

Effect of Employee Appraisal on the Organization Performance in Public Institutions: A Study of Kenya Commercial Bank Kericho Branch, Kenya

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ABSTRACT : Motivation is one of the most important tools of Management. Organizations are designing motivation systems to encourage employees to perform as well as to attract and retain potential candidates. The main purpose of this study was to determine the effect of employee appraisal on the organization performance in public institutions. The study adopted a descriptive research design. A case study of Kenya Commercial Bank Kericho Branch was used. The study used both qualitative and quantitative techniques to obtain data from primary and secondary sources. The study revealed that Employee appraisals ($\beta = 0.632$, $p = 0.000$) was found to positively influence employees' performance in public institutions. Based on the findings, the researcher recommended that the management should encourage employee appraisal and insist on its importance for enhancing organizational performance as it spells out the employee problems and provision of ways of solving them.

KEYWORDS : Balance Score Card, Employee Appraisals, Organizational Performance, Reward Systems.

I. INTRODUCTION

Every organization needs to have performance appraisal to achieve its goals and objectives which in turn will accomplish the Mission and Vision of the organization. By having a performance appraisal in the organization the employees are forced to increase their output which is benefit for both the employee and the organization. The employee gets motivation and promotion whereas the organization can increase its profitability. It has been the age old practice of the organization to attract and retain efficient employees (Reshma & Kumudha, 2016).

In this era, organizations are in a continuous state of competition, and this has intensified the need to improve employee's performances and invariably that of the organization. Organizations are faced with a quickly changing environment, and this has meant that they have to develop a more focused and coherent approach to how they manage people (Drakes, 2008).

The success or failure of any organization depends on its employee that how well they were motivated towards their work and with how dedicated they are performing. Motivation plays a fundamental role in enhancing the employee productivity and performance. Employee motivation is directly linked to employee commitment, productivity, and business profits. Organizations should know the needs of their employees. Motivated employees are productive, happy, committed and satisfied with their jobs. Organizations would be more profitable, effective and efficient when its workers are trust them, and this will lead to productivity, high level of involvement (Korman, 2011). Since there is a wide variety of methods available for motivating staff, from recognizing the employee's Achievements by simply saying "thank you" to more complex schemes which combine and set targets with fixed rewards, it will however look ridiculous for the team responsible for motivation in the banking companies to attempt to motivate their employees when they don't know what motivates the employees. The motivation of employees in the workplace remains one of the sensitive subjects that determine the level of input that employees will put in the organization to commit to good performance (Kingazi, 2016).

1.2 Statement of the Problem

The Kenyan banking sector has grown from a few institutions which primarily were involved in deposit acceptance and trade finance into a complex multiplayer market where a large number of financial institutions, commercial banks operate with diverse products and services (Saleemi, 2016). How well an organization motivates its workers to achieve their mission and vision is of paramount concern. Employees in both public and private sector organization are becoming increasingly aware that motivations increase productivity. Despite these, no research work has investigated the determinants of employee motivation on organizational performance in public institutions in Kenya. Very few studies have assessed the determinants of employee's motivation on organizational performance in banking institutions. (Daniels & Harris, 2017) in Kenya, did not cover indeed, the areas that the objectives of this work covers. To this effect, this study attempts to empirically analyze how motivational tools can be used by Kenya Commercial Bank firm to effectively derive plans for growth and development.

1.3 Research Objective

The study was guided by the following objective.

- 1) To determine the effect of employee appraisal on the organization performance in public institutions

1.4 Research Hypothesis

H_{01} : There is no significant influence of employee appraisal on the organization performance in public institutions

II. LITERATURE REVIEW

2.1 Theoretical Review

2.2. McClelland's Achievement Theory

This is a theory of employee motivation proposed by David in his 2011 book, "The Achieving Society". David identified three basic needs that people develop and acquire from their life experiences. People with a high need for achievement strive for success, are highly motivated to accomplish a challenging task or goal. Prefer tasks that have a reasonable chance for success, and avoid tasks that are either too easy or too difficult. There is a strong need for feedback as to achievement and progress, and a need for a sense of accomplishment. The people who have a high achievement need likes to take personal responsibility (McClelland, 2011). A person who has a high need for affiliation needs harmonious relationship with people and needs to be accepted by other people. McClelland further contend that people with a strong need for affiliation are highly motivated to maintain strong and warm relationships. A person who has need for power wants to direct and command other people. McClelland maintains that people with high need for power enjoy roles requiring persuasion. Most managers have high need for power. According to David McClelland (2011), individual can have a need to get ahead to attain success, and to reach objectives. He further added that, the characteristics of high achievers are like situation in which they take personal responsibility for findings solutions to problem, and they want to win based on their own efforts not due to luck or chance. High achievers want concrete feedback on their performance. They use the information to modify their act. They tend to be loners and not team players and have little empathy for others.

2.3 Conceptual Framework

Figure 2.1 shows the relationship between independent and dependent variables of the study

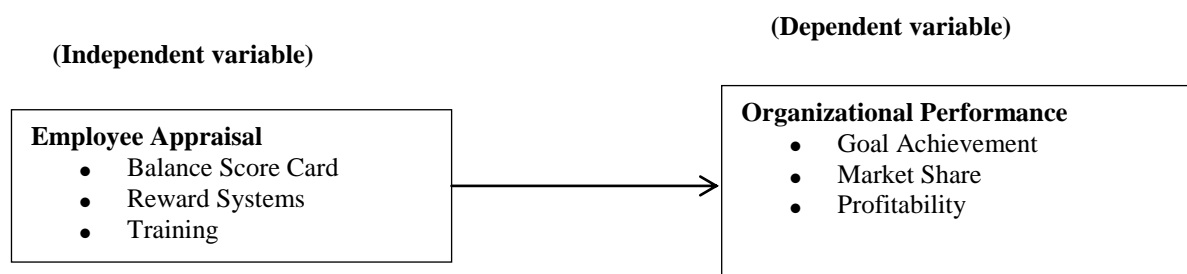


Figure 2.1: Conceptual Framework

III. RESEARCH METHODOLOGY

3.1 Research Design

A research design is a blueprint of research, dealing with at least four problems: what questions to study, what data are relevant, what data to collect, and how to analyze the results (Yin, 2017). According to Creswell (2014) there are two general types of methodology called qualitative and quantitative research methods. The study used descriptive design and involved use of both primary and secondary data. Quantitative methods are used to measure and analyze causal relationships between variables within the framework of independent values. Quantitative approach was the best available option for this kind of research in terms of validity. The descriptive research design was considered the most suitable and accurate way of obtaining reliable information concerning the research. Data was collected from all the departments within Kenya Commercial Bank in Kericho Branch. Data collection was carried out using questionnaires to a representative census of the total population. Additional information was obtained from the administration department.

3.2 Target Population

Barton (2001) avers that any scientific research targets a given population through which questionnaires are distributed so as to target the desired or the required data for analysis. These individuals constitute a population, meaning that they make up the entire group of individuals having the characteristics that interest the researchers (Creswell, 2014). The study targeted a total population of 46 respondents comprising of head of department and junior management staff and cashiers which represent Kericho KCB staffs.

3.3 Sampling Design

Census was used since the population is small. Since the sample was small and hence all the staff member formed the sample size of 46 respondents.

3.4 Instrumentation

A questionnaire with structured and unstructured questions was used to collect data. According to Kothari (2017), structured questions (closed ended) refer to questions which are accompanied by a list of possible alternative answers from which respondents select the answer that best describes their situation. Closed ended questions are easier to analyze and administer because of specific alternative answers, however they are difficult to construct and responses are limited. Questions were therefore standardized to ensure all respondents reply to same questions in a defined manner. Open ended questions were used in some specific areas that required explanations. The questionnaires were delivered by hand to each subject by the researcher who then instructed the subject on how to complete the questionnaire and also marked clarifications on issues that required to be clarified.

3.4.1 Validity

Research instruments should measure precisely what they are meant to measure (Robson, 2011). Since instruments only produced good results when validated by an expert, the researcher sought the opinion of the supervisor. Opinions of peers were also sought. The experts were asked to give their opinion on clarity, ambiguity, level of language used and any other information on the questionnaire in order to make instruments valid.

3.4.2 Reliability

The consistency levels of research instruments are vital in determining whether data collected from these instruments is to be reliable as recommended by Mugenda & Mugenda (2017). Statistical package for social sciences (SPSS version 21.0) was used to compute the reliability of the study and obtained 0.78. The study obtained the Cronbach values of 0.76. This finding was in line with the recommended threshold of 0.7 (Griethuijzen, Eijck, Haste, Brok, Skinner, & Mansour, 2014). The following are the reliability finding.

Table 3.1 Reliability Test

Variable	Cronbach Alpha Value
Employee appraisal	0.76

IV. FINDINGS AND DISCUSSIONS

4.1 Influence of employee appraisal on the organization performance in public institutions

The study sought to determine the influence of employee appraisal on the organization performance in public institutions. The findings are shown in Table 4.1.

Table 4.1: Influence of employee appraisal on the organization performance in public institutions

Statements	%	SA	A	N	D	SD	T
Balance score card has an influence on the rate of work per person	%	15	40	28	10	7	100
Rewards system determine the number of customer served per day	%	31	33	2	18	16	100
Bonus has effected the number of customer per financial period or month	%	27	34	4	20	15	100
Appraisal of employee has advance affected the sales or number of customers	%	31	25	10	20	14	100
Employee appraisal has influence on the performance of the employee	%	40	22	6	20	12	100
Employee appraisals are good for the company for spelling out the employee problems	%	42	30	18	4	4	100

From Table 4.1, the distribution of findings showed that 15.0 percent of the respondents strongly agreed, 40.0 percent of them agreed, 28.0 percent of the respondents were neutral, 10.0 percent disagreed while 7.0 percent of them strongly disagreed. These findings implied that balance score card has an influence on the rate of work per person. This view is in line with that of Whittington (2006) who avers that balanced scorecard as a tool helps organizations to focus on areas relevant to organization's success; it seeks to clarify achieved firm performance relative to the business strategy undertaken.

Furthermore, the findings indicated that 31.0 percent of the respondents strongly agreed to the statement, 33.0 percent of them agreed, 2.0 percent of them were neutral, 18.0 percent of them disagreed while 16.0 percent of them strongly disagreed to the statement. These findings implied that rewards system determine the number of customer served per day. This is because rewards are critical components of any effective performance management system. Maund (2001) asserts that rewards are for attracting and retaining suitable employees as well as making them to improve on their performance through motivation.

The respondents were also asked whether bonus has effected the number of customer per financial period or month. The distribution of the responses indicated that 27.0 percent of the respondents strongly agreed to the statement, 34.0 percent of them agreed, 4.0 percent of them were neutral, 20.0 percent of them disagreed while 15.0 percent of them strongly disagreed to the statement. These findings implied that bonus has affected the number of customer per financial period or month.

Moreover, the distribution of the responses indicated that 31.0 percent of the respondents strongly agreed to the statement, 25.0 percent of them agreed, 10.0 percent of them were neutral while 20.0 percent and 14.0 percent of them disagreed strongly and disagreed to the statement respectively. These findings implied that appraisal of employee has advance affected the sales or number of customers. This findings corroborates with that of Mwema and Gachunga (2014) who emphasizes that organizations should establish and adopt performance appraisal systems to aid in providing opportunities to the management in identifying staff training needs, help employees meet performance targets, offer poor performers a chance to improve, help employees on time management through planning and setting of deadlines.

Finally, the respondents were asked whether employee appraisals are good for the company for spelling out the employee problems. 40.0 percent strongly agreed. 22.0 percent the respondents disagree. 6.0 percent of the respondents were neutral, 19.0 percent of the respondents disagreed and 13.0 percent strongly disagreed that the employee appraisals are good for the company for spelling out the employee problems. This view agrees with that of Kane and Lawler (2009) who indicated that, the three main functional areas of performance appraisal systems are administrative, informative, and motivational. Therefore, the informative function is fulfilled when the appraisal system supplies data to managers and appraises about individual strengths and weaknesses. On the other hand, the motivational role entails creating a learning experience that motivates workers to improve their performance.

4.2 Relationship between Employee Appraisals and Organization Performance In Public Institution

The study sought to establish the strength of the relationship between independent and dependent variables of the study. Pearson correlation coefficient was computed at 95 percent confidence interval (error margin of 0.05). Table 4.2 illustrates the findings of the study.

Table 4.2: Correlation Matrix

		Performance of KCB
Employee Appraisal	Pearson Correlation	.699**
	Sig. (2-tailed)	.000
	N	44

The findings revealed that there exist a statistically and a significant relationship between employee appraisals and organization performance in public institution($r=0.699$; $p<0.05$). This implies that provision of motivation and incentives could influence organizational performance. Therefore, managers should endeavor to create an experience that motivates workers to improve their performance.

4.3 Effect of employee appraisals on organization performance in public institution

Regression analysis was computed to test the Effect of employee appraisals on organization performance in public institution and also to test the null hypothesis (H_0)

Table 4.3: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	53.421	7.654		74.499	.000
Employee appraisal	.632	.208	.612	3.911	.000

From the findings in Table 4.3, Employee appraisal influence 63.2% of on organization performance in public institution($\beta = 0.632$; $p<0.05$). This finding concur with that of Obisi (2016)who recommended that firm's should give more attention to the assessment of employees and recognize there training needs which can be identified through appraisal outcome.

H_0 : Employee appraisal does not have a significant effect on employees' performance in public institutions.

From Table 4.13 above, employee appraisals ($\beta = 0.632$) was found to be positively influence employees' performance in public institutions. From t-test analysis, the t -value was found to be 3.911 and the ρ -value 0.000. Statistically, this null hypothesis was rejected because $\rho<0.05$. Thus, the study accepted the alternative hypothesis and it concluded that employee appraisals have a significant effect on employees' performance in public institutions.

V. CONCLUSSION

Performance management is goal-oriented process which ensures that the organization optimize the output of the workforce and individual personnel to fulfill the vision and mission of the organization. The management should therefore encourage employee appraisal and insist on its importance for enhancing organizational performance as it spells out the employee problems and provision of ways of solving them.

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