

**RELATIONSHIP BETWEEN PERCEIVED EFFECTIVENESS OF
PERFORMANCE APPRAISAL AND COMMITMENT AMONG
EMPLOYEES OF POSTAL CORPORATION OF KENYA**

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DECLARATION

This Research Project is my original work, and has not been presented for any academic credit in any other institution.

Signed Date

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D61/77539/2015

This Research Project has been submitted for examination with my approval as the University Supervisor.

Signed Date

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DEDICATION

I dedicate this project to my beautiful daughter Ahadi Vuyanzi. I pray that you will soar higher than your mother and impact your generation and the society at large.

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ABBREVIATION AND ACRONYMS

PA: Performance Appraisal

OC: Organizational Commitment

PCK: Postal Corporation of Kenya

Posta: Postal Corporation of Kenya

ICT: Information Communications and Technology

MG: Management Grade

UNG: Unionisable Grade

SPSS: Statistical Package for Social Sciences

ABSTRACT

Past studies done on the relationship between perceived effectiveness of performance appraisal and organizational commitment by employees has shown mixed findings from positive to negative effect, hence the need to understand this link in the Kenyan setting. This research was driven by the need to seal this gap in knowledge. The objective of this study was to establish the relationship between perceived effectiveness of performance appraisal and commitment among employees of Postal Corporation of Kenya. The research design was cross-sectional descriptive survey and the population of the study was 3200 employees. Data was collected using a self-administered questionnaire from a sample population 161 employees. Simple linear regression was used to analyse the data. Results of the study show a statistically significant relationship between performance appraisal and organizational commitment at PCK. The findings of this research are in tandem with other past studies which have recognised a significant relationship between performance appraisal and organizational commitment. It was recommended that organizations should adopt an effective performance appraisal to improve organizational commitment. Further studies should be done to examine other factors that may improve organizational commitment. Another consideration should be given on the employer's perspective and not only to concentrate on the workers. The studies should also obtain a large population of other organizations to determine whether the results can be generalized as this case only used one organization Postal Corporation of Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance appraisal is a crucial exercise which organizations practice in order to increase the probability that they will succeed in achieving their strategic goals. Staff that know and understand the expectations placed on them are likely to excel more than those who are not sure of what is to be done. The exercise of appraisal ensures mutual co-operation between controlling officers and those on their team (Cole, 2009).

Performance appraisal has faced many challenges as most employees look at the exercise as a dictatorial process of being given orders by the top leadership without their views and opinion being considered and its custodian is the human resource department rather than the business units who drive the business. As Armstrong and Mulis (1998) asserted, performance appraisal was done annually out of habit and concentrated on corrective actions that the managers felt may have contributed to poor performance of staff and loss of business opportunities. The process was not forecast on future plans and existed in isolation. On one side Supervisors have often not been receptive to performance appraisal schemes, they consider them wastage of time and not applicable at the work place while on the other hand, staff have been cynical of the phony way with which appraisals have been conducted by Supervisors who they perceive not to be objective but just trying to finish the exercise as its expected of them (Armstrong, 2006).

Organization Commitment is whereby a worker is devoted to an organization, ready to stay with the organization and shows willingness to put effort on the organization's behalf (Appelbaum *et al* 2000). He also noted that the readiness to apply extra effort is the aspect of organization commitment that has been greatly linked to an employee's job performance. In order to get employees' committed Appelbaum *et al* (2000) states that there should be ways to ensure the values, objectives and aims of the organization for staff reach them in order for the same to be embraced.

The study was based on the following three (3) theories; expectancy theory which according to Vroom (1960) an individual's performance is affected by his view of what is the truth and not on the actual truth itself. The second was the equity theory which looked at the staff's view of what is just, the higher an individual's observation of equity, the more they will be willing to work: if someone perceives an unfair environment, they will not put effort to work. (Adams, 1976). The researcher also looked into the attribution theory, according to this theory employee appraisal is measured by controlling officer's perception of who is believed to be in direct influence of the worker's duties. It attempts to distinguish between those things that the worker manages for himself versus those the worker cannot manage, it is beyond him. (Decenzo and Robbins, 2002)

The researcher focused on Postal Corporation of Kenya (PCK). In the recent times the corporation has been experiencing a lot of human resource challenges as it tries to guide its employees to attain its Corporate Strategic Objectives. The challenges range from welfare issues, wrong staff attitude, disengagement of staff, lack of motivation and low performance

among staff (PCK, Staff Survey, 2016). The Human Resource department embarked on training and sensitization of staff on change management and reviewed its performance appraisal tool in July, 2016 which would help steer the employees and the corporation to greater heights. However, the employees seemed not keen to embrace the new performance appraisal tool being of the perception that previous appraisals had not been handled as expected. The study therefore presented an opportunity to discover the link connecting perceived effectiveness of performance appraisal and commitment of the employees.

1.1.1 Concept of Perception

Perception is a method whereby a person sorts and deduces their sensory impressions in order to understand their surroundings. However, what one perceives can in reality not be the actual truth. Perception is important as people's actions are based on their perception of what the truth is, not on truth itself (Robbins *et al* 2008). According to Pareek (2007) he defines perception as a method of getting, sieving, organizing, deducing, verifying and reacting to sensory stimuli or information.

Perception is the outlook staff have towards rules and regulations concerned with salary, recognition, advancement and work- life balance and the influence of the group within whom they identify (Armstrong, 2006). People have different outlooks about life; they do not just receive any news from the world but analyze and critic it. After information is critiqued it is usually categorized as important and some as worthless this may be influenced by our expectations so that we perceive things how we want them to be. (Mullins, 2010). In performance appraisal what the appraiser perceives to be positive or negative about the

staff's personality or actions will impact the outcome of the appraisal. Employees on the other hand rarely have the same perception as their employers in terms of employment opportunities. Whereas, an employer views employees as resources that require control to utilize organization processes so as to produce goods or services, most employees always perceive the employer to be an exploiter who does not give adequate compensation or adequate freedom. It is also hard to achieve total harmony between employee perceptions and employer and hence the need for careful approach when introducing any tool of human resource management performance appraisal in this case (Elma, 2013).

In perception, the attribution theory looks at how people view the cause of someone's actions. Heider (1958) states that the actions taken by a person are analyzed and an opinion formed and is attributed to their actions by looking at whether it was caused by the staff himself/herself or through situations that were not his/her doing. Internally caused actions are said to be those supposed to be managed by the worker while externally caused actions are those beyond the ability of the worker to manage even if they wanted to (Cole, 2004). Correct perception allows staff to make informed decisions at the office; these decisions involve how they carry out their duties and responsibilities; how to relate well with other colleagues and superiors and be someone with integrity. Wrong perceptions place the organization in a very awkward and hostile atmosphere which leads to workers being judged and labelled in specific groups and making wrong conclusions.

1.1.2 Performance Appraisal

Evaluation of performance can be defined as the way of assessing how well a worker has done their job against set targets which may have been given at the beginning of a specific period and then sharing the results with the worker involved. (Michael 2009). This method involves the review of a worker's performance in an organized way, the performance being analyzed when looking at many factors like competence, technical skills, leadership and management skills and people skills. The appraisal should not focus on earlier performances only but also on future prospects of the workers and what they are capable of doing. (Aswathappa 2008). Appraisals come in handy in helping make decisions involving job rotation and enlargement, personal development, advancement and payroll matters.

A good Performance Appraisal method must be valid, reliable and practical (Gupta, 2011). Performance Appraisals may either be objective; those that are based on facts and are often numerical, here managers use such quantifiable measures as quantity of products produced or sold, number of complaints received or handled. While on the other hand it can be subjective; based on a superior's perception of a worker's personality or behaviours. This may include; attitude, initiative, and leadership. Trait evaluations tend to be questionable as perceived to rely on the evaluator's personal bias and this affects the ratings. Behavioural appraisal - measures specific observable aspects of performance like adherence to schedules and allocation hours to work. Generally managers are responsible for evaluating their employees, however, others can also perform staff appraisal. These are peers and subordinates, customers and clients, self-appraisal and 360-degree assessment.

Performance Appraisal brings many advantages to a company by helping to bring better results, making right decisions, ensuring legal compliance, improving job satisfaction and staff turnover and ensuring cohesiveness between organization plan and actions taken thereafter. (Aswathappa 2008). It should be noted that the support of Managers from other departments and sections is crucial, many of them perceive performance appraisal as a tedious process imposed on them by Human Resource department. Some are not willing to tell the workers they are evaluating the truth as they want to be in good books with everyone. Others feel they do not have the right skills and training to give accurate assessment about the evaluation and even make recommendations objectively. (Aswathappa 2008).

1.1.3 Organizational Commitment

Commitment is the devotion and contentment of a worker to stay with an organization (Armstrong 2012). Organizational commitment is a vital aspect when looking at staff's engagement with the duties and responsibilities they have and translates to positive attachment and willingness to put effort in support of the organization, to feel pleasure as an organizational member and to have personal identity with the organization (Appelbaum 2000). The exercise of job enlargement is currently being embraced a lot to ensure lack of duplicity of work, full engagement of employees, new innovations and better ways of carrying out operations. These changes are also bringing in a lot of team work and not individualism in order to promote performance and reduce dependence on specific workers.

Mottaz (1989) argues that the length of service and working experience is also a determinant of a member of staff's decision to stay or resign from the organization in such a way that

those with longer working experience tend to be more inclined to the organization compared to their counterparts. In addition, commitment has been linked to where the worker is given freedom in carrying out task and left in charge to manage alone with minimum supervision, proper communication channels are established, workers are confident in their work through experience, advancement opportunities, personal and career development, good leadership (Scandura, 2007).

Kivindu (2015) in his study on Perceived Factors influencing Organizational Commitment among non-teaching staff at the University of Nairobi concluded as follows; that the majority of the staff who were greatly committed to the University were those who had served for many years at the institution, this was due to their working experience which increased their confidence to work better. Other factors that enhanced organizational commitment included good working conditions, consultative leadership, training, recognition of individual efforts, teamwork, and equitability. Eisenberger *et al* (1986) in their social exchange theory asserts that the extent to which employees get attached to the organization purely depends on their opinion whether the organization appreciates their work and is concerned about their general wellbeing.

1.1.4 Effectiveness Concept

According to Mullins (2010) effectiveness is about things being done the right way. It relates to productivity of the work and what the supervisor actually realizes. Effectiveness goes in hand with accomplishment of some target, goal or task and how it is attained and its impact on the workers involved. An effective manager is known by the product produced or service

given in terms of standards of performance and the contentment and dedication of the workers. Gupta (2007) defines effectiveness as the extent to which a manager is successful in inducing subordinates to give their best contributions towards common goals.

He goes on to state further, that the manager needs to have technical skills, human skills, conceptual and personal skills; like willingness for hard work, empathy, honesty, candour, willingness to tolerate criticism, sacrificing personal ego and willingness to learn from others. Cole (2004) appears to be in agreement with the above scholars stating that effectiveness is whereby tasks are carried out and everyone is happy. From employer's side effectiveness is about the amount produced and not about pleasing workers while workers view it in terms of personal success in a team. The best situation of effectiveness is realized when the needs and the expectations of the company and workers are one and the same.

1.1.5 Postal Corporation of Kenya

Postal Corporation of Kenya is a state entity under the Ministry of Information Communications and Technology (ICT), section of Broadcasting and Telecommunication. It was set up by an Act of Parliament in 1998, leading to the split of Kenya Post and Telecommunication into Postal Corporation of Kenya (PCK), Telkom (K) Ltd. (Telkom) and Communication Authority of Kenya (CAK). Its mandate includes provision of postal services related to mails, courier and financial within the country and internationally. It is also obligated to provide postal services as part of human right as per 1948 United Nations Charter. (PCK, 2016).

It has a human resource capacity of 3,200 staff as at June, 2017 who are distributed among its 800 post offices countrywide which include the eight (8) regions i.e. Coast, Nairobi, Central, Eastern, Western, Northern, Rift Valley and Nyanza respectively. (PCK, Staff Establishment, 2016/2018). Posta is headed by Directors of the Board appointed by the Government of Kenya as the sole investor. Under the guidance of the Chairperson, the Board is charged with the responsibility of strategically steering the corporation. The Corporation is run by the Postmaster General/Chief Executive Officer in charge of the daily administration business (PCK, 2016). The study was conducted in Nairobi County.

Performance contracting in the public sector in our country began when a Performance Contract Steering Committee was set up in August, 2003 and the issue of legal Notice No.93., The State Corporations Performance Regulations, (2004). It was realized that output and performance in the public service was not to the standards set (Opiyo, 2006). More reform proposals deliberately centered on performance enhancement and management in the public service were needed. In the Economic Recovery Strategy for Wealth and Employment Creation (ERS) 2003-2007 policy document, the government gave preference to monetary recovery and the enhancement of public service performance for better results.

At Postal Corporation of Kenya (PCK), formal Performance Appraisal System (Performance Contracting) was introduced in July 2006. It started with management staff and by July 2009 even the unionisable staff had been brought on board. The Performance Appraisal System mandate is to facilitate staff to be able to meet the Corporate Strategic objectives which are passed down to employees as set. Employees and their controlling officers at the

beginning of the financial year meet to discuss, agree and set targets for the year commencing in July and ending in June. At the end of the year evaluation is carried out which leads to rewarding for those whose performance has been good and sanctions for those who have not met the set goals. The performance appraisal tool that has been used in the last ten (10) years was reviewed and a new tool introduced in the corporation which was implemented in July, 2016. However, it has been noted with interest that staff seemed not too keen on even adapting the new appraisal tool in carrying out performance appraisals at the stipulated time. (PCK, Performance Report, 2016).

1.2 Research Problem

Employees are an organization's most important resource since their effectiveness and efficiency determines whether the organization will meet its goals and make profits (Armstrong 2006). Perceived effectiveness of performance appraisal is crucial in any organization and may affect the commitment of the staff. According to Gupta (2008) the design, development and implementation of an appraisal evaluation must involve all the stakeholders in the organizational, the change process must be effected smoothly and should be done with the best interest of advancing the organizational interests. Most changes of a great magnitude usually meet with resistance from within as staff are usually comfortable with the way things have been done before, at times they are not ready to put in effort required to transform no matter the benefits involved. With this in mind, it is important to handle the change process with a lot of care and offer incentives with the use of a new appraisal system.

Gilliland (1994) states that as much as an appraisal method may be well designed and developed without the perception of fairness it will not work. It will actually be met with hostility and not accepted. It had been noted that PCK employees' performance had drastically dropped and most employees' loyalty was not 100 per cent to the corporation. There has been a lot of complaints of employees not meeting their targets; laxity, poor communication, absenteeism and labour turnover (PCK, Performance Report, 2016). The employees seem very disengaged on issues concerning the corporation.

PCK conducted a performance appraisal survey where it revealed that some supervisors have not handled the exercise of appraising staff under them effectively and within the stipulated time frame. This is clearly seen during departmental paneling and some appraisal forms for staff who have not been appraised are missing. The training chances offered by the corporation are not relevant to the worker's job performance and sometime you find the training offered without referring to performance appraisal report. Some supervisors delegate their subordinates to carry out their duties and when performance appraisals are carried out they receive the rewards for what they did not work for. This misuse brings about feelings of anger and bitterness and results in de-motivation and decrease in performance of the staff under them. On the other hand when things go wrong they place the blame on the subordinates to receive sanctions. This results in staff engaging in absenteeism, late coming and early departure from work as shown by the attendance record (G16), which is supervised by the human resource department (Performance Appraisal Report, 2016).

In Kenya numerous studies have been done that touch on performance appraisal and organizational commitment. Kagwiria (2016) in her study found out that employees expressed pleasure when colleagues met targets, dialogue is involved to talk about apportioning of responsibilities for achieving performance targets, the sanctions and rewards at the end of the review period. The study concentrated on leadership and teamwork in meeting set objectives to improve on performance but did not look at the aspect of organizational commitment. Oluoch (2015) concludes that employee performance is effective when key focus is on working with pre-established goals and objectives, participation in evaluation of performance, setting of targets, identifying of work priorities, honesty and trustworthiness, time management, customer focus and service; maintenance of high standards of professionalism. His argument is an effective performance appraisal will lead to improvement in employee performance and not organizational commitment.

Mitalo (2012) on the other hand in her study established a moderate relationship between perceived equity in performance-based pay and organizational commitment at the Kenya Polytechnic University College. She concludes that lack of proper performance-based pay criteria and formula, corruption, isolation of staff, academic and non-academic staff when compensating them based on their performance, subjective appraisals, unfair promotions, poor management, lack of proper systems/processes, poor organizational structure and discrimination leads to perceived inequity in performance-based pay which in turn affects organizational commitment.

A study conducted by Vignaswara (2005) on relationship between performance appraisal satisfaction and employee outcome concluded that appraisal satisfaction may improve employees' work performance and affective commitment in the end resignations reduce. The study only focused on performance appraisal satisfaction and did not factor the issue of when employees are dissatisfied with the performance appraisal itself. Gupta (2005) states that performance appraisal ignores human values like honesty, sincerity, loyalty and love, they seem beyond the scope of performance appraisal. He argues that measurement of such values is more important than a mechanical and technical performance appraisal.

Though researchers above have tried to link effective performance appraisal and organizational commitment, the connection is not conclusive. This calls for further studies on the link between the two variables. None of the above studies focused on employee perception of the effectiveness of the performance appraisal system leading to organizational commitment and more specifically at PCK. This study searched for responses to the following question; Is there a relationship between perceived effectiveness of performance appraisal and organizational commitment at PCK?

1.3 Research Objective

The objective of the study was to establish the relationship between perceived effectiveness of performance appraisal and commitment among employees of Postal Corporation of Kenya.

1.4 Value of the Study

This study is intended to facilitate valuable information to different entities. First the study will add to the understanding of performance appraisal and how it relates to organizational commitment and this would be beneficial to both the private and public sector in terms of relating the two aspects of human resource management.

The study may provide recommendations that could be used by the management and HR staff of PCK to improve or review on their Performance Management policies and also appreciate how employees view the whole performance appraisal process and be more effective in managing of employees.

The information obtained from the study could be a source of critique and enhancement to the knowledge base of studies on performance appraisal and commitment of employees. This could form a basis for further studies in related field by other researchers, scholars and support literary citations as well.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section gave the necessary information to help the researcher in having a broad appreciation of the area under study. It helped assess the foundation theory as well as giving examples of cases in which the study variables have been studied by other scholars. Each of the variables in the previous chapter was then evaluated with a conclusion that would help establish the link between all the study variables.

2.2 Theoretical Foundation of the Study

This section focused on the theories that form basis for examination of the relationship between effective performance appraisal and organizational commitment. The main theories were; expectancy theory, equity theory and attribution theory.

2.2.1 Expectancy Theory

According to Vroom (1964) perception of the importance of something is different amongst people, at different times and different places and this is true in real life. An employee's private goals are different from the firm's goals but they can be harmonized. The expectancy theory as proposed by Vroom (1964) has been extended by Lawler and Porter (1967:1983) to state that satisfaction is as a result of good performance. In simple terms, the scholars are suggesting that the correlation between people's action at work and their targets was not simplistic as described by most social scientists. The theory is a cognitive course of inspiration that is formed from the idea that people believe there is link between the effort

they put forth at work, the results achieved from it, and the rewards realized after their effort and results. Similarly, staff are encouraged to work harder and put more effort when convinced it will yield to desired rewards (Vroom, 1964; Time *et al*, 2013).

Vroom (1964) expectancy theory is about how the employee looks at a situation in relationships to three (3) things; effort, performance and rewards. He focused on three (3) factors each based on the employee's view of the circumstances. The first one being expectancy which is the extent of the individual's perception, or belief, that a certain act will bring about a certain outcome. The second being instrumentally which is the extent to which the individual perceives that effective performance will lead to desired rewards. Thirdly, valence which is the strong point of the belief that smart rewards are potentially available. The three (3) factors expectancy, instrumentality and valence when put together create a force which encourages a person to put in effort, achieve a level of performance and obtain rewards. This theory emphasizes that a staff will only act when they have realistic expectancy and know what they do will lead to the desired outcomes. (Cole, 2004).

Expectancy theory envisages that staff will put in more effort if they perceive a link exists between; effort and performance, performance and rewards, rewards and satisfaction of their own goals and all this links are influenced by certain factors. For effort to become good performance, the employee should have the required skill to perform, and the performance appraisal used to calculate the worker's performance should be perceived as being fair and objective. When the employee perceives that the performance-reward link is based on performance (rather than seniority, personal favourites) the link becomes stronger. Practical

example is an employee who puts effort expecting a promotion but gets a salary increase instead or the employee who expects interesting and challenging duties but receives only a few words of praise. (Cole, 2004).

2.2.2 Equity Theory

Equity theory is about a worker's personal finding about the equality of the reward she/he got in comparison to another employee (Adams, 1965). When the employees are of the opinion that the rewards are not fairly done they may be disgruntled, reduce the quantity or quality of output or resign. A worker looks at what he has given in terms of input and expects an equal output. At the same time the worker compares and rates himself/herself with another worker and if they perceive that as much as they have put in the same inputs when it comes to output there is inequity, they become affected.

Greenberg and Cohen (2014) are of the opinion that equity theory assumes so much mechanical thinking similar to a systems theory in which every input can be fully measured against an equivalent output. This implies that what one feels as equitable might be completely different from their neighbour even in the same working environment, this could lead to an employee being distressed and could affect their level of inputs. It is also possible that employees will not feel on the same wavelength as their employers leading to a working environment that is not conducive.

2.2.3 Attribution Theory

Attribution theory is the procedure by which employees deduce the perceived cause of behavior. Heider (1958) suggests that behavior is determined by a combination of perceived internal and external forces. Internal is about the individual characteristic like ability, skills, amount of effort while external is related to surrounding factors such as the corporation rules and policies, relationship with superiors or climate conditions. Behaviour at work may be explained whether the worker perceives results as controlled by themselves or by external factors. Decisions reached concerning other workers will also be determined by whether the cause is seen as internal or external.

According to Mullins (2009) staff with internal control inclination are of the view that performance depends on them on a personal level. It is up to them to ensure that targets and assignments they are issued with are accomplished through their own abilities, skills and efforts. On the other hand, staff with external control inclination tend to blame outside forces for problems and challenges they encounter when carrying out their duties which affects their performance. They do not easily accept blame and point to sources outside their influence. Studies tend to support the idea that staff who take charge of situations are more content with their work, and are more likely to be in high positions and are more inclined to joint style of supervision than staff with an outside control inclination.

2.3 Benefits of Performance Appraisal

Armstrong (1994) states that performance appraisal helps employees to be well trained, committed members of staff. They create a platform whereby an employee can talk with the supervisor and be able to really know what is expected of them, ask questions and review issues in a cordial manner and relaxed atmosphere. They can encourage staff when after evaluation appraisals have been carried out good performance is rewarded well. Randall and Sim (2014) state that performance appraisal enables a supervisor to be able to meet with a staff face to face and have a discussion of mutual benefit to both of them and the organization at large. It gives an opportunity to the supervisor to provide the staff with feedback about their performance where they did well could be rewarded and where it was poor correction measures can be put in place. This greatly helps in building bridges and finding a rapport with others in the team.

For the organization, performance appraisal brings about improved quality of performance and in the end improve services offered to customers. It enables the organization to have written down evidence of what was agreed upon and can be used as evidence where necessary and helps in being objective and not subjective. They act as a benchmark and reference point for future planning on performance appraisals. Gupta (2008) points out performance appraisal can be used for different purposes such as salary increase, advancement, corrective actions like training and development, deployments and ending of contracts based on poor performance. He further states that it helps to check the effectiveness of recruitment, selection, placement and induction of the organization and serves as a basis of reviewing and coming up with suitable personnel policies.

2.4 Performance Appraisal Process

The performance appraisal process according to Gupta (2005) follows a set model and consists of six (6) steps; setting performance standards, relating the standards, measuring performance, analysing the actual with the standards, discussing the appraisal and taking corrective actions. Decenzo and Robbins (2002) have the same steps of the process and the final step being to take corrective action which could include training, coaching and counselling. However, according to Cole (2002) performance appraisal process commences when an appraisal form is filled. This initial stage will be followed by a meeting, in which the supervisor has a dialogue with the member of his staff and check on how far they had come. The result of the meeting is some form of agreed action, whereby they can agree to work as a team, solely or jointly with his or her manager. When the process is well managed it will lead to duties and assignments being carried out in a more effective manner, advancement in position, and salary increase. Cole (2002) compared to the studies mentioned earlier looks at the final step not only as a corrective measure in terms of job improvement plan but also as a reward in terms of promotion or salary review.

2.5 Levels of Organizational Commitment

Greenberg and Baron (2006) state that distinction can be made concerning what kind of commitment employees have. They have categorized commitment into three (3) levels; The Affective level where the main reason for working with the firm and willingness to stay with it, is because you are in agreement with their core mandate; like a Christian working with a church whose faith and believes are shared. The second level is the Continuous commitment where the main reason for working with the firm and willingness to stay with it, is because

he/she needs the income and cannot afford to resign. They don't want to lose what they gained in the organization over the years like medical cover and relationships. The third level is the Normative commitment where employees' reasons for staying with the firm is dependent on the opinion of others. They take into account what has been done for them by others; like the employer invested by providing international training opportunities. They keenly look for approvals from colleagues and family members who may not be keen for them to resign.

Kochan and Dyer (1993) acknowledged three (3) things affecting the level of commitment; first is strategic which carries the company's plans, executive's involvement and inclusion of workers in running of company affairs. Second is functional which entails staffing, promotion in training and development and proper rewarding. Third is workplace, whereby encouraging high standards, enrichment of work, conducive atmosphere of trust and group work.

2.6 Performance Appraisal and Organizational Commitment

This chapter reflected on the reference of the study, this involved information from the past studies and other reference materials. According to Osabiya (2014) Performance appraisal will continue to be a ritual if managers allow biasness based on factors like appraisers gender, ethnic group, physical features and individual likeness or hatred to influence their ratings. Unless the evaluation exercises are strictly related to the work and what it entails the exercise will always be lacking of the impartiality that is often required in an effective performance appraisal system.

A review carried out by Guest (1991) led him to the conclusion that where there is true devotion and loyalty to an organization, employees stay and work, but there is no obvious link to performance. Deming (1986) rejected performance appraisal as it could easily be manipulated, it was about the individual whereby it should be about the group that works together, was never properly managed and was inconsistent with team work, acted as a substitute for proper management. His alternative to performance appraisal is; choose right champions, educate, sensitize and train workers about what was required of them, the process to stop being authoritarian and subordinate performance to be measured as per work done.

The studies identified here show that there are many factors that lead to employee's organizational commitment and not only effective performance appraisal. Some of the factors that lead to organizational commitment include; good working conditions, consultative leadership, training, recognition of individual efforts, teamwork, and equitability. They mainly referred to performance appraisal aiding in improved performance, morale, productivity and good working environment but could not state concretely that it helped to keep the employees attached and loyal to the firm. It is also noted that research carried out concentrated on the performance appraisal as a tool and how to effectively carry out the exercise with minimum errors and get authentic or genuine results with lack of biasness. The study at hand will be to determine whether in our case perception of an effective performance appraisal leads to organizational commitment of the employees.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter focused on research methodology. It identified the research design, population to be studied and sampling strategy, the data collection process, the instruments used for gathering data, and how data is analyzed and presented.

3.2 Research Design

A descriptive design was used mainly because it addressed issues that are already happening and describes a phenomenon as it exists. Descriptive research design reveals a precise outline of people, events, or situations (Robinson 2002). This design accommodates compilation of large amounts of information from a sizeable population at the least cost. This design was suitable as it was able to cover a cross-section of the employees and they responded accordingly from their respective duty station.

3.3 Population of the Study

This is described as a well-defined set of people, services, elements, events, group of things or households being investigated (Mugenda and Mugenda 1999). PCK has 3,200 employees as at June, 2017 and this formed the target population of the study (PCK Workforce Report, 2017). This population represented all cadres of staff of Postal Corporation of Kenya in the country.

3.4 Sample Design

The stratified sampling procedure was used to select samples that are representatives of the entire population. The method was preferred since the entire target population had an equal chance of being selected. Through proportionate selection as recommended by Cooper and Schindler (2009), a total of 5 per cent of the population was selected through sampling as indicated in Table 3.1. This involved getting the proportionate sample of each category that would lead to the required 5 percent total sample.

Table 3.1 Sample size

Population Category of Staff	Target Population	Sample Size (5% of target)
Unionisable Staff	2,700	135
Middle & Lower Management	450	23
Top Level Management	50	3
Totals	3,200	161

Source: Author (2017)

3.5 Data Collection

Primary data was collected in this study. Ochola (2007) defines primary data as what is collected directly by the researcher for the purpose of the study. The data was collected by the use of a questionnaire with section A on personal data and section B and C on the variables being studied. The questionnaire was structured and method of collection was drop and pick whereby the questionnaires were left with the respondents and collected at a later date at their convenience.

3.6 Data Analysis

Data from the questionnaires was analysed using descriptive statistics. This involved frequencies, percentages, mean and standard deviation. The relationship between performance appraisal and commitment was tested by simple linear regression of the type;

$Y = a + bx + e$, as shown in the next equation:

$$Y = a + \beta X + e$$

Where:

Y was the dependent variable (organizational commitment)

β_0 is the constant

β was the beta co-efficient that anchored independent variable

X was the independent variable (Performance Appraisal)

e is the error term

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

The objective of the study was to establish the relationship between perceived effectiveness of performance appraisal and organizational commitment among employees of Postal Corporation of Kenya. The study focused on staff at Nairobi County. The researcher used the questionnaire to collect data from the workers in different sections of Posta.

4.2 Response Rate

A total of 161 questionnaires were issued out and 122 were filled and returned which represented a response rate of 76%. The remainders were declared spoilt as the respondents did not give them back when requested. The workers were stratified into three categories of unionisable, middle and lower management and top level executive staff. A summary of their response rate is given in table.4.1.

Table 4.1 Response rate

Category of Staff	Target Population	Sample of 5% of Target	Actual Response Rate	Percentage
Unionisable Staff	2,700	135	100	74%
Middle & Lower Management	450	23	20	87%
Top Level Executive	50	3	2	67%
Totals	3,200	161	122	76%

The highest response was from the middle and lower management with 87 % followed by unionisable staff who had 74 % response rate. Top level executive had the lowest response rate of 67 %. The overall response rate for the whole exercise was 76 %. The response rate was sufficient to base the study findings.

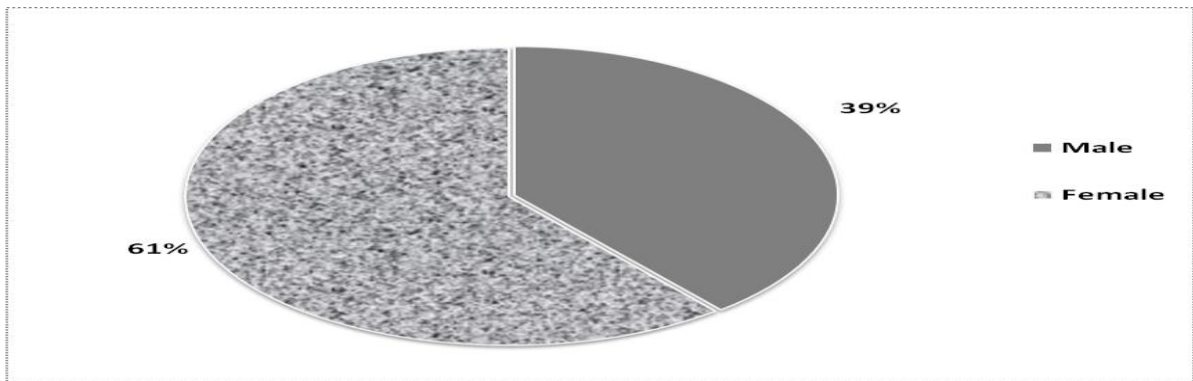
4.3 Demographic Information

The section sought to highlight the general demographic information of the respondents which is normally required since it helps to authenticate the information provided that the respondents were active and could be characterised. The information sought included gender, categories of staff and rank, years of employment as well as levels of education.

4.3.1 Gender

The staff who responded were more female than male, results in figure 4.1 show that there were 47 male respondents representing 39% of the total actual sample with 75 female respondents indicating a 61% representation. The respondents were made up of more female than male, these figures are not within normal limits of male-female balance in most organisations.

Figure 4.1: Respondents Gender



4.3.2 Categories of Staff and Rank

In this section, the study categorised employees according to their levels and ranks at PCK. It was noted as per the returned questionnaires; unionisable staff represented 84 % of the total respondents while 14% were the middle and lower management and 2% were top executive management as Illustrated in table 4.2.

Table 4.2 Categories of Staff and Rank

Category of Staff	Sample Target	Actual Response Rate	Percentage	Rank
Unionisable Staff	135	100	82%	UN 10 – UN 8
Middle & Lower Management	23	20	16%	MG 5 – MG7
Top Level Executive	3	2	2%	MG 4 – MG1
Totals	161	122	100%	

4.3.3 Level of Education

The study set out to find the qualifications of the staff at Posta. This was in order to assist in linking their qualifications with organisational commitment. Table 4.3 shows the findings;

Table 4.3 Level of Education

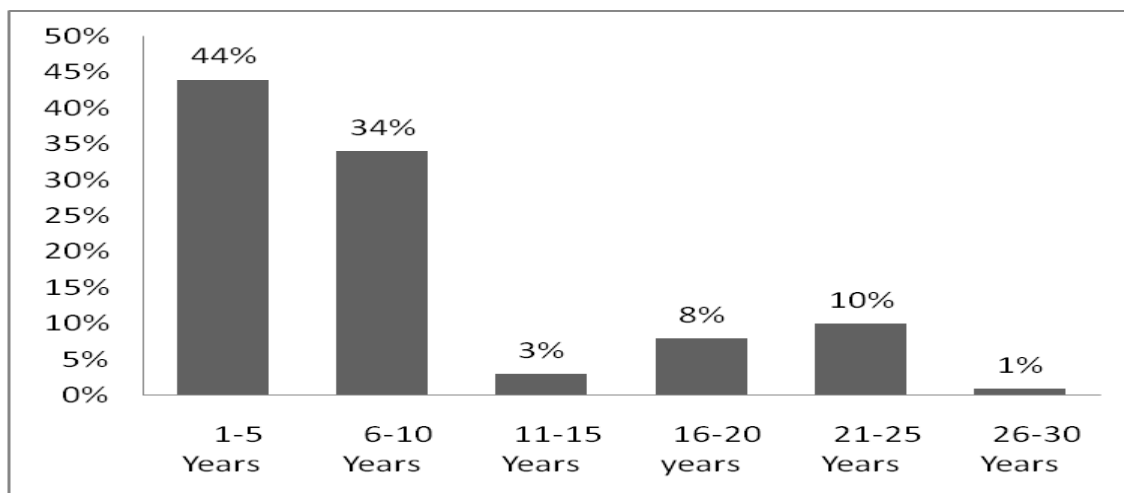
Qualifications	Frequency	Percentage	Cumulative Percentage
Secondary	1	1	1
Diploma	32	26	27
Bachelors	62	51	78
Masters	27	22	100
PhD	0	0	0
Total	122	100	100

The results indicate that 1% of the respondents reached secondary level of ‘A’ Levels while 26 % had diploma level. Majority of the staff were Bachelor graduates with 51 % while Masters graduate were 22 %. However, none of the staff had PhD qualifications.

4.3.4 Years of Service at Posta

This section of the study sought to establish the length of stay at PCK by the respondents. This information would be important since it would help in ascertaining how long they have been involved in performance appraisal exercise and establish their level of organisational commitment. From the results in Figure 4.2 the majority of the respondents are new employees with 44 % having worked for less than 5 years followed by those who had worked for 6-10 years at 34%. A combination of 22 % had worked more than ten (10) years. This showed that a lot of trainings and sensitizations needed to be carried out on performance appraisal and the impact of organisational commitment would be greatly felt by this employees as it was well noted that commitment was usually shown by workers who had stayed for many years with an organisation and not new staff.

Figure 4.2: Years of Service



4.4 Performance Appraisal

This section of the study used SPSS to determine the means and standard deviations of each of the aspects of the performance appraisal as indicated by the respondents. This was based on the Scale of 1-4 where 1- slightly agree (SA) 2- moderately agree (MA) 3- strongly agree (SA) 4-very strongly agree (VSA). The study aimed at evaluating the perceived effectiveness of performance appraisal by the employees and the results are presented in table 4.4.

Table 4.4: Performance Appraisal

Employee Perception on Performance Appraisal	Mean	Standard Deviation
Performance appraisal in PCK is fair to all employees.	3.912	0.956
Performance appraisal is objective and not subjective.	3.657	0.751
The performance appraisal review has been consistent over the years.	4.012	0.887
Performance appraisal review meeting with controlling officer was conducted in a friendly and helpful manner.	3.910	0.713
During the performance appraisal review my achievements for the year were recognized.	3.462	0.987
Criticism made during the performance appraisal were acceptable because they were based on facts and not opinion.	3.877	1.002
During the performance appraisal you were given the opportunity to voice your concerns and challenges related to work.	4.123	0.657
During the performance appraisal comments made by the controlling officer were fair.	4.201	0.914
The reward system is fair based on my performance appraisal.	3.956	0.758
The reward system is fair amongst colleagues performing similar duties.	3.874	0.478
After the performance appraisal you felt committed to the organization.	3.993	0.987

Using the results from table 4.4, the highest mean was 4.201 and standard deviation of 0.914 where the respondents agreed that during the performance appraisal comments made by the controlling officer were fair. This was followed by mean of 4.123 and standard deviation of

0.657 where during the performance appraisal respondents were given the opportunity to voice their concerns and challenges related to work. The respondents agreed that the performance appraisal review has been consistent over the years with a mean of 4.012 and standard deviation of 0.887. After the performance appraisal the respondents felt committed to the organization with a mean of 3.993 and standard deviation of 0.987. The reward system being fair based on the respondent performance appraisal had a mean of 3.956 and standard deviation of 0.758. A mean of 3.912 and standard deviation of 0.956 was recorded in that performance appraisal in PCK was fair to all employees Performance appraisal review meeting with controlling officer was conducted in a friendly and helpful manner mean 3.910 and standard deviation of 0.713. The respondents also agreed that criticism made during the performance appraisal were acceptable because they were based on facts and not opinion mean 3.877 and standard deviation 1.002. The reward system had a mean of 3.874 and standard deviation of 0.478 as it was considered fair amongst colleagues performing similar duties. Performance appraisal being objective and not subjective had a mean 3.657 and standard deviation of 0.751. The last aspect was considered during the performance appraisal review, the respondents agreed that their achievements for the year were recognized having a mean of 3.462 and standard deviation of 0.987.

4.5 Organizational Commitment

The second specific objective of the study was to establish organizational commitment and the extent of influence from selected statements listed. Scale of 1-5 was used; where 1-to a very small extent 2- to a small extent 3- to a moderate extent 4- to a great extent 5- to a very

great extent. This was accomplished through the use of means and standard deviation. The results are tabulated in Table 4.5.

Table 4.5: Organizational Ccommitment

Employee Perception on Organizational Commitment	Mean	Standard Deviation
I am content to work my entire career life with this organization irrespective of the situation whether positive or negative.	4.125	0.895
As a staff of PCK, I am proud to be associated with it, its values and goals.	3.987	0.968
As a worker, I appreciate the team work and good relationship with colleagues at my department and PCK as a whole.	4.001	1.002
I am working for the corporation because I have no better alternative.	3.987	0.897
I have put so much of myself into the corporation that I cannot leave even with better prospects.	3.756	0.895
At this moment, working with PCK ensures retention of my benefits.	4.145	0.987
The working environment of the corporation is very nice, comfortable and conducive to me.	3.897	0.658
I perceive that I will not be able to fit in any other company apart from PCK.	3.658	0.736
I owe a great deal to this organization and obligated to stay.	3.990	0.845

Using the results from table 4.5, the highest mean was 4.145 and standard deviation of 0.987 where respondents were not in agreement that at this moment, working with PCK ensured retention of their benefits. The aspect of being content to work their entire career life with this organization irrespective of the situation whether positive or negative had a mean of 4.125 and standard deviation of 0.895. The respondents appreciated the team work and good relationship with colleagues at their department and PCK as a whole and a mean of 4.001 and standard deviation of 1.002 was recorded. The aspect of the respondents being proud to be associated with PCK, its values and goals had a mean of 3.987 and standard deviation of

0.897. I am working for the corporation because I have no better alternative had a mean of 3.987 and standard deviation of 0.897. The aspect of owing a great deal to the organization and obligated to stay had a mean of 3.990 and standard deviation of 0.845. The perception of the respondents on working environment of the corporation being very nice, comfortable and conducive had a mean of 3.897 and standard deviation of 0.658. A mean of 3.756 and standard deviation 0.895 was realised where employees have put so much of themselves into the corporation that they cannot leave even with better prospects. The perception that staff will not be able to fit in any other company apart from PCK had a mean of 3.658 and standard deviation of 0.736.

4.6 Performance Appraisal and Organizational Commitment Analysis

In the quest to link the two variables a simple linear regression model was applied. The independent variable was performance appraisal (PA) and dependent variable was organizational commitment (OC). The model summary is shown in table 4.6 below;

Table 4.6 Regression Results on the effect of Performance Appraisal on Organizational Commitment

Model Summary						
Model		R	R Square	Adjusted square	R	Standard error of the Estimate
1	Performance Appraisal	0.375	0.142	0.098		0.697
ANOVA ^b						
Model		Sum of squares	Df	Mean Square	F	Sig.
1	Regression	4.615	1	4.615	8.757*	0.048
	Residual	22.148	119	0.527		
	Total	26.763	120			
Coefficients ^a						
Model		Unstandardized coefficients		Standardised coefficients	T	Sig.
		B	Std.error	Beta		
1	Constant	3.781	2.988		2.579	0.046
	Performance appraisal	0.724	0.564	0.587	3.658	0.048

a. Predictors (Constant),Performance appraisal

b. Dependent Variable :Organizational Commitment

*p<0.05

As shown in the table 4.6, the variable organizational commitment can be predicted by 37.5% of the time by the variable performance appraisal with a standard error of 0.697. The model has good fit (R^2 of 0.142, $F=8.757.31$, $P=0.048$). This means that 14.2% of the variation in the organization commitment of PCK is determined by the variation in performance appraisal. Others, which amounts to 85.8% is determined by other factors not analysed in this study.

Testing the significance of the coefficient of determination can be seen in the ANOVA table. From the table it is evident that at $\alpha = 5\%$, the value of F statistic is 8.757. There is a p value of 0.048 which is significant.

Further from the results in Table 4.6 shows that performance appraisal has a significant effect on organizational commitment at PCK ($\beta=0.587$, $t=3.658$, $p<0.048$). The finding implies that 72.4% of change in organizational commitment is attributable to a unit change in performance appraisal. As per the SPSS version 21 generated output the equation for the relationship becomes:

$$Y=\alpha+\beta_1X+e$$

$$y = 3.781 + 0.724 x + 0.564$$

$$OC = 3.781 \text{ (constant) } + 0.724 \text{ (PA) } + 0.564 \text{ (error term)}$$

where x is independent variable

y is dependent variable

e is the error term

4.7 Discussion of the Findings

From the results in table 4.6 the findings imply that performance appraisal has a significant effect on organizational commitment of employees at Postal Corporation of Kenya. Since the coefficient for performance appraisal is positive and significant, it can be inferred that performance appraisal has a hierarchical effect on organizational commitment of the employees in PCK. This is in agreement with Vignaswara (2005) findings that performance appraisal creates employee commitment in an organization. The findings were also in line with Mottaz (1989), Kivindu (2015) Kagwiria (2016) and Oluoch (2015) that performance

appraisal leads to better organizational commitment by employees. The findings are in line also with the findings of Guest (1991) that performance appraisal results in commitment to an organization.

The findings support Expectancy Theory of Vroom (1964) that people believe there is link between the effort they put forth at work, the results achieved from it, and the rewards realized after their effort and results. Similarly, staff are encouraged to work harder and put more effort when convinced it will yield to desired rewards (Vroom, 1964; Time *et al*, 2013), hence the relationship directly being linked to organizational commitment by employees at PCK.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this final chapter, the study makes a summary of findings that are immediately followed by conclusions and recommendations.

5.2 Summary of Findings

The study objective was to determine the relationship between perceived effectiveness of performance appraisal on organizational commitment at PCK Nairobi county. The study used field data to derive findings. The demographic information results indicated that majority of staff at PCK had worked in the organization for longer periods hence were able to adequately be informed on performance appraisal. It was also noted that majority of the respondents who participated in this study had bachelor's degree. This was a good indication that respondents had thorough knowledge on the subject matter. On the responses on organizational commitment, there was a perception that effectiveness of performance appraisal had a significant contribution to organizational commitment by the employees at Postal Corporation of Kenya.

5.3 Conclusions and Recommendations

Past studies have shown that there is a growing link between performance appraisal and organizational commitment by staff. Research shows that those organizations that use performance appraisal achieve better commitment by employees compared to their

competitors. The findings of this study revealed a positive and statistically significant influence of performance appraisal on organizational commitment. It can be concluded that there is a positive relationship between performance appraisal and organizational commitment of staff at PCK.

5.4 Limitations of the Study

The study had limitations; focus was only in Nairobi County and excluded other regions which could have influenced the findings. It also only narrowed to Posta but if the other parastatals in the ICT Ministry had been included, it would have given different aspects and views from the others, therefore the study cannot be used to generalize other organizations in the sector.

The respondents were reluctant in giving information fearing that the information asked would be used to intimidate them or paint a negative image about PCK and lead to scrutiny. The researcher had to reassure the respondents that the information they gave would be treated with confidentiality and was used purely for academic purposes.

It was noted that the research was carried out during the presidential electioneering period in Kenya, so most of respondents were not easily available and return of the questionnaires took a longer time, as they were mostly on leave or not available during the said period.

5.5 Implications on Policy, Theory and Practice

The study findings and conclusions have led to several implications in terms of policy, theory and practice. The results of this study are significant in that they may impact on the policies and practice of the organization as it has given insight on performance appraisal that affect organizational commitment by the employees at PCK. Policy makers would recognize the need for implementing an effective performance appraisal so to increase their commitment in the firm. The study has also supported the expectancy theory and hence added an existing knowledge to be used by scholars in the future.

5.6 Areas of Further Research

From the foregoing sections, the study saw it fit to inculcate areas that would add value to the current study. More studies should be done to examine other factors that may improve organizational commitment. Another consideration should be given on the employer's perspective and not only to concentrate on the employees.

Further, future studies should obtain a large population of organizations to determine whether the results can be generalized as this case only used one organization PCK. The study suggests that a similar study to be done in other institutions in Kenya for the purposes of benchmarking. This would allow for generalization of study findings. Further, the researcher suggests that a cross-sectional study should be done in other countries.

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APPENDIX 1: QUESTIONNAIRE

Dear Respondent

I am a Masters student in Business Administration at the University of Nairobi undertaking an academic research on “**Relationship between Perceived Effectiveness of Performance Appraisal and Commitment among employees of Postal Corporation of Kenya.**”

Kindly participate in this exercise by filling in this Questionnaire which has three sections A, B and C. The information provided will be confidential. In case of any queries, contact the Researcher or the School of Business, University of Nairobi.

Yours sincerely

Lilian Kahai Asienya

SECTION A: PERSONAL INFORMATION

- 1) Name..... (Optional)
- 2) Designation..... Rank.....
- 3) Gender Male Female
- 4) Your highest level of education
- | | | | |
|------------------|--------------------------|-----------------------|--------------------------|
| Secondary | <input type="checkbox"/> | Diploma | <input type="checkbox"/> |
| Bachelors Degree | <input type="checkbox"/> | Masters Degree | <input type="checkbox"/> |
| PhD | <input type="checkbox"/> | Others (Specify)..... | |
- 5) How long have you worked with PCK?
- | | | | |
|-------------|--------------------------|-------------|--------------------------|
| 1-5 years | <input type="checkbox"/> | 6-10 years | <input type="checkbox"/> |
| 11-15 years | <input type="checkbox"/> | 16-20 years | <input type="checkbox"/> |
| 21-25 years | <input type="checkbox"/> | 26-30 years | <input type="checkbox"/> |

SECTION B : PERFORMANCE APPRAISAL

Performance Appraisal has been an on-going exercise done by PCK. Please state the extent to which you agree with the following aspects of it. (Please tick \checkmark on appropriate answer)

Use (4) Very Strongly Agree (3) Strongly Agree (2) Moderately Agree (1) Slightly Agree

N o.	Performance Appraisal	(4) Very Strongly Agree	(3) Strongly Agree	(2) Moderately Agree	(1) Slightly Agree
1	Performance appraisal in PCK is fair to all employees.				
2	Performance appraisal is objective and not subjective.				
3	The performance appraisal review has been consistent over the years.				
4	Performance appraisal review meeting with controlling officer was conducted in a friendly and helpful manner.				
5	During the performance appraisal review my achievements for the year were recognized.				
6	Criticism made during the performance appraisal were acceptable because they were based on facts and not opinion.				
7	During the performance appraisal you were given the opportunity to voice your concerns and challenges related to work.				
8	During the performance appraisal comments made by the controlling officer were fair.				
9	The reward system is fair based on my performance appraisal.				
10	The reward system is fair amongst colleagues performing similar duties.				
11	After the performance appraisal you felt committed to the organization.				

SECTION C: ORGANIZATIONAL COMMITMENT

The following statements concern how you feel about PCK. Please state the extent to which you agree with the following aspects of it. (Please tick \checkmark on appropriate answer)

Use; (1) To a very small extent (2) To a small extent (3) To a moderate extent
 (4) To a great extent (5) To a very great extent

No.	Statement	(1) To a Very small extent	(2) To a small extent	(3) To a moderate extent	(4) To a great extent	(5) To a very great extent
1	I am content to work my entire career life with this organization irrespective of the situation whether positive or negative.					
2	As a staff of PCK, I am proud to be associated with it, its values and goals.					
3	As a worker, I appreciate the team work and good relationship with colleagues at my department and PCK as a whole.					
4	I am working for the corporation because I have no better alternative.					
5	I have put so much of myself into the corporation that I cannot leave even with better prospects.					
6	At this moment, working with PCK ensures retention of my benefits.					
7	The working environment of the corporation is very nice, comfortable and conducive to me.					
8	I perceive that I will not be able to fit in any other company apart from PCK.					
9	I owe a great deal to this organization and obligated to stay.					