot, or a nuclear power plant operator, for example, could be catastrophic. Similarly, failure to acknowledge a significant improvement in the behavior of an employee can lead to employee frustration,

resentment, and withdrawal. It is important to note that from the foregoing theory, it is revealed that there is need for managers to play active roles in performance reviews. However these studies do not provide the extent to which such non-involvement affects performance. This therefore calls for need to examine the extent to which supervisors' versatility affect employee performance.

Wood and Bandura (1989) discussed how managers who observe initially poor performance may be hypervigilant for subsequent cases of unsatisfactory performance and thus unlikely to acknowledge an improvement in an employee's performance. Potential reasons for this phenomenon include (a) escalation of commitment (b) assimilation, and (c) prior impression effects. However, related research to date has largely ignored individual differences and, in general, has yielded few theoretical or practical insights. Murphy, (1995) has repeatedly emphasized the need for research into the determinants of managers' motivation to provide appraisal ratings that reflect the behavior of the employee. A motivational variable found to influence the extent to which children and students revise their initial impressions of other people is their IPT.

2.2.3 Equity Theory

The pay-for-performance effect is clearly rooted in the equity theory that emphasizes employees' perception of fairness. According to the theory, employees will perceive a practice to be fair or equitable when their input-output ratio is equal to that of a referent. When paid in accordance to individual performance, it is likely that employees perceive fairness or justice in the ratio. Studies have shown that a rating based on individual performance and a salary based on the rating tend to enhance employee perceptions of distributive justice (Campbell *et al.*, 1998).

It is true that the equity aspect has been largely ignored in collectivistic cultures such as Korea, in which pay-for-performance was rarely utilized. As described, however, recent changes in the compensation techniques of Korean companies toward an ability/performance basis are quite notable. Despite the suspicions that the technique conflicts with the traditional cultural value of the country, an increased number of companies have used it as the preferred remedy to enhance flexibility and productivity.

Recent studies show that the changes in the HR practices may be associated with changes in employee attitudes so that Korean employees who are working under the US-style HR practices, tend to react in ways not fundamentally different from their US counterparts. As in the study with the US sample (McFarlin and Sweeney, 1992), distributive justice remains significantly influential in predicting the level of organizational commitment of Korean employees when they perceive a layoff in the near future. A study by Chang (2001) indicates that Korean employees tend to be positively motivated by pay-for-performance even though the pay system is in conflict with their traditional cultural value. A study by Mueller *et al.* (1999) also suggests that Korean and US samples generally reflected the tendency of perceiving more distributive justice when their job-related expectations are met.

2.2.4 Social Justice Theory

The organizational justice literature provides a robust framework for explaining and improving perceptions about performance appraisals. Organizational justice is deeply rooted in social exchange theory. Social exchange theories make two basic assumptions about human behavior (Mowday, 1991): social relationships are viewed as exchange processes in which people make contributions for which they expect certain outcomes; and, individuals evaluate the fairness of these exchanges using information gained through social interactions.

The original version of social justice theory suggested that social exchanges were perceived as fair when people sensed that their contributions were in balance with their rewards (Adams, 2000). This equity theory later became known as the distributive form of organizational justice because it involved the allocation or distribution of outcomes (Greenberg, 1990). Subsequent research discovered that individuals would accept a certain amount of injustice in outcome distributions as long as they perceived that the procedures that led up to those outcomes were fair (Cropanzano and Folger, 2002). Procedural justice describes the phenomena of perceived fairness in the allocation process. Leventhal (1980) identified seven procedural categories that individuals can use in order to determine the fairness of organizational processes. These include procedures for selecting agents, setting ground rules, collecting information, making decisions, appealing decisions, safeguarding employee rights, and changing procedures. An individual's awareness of unfair practices in any one of the seven factors can lead to perceptions of injustice. Since the publication of Leventhal's model, researchers have clearly demonstrated the existence of two justice factors: a distributive factor associated with the fairness of distribution of outcomes, and a procedural factor associated with the fairness of the means used to determine the outcomes.

2.3 Empirical Review

2.3.1 Peer Review and Development

The purpose of this type of appraisal is to provide feedback to the appraisee and to help him to plan their future self-development. The focus is primarily on the needs of the individual with only a broad and generalized regard being given to the needs of the organization. This type of appraisal can be described as using a phenomenological framework (Giuliani, 2002). That is to say it concentrates on helping the individual to make sense of his or her own

practice and experience (Kessler, 2000). From this perspective the test of whether appraisal is useful is its relevance to the individual's attempts to interpret, and make sense of, future development. It does not matter if different people create different meanings from those of others in the same role.

The appraisal processes used in the Education Department of Oxford Polytechnic in the late 1980s are very close to peer review in their purpose and application (Bevan and Thompson, 1992). Although in this department the appraisal interviews were conducted by the heads of department, they were acting in the role of academic peer rather than as line manager. "It (the interview) was not seen as a management exercise but as a personal opportunity to reflect and plan". In a departmental conference on appraisal, staff held discussions, in pairs, on individuals' aspirations. These talks led to the writing of personal development plans. As one participant reported, catching the style and flavour of peer appraisal exactly, "This allocation of a specific time for the validation of each individual, in a climate of trust, has definitely opened further channels of mutual support within the department" (Armstrong and Baron, 2005). Peer review focuses on the creation of a positive future plan rather than on a critical review of past performance.

However, in this type of appraisal, there is always a default concern with protecting the professional autonomy of the person being appraised. One aspect of this concern is the emphasis given to the improvement of practice and the avoidance of any denigration or condemnation of professionals (Bach and Sisson, 2000). This assumption caused an interesting argument within the professional practice about whether the ratings of partners should be published within the partnership. Their instinct was that they should not; so that individuals might be protected and their professional status unslighted. In the end, however, the figures were published so that partners could challenge the interpersonal comparisons

implicitly made by the scheme. In the appeal system most of the complaints were of the order of "I'm better than X but he got a 3 and I only got a 2". But one of the costs of this decision was that several, apparently hard-nosed, male partners came close to tears in the appeal sessions. This was something other partners found it hard to deal with; it did not fit well with their professional culture.

2.3.2 Competence Assessment and Development

The purpose of this type of appraisal is also focused on the appraisees' competence and development needs. Within the hierarchical context common to this type of appraisal, however, there is a greater emphasis on making ratings and judgements (whether made by appraisee, appraiser or jointly by them both) about the appraisee's performance. There is also more concern with sending these assessments up the hierarchy so that there is, within the organization, some knowledge of the skills and competences available. This sometimes takes the form of sophisticated databases on which details of staff competence are maintained. Another common feature of this type of appraisal is that it is seen, by both staff and management, as a mechanism for identifying people with promotion potential.

There is a clear emphasis in the competence assessment type of appraisal on integrating individuals' aspirations and abilities with organizational goals. This contrasts it with peer appraisal. In the polytechnic example, quoted in the previous section, personal plans were developed almost independently of departmental or institutional goals (Geddes and Konrad, 2003). In the case of the higher education institution with which we worked, by way of contrast, the achievement of an accommodation between personal and organizational goals was a key aspect of the written appraisal policy. Competence assessment was an important

element in four of the five schemes: the exception was the professional partnership where staff development was thought to fit ill with the profit sharing focus of their scheme.

The focus in this type of appraisal is on setting targets for achievement. These are commonly quantitative and hierarchical (Walker and Smither, 1999). Appraisal becomes a cascading process in which targets are set for the whole organization and are then disaggregated and allocated to people throughout the organization. The key processes in this type of review involve assessing performance against previously set targets, before moving on to setting new targets (Strebler, Bevan and Robinson, 2001).

2.3.3 360-Degree Appraisal Method

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As Rees and Porter (2002) posited, 360 degree feedback is the most comprehensive and costly type of appraisal. It includes self-ratings, peer review, and upward assessments; feedback is sought from everyone. It gives people a chance to know how they are seen by others; to see their skills and style; and may improve communications between people. 360 degree feedback helps by bringing out every aspect of an employee's life. Cooperation with people outside their department, helpfulness towards customers and vendors, etc. may not be rewarded by other types of appraisal. This system also helps those who have conflicts with their manager.

360 degree feedback generally has high employee involvement and credibility; may have the strongest impact on behavior and performance; and may greatly increase communication and shared goals. It provides people with a good all-around perspective. The Managing Individual Effectiveness (MIE) system at Bellcore is used for self-development. It gets feedback from peers, managers, subordinates, and the ratees themselves. According to Marsden, (2007), the results are better working relations; better communications; more information on

management performance and style; increased effectiveness and productivity of individuals and the organization as a whole; knowledge of training needs; a better grasp of organizational priorities; and greater employee input in designing self-development plans.

Folger, Konovsky and Cropanzano, (2002), noted that, for success, expectations must be communicated clearly; employees must be involved early; resources must be dedicated to the process, including top management's time; confidentiality must be assured; and the organization, especially top management, must be committed to the program. This system *requires* a third party, such as a consultant, to begin the process, which may take months to start up. 360 degree feedback may be given directly to the employees, who have the option of discussing them with their managers; or it may be given to the managers for use in a feedback meeting. Whichever method is chosen, training for the managers and ratees is necessary.

As with upward assessments, once the assessment is completed, participants should be guided through their data — ideally, making their own interpretations of it so they have ownership of their conclusions (Chartered Institute of Personnel and Development 2007). The consultant should be present to help correct misunderstandings, focus attention on action and interpretation rather than blame and diversion, and to then guide the conversation to action steps. These should be in some way observable or concrete and have definite milestones and deadline dates, which are followed through by the manager or supervisor.

The manager or supervisor's role can vary. In general it is best of sharing of the actual numerical results is left to the person being "rated," with the manager or supervisor receiving a brief summary from the consultant to aid in following through with action plans. The action plan itself should be shared with the manager or supervisor, who should take on the follow-through process, scheduling meetings over the upcoming months to review progress. Various

stakeholders, such as the employee's immediate superior, other superiors who are not the bosses but who are in contact with the employee on a daily basis, the top management and the employee's subordinates, all provided data on his performance. All 360 degrees of the employee's working and working style are analyzed but involve the whole circle of individuals with whom the employee interacts for work (Marsden and Richardson, 2004). This feedback is then passed onto the employee to increase productivity.

2.3.4 Management by Objectives

Staff appraisal can be a contentious issue in organizations. This may be particularly so in professional and public sector organizations where the presentation of appraisal by management, as being about development and growth, can be thought by staff to be a cover for less noble intentions. One of the schemes with which I was involved may illustrate this process (Rees and Porter, 2002).

According to Rees and Porter (2002), in an organization, the spirit of achievement, is based on the integration of organization and employee goals--that is, a congruence between the organization's objectives and the individual interests and talents. Such a congruence engenders a closer identification of the employee with the system. A climate of achievement is also generated by mutual trust and goal setting between the employee and his immediate manager. The climate of achievement, like organizational morale, is not a factor that is easily measured, but the resulting productivity and efficiency are readily identified.

As with MBO, a successful program with the communication necessary to achieve desired results requires commitment and dedication. In order for the manager to communicate his expectations effectively, he must invest the time required to learn the perceptions, work values, and objectives of his employees. Through this knowledge, the manager can achieve

desired results in productivity by achieving what Drucker terms "worker-responsibility." "Indeed, one of the major contributions of management by objectives is that it enables us to substitute management by self-control for management by domination." Communication and feedback take many forms in an organization. Informal feedback is just as critical as the formal evaluation process. Kellogg states, "...the single most important contribution to excellent performance lies in the informal, day-to-day interaction between an employee and his manager

Management by objectives (MBO) is a systematic and organized approach that allows management to focus on achievable goals and to attain the best possible results from available resources (Marsden and French, 1998). It aims to increase organizational performance by aligning goals and subordinate objectives throughout the organization. Ideally, employees get strong input to identify their objectives, time lines for completion, etc. MBO includes ongoing tracking and feedback in the process to reach objectives.

In this method, the emphasis is on tangible and measurable goals. The key result areas (KRA) and the means to attain maximum results are concentrated upon. Here, the superior lets her team know the KRAs and the results expected at the end of the year. Also, the work is delegated, and the authority responsibility relationship is defined. MBO (management by objectives) methods of performance appraisal are results-oriented. That is, they seek to measure employee performance by examining the extent to which predetermined work objectives have been met.

Usually the objectives are established jointly by the supervisor and subordinate. Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and

specify their strengths and weaknesses. They are expected to monitor their own development and progress.

The MBO approach overcomes some of the problems that arise as a result of assuming that the employee traits needed for job success can be reliably identified and measured. Instead of assuming traits, the MBO method concentrates on actual outcomes. If the employee meets or exceeds the set objectives, then he or she has demonstrated an acceptable level of job performance. Employees are judged according to real outcomes, and not on their potential for success, or on someone's subjective opinion of their abilities.

The guiding principle of the MBO approach is that direct results can be observed, whereas the traits and attributes of employees (which may or may not contribute to performance) must be guessed at or inferred (Storey, 2007). The MBO method recognizes the fact that it is difficult to neatly dissect all the complex and varied elements that go to make up employee performance. MBO advocates claim that the performance of employees cannot be broken up into so many constituent parts - as one might take apart an engine to study it. But put all the parts together and the performance may be directly observed and measured (Townley, 1999).

The study was based on social justice theory as advanced by Adams (2000). The original version of social justice theory suggested that social exchanges were perceived as fair when people sensed that their contributions were in balance with their rewards (Adams, 2000). The organizational justice literature provides a robust framework for explaining and improving perceptions about performance appraisals. Organizational justice is therefore deeply rooted in social exchange theory. The theory make two basic assumptions about human behavior (Mowday, 1991): social relationships are viewed as exchange processes in which people

make contributions for which they expect certain outcomes; and, individuals evaluate the fairness of these exchanges using information gained through social interactions.

This theory is relevant to this study in the sense that it appreciates the need for linking rewards to performance. It therefore follows that performance reviews should be able to accommodate the entire interactions between an employee and a supervisor. Any appraisal results therefore that do not factor the total exchange between an employee and supervisor will thus be viewed as being unfair. It justifies the need for constant interactions between supervisors and employees with intent to bring fairness in appraisal results.

2.4 Extent to which non-inclusion of employee achievements into formalized appraisal system affect performance

Performance appraisal is the strength of performance management, which in turn affects the organizational performance. According to Smith, (2000) appraisal involves the identification of cause and effect relationships on which employment and labor policies are based or can be based and it is a routine process that organizations use to evaluate their employees. Boyd (2004) further indicates that performance appraisal system occurs when there is establishment of goals at the beginning of the evaluation cycle, which provides employees with clear performance targets, the monitoring of performance during the evaluation cycle (which can be used to assist poor performers) and the reinforcement provided for good performance through the provision of rewards, usually in the form of higher pay.

Performance appraisal improves work performance and employee satisfaction. It can also demotivate employees and leave a bad impression on good employees. Most of the employees do not approve of continuous performance appraisal and also consider it as a burdensome activity. Appraisals are also important to help staff members improve their

performance and as an avenue by which they can be rewarded or recognized for a job well done. Myers (2011) notes in many organizations, performance appraisals only occur when management is building a case to terminate someone. It's no wonder that the result is a mutual dread of the performance evaluation session—something to be avoided, if at all possible. This is no way to manage and motivate people. Performance appraisal is supposed to be a developmental experience for the employee and a 'teaching moment' for the manager."

Many organizations use different formalized methods of appraisal for identifying and appraising the skills and qualities of their employees. These methods include check list, confidential report, critical incident, ranking, graphic rating and 360 degrees. These are the methods that have been studied by many writers. In all these methods, none has discussed the incorporation of employee achievements not set out as targets. It can therefore be argued that they are insensitive to the changing factors that influence employee performance. A lot of concentration by these methods is placed on the set out targets at the beginning of the appraisal period between the supervisor and the employee and aims to address remedy to weakness. Employees through the formalized methods may be reluctant to confide any limitations to and concerns with their current performance as this could impact on their merit-related reward or promotion opportunities. Use of formalized system only poses a challenge to the supervisor on their reluctance to make negative judgments on an individual's performance as it could be de-motivating, leading to employees' accusations of lack of managerial support and contribution to an individual's poor performance. In all these studies, focus is placed on formal appraisal process where employee is evaluated on agreed targets. None of these studies has looked at output realized outside the agreed targets. It is therefore necessary to study the effects of non-inclusion of employee achievements into a formalized appraisal system on performance which are not known.

2.5 Extent to which non-consideration of employee characteristics affect employee Performance

According to Rudman (2003), a performance appraisal and employee appraisal is a method by which the job performance of an employee is evaluated generally in terms of quality, quantity, cost and time typically by the immediate line manager or supervisor. They further note that performance appraisal is part of the process of guiding and managing career development in both private and public sectors. It is a systematic assessment that is as objective as possible of an ongoing programme or policy, its design, implementation and results. Mani (2002) opines that performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses and suitability for promotion or further training. It is also important to help staff members improve their performance and as an avenue by which they can be rewarded or recognized for a job well done.

Dweck (1986) defined implicit theories as lay beliefs about the malleability of personal attributes (e.g., ability and personality) that affect behavior. A prototypical entity implicit theory assumes that personal attributes are largely a fixed entity, whereas an incremental implicit theory assumes that personal attributes are relatively malleable. Since managers work closely with subordinates, they are able to evaluate employees' growth in areas of personal development, providing additional insight for compensation and promotion decisions. Dweck (1986) opines that communication skills are an essential part of an employee's toolkit. Employees in any organization have to communicate with others at their same level, supervisors at higher levels in the organization and possibly their subordinates. If an employee displays poor communication skills, consider bringing the issue up in a performance review. Set goals for increased communication effectiveness, provide

employees with training and mentorship opportunities to hone their skills and revisit the issue during subsequent performance reviews to gauge how employees are progressing.

The purpose of this type of appraisal is also focused on the appraisees' competence and development needs. Within the hierarchical context common to this type of appraisal, however, there is a greater emphasis on making ratings and judgements (whether made by appraisee, appraiser or jointly by them both) about the appraisee's performance. There is also more concern with sending these assessments up the hierarchy so that there is, within the organization, some knowledge of the skills and competences available. This sometimes takes the form of sophisticated databases on which details of staff competence are maintained. Another common feature of this type of appraisal is that it is seen, by both staff and management, as a mechanism for identifying people with promotion potential.

There is clear indication in these studies that assessment of employee performance should be based on skills and competencies. Less consideration is placed on employee characteristics while undertaking formalized appraisal process. It can be noted that these studies emphasize on job content and how employees can be motivated to increase output. However, employee characteristics have not been included in such analysis. Therefore effects of employee characteristics on employee performance are not known.

2.6 Extent to which non-consideration of supervisors' versatility affect employee Performance

Employee job performance is one of the most important factors within business analytics for maintaining and increasing productivity for companies. Some of the most common responsibilities of supervisors are to delegate work, and to give information or advice to subordinates. In acknowledging that it is the duty of supervisors to ensure that employee job

performance is at maximum potential, it would be advantageous for managers in all trades and industry sectors worldwide to understand what types of employee-supervisor interactions are associated with employee job performance. Knowledge regarding the possible association between supervisor-employee relationship and job performance would enable the implementation of more effective systems for management, and subsequently, better productivity for the company through increased job performance.

Trust is defined by Dweck (1986) as a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another. To operationalize the definition of trust in a way that is directed specifically towards the supervisor, we will simply replace the word another with the words supervisor (i.e. trust in the supervisor is: a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of a supervisor). Trust is an essential factor in the acceptance of duties and information from supervisors. Generally, whether an action was performed on an employee's own volition, or it was requested by a superior, an employee is expected to know better than to act in ways that are unfavorable to the company and will be held accountable for any resulting consequences.

If an employee feels that his/her supervisor may give incorrect information or a task that will not benefit the company, the employee may take extra precautions and/or be reluctant to perform when working (Adams, 2000). This behavior could result in slower task completion. In this scenario, the lack of trust established acts as an impediment to employee productivity, and consequentially results in losses for the company in the form of wasted employee time. Dweck (1986) stated that trust is a variable seen as critical to organizational coordination (as cited in Gomez & Balkin, 2007). When trust in supervisor is very low, subordinates may disregard directives from their supervisors out of fear that the information given to them is

unreliable. In order to optimize the efficiency of the delegation of duties, it is important for supervisors to gain the trust of their employees.

The above studies as discussed reveals that supervisors need to build an environment that allows employees to have trust. The studies appreciate contributions of trust towards enabling the employees to increase performance. However these studies have not connected the supervisors' drive in creating enabling environment to formalized appraisal process. They treat performance appraisal as a measurement exercise and disregard information processing within the performance appraisal decision-making process that could be driven by the supervisor's versatility. Therefore effects of supervisor's versatility on employee performance are not known.

2.6 Summary

The reviewed literature focuses on performance appraisal practices with little or no regard for its extent in affecting employee performance. It is evident from the reviewed literature that performance appraisal is inclined to evaluating targets, rewarding employees and as a measure to put employees on their toes rather than being a communication platform where managers and employees deliberate on how to improve performance. Most of the reviewed studies only consider formal performance appraisal methods and ignore achievements realized by employees outside formalized appraisal system, employee characteristics and supervisors' versatility which are critical to affecting employee performance. This proposed study sought to bridge these gaps by investigating effects of appraisal practices on employee performance at Kenya Medical Research Institute in Kisumu.

CHAPTER THREE

RESEARCH METHODOLOGY

This section gives a blueprint for the collection, measurement and analysis of data. It is conceived to aid the researcher in answering the raised research question. Therefore in this section the research identifies the procedures and techniques that were used in the collection, processing and analysis of data.

3.1 Research Design

Descriptive research design was used where researcher had a target group explain or describe certain issues about important variables of the study. This is because the researcher attempted to determine the impact of the variables in relation to each other so as to present the bigger picture of the variables in a particular situation as recommended by Churchill and Iacobucci (2002). The design was deemed appropriate because the main interest was to explore the viable relationship and describe how the factors support matters under investigation. The descriptive research design enabled the researcher to reduce biases associated with qualitative research. This design was appropriate because it gave conclusive results among the research variables.

3.2 Study Area

The study was conducted at Kenya Medical Research Institute in Kisumu County which is located at 0°04'39.41"S 34°40'41.93"E as per Global Positioning System. The institution borders Siaya county to the West, Vihiga to the North, Nandi to the North East, Kericho to the East and Homabay to the South. The Kenya Medical Research Institute is located at Kisian along Kisumu-Busia road which is 13 Km away from Kisumu town as shown on figure 3.1 under appendix ii.

3.3 Target Population

According to Cozby (2001), population of the study is the sum total of the group in which the researcher has an interest. It involves individuals, persons, objects, or items from which samples are taken for measurement. According to Ngechu (2004), a population is a well-defined set of people, services, elements, and events, group of things or households that are being investigated. In this study, the population of interest was 220 which comprised of all employees at Kenya Medical Research Institute in Kisumu as tabulated below.

Table 3.1 Target Population

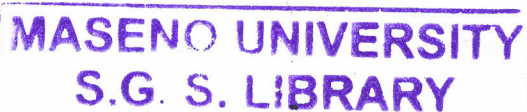
Sections	Popn, (F	%age
Top management	11	4
Middle level management	22	19.9
Lower level management	56	26.5
Support staff	131	49.7
Total	220	100

Source: (KEMRI, 2015)

3.4. Sampling Design and Sampling Procedure

According to Best & Kahn (2006), sampling may be defined as the selection of some part of an aggregate or totality on the basis of which a judgment or inference about the aggregate or totality is made. Sampling is important as the researcher can draw precise inferences on all the units based on a relatively small number of units. The study adopted a survey sampling design because the target population was small and manageable. The researcher investigated the entire population of 220 employees at KEMRI, Kisumu. A pilot study of 10 respondents

was conducted from the institution to obtain data for assessing the reliability coefficient of the research instruments. The questionnaires were pre-tested and any suggestions for improvement encountered during the piloting process were incorporated in the final questionnaire.



3.5 Data Collection Methods

Both primary and secondary data was used in the study. The researcher used a questionnaire as a primary data collection instrument and review of the Institute's documents as a technique for obtaining secondary data.

3.5.1 Data Sources

For study purpose both primary and secondary data was used. The primary data was collected from questionnaires issued out to employees while secondary data was collected from KEMRI records which included employees register, performance appraisal forms and employee exit questionnaires. The primary data are related to behavior and response of employees while secondary included previous reviews of employee performance appraisal.

3.5.2 Data Collection Instruments

The data was collected by the help of a designed questionnaire. The questionnaire composed of close ended questions only. The close ended questions were intended to restrict the respondents not to include information that is not relevant for the study and also save time for data collection. The questionnaires were administered to employees by the researcher with the help of a research assistant. This is one of the major instruments of data collection that was put into use. Questionnaires enabled the researcher to collect data within a shorter time since most of the information is easily described in writing. Questionnaire techniques have

the ability to source information associated with the intensive inquiry nature of the research (Best & Kahn, 2006).

3.5.3 Data Collection Procedures

Before the researcher embarked on the collection of data, permission to carry out the study was sought from the School of Graduate Studies, Maseno University. The questionnaire was then administered through drop and pick method to the respondents. During the session of filling the questionnaires, the researcher and the research assistant assisted the participants who had problems in understanding the statements or filling in the responses. A pilot study of 10 respondents was conducted from the institution to obtain data for assessing the reliability coefficient of the research instruments.

3.5.4 Reliability of the Questionnaire

An instrument is considered reliable when it is able to elicit the same responses each time it is administered. By definition, reliability describes the extent to which measurements can be depended to provide consistent unambiguous information (Cozby, 2001). Any random influence that tends to make the measurement different from occasion to occasion is a source of error unless the differences are such that they maximize systematic variance. Reliability is concerned with precision and accuracy. For research to be reliable it must demonstrate that if it were to be carried out on a similar group of respondents in a similar context (however defined), then similar results would be found. Reliability of the questionnaire was determined by computing the inter rater reliability. Here, two raters are required to make judgments about an instrument (Cozby, 2001). To check if the instrument is reliable, their scores were computed using the chronbach alpha coefficient. The chronbach alpha obtained was 0.914 against the normal 0.7 which indicated strong reliability of the data collected. According to Mugenda & Mugenda (2003), a coefficient of 0.80 or more implied that there is a high degree

of reliability of the data. A pilot study of 10 respondents was conducted from the institution to obtain data for assessing the reliability coefficient of the research instruments. The questionnaires were pre-tested and any suggestions for improvement encountered during the piloting process were incorporated in the final questionnaire. Final questionnaires were distributed to the respondents physically. This enhanced the speed of data collection.

3.5.5 Validity of the instruments

According to Best & Kahn (2006), validity of an instrument is the extent to which an instrument measures what it purports to measure. It implies that there should be an agreement between what the test measures and the function it is intended to measure. Content validity is a subjective measure where we ask whether the content of a measure covers the full domain of the content. This is considered a subjective form of measurement because it still relies on people's perception for measuring constructs that would otherwise be difficult to measure. Content validation of the instrument was determined through expert judgment which involved discussing the items in the instruments with the supervisors and colleagues.

Construct validity is the extent to which measurements justify or support the existence of psychological traits, abilities or attributes or is the degree to which an instrument measures the trait or theoretical construct that it is intended to measure. In this case, inclusion is a construct that represents a trait which manifests itself in behaviors such as through modification of the classrooms and adapting the toilets. According to Mugenda & Mugenda (2003), the existence of a construct is manifested by observing the collection of related indicators. Taking inclusion as a construct and meanings of terms as captured in the operational definition of terms and having them in mind, the researcher will use them in constructing the tools. Questionnaires were developed by the researcher, however, before

administration; the questionnaires were discussed with two lecturers and supervisors of this research project from the department to determine construct validity.

3.6 Data Analysis and Presentation

Data collected were first organized through the questionnaires and collected from respondents. The questionnaires were then coded for easy analysis. Data was analyzed by the use SPSS version 20 and result presented in quantitative methods such as frequency distribution, mean and standard deviation. To test for significance of the effects of non-inclusion, characteristics and versatility, a one sampled t-test was used at 5% level of significance. The research findings were presented in narrative form, frequency distribution, percentages and pie charts. The methods were useful in explaining variable distributions, summarizing and organizing data to make meaning and observe trends.

CHAPTER FOUR

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RESULTS AND DISCUSSIONS

This chapter presents the findings and answers the specific objectives of the study. It has been divided into the followings sections;

4.1 Social-Demographic Characteristics

The social demographic information for the study comprised of the respondents' gender, age, and work experience in the organization and education level. Both bar graphs and pie-charts were presented for every characteristic.

4.1.1 Gender of the Respondent

The researcher sought to find out the gender of the target respondents involved in the study. The findings on Figure 4.1 established that 55 % of the respondents were male as compared to 45% who were females. Thus, the findings indicate that majority of the respondents were male. The figure 4.1 illustrates the gender distribution of the respondent.

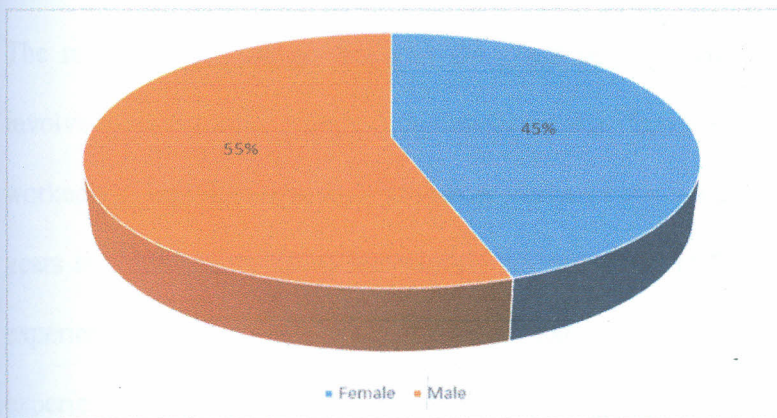


Figure 4.1 *Gender distribution of the respondents*

4.1.2 Age Distribution of the respondent

The study intended to determine the age of the target respondents involved in the study.

The findings on Figure 4.2 illustrates that 26.2% of the respondents were between 20-30 years, 63.8% between 31 to 45 years, 9% were between 46 to 60 years and 1% of the respondents were over 61 years. Thus, the findings indicate that majority of the respondents are between 31 years to 45 years old.

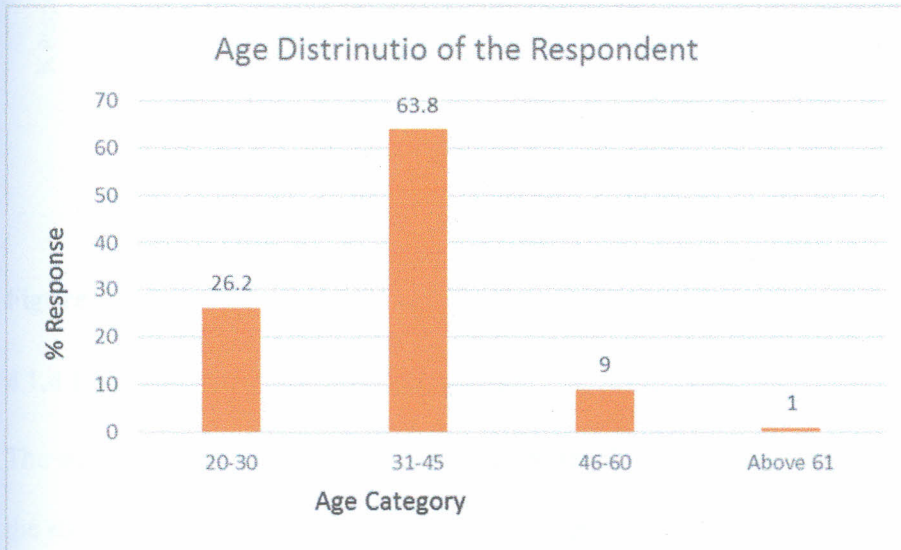


Figure 4.2 Age category of the respondent

4.1.3 Work Experience at the Organization

The researcher sought to find out the years of experience among the target respondents involved in the study. The findings on figure 4.3 illustrates that 10% of the respondents had worked for less than 1 year, 23.8% had worked between 2-5 years, 29.5% between 6 to 10 years and 21% had worked between 11-15 years and 15.7% had worked above 16 years of experience. Thus, the findings indicate that majority of the respondents are relatively experienced.



Figure 4.3 work experience of the respondent

4.1.4 Education Level of the Respondent

The study sought to determine the education level of the respondents from those involved in the study. Figure 4.4 indicated that 1% of the respondents had Primary school education, 20% secondary school, 39% college level and 40% university education. The findings indicated that majority of the respondents had university education and were somehow relatively educated to provide responses on performance appraisal system. This implies that the organization emphasizes on professionalism while recruiting its employees.

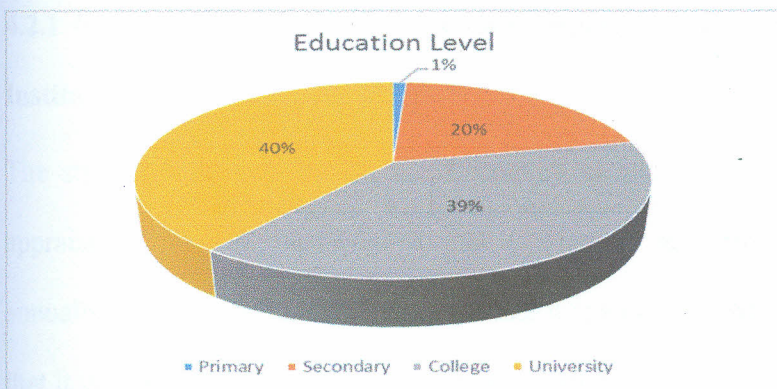


Figure 4.4 Educational level of the respondent

4.2. Use of Performance Appraisal in the Organization

The study sought to establish the usage of performance appraisal systems at KEMRI. According to the findings of the study, 36% of the respondents stated that performance appraisal does not exist in the organization, 45% of the respondents stated that performance appraisal exist but is never used and only 19% of the respondents agreed that performance appraisal exist in the organization but is used at the discretion of some specific managers. The foregoing shows that indeed there is existence of performance appraisal at the Kenya Medical Research Institute, Kisumu

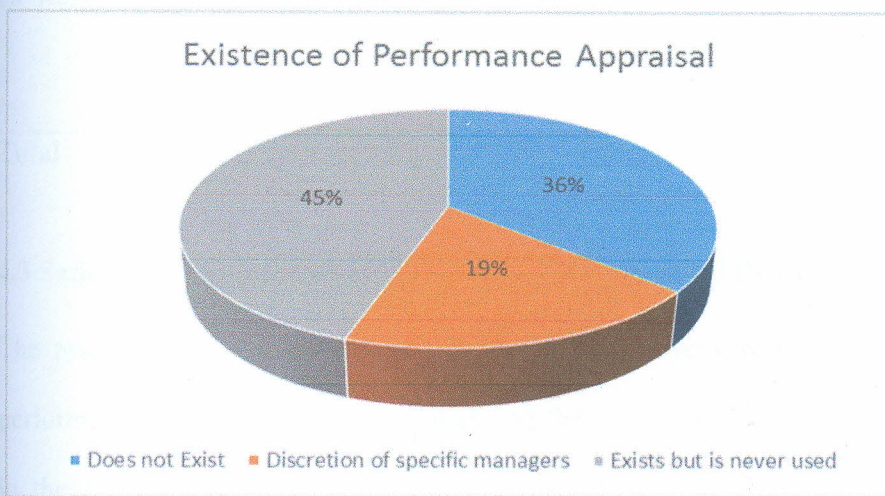


Figure 4.5 Use of Performance Appraisal at Kenya Medical Research Institution

4.2.1 Frequency in which Performance Appraisal is used at Kenya Medical Research Institute

The study sought to establish the frequency in which employees in the organization are appraised. The study established that employees in various departments are appraised annually. Majority 54(25.7%) indicated that it is administered annually while 36(23.8%) said that it is administered semi-annually. Only 13(6.2%) reported that performance appraisal was administered monthly.

Table 4.1 Appraisal Period used by Kenya Medical Research Institute Performance appraisal Frequency

	Frequency	percentage
Monthly	13	6.2%
Quarterly	30	14.3%
Semi-Annually	36	17.1%
Yearly	54	25.7%
No Response	77	36.7%
Total	210	100

4.3 Satisfaction with the Current Performance Appraisal Process

The research aimed to determine whether the employees were satisfied with the current performance appraisal process in enhancing their motivation from the respondents involved in the study. Figure 4.5 indicated that majority of the respondents (50.7%) were very satisfied, 18.7% were satisfied and 12.3% were dissatisfied with the current performance appraisal system. Thus, the findings indicated that majority of the respondents were very satisfied with the current appraisal systems. Some of the attributes that may have contributed to satisfactory level could be the application of different performance appraisal forms among the different groups. Since when asked whether the appraisal form was applied among different categories of employees, majority 177(84.3%) of the respondent confirmed so. The majority 111(58.1%) of respondent reported that the organization divided into managerial and non-managerial, 41(21.5%) Blue collar and supervisory while 39(20.4%) reported exempt and non-exempt.

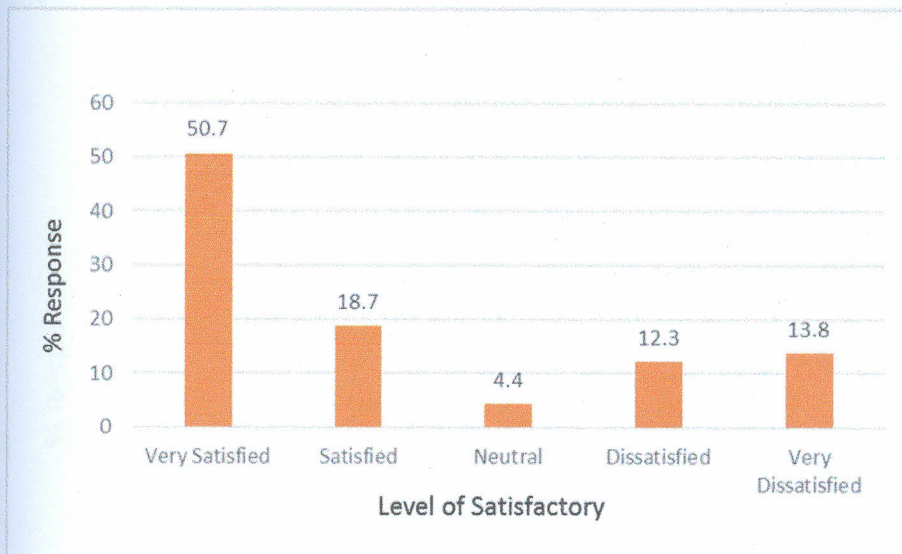


Figure 4.6 Level of satisfactory with the current performance appraisal proces

4.3.1 Extent to which non-inclusion of employees' achievements affect employee performance at KEMRI

The study results showed that 46% of the respondents said that recognition of employee achievement has improved employee performance to a very great extent, 27% said it affect to a great extent, while 21% said that it had affected the performance of employees to a very little extent. A further 1.5% of the respondents said that recognition of employee achievement has affected the performance of the said employees but to a little extent. Figure 4.7 illustrate the extent to which non-inclusion of employee achievements affect employee performance.

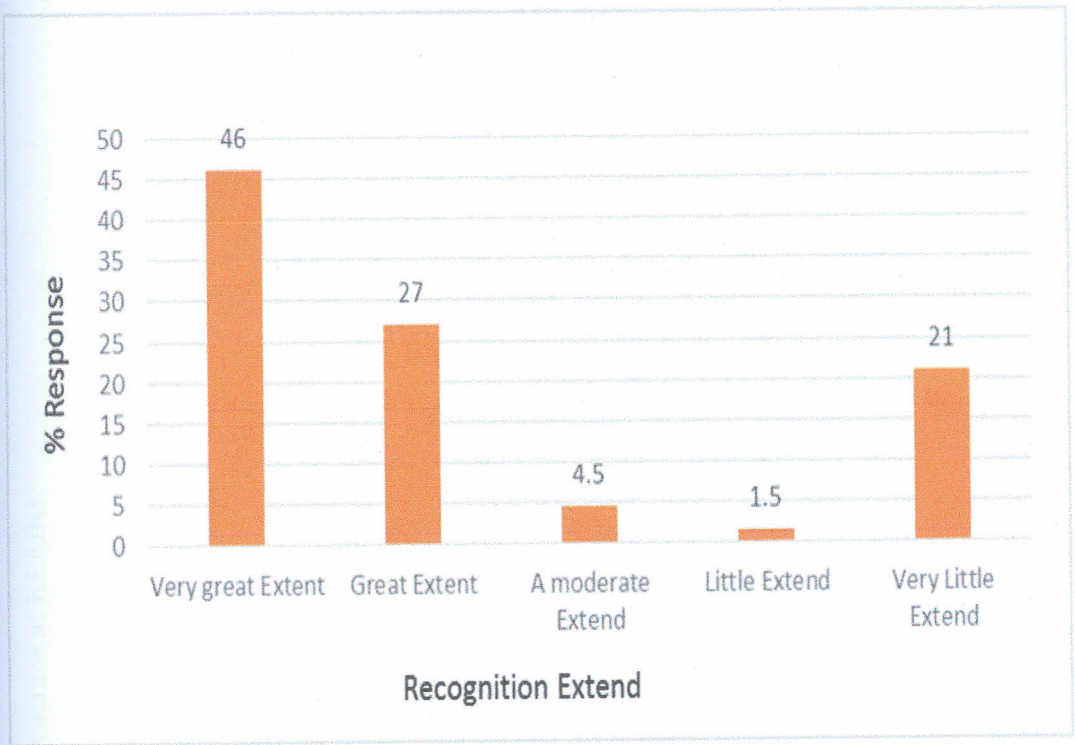


Figure 4.7 Effects of Recognition of Achievement of Employees on Performance at KEMRI

4.3.1 Extent to which Non-inclusion of Employees Achievement affect employee Performance at KEMRI

Table 4.2 Non-inclusion of Employees' achievement in appraisal system and extent it affect performance.

Recognition of employee achievements and the extent it affect employee performance	V.L.E n(%)	L.E n(%)	M.E n(%)	G.E n(%)	V.G.E n(%)	Mean	SD	t-value	Df	Sig-value
The purpose of recognizing employee achievements is to provide feedback to the appraisee and to help her or him to plan their future self-development.	42(20)	29(13.8)	75(35.7)	5(2.4)	59(28.1)	3.05	1.447	5.485	209	.000
Recognition of employee achievements helps an employee to make sense of his or her own practice and experience.	25(11.9)	3(1.4)	3(1.4)	123(58.6)	56(26.7)	3.87	1.183	16.748	209	.000
The test of whether appraisal is useful is its relevance to the individual's attempts to interpret, and make sense of, future development	22(10.5)	1(0.5)	53(25.2)	112(53.3)	22(10.5)	3.53	1.050	14.199	209	.000
In a departmental conference on appraisal, staff holds discussions, in pairs, on individuals' aspirations which lead to the writing of personal development plans	13(6.2)	48(22.9)	23(11.0)	120(57.1)	6(2.9)	3.38	1.044	10.770	209	.000
The allocation of a specific time for the validation of each individual, in a climate of trust, opens further channels of mutual support within the department	27(12.9)	57(27.1)	24(11.4)	102(48.6)	0(0.0)	2.96	1.129	5.865	209	.000
Recognition of employee achievements focuses on the creation of a positive future plan rather than on a critical review of past performance	18(8.6)	24(11.4)	0(0.0)	59(28.1)	109(51.9)	4.03	1.325	16.774	209	.000

Mean of means

3.47

The study sought to establish the extent to which non-inclusion of employees' achievements affect employee performance in appraisal system. The results as presented in table 4.2 reveals that recognition of employees' achievements has a positive impact on employee performance with $M=3.47$ as mean of means. For instance 109(51.9%) strongly agreed that recognition of employee achievements focuses on the creation of a positive future plan with $M=4.03$ ($SD=1.325$) while 123(58.6%) of the respondents said that recognition of employee achievements helps an employee to make sense of his or her own practice and experience, (means and SD under table 4.2.). A look at standard deviations from means revealed that response were scattered. This shows that despite respondents noting that recognition of employee achievements has a positive impact on performance, the extent to which it affects is widely varied.

When subjected to a t-test, the result obtained showed that all the statements were found to be statistically significant since all the significant values i.e. $P=values < 0.05$ at α level of significant with the t-values and degrees of freedom as indicated on the table 4.2 above. This implies that non-inclusion of employees achievements on performance appraisal system has a significant effect on employee motivation and therefore declines performance since all the variables used to examine the effect of non-inclusion were found to be statistically significant.

It can be noted that the purpose of recognizing employee achievements is to provide feedback to the appraisee and to help her or him to plan their future self-development $M=3.05$ (1.447). These findings depicts that employees" regardless of national culture have a strong desire to seek feedback regarding their performance, to know how well they were doing against set standards and whether they were meeting organizational expectations and work requirements. However, prior studies done on appraisal only appreciate the need for feedback but they put

little attention on inclusiveness of output realized by employees which were not in their discussed targets. For instance organizations generally use performance appraisal in administrative decisions such as promotions, salary awards, and assignments and as a tool for employee development processes such as offering feedback, critiquing performance, and setting goals for improvement. From these results it can therefore be deduced that recognition of employees' achievements at KEMRI is to provide total feedback to an appraisee' through inclusion of achievements realized outside agreed targets.

According to Mackey and Johnson (2000), whereas performance appraisal improves work performance and employee satisfaction, it can also demotivate employees and leave a bad impression on the good employees. The major output effects of non-inclusion of employee achievements into a formalized appraisal system on performance based on the findings of this study is the non-creation of a positive future plan. Koln (1993), argues that failure of compensation system is due to inadequate assumption about human motivation. Reason for this can be attributed to the measurement of employee satisfaction and employee loyalty' to the organization. Hence, there is a strong need for the development of a holistic reward and performance measurement model enabling an organization to derive company specific success drivers and identify cause and effect relationship when linking rewards to measure such as employees' satisfaction and loyalty. In a nutshell non-inclusion of employee's achievement of performance appraisal will significantly affect employee's performance hence need to factor these on the program.

4.3.2 The Extent to which the Organization realizes benefits of taking employee achievements into consideration during appraisal.

Table 4.3 The Extent to which the Organization realizes benefits of taking Employee achievements into consideration during appraisal.

Benefits of Considering Employee's achievements	Mean	SD
Better working relations	2.24	0.921
Better communications	2.19	0.896
More information on management performance and style	2.20	0.906
Increased effectiveness and productivity of individuals and the organization as a whole	2.20	0.906
Knowledge of training needs	2.20	0.906
A better grasp of organizational priorities	2.20	0.906
Greater employee input in designing self-development plans.	2.06	0.908

The research sought to establish how the organization realizes the benefits of considering employee achievements during appraisal. The study established that a higher proportion of the respondents agreed that consideration of employee's achievements lead to better working relations $M=2.24$ ($Sd=0.921$). Further another proportion agreed inclusion of employee's achievement into appraisal system lead to knowledge of training needs, More information on management performance and style, increased effectiveness and productivity of individuals and the organization as a whole and a better grasp of organizational priorities ($m=2.20$). This implied that training of appraisee and appraisor was critical in performance appraisal process at KEMRI. This clearly indicates that management of KEMRI offers training to employees to enable them know how to set objectives, how to keep accurate records, and how to communicate all aspects of performance. The findings concurred with Goff and Longenecker, (1990) who found that major aspects of developing an effective performance system was training for those individuals involved as raters; thus training should begin with those levels of management that will be involved in administering the programme and providing training for lower levels of supervision. Only a few proportion confirmed that consideration of

employee's achievements may lead to greater employee input in designing self-development plans ($m=2.06$). The result is as indicated on the table 4.3 below.

4.4 Extent to which non-consideration of employees characteristics affect employee performance at KEMRI

The study investigated the extent to which non-consideration of employees' characteristics affect employee performance at KEMRI. The results found that 42.8% of the respondent said that non-consideration of employee's characteristics affect employee's performance to a moderate extend, 25.9% said that it affect to a great extent while only 10% reported that the characteristics influenced to a little extent.

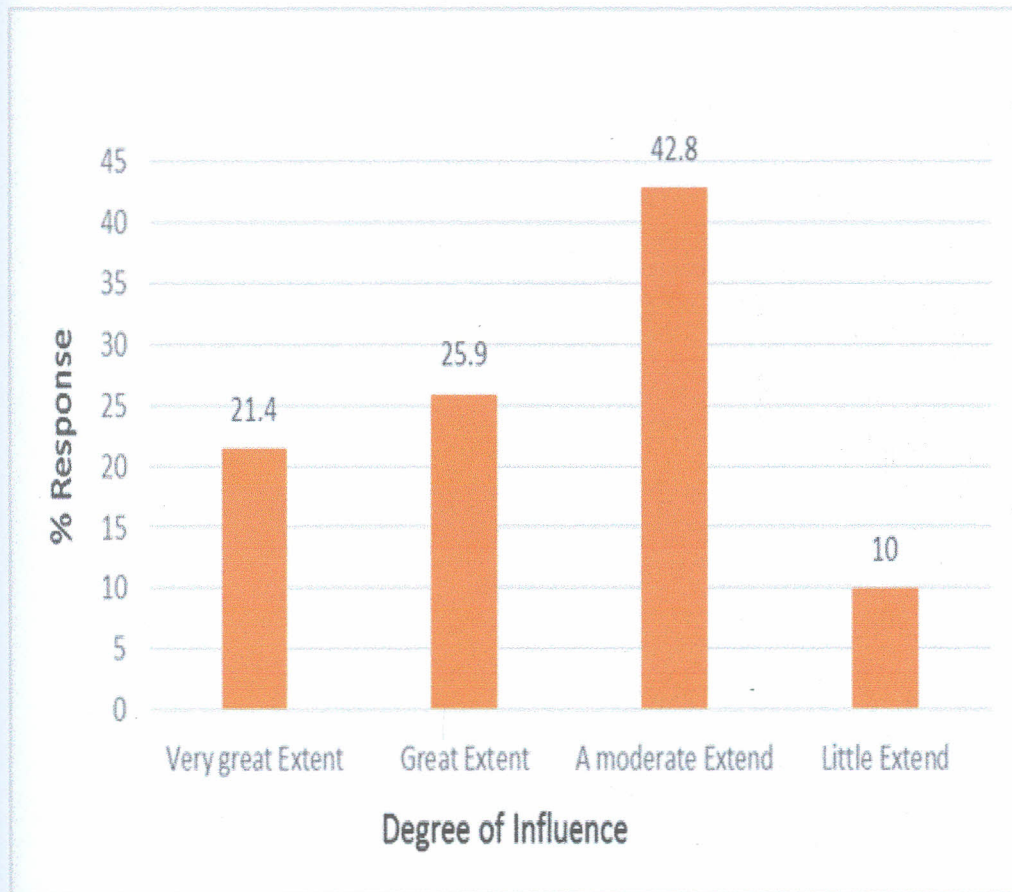


Figure 4.8 Extent of influence of employee's characteristic

4.4.1 The Extent to which non-consideration of employee's characteristics affect employee Performance

Non-consideration of employees' characteristics in affecting performance was investigated and recorded on the table 4.4 below. The results based on an average of 3 for all the statements

Table 4.4 Extent to which consideration of employee's characteristic affect performance

Statement Parameter	V.G.E n(%)	G.E n(%)	M.E n(%)	L.E n(%)	Mean	SD	t-value	Df	Sig- value
1. Employee characteristics place greater emphasis on making ratings and judgements about the appraisee's performance.	46(21.9)	43(20.5)	101(48.1)	15(7.1)	2.41	.918	-1.332	204	.184
2. In employee characteristics recognition, there is more concern with sending assessments up the hierarchy so that there is, within the organization, some knowledge of the skills and competences available.	43(20.5)	49(23.3)	103(49.0)	11(5.2)	2.40	.876	-1.670	205	.096
3. Employee characteristics recognition sometimes takes the form of sophisticated databases on which details of staff competence are maintained hindering effectiveness.	42(20.0)	45(21.4)	102(48.6)	15(7.1)	2.44	.900	-.934	203	.351
4. Recognition of employee characteristics is seen, by both staff and management, as a mechanism for identifying people with promotion potential.	42(20.0)	47(22.4)	106(50.5)	11(5.2)	2.42	.873	-1.357	205	.046
5. Recognition of employee characteristics emphasizes on integrating individuals' aspirations and abilities with organizational goals.	46(21.9)	34(16.2)	111(52.9)	12(5.7)	2.44	.906	-.968	202	.334
6. In recognizing employee characteristics, personal plans are developed almost independently of departmental or institutional goals	47(22.4)	33(15.7)	113(53.8)	13(6.2)	2.45	.913	-.839	205	.002
Mean of Means					2.43				

The results obtained showed a $M=2.43$ as mean of means indicating that respondents were of the view that non-consideration of employee characteristics affect employee performance only to a moderate extent. A further look at standard deviations from means revealed that variations are minimal. In recognizing employee characteristics, personal plans are developed almost independently of departmental or institutional goals was found to be highly 113(53.8%) influential in determining the performance of employee with a mean of 2.45 and a positive SD 0.913. Others where majority agreed included recognition of employee characteristics emphasizes on integrating individuals' aspirations and abilities with organizational goals. Employee characteristics recognition sometimes takes the form of sophisticated databases on which details of staff competence are maintained hence hindering effectiveness with a mean of 2.44. There is more concern with sending assessments up the hierarchy so that there is, within the organization, some knowledge of the skills and competences available was found to have less input in recognizing employee characteristics as an influence on performance. The variation from the means caused by standard deviations indicates that there were different perceptions in response on effect of employee's characteristics on performance appraisal.

When subjected to t-test, the results showed that "In recognizing employee characteristics, personal plans are developed almost independently of departmental or institutional goals and Recognition of employee characteristics is seen, by both staff and management, as a mechanism for identifying people with promotion potential" were found to be statistically significant $P\text{-values}<0.05$ while the rest were statistically insignificant at α level of significant with respective t-values and degrees of freedom (see table 4.4). This implies that personal plans and promotion potentiality are seen as influential characteristics on performance of the employee. The results reveal that organizations generally use performance appraisal in

administrative decisions such as promotions, salary awards, and assignments and as a tool for employee development processes.

In terms of opportunities to develop plans and skills, Wilson et al (2004) find employees' perceptions of their opportunities for doing so were a key positive determinant of their job satisfaction. In a company-level analysis, Patterson et al (2004) find that average perceptions of skill development were positively correlated with overall job satisfaction. Therefore the results obtained concurs with these findings that in recognizing employee characteristics, personal plans are developed almost independently of departmental or institutional goals hence contributing more on employee performance. Therefore employees' characteristics has no great influence on performance appraisal system at KEMRI in achieving its goals and objective.

Table 4.5 The Extent to which Institution realizes the benefits of Factoring Employee Characteristics during Performance Appraisal

Benefits of Employee's Characteristics	Mean	SD
Better working relations	2.24	1.014
Better communications	2.23	1.015
More information on management performance and style	2.22	1.027
Increased effectiveness and productivity of individuals and the organization as a whole	2.23	1.016
Knowledge of training needs	2.25	1.010
A better grasp of organizational priorities	2.23	1.023
Greater employee input in designing self-development plans.	2.24	1.016

The study sought to establish the extent to which institutions realizes the benefits of factoring personal traits/characteristics of the employees that enables them effectively and efficient perform their jobs. According to the findings, a larger proportion agreed that Knowledge of training needs was a major benefits in factoring employee characteristics (m=2.25). Better

working relations and Greater employee input in designing self-development plans were also found to be major benefits to the organization in considering employee's traits (m=2.24).

4.5 Extent to which non-consideration of Supervisors' Versatility affect Performance of Employees at KEMRI

The study sought to establish the agility of supervisors' in terms of affecting employee performance at Kenya Medical Research Institute, Kisumu. The findings of the study showed that 36.1% of the respondents indicated that non-consideration of Supervisors' Versatility affect performance to great extent, 32.2% said to very great extent, 20.8% of the respondents said to a moderate extent while 5.9% of the respondents said that it was to a little extent.

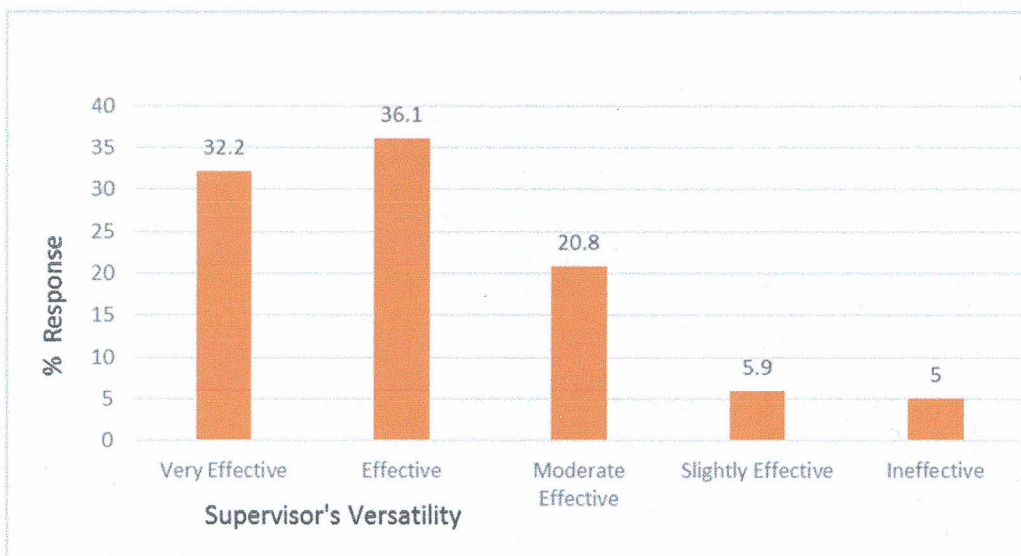


Figure 4.9 Effects of Supervisors' Versatility on Performance of Employees at KEMRI

4.5.1 The Extent to which non-consideration of Supervisors versatility affects employee Performance

Table 4.6 The Extent to which non-consideration of Supervisors versatility affects Performance

Supervisor's Versatility	V.G.E n(%)	G.E n(%)	M.E n(%)	L.E n(%)	V.LE n(%)	Mean	SD	t-value	Df	Sig- value
Supervisors versatility in appraisal gives people a chance to initiate performance improvement methods	65(31)	73(34.8)	42(20.0)	12(5.7)	10(4.8)	2.21	1.014	-4.047	202	.000
Supervisors versatility enable people to see their skills and style	51(25.1)	87(42.9)	43(21.2)	15(7.1)	7(3.3)	2.23	1.016	-3.873	198	.000
Supervisors versatility may initiate improvement in communications between an employee and the supervisor	50(25.1)	83(39.5)	45(22.6)	14(7.0)	7(3.3)	2.22	1.027	-3.876	197	.000
Supervisor's versatility helps managers to quickly address conflicts among employees who have conflicts with their manager.	50(25.3)	85(40.5)	40(20.2)	16(8.1)	7(3.5)	2.25	1.022	-3.441	201	.001
Supervisors' versatility helps in bringing out every aspect of an employee's life.	48(23.8)	86(42.6)	44(21.8)	17(8.1)	7(3.3)	2.22	1.012	-3.933	197	.000
Supervisors versatility generally has high employee involvement and credibility	49(24.7)	85(42.9)	43(21.7)	14(7.1)	7(3.5)	2.21	1.016	-4.080	198	.000
Supervisors versatility in appraisal has the strongest impact on behavior and performance	50(25.1)	87(43.7)	40(20.1)	15(7.5)	7(3.5)	2.22	1.019	-3.929	198	.000
Supervisors versatility in appraisal gives people a chance to initiate performance improvement methods	50(25.1)	85(42.7)	42(21.1)	15(7.5)	7(3.5)	2.21	1.014	-4.047	202	.000
Mean of means						2.22				

The study intended to investigate the extent to which non-consideration of Supervisor's versatility affect employee performance. It was revealed through mean of means at $M=2.22$ that non-consideration of supervisor's versatility affects employee performance to a great extent. The findings indicate that majority 85(40.5%) of the response which represented substantial proportion of the respondents said that supervisor's versatility helps managers to quickly address conflicts among employees who have conflicts with their manager ($M=2.25$, $Sd=1.022$). This was followed by a number of respondents who mentioned that "Supervisors versatility enable people to see their skills and style ($m=2.23$, $sd=1.016$), while other proportion of the respondent claiming that the Supervisors versatility may initiate improvement in communications between an employee and the supervisor, Supervisors' versatility helps in bringing out every aspect of an employee's life etc.. ($m=2.22$). The t-values and degrees of freedom are as indicated on the table 4.6 above. The deviations from the calculated means indicate that the response varied from one level of employment to the other.

When a t-test was conducted to investigate the significance of the supervisor's versatility on employee performance all the variables were found to be statistically significant $P\text{-value}<0.05$ at 5% level of significant at respective t-values and degrees of freedom (*See Table 4.6*). Therefore supervisor's versatility was a significant effect on employee performance at KEMRI hence needs to have strictness of supervisor which will highly contribute to the employee performance.

According to Dweck (1986), communication skills are an essential part of an employee's toolkit. Employees in any organization have to communicate with others at their same level, supervisors at higher levels in the organization and possibly their subordinates. If an employee displays poor communication skills, consider bringing the issue up in a

performance review. Set goals for increased communication effectiveness, provide employees with training and mentorship opportunities to hone their skills and revisit the issue during subsequent performance reviews to gauge how employees are progressing.

In the view of Wilson et al (2004) performance appraisal gives supervisors and employees the opportunity to review the performance standards and this is to identify their strengths and weaknesses in order to enable the supervisors design or recommend a specific programme that help employees improve upon their performance. Thus, performance appraisal is done to ascertain the level of motivation in the work environment in order to improve when necessary. This gives ones a chance to initiate performance improvement methods within the organization. In supporting this view, Mathias and Jackson (2004) observed that the manager's role parallels that of a coach. Thus, a coach rewards good performance with recognition, explains what improvement is necessary and shows employees how to improve.

Quite less proportion of respondent reported that Supervisors versatility may initiate improvement in communications between an employee and the supervisor, Supervisors' versatility helps in bringing out every aspect of an employee's life and Supervisors versatility generally has high employee involvement and credibility (m=2.21).

A small proportion of other respondents mentioned that Supervisors versatility generally has high employee involvement and credibility (m=2.22). Many studies have shown a relationship between supportive supervision and job satisfaction. In a meta-analysis scenario, there seems to be a positive correlation between leader consideration/versatility and overall job satisfaction. While many studies have focused on job satisfaction, the results obtained here concur with Wood (2008) who finds that employees who report more supportive management experience both greater levels of job satisfaction and less job-related anxiety.

Though the Wood (2008) never furthered on possibility of conflicts caused by anxiety, these type of relationship will help managers to quickly address conflicts among employees who have conflicts with their manager. While higher levels of support are associated with greater SWB, at the lower end of the spectrum, there is likely to be an important difference for SWB between a lack of support and actually experiencing negative behaviour. Tepper (2000) find 'abusive supervision' is related to lower overall job satisfaction and greater emotional exhaustion. The findings are presented in Table 4.6.

4.5.2 The Extent to which the Organization realizes different benefits by factoring supervisors' versatility in appraisal

Table 4.7 The Extent to which the Organization realizes different benefits by factoring Supervisors' Versatility in Appraisal

Benefits of Supervisor's Versatility	Mean	SD
Better Working Relation	2.23	1.024
Better communications between employees and their seniors.	2.22	1.014
More information on management performance and style	2.22	1.012
Increased effectiveness and productivity of individuals and the organization as a whole	2.23	1.009
Knowledge of training needs for every employee in the organization.	2.23	1.011
A better grasp of organizational priorities	2.22	1.001
Greater employee input in designing self-development plans.	2.24	1.013

The study established that the organization realizes a greater employee input in designing self-development plans (m=2.24) while increase in effectiveness and productivity of individuals and the organization as a whole, Knowledge of training needs for every employee in the organization and A better Working Relation (m=2.23). From the study, it was established a good proportion of the respondents agreed that supervisor's versatility has helped in enhancing Better communications between employees and their seniors, more information on

management performance and style etc (see table 4.12). This shows that there is a significant relationship between supervisor versatility working relationship and communication in the organization.

On the other hand, quite a few number of the respondents agreed that they receive erroneous feedback on my performance ($m=3.49$). This means that the ratings may not be objective in evaluating the employee's actual performance. The findings are indicated on

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the findings of the research objectives and answers to the research questions. The broad objectives in this study were to determine the extent to which non-inclusion of employee achievements into formalized appraisal system affect employee performance at Kenya Medical Research Institute, Kisumu, assess extent to which non-consideration of employee characteristics affect employee performance at Kenya Medical Research Institute, Kisumu and Investigate extent to which non-consideration of Supervisors' versatility affect employee performance at Kenya Medical Research Institute, Kisumu

5.2 Summary of Findings

On the extent of non-inclusion of employee achievements into formalized appraisal system in affecting employee performance, the study established that a large proportion of the respondents strongly agreed that recognition of employee achievements focuses on the creation of a positive future plan rather than on a critical review of past employee's performance with $M=4.03$ ($SD=1.325$). This implies there is need to recognize employee achievements realized outside agreed targets while evaluating performance results in a formalized appraisal system. The significant test obtained showed that there was a significant influence of non-inclusion of employee's achievement on performance of the organization and appraisal system with all P -values < 0.05 at 5% level of significant. This could be attributed to the fact that recognition of employee achievement motivates the staff to work harder and achieve more in the organization. It further assists an employee to develop personal goals for personal development. Non-inclusion of employee achievement realized

outside agreed targets leads to demotivation as the employees will feel as though they are not appreciated in the organization for their extra effort contributed. It therefore means that non-inclusion and lack of recognition of such achievements can lead to collapse of the organizations' performance management system.

A review on the extent to which non-consideration of employee characteristics affect employee performance revealed that it only affect to a moderate extent. According to the findings, only recognition of unique employee characteristics affects employee output. It was noted that employees tend to maximize their agility by way of designing self-development plans and seeking more knowledge. Recognition of employee characteristics tends to a moderate extent improves working relationship, increase effectiveness and productivity and provides better communication. By instituting a formal process, the employee has the ability to respond to any negative comments as well as being made aware of the positive characteristics they possess. These day to day evaluations are important but they also need to be summarized in a formal evaluation. Employee evaluations must be productive and they should not only be examining employee performance but also providing an opportunity for the employee and the supervisor to meet one on one establishing goals and objectives.

Finally, on extent to which supervisors' versatility affect employee performance, the study established that non-consideration of supervisors versatility affect employee performance to a great extent. For instance a substantial proportion of the respondents claimed Supervisor's versatility helps managers to quickly address conflicts among employees who have conflicts with their manager ($M=2.25$, $Sd=1.022$). Another proportion of the respondent claimed that Supervisors versatility may initiate improvement in communications between an employee and the supervisor, Supervisors' versatility helps in bringing out every aspect of an employee's life etc. ($m=2.22$). The significant influence of supervisors' versatility showed

that supervisors' versatility had a great influence on performance appraisal among employees' at 5% level of significant.

5.3 Conclusions

The results of this study shows that there is a link between employee performance and employee characteristics, supervisors' versatility and consideration for output made by employees outside formalized targets at Kenya Medical Research Institute. It is therefore pertinent that institutions should keenly take into consideration output realized outside formalized targets, employee characteristics, and supervisors' versatility in every stage of planning and implementation of employee performance appraisal system. This will enhance staff motivation and increase performance. For instance, inclusion of output realized outside agreed targets tend to give employee assurance of recognition by the employer. This in turn increases the chances of employee being committed to high performance. In addition, employee characteristics are tied to performance since for instance education level of an employee tend to motivate the utilization of skills and thus increasing the creativity of an employee thus high performance. Consideration of Supervisors' versatility is also important in determining extent of output realized by employees. It is worth noting that those supervisors who are quick in understanding the behaviour of their subordinates tend focus their energies in triggering high performance from employees as oppose to those who concentrate on formalized targets only. From the above forgoing, it can be deduced that evaluation of employee performance using established formalized system is not enough in guaranteeing high performance. In order to realized better employee performance, there is need therefore to recognize extra achievements realized outside agreed, put into consideration the employee characteristics and appreciate the supervisors' versatility. This will make it

more likely that the employee performance is increased besides creating opportunity for growth to both employees and their supervisors.

The performance of the staff of Kenya Medical Research Institute is very important because it has a multiplier effect. Their high performance will certainly result in the effective implementation of organizational strategies and achievement of the organizational goals.

5.4 Recommendation

Based on the research findings, it can be recommended that for an institution to thrive in overall performance, a performance appraisal system should consider inclusion of achievements realized by employees outside agreed targets, appreciate supervisors' versatility and to a less extent take into consideration employee characteristics while reviewing employee performance. The essence of such consideration is to aid in motivating employees for future increased performance. It will further create a likelihood of securing high employee commitment to their work.

Management should factor in employee achievement outside agreed targets, appreciate employee characteristics and supervisors' versatility while reviewing out performance from time to time for two basic reasons. Firstly, to find out areas of employee weakness and ineffectiveness, and take necessary steps to help employee overcome such problems to improve performance. Secondly, it can be used to award outstanding performance of employees as a motivational tool.

In order to maintain low turnover, employees should be properly motivated. Besides, it is an established fact that a motivated staff has more job satisfaction and will ultimately work better.

5.5 Limitations of the study

Although the study was based on a small, representative population of the organization in Kisumu-Kisiani, large, longitudinal surveys on other firms or branches of KEMRI was not done due to financial constraints. Secondly other limitation the researcher encountered was the fear from the respondents that they will be victimized by the organization in case of bias information. It was difficult to convince them that the questionnaire was meant for academic purposes only thus wasting a lot of time.

5.6 Suggestions for Further Research

The study recommends that further research should be done to establish the effects of performance appraisal practices on employee and organizational performance. Further study should also be done to establish other factors which negatively affect organizational performance.

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Appendix II: