

**EMPLOYEE PERCEPTION OF THE PERFORMANCE APPRAISAL
PROCESS IN TELKOM KENYA LIMITED**

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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This research project has been submitted for examination with my approval as University supervisor.

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DEDICATION

I dedicate this project to my children Adrian and Jayden and my dear parents Mr. and Mrs. Lucas Ndung'u for their support and encouragement during the whole duration of this course.

ABSTRACT

Performance appraisal has increasingly become part of a more strategic approach to integrating Human Resource activities and business policies. In order to ensure continued efficiency and effectiveness of members of staff each organization has to carry out employee performance appraisal from time to time so as to keep them in check and replace, motivate, retrain or take any other appropriate action.

The objective of the study was to determine employee perception of the performance appraisal process in Telkom Kenya limited. The study adopted descriptive survey research design. The population of the study consisted of all Telkom Kenya employees. The study used primary data which were collected through self-administered structured questionnaires. The data was analyzed and presented using mean and percentages.

The Findings of the study was that the employees of the study were not satisfied with performance appraisal process in the organization as individual objectives were not clearly communicated to the employees, they were not involved in setting targets, do not receive feedback after every performance review, the rater do not hold reviews periodically on performance, no communication on the purpose of performance appraisal process, employees were not given reasonable deadlines to achieve targets, opportunity was not given to suggest improvements on the performance appraisal process and that training needs are identified through formal performance appraisal mechanism. The study further revealed that a number of aspects touching on employee perception on performance appraisal were not accorded adequate attention at Telkom Kenya. These include; whether it motivates employees, opportunity to discuss performance appraisal results, appraiser being fair and objective during the performance appraisal exercise, investment in training, appraisers being professional, alignment of performance appraisal and career growth, knowledge of employees' career aspirations, investment in research to continuously improve the performance appraisal process, allocation of funds for planning performance appraisal, offering performance related coaching and counseling sessions and alignment of compensation and reward system with performance appraisals.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations have long acknowledged the value of the use of performance appraisal in both administrative decisions and in motivating employees. However, it would appear that most empirical research has focused on compulsory systems designed for use with executives and managers (Albrook, 1968). The reluctance to implement appraisal systems with lower level and base-grade employees may be due to several factors, including among many employee and union resistance to compulsory systems of appraisal. In a climate with growing emphasis on participative management styles, self-regulated or voluntary systems of performance appraisal may become increasingly prevalent and important.

Successful organizations are discovering performance appraisal as a critical business tool, one that plays an important role in translating business strategy into results. Scherer and Segal (2006) indicate that companies with world class performance systems generally engage in the best practices. They note that some of the noted best practices of performance appraisal are ensuring that an organization makes performance appraisal part of the culture. Performance appraisal process must be linked to organizational objectives. Firms must invest in training and education, design the system for the unique needs of the organization, use performance appraisal to build relationships between managers and employees, use flexible, customized appraisal forms and finally separate the compensation from performance.

According to Peters and Waterman (1982), high-performing companies revolve around its people, their success being ascribed to: productivity through people;

extraordinary performance from ordinary employees; treating people decently. Personnel function and in particular leadership were considered the most critical components. If the leaders in an organization can create and sustain an environment in which all employees are motivated, the overall performance is bound to be good. The three essentials for creating such an environment are: fairness; job security; and involvement. Of all the resources available, the organizational strategy is clearly the most significant, but also the most difficult to manage. Excellence can only be achieved through excellent performance of every person rather than by the high-pitched performance of a few individuals. And motivation, is undoubtedly, the crux (Peters & Waterman, 1982). Performance appraisal is therefore a joint process that is about planning and defining expectations expressed as objectives in business plans and measurement. It should apply to all employees' not just managers and to teams as much as individuals. It is a continuous process not a one-off event that is holistic and should pervade every aspect of running an organization (Armstrong & Baron, 2004).

1.1.1 Performance Appraisal Process

The history of performance appraisal is quite brief, its roots stem from the early 20th century. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War, not more than 60 years ago. There is a basic human tendency to make judgments about those one is working with, as well as about oneself and appraisal is therefore both inevitable and universal. Even in the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others including subordinates naturally, informally and arbitrarily (Dulewicz, 1989). Traditionally, Performance appraisal was linked to material outcomes e.g. pay raises and cuts. This was rejected in the United States in the 1920s and the potential use of appraisals for

motivation and employee development was gradually, widely recognized (Sandler, 2004).

Dessler(1998) defines performance appraisal as any process that involves setting work standards, assessing the employee's actual performance relative to these standards, and providing feedback to the employees with the aim of motivating that person to eliminate performance deficiencies or to continue to perform above par. The main objectives for modern performance appraisal are; forming basis for salary increase, promotion, training and development, feedback and lastly pressure on employees for better performance. The information generated through performance appraisals form the basis for all human resource decisions like selection and placement techniques, promotions, demotions, transfers, layoffs or termination, training and development, career development, as well as on all other managerial functions like planning, organizing, leading, and controlling.

In many ways, performance appraisal is the essence of management in general. Managers are expected to conduct performance appraisal on employees. This is one of the managers most important of duties. Kilko (1987) argues that the management of employee's performance is usually seen as a necessary function of the management cadre. Centrally, it links a number of themes, including the extent to which the organization has identified strategic goals reflecting the needs of the business and the degree to which these are communicated to and shared by each employee. It is concerned with ensuring optimum contribution is obtained from each individual within the organization. One of the main requirements of any supervisor is to ensure that performance of subordinates matches the requirements of the organization.

Managers have been concerned with the performances of their subordinates. This is very natural since the performances of their subordinates will ultimately determine their success or failure as manager. However, a distinction has to be drawn between the informal appraisal which refers to day-to-day coaching of their subordinates and the formal appraisal process. They coach their subordinates every day. They try to show them the right way of doing their jobs, they warn them when they are late, and they praise them for good performances and reprimand them for their misbehaviors. These types of informal appraisals are usually used in small organizations where there is not a formal and structured performance appraisal system of evaluating employee performance.

Supporters of performance review and management systems such as (Drucker, 1954; Herzberg & Synderman,1959; Cascio, 1996 and Wilson,2000) argue that performance appraisal programs are logical and preferable means to appraise develop and to effectively utilize employees' knowledge and capabilities. Having an inefficient performance appraisal system that does not work well is one of any organization's fears. The overall objective of the performance appraisal is to manage and improve performance of the organization (Cook, 2000). Performance has to be kept at desirable levels to ensure satisfaction of all stakeholders in the market (Gerald, 2001)

Ozgen and Unlucan (2001) analyzes and describes the process, purposes, objectives, uses, and transitioning of performance appraisal from performance appraisal to performance management. Armstrong (2006) noted that Performance Management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations emphasizes the support role of managers who are expected to act as coaches rather than judges and focused on the

future. He further defines performance management as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.

1.1.2 Concept of Perception

Perception is the process by which people translate sensory impressions into a coherent and unified view of the world around them. Though necessarily based on incomplete and unverified (or unreliable) information, perception is equated with reality for most practical purposes and guides human behavior in general. All perception involves signals in the nervous system, which in turn result from physical stimulation of the sense organs (Goldstein, 2009). It is the process of attaining awareness or understanding of the environment by organizing and interpreting sensory information (James R., 2003).

It can be viewed as the process by which organisms interpret and organize sensation to produce a meaningful experience of the world. Sensation usually refers to the immediate, relatively unprocessed result of stimulation of sensory receptors in the eyes, ears, nose, tongue, or skin. Perception, on the other hand, better describes one's ultimate experience of the world and typically involves further processing of sensory input. To interpret that sensation is what is known as perception. The perceivable is that which can be interpreted by the body. In practice, sensation and perception are virtually impossible to separate, because they are part of one continuous process. Perception is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli. Through

the perceptual process, we gain information about properties and elements of the environment that are critical to our survival (James R., 2003).

According to the *Oxford English Dictionary*, perception is "the process of becoming aware or conscious of a thing or things in general; the state of being aware; consciousness; understanding." The process of understanding becomes a mediated experience, as it requires the use of the senses in order to process data. To be perceivable, the object must be able to be understood by the mind through the interplay of sight, sound, taste, touch and smell. Perception is what allows us to make sense of the world through the experience of our senses and the collection of data. Perception according to Kotler (1997) is the process through which people in choosing, organizing and interpreting information in order to form a meaningful picture of the world. According to Gibson (1996), perception is the process of understanding the environment that involves organizing and interpretation as stimuli in a psychological experience. Perception is an internal process that allows us to choose, organize, and interpret stimuli from our environment, and the process affects how we view our world (Mulyana, 2001).

Robbins (1996) argues that perception can also be interpreted as a process by which individuals organize and interpret their sensory impressions to give meaning to their environment. It assist individuals in selecting, managing, storing, and interprets stimuli into a whole world picture and meaning. Because each person is giving their own meaning to the stimulus, the individual can differ in seeing the same thing in different ways. Perception not only creates our experience of the world around us; it allows us to act within our environment. It includes the five senses; touch, sight, taste smell and taste. It also includes what is known as proprioception, a set of senses

involving the ability to detect changes in body positions and movements. It also involves the cognitive processes required to process information, such as recognizing the face of a friend or detecting a familiar scent.

Perception can be viewed as the process by which organisms interpret and organize sensation to produce a meaningful experience of the world. Thus, perception in humans describes the process whereby sensory stimulation is translated into organized experience. That experience, or percept, is the joint product of the stimulation and of the process itself. Relations found between various types of stimulation (e.g., light waves and sound waves) and their associated percepts suggest inferences that can be made about the properties of the perceptual process; theories of perceiving then can be developed on the basis of these inferences. Because the perceptual process is not itself public or directly observable (except to the perceiver himself, whose percepts are given directly in experience), the validity of perceptual theories can be checked only indirectly (Lindsay & Norman, 1977).

The concept of perception therefore is the organization of information about the environment, whether obtained through vision, hearing, appreciation, feeling, and olfaction. The organization is not recording information that is true about the situation but it is a unique interpretation and even can be very different from the reality. Perceiving the action usually involves the introduction of back, compare, absorb, and interpret and establish the meaning and characteristics of object perception hence perception determines the direction and shape a person's behavior.

Perception leads to decision making and action taking. The meaning you give to a stimulus you perceive will fundamentally shape the choices and actions you take in

response to it. Perceptions vary from person to person. Differences may arise due to factors associated with the perceiver (attitudes, motives, expectations, etc.) or the situation (time, place, etc.) or the target (novelty, background, sounds, size, etc.). Perceptual organization focuses on the subsequent activities in the perceptual process after the information from the situation is received.

1.1.3 Telkom Kenya Limited

Telkom Kenya Limited (TKL) was incorporated in Kenya, under the Companies Act (Cap 486) on April 1st 1999 (Company Act, Chapter 486, <http://kenyalaw.org>). The company started operations in July 1st 1999 and was wholly owned by the Government of Kenya (GoK). In December 2007, the Government invited a strategic equity partner through a transparent privatization exercise, in which France Telecom Group (FTG) acquired 51% stake of TKL (Telkom Kenya Website, <http://www.orange-tkl.co.ke>).

The company is licensed to provide and operate telecommunication facilities and services by the Communication Commission of Kenya (CCK) under the provisions of the Kenya communications Act, 1998. On 17th April 2009, after the adoption of the unified licensing framework by CCK, the Company was issued with the following licenses and certificates: Network Facilities Provider Tier 1, International Gateway Systems and Services, Application Service Provider, and Content Service Provider. TKL is the Kenya's leading integrated Information and Communications Technology (ICT) Company, offering a comprehensive range of communication services and solutions in broadband, data, GSM and fixed-line. As a market leader in the broadband and fixed-line businesses, TKL is driven to deliver value to its

stakeholders in a highly competitive environment Telkom Kenya Website, <http://www.orange-tkl.co.ke>).

Telkom Kenya Ltd's objective is convergence and offering customers' simplicity by handling complexity for them. TKL is currently engaged in the business of establishment, maintenance and provision of telecommunication and related services to the entire Kenyan population. The Company works in all business markets: small businesses, local authorities, and multinationals. The voice, data and mobile services, along with information system expertise and managed services, are all designed to transform business processes and improve their productivity. The company is jointly owned by the Government of Kenya and France Telecom Group (FTG) as a strategic equity partner. With TKL's partnership with FTG, which has an extensive global connectivity and participation in the TEAMS submarine cable, TKL has positioned Kenya as a regional internet hub and digital gateway for East and Central Africa (Telkom Kenya Website, <http://www.orange-tkl.co.ke>)

Organizations' have a wide body of stakeholders to satisfy. These range from customers, shareholders, creditors, employees and the government. Each group has its interests and rights from the organization Bennett, (1997). TKL's main stakeholders are the customers, employees and the shareholders. Managers have the task of ensuring that each stakeholder's needs are met without affecting those of another and therefore the need for performance appraisal. We are living in an era where the business world has become a global village and business organizations are facing cutthroat competition from around the globe. One source of competitive advantage for any business is its organizational strategies (Becker & Huselid, 1998). Therefore performance appraisal process and the ability for managers to align it with change in

the environments is the only way organizations can maintain a competitive edge in the current global market trends.

Telkom Kenya Ltd has embraced performance appraisal as part of the organizational culture. The Company has outlined clear and elaborate performance management policy that applies to all employees. The performance appraisal is an ongoing communication process between the line managers and employees, focused on helping the employee achieve his or her best workplace results. Clear performance expectations are communicated to the employees at the beginning of the year during the annual review and goal setting. Key individual objectives (KIOs) that are drawn from the overall corporate goals are shared with individual employees by the line managers. The KIOs form the basis of performance appraisal which is carried out monthly, quarterly and annually. The main performance appraisal technique used is the traditional form method although in some cases observation method may be incorporated by the line manager. The performance review forms are then discussed and signed by both the line manager and the employee. The overall objective of performance appraisal at Telkom Kenya Ltd is to identify areas of achievement, areas of improvement and set goals for the future.

1.2 Research Problem

In order to ensure continued efficiency and effectiveness of members of staff each organization has to carry out employee performance appraisal from time to time so as to keep them in check and replace, motivate, retrain or take any other appropriate action. There is widespread agreement that success or failure of performance appraisal system depends on at least two major criteria: the attitudes and skills of those responsible for its implementation, and acceptance, commitment and ownership of

appraise (Lawler, 1994; Hedge & Teachout, 2000) and the endorsement of the notions of procedural fairness and distributive justice. Procedural fairness refers to employees' perception of the programs overall equity and distributive justice is linked to perceptions of the fairness of associated rewards and recognition outcomes. According to Kinlaw (1988), employees' perception is very important, but rarely considered. It is often seen that a performance appraisal is considered as just a formality and is very boring. This is because the results of performance appraisal are not often followed by any feedback. It is in this light that the study seeks to carry out a survey of employee perception of performance appraisal process in Telkom Kenya and how they contribute in fostering performance of the organization.

According to Keeping and Levy (2000), employee reactions toward performance appraisal may be considered important for a number of reasons. First, reactions are of great interest to practitioners. Second, while reactions have been theoretically linked to determinants of performance appraisal success and acceptance they have been overlooked in the research. Mohrman and Lawler (1983) suggest that researchers should concentrate on how performance appraisal systems are perceived by organizational members to improve performance appraisal accuracy. Further, they suggest that organizations examine the uses of performance appraisal information to determine if the uses and functions are conducive to accurate performance appraisal.

Telkom Kenya Ltd has laid down policies and guidelines on performance management that are applied across the board to all employees. The Human Resources Department (HRD) provides procedures and forms to support performance management system as well as tools to ensure proper and successful implementation of the performance appraisal process. The department also ensures that the set

standards are upheld and guidelines adhered to. However, the Company lacks a process that determine the success rate of the performance appraisal process put in place in terms of getting feedback from the employees on how they perceive the process and whether it is mutually beneficial to both employees and the organization. Whilst performance appraisal is important for employees and organizations to review employee progress identify areas of improvement and decision making purposes, it is imperative that Telkom Kenya also understands the employees' perception of the entire process so as to make changes that will make the performance appraisal process more relevant.

Various studies have been conducted on employees perception on performance appraisal; Analoui and Fell (2002), carried out an empirical survey to explore the perception, views and preferences of the administrative staff at University of Bradford on performance appraisal. The results indicated that little or no provision for establishing formal dialogue between management and the staff concerning their performance expectations, misplacement of personal goals, and realistic opportunities for personal and career development. Bretz, Mikovich and Read (1992) indicated that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. Their findings suggested that most employees perceive their performance appraisal system as neither accurate nor fair.

A major problem for organizational leaders is that the performance appraisal process and the performance evaluation system are often perceived as both inaccurate and unfair (Latham & Wexley, 1981). Conger (1998), carried out an exploratory study to review the purposes and practices of performance appraisal. The study indicated the

trend in US, as giving high focus on documentation, development and linking performance appraisals with pay and promotion purpose. In Korea, performance appraisal is used for development and promotion purposes. In Canada it is used much less for compensation and pay. In Australia performance appraisal is used for development and promotion purposes. Landy, Barnes, and Murphy (1978) studied employee perceptions of the fairness and accuracy of a performance appraisal system. The researchers found that frequency of evaluation, identification of goals to eliminate weaknesses, and supervisory knowledge of subordinate's level of performance and job duties were significantly related to perceptions of fairness and accuracy of performance appraisal. Their results confirmed traditionally held perceptions that performance appraisal should be done as frequently as possible, that the supervisor should work with the subordinate to agree on responsibilities; and, that the supervisor should devote sufficient time to observe and evaluate and employee's performance.

Nyaoga, Kipchumba and Magutu (2010) conducted a study on the effectiveness of performance appraisal systems in private universities in Kenya. The findings indicated factors that contribute to an effective performance appraisal system are provision of training to the employees involved in appraising and use of multi-rating with input from all the supervisors on the employee's performance. Kamencu (2011) in a study to investigate the effectiveness of performance appraisal in Kenya Tea Development Agency established that employee training, performance based pay, and management by objectives were the key factors that influenced employee performance. Lillian, Mathooko and Sitati (2011) studied the effects of performance appraisal systems on civil servants job performance and motivation in the Ministry of

Public Service. The study revealed that performance appraisal had a positive impact which lead to motivation of the employees.

Despite adoption of performance appraisal in Telkom Kenya Ltd, no studies have been done so far to determine employee perception of the performance appraisal process in Telkom Kenya Ltd. Considering the benefits of performance appraisal, it is observed that there is a gap that can be filled by this research; this is to determine employee perception of the performance appraisal process in securing successful appraisal in Telkom Kenya Ltd.

This research therefore seeks to answer the question: What is employee perception of the performance appraisal process in Telkom Kenya Ltd?

1.3 Research Objective

To establish employees perception of the performance appraisal process in Telkom Kenya Ltd.

1.4 Value of the Study

The study will help the management to make better decisions in regard to performance appraisal process and to design processes that will enhance performance. The research will also identify positive and negative effects of employee perception of performance appraisal processes.

The findings will be useful to policy makers and practioners in establishing how employee perception may affect successful implementation of the performance appraisal process.

It will also contribute to the body of knowledge for scholars and may stimulate further research in the area of performance appraisal.

CHAPTER TWO

LITERATURE REVIEW

2.1 Performance Appraisal

Performance appraisal is a tool that helps management better know the quality of its human resources and how good they convert their qualities into performance. Many definitions of performance appraisal have been made by different authors. Performance appraisal is defined as the process of identifying, observing, measuring and developing human performance in an organization. The identification component refers to the process of determining what aspects to focus on in the appraisal process. Observation means that all performance aspects must be directly and should be sufficiently observed so that fair and accurate judgments can be made. Measurement component of the definition calls for the evaluation of what is identified and observed. The development component refers to the future oriented and improvement focus of appraisal (Glover, 1996). It is the judgment of the employee performance in his or her job based in considerations of other job requirements. All managers are therefore constantly forming judgments of the subordinates and are in a sense continuously making appraisals.

According to Murphy and Cleveland (1995), performance appraisal may be defined as the assessment of how well an employee does his or her own job with special reference to the formal procedures by which regular assessment are made, record of results maintained and action taken to improve performance. Other terms used include performance assessment and job appraisal. Winston and Creamer (1997) suggested that Performance appraisal can be viewed as the process of assessing and recording staff performance for the purpose of making judgments about staff that lead to

decisions. It should also be viewed as a system of highly interactive processes which involve personnel at all levels in differing degrees in determining job expectations, titling job descriptions, selecting relevant appraisal criteria, developing assessment tools and procedures, and collecting interpreting, and reporting results.

The definition made by Schuller (1984), seems to be one of the most comprehensive definitions. He defines it as a formal, structured system of measuring and influencing an employee's job related attributes, behaviors, and outcomes, and level of absenteeism to discover at what level the employee is presently performing on the job. Mondy, Wayne, and Premeaux (1999) states that the most common sets of criteria used in practice are traits such as attitude and initiative, behaviors for individuals such as working in teams and cooperation, and task outcomes when a pool-oriented process is used. From the definitions, and interpretations above, it can be argued that performance is not just about outputs, it is also concerned with actions and behaviors demonstrated to achieve given targets.

Craig, Beatty, and Baird(1986) suggested an eight-stage performance appraisal process and they are; establishing standards and measures, communicating job expectations, planning, monitoring performance, appraising, feedback, decision making and finally development of performance. The last stage of performance appraisal is 'development of performance' or professional development, by providing opportunities for upgrading skills and professional interactions. This can be done by supporting participation in professional conferences or by providing opportunities for further study. Such opportunities can also act as incentives or rewards to employees. For successful implementation of a successful performance appraisal system, resources including monetary resources need to be dedicated at each an every stage.

Performance appraisals provide an opportunity to each employee for self-reflection and individual goal-setting, so that individually planned and monitored development takes place they also help employees internalize the culture, norms and values of the organization, thus developing an identity and commitment throughout the organization, help prepare employees for higher responsibilities in the future by continuously reinforcing the development of the behaviour and qualities required for higher-level positions in the organization. In essence performance appraisals can be instrumental in creating a positive and healthy climate in the organization that drives employees to give their best while enjoying doing so and assist in a variety of personnel decisions by periodically generating data regarding each employee (Rao, 1985). Performance appraisal when used correctly can provide management with valuable information that may serve as a basis for important decisions about either the human resources, or about the organization. However in the hands of an incompetent manager this tool can be a devastating weapon, and all potential benefits may turn out to be in reverse direction.

There is a very close relationship between performance appraisal and motivation of people at work. While motivation is one of the most critical determinants of individual performance, the measurement of performance and the nature of the resulting decisions about employee by their superiors becomes a crucial determinant of their motivation and therefore their future performance. Rewards received by the employees should closely relate to contribution made and efforts provided to ensure for the fulfillment of this belief, it is necessary for organization to recognize and measure differences in output, behaviors and performance (Henderson, 1985).

Performance appraisals are used to evaluate the performance of a worker, reward good performance with promotions and pay raises and set goals to help employees continue to improve. In reality, however, as Glendenning (2002) notes, performance appraisals are affected by a wide range of factors, either psychological or otherwise. Even when supervisors are working with a well-defined guideline to evaluate workplace performance, they can easily fall off track with results disadvantageous to both the worker and the company. Guest (2002) notes that, '*the halo effect*' is one such performance appraisal challenge. The Halo Effect, sometimes subdivided into the '*halo*' and the '*horns*' arises from the human tendency to over generalize. A worker who is good or outstanding in one or two areas will receive a "halo"; his supervisor will believe he is good in all areas because of a few noticeable strong points. Similarly, a worker who is seen as weak in one or two areas can get saddled with "horns"; his supervisor will overlook his strong points in his performance appraisal and tend to see everything he does as lacking.

Apart from the halo effect, Huselid (1995) adds that another challenge is what is commonly called '*the Matthew Effect*'. Huselid adds that the Matthew effect is somewhat similar to the halo effect, but more permanent e.g. sometimes a worker is permanently judged based on an early performance evaluation. If s/he did well on the early evaluation, she will be more trusted than other employees and all of her work will be seen in a favorable light. If she did poorly, she will have a very hard time earning trust or a positive evaluation from her boss, who will judge all her future actions in light of an early impression.

One especially tricky performance appraisal factor is standards of evaluation. Many companies use subjective terms like "excellent," "good" and "fair" to characterize

performance, but these terms may mean very different things to different people. If a company has two different evaluators, this can lead to serious bias; a more or less average worker who performs all of his job duties correctly may receive a "good" rating with one evaluator but only an "average" or "fair" rating with the other. Kuhn (1977) notes that an evaluator might also only look at recent performance, exhibiting a recency bias. An opportunity bias can also skew results, with evaluators blaming or praising employees for things that were actually out of their control. For example, a salesman could have declining sales numbers do to a sharp economic downturn, poor product quality or poor inventory management, none of which would be his fault (Long, 1986). Bretz, Milkovich and Read (1992) indicate that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. Their findings suggested that most employees perceive their performance appraisal system as neither accurate nor fair. Skarlicki and Folger (1997) suggest that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political or irrelevant.

Marwat, Qureshi and Muhammad (2006), a study conducted on Pakistan telecommunications firms found that these firms have enabled a higher level of staff participation and involvement in planning, delivery and evaluation of work performance. Organizations need to frequently identify the factors that hinder them from successfully implementing performance appraisal processes. The challenges are usually not insurmountable obstacles, but elements that require great attention and work. If not addressed, they can cause the performance management system to fail.

2.2 Performance Appraisal Process

The performance appraisal process involves establishing performance standards, communicating standards and expectations, measuring actual performance, comparing actual performance with standards, discussing results -providing feedback and decision making-taking corrective actions (Dessler 2008). The first step in the process of performance appraisal is setting up of the standards which will be used as the base to compare the actual performance of the employee. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degree of their contribution to the organizational goals and objectives, easily understandable and in measurable terms. In cases where the performance of the employee cannot be measured, the standards should be described clearly. Rich (1996) introduced a skill based method that creates a work environment that allows employees to develop the skills they need to meet business goals.

Once the standards are set, it is the responsibility of the management to communicate the standards to all employees in the organization. The employees should be informed and the standards should be clearly explained to them. This will help employees to understand their roles and to know what exactly is required of them. The standards should also be communicated to the appraiser or the evaluator and if required the standards can also be modified at this stage according to the relevant feedback from the employees or appraise (Dessler 2008). Measuring the actual performance is the most difficult part of performance appraisal: that is the work done by the employees during the specified period under review. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias

does not affect the outcome of the process and providing assistance rather than interfering with an employees work (Kennedy 1999). Comparing the actual performance with the standards, in this step, the actual performance is compared with desired or the standard performance. The comparison tells of the deviations in the performance of the employees from the standards set. The results can show the actual performance being more than the desired performance or the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance (Craig, Beatty, & Baird, 1986).

The result of the appraisal is then communicated and discussed with the employee on one-to-one basis. The focus of the discussion is the review results, the problems and possible solution that are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can affect an employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employee to perform better (Lawler 1994, Vroom, 1964). The final step in the performance appraisal process is taking decisions to improve the performance of the employees, take corrective action or take HR decisions like rewards, promotions, demotions, transfer, recognition or termination. The decision to be taken should be weighed carefully so as to avoid any biasness, discrimination and unfair judgment.

2.3 Objectives of Performance Appraisal

The widespread use of performance appraisal can be attributed to the belief by many managers and human resource professionals that performance appraisal is a critically needed tool for effective human resource management and performance improvement

(Longenecker & Goff, 1992). The assumption appears to be that an effectively designed, implemented, and administered performance appraisal system can provide the organization, the manager, and the employee with a plethora of benefits (Cascio, 1987; Coens & Jenkins, 2000).

Objectives for performance appraisal policy can best be understood in terms of potential benefits. Mohrman, Resnick-West and Lawler (1989) identify the following benefits: Increase motivation to perform effectively, increase staff self-esteem, gain new insight into staff and supervisors, better clarify and define job functions and responsibilities, develop valuable communication among appraisal participants, encourage increased self-understanding among staff as well as insight into the kind of development activities that are of value, distribute rewards on a fair and credible basis, clarify organizational goals so they can be more readily accepted, improve institutional/departmental manpower planning, test validation, and development of training programs. Dessler (1998) states that performance appraisal serves several purposes. It provides an opportunity to review a subordinate's progress and map out a plan for rectifying any performance deficiencies. Further, according to DeNisi (1996), performance appraisals have two main purposes. These are decision-making and feedback.

Mc Gregor (1957), pointed that formal performance appraisal is designed to meet the needs of the organization and for the individual. Mc Gregor suggested that the general purpose of performance appraisal as follows; to provide systematic judgments to back up salary increases, promotions, transfers and sometimes demotions or terminations, to serve as means of telling a subordinate how he/she is doing and suggesting needed changes in his behavior, attitudes, skills or job knowledge, they also let him know

"where he stands" with the boss and to be used as the basis for the coaching and counseling of the individual. Graham and Bennet (1993) views performance appraisal as a process that involves communicating to an employee how well the employee is performing the job and also establishing a plan for improvement. Performance appraisal systems have three principal purposes; to improve employee performance in the present job roles, to prepare employees for future opportunities that may arise in the organization and to provide a record of employee performance that can be used as a basis for future management decisions. Longenecker and Fink (2003) argue that there are two reasons why performance appraisals are here to stay. First, formal appraisals are required to justify a wide range of strategic organizational decisions such as pay rises, promotions, demotions, terminations and selection validation. They also are keen to evaluating recruitment results and determining training needs. Secondly, formal appraisals are required to maintain a competitive edge.

A properly designed performance appraisal system can; help each employee understand more about their role and become clear about their functions, help employees to better understand their strengths and weaknesses with respect to their role and functions in the organization, help in identifying the developmental needs of employees given their role and function, increase mutuality between employees and their managers so that every employee feels happy to work with their supervisor and thereby contribute their maximum to the organization. It can act as a mechanism for increasing communication between employees and their managers. In this way, each employee gets to know the expectations of their superior, and each superior also gets to know the difficulties of their subordinates and can try to solve them. This increases the capacity of both the employees and their superiors and together they can thus better accomplish their tasks (Rao, 1985).

Performance appraisal is also about ensuring that managers themselves are aware of the impact of their own behavior on the people they manage and are encouraged to identify and exhibit positive behaviors. So performance appraisal is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behavior and contributions (Armstrong, 2006).

Management should provide periodic, formal feedback to individual staff members. If managers never provide any type of formal feedback to employees, they may never know how well or how poorly they are performing. This situation is obviously troublesome for both employees as well as managers. Performance appraisal is about sharing expectations. Managers can clarify what they expect the individual and teams to do. Likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance appraisal is about interrelationships and about improving the quality of relationships - between managers and individuals, between managers and teams, between members of teams and so on.

Those individuals responsible for implementing and maintaining the performance appraisal system must ensure that their management team understands the potential of effective performance appraisal and is committed to its success. With that commitment in place, ensuring that the employees selected have the required qualifications and are provided with the necessary resources then organizations will sustain the momentum and secure a successful performance appraisal system implementation (Huselid, 1995).

2.4 Performance Appraisal Methods

Most organizations today are emphasizing teams, values, employee job roles and processes that revolve around customer needs. Thus performance appraisal may have to be designed and implemented to incorporate these concepts (Moravec, 1996). There are several techniques used to appraise employees. Among them, the most familiar performance appraisal form is still used. The trend is to move away from using formal forms, and to instead focus more on specific job related outcomes and behaviors (Boyett & Conn, 1992).

Certain techniques in performance appraisal have been thoroughly investigated, and some have been found to yield better results than others. There are at least eleven identified performance appraisal methods, these include; critical incident method which involves identifying and describing specific incidents where employees did something really well or that needs improving during their performance period. Weighted method is a method where the jobs are evaluated based on descriptive statements about effective and ineffective behavior on jobs. Paired comparison analysis makes full use of the methods of options. There will be a list of relevant options. Each option is in comparison with the others in the list. The results will be calculated and then such option with highest score will be mostly chosen. Graphic method is considered the oldest and most popular method to assess the employee's performance. In this style of performance appraisal, the management just simply does checks on the performance levels of their staff.

Another method is essay evaluation, managers are required to figure out the strong and weak points of staff behaviors. Essay evaluation method is a non-quantitative technique. It is often mixed with the method the graphic rating scale. In Behaviorally

anchored rating scales is based on making rates on behaviors or sets of indicators to determine the effectiveness or ineffectiveness of working performance. The form is a mix of the rating scale and critical incident techniques to assess performance of the staff. Performance is the performance appraisal of ranking used to assess the working performance of employees from the highest to lowest levels. Managers will make comparisons of an employee with the others, instead of making comparison of each employee with some certain standards. Management by objectives (MBO) is a method of performance appraisal in which managers or employers set a list of objectives and make assessments on their performance on a regular basis, and finally make rewards based on the results achieved. This method mostly cares about the results achieved (goals) but not the way employees can fulfill them.

In forced ranking (forced distribution) style of performance appraisal, employees are ranked in terms of forced allocations. For instance, it is vital that the proportions be shared in the way that 10 or 20 % will be the highest levels of performances, while 70 or 80% will be in the middle level and the rest will be in the lowest one. scales is a method based on the scales of observation on behaviors it is the one in which important tasks that workers have performed during their working time will be assessed on a regular basis.

A relatively new feature in the appraisal method is the 360-degree feedback sometimes referred to as multi-source assessment or multi-rate feedback. A study carried out by Armstrong and Baron (1998) reveals that this approach, though not very common, is gaining interest in organizations today. The style of 360 degree performance appraisal is a method that employees will give confidential and anonymous assessments on their colleagues. Performance appraisal system processes

vary from employer to employer. With the exception of the forced ranking type of performance appraisal, the employer size does not dictate which type of appraisal is best. A 360-degree performance appraisal system is common among employers that practice inclusion, and the self-evaluation method of performance appraisals usually gives the impression that the employer truly values its employee's opinions.

There are many approaches to classifying the methods and techniques used in measuring performance. Some authors classify them into two categories as traditional and contemporary methods. Landy and Farr (1983), classified as judgmental and nonjudgmental methods. Werther, Jr. and Keith (1993) classify the performance appraisal methods as past oriented methods and future oriented methods. Mathis and Jackson (2000) classified the performance appraisal methods into four categories as rating methods, written methods, comparative methods, and special methods. Rating methods include Graphic Rating Scales, Checklists, and Forced Choice. Written Methods include Free Essays, Critical Incidents, and Field Review. Comparative methods include Ranking, Paired Comparisons, and Forced Distribution. Special methods include Behaviorally Anchored Rating Scales, Behavioral Observation Scales, and Management by Objectives (MBO). Assessment Center Appraisals can also be considered in this group. Locher and Teel (1977) found that the three most common appraisal methods in general use are rating scales, essay methods and results- oriented or MBO methods.

It has been shown in numerous studies that goal-setting is an important element in employee motivation. Goals can stimulate employee effort, focus attention, increase persistence, and encourage employees to find new and better ways to work (Locke, et al. 1981). The use of goals as a stimulus to human motivation is one of the best

supported theories in management. It is also quite clear that goals which are specific, difficult and accepted by employees will lead to higher levels of performance than easy, vague goals (such as do your best) or no goals at all(Harris & DiSimone,1994). It is important that the appraiser (usually the employee's supervisor) be well-informed and credible. Appraisers should feel comfortable with the techniques of appraisal, and should be knowledgeable about the employee's job and performance. When these conditions exist, employees are more likely to view the appraisal process as accurate and fair. They also express more acceptances of the appraiser's feedback and a greater willingness to change (Bannister, 1986).

2.5 Employees Perception of the Performance Appraisal Process

Kinlaw (1988) argues that employees' perception is very important, but rarely considered. It is often seen that a performance appraisal is considered as just a formality and is very boring. This is because the results of performance appraisal are not often followed by any feedback. Perception depends on complex functions of the nervous system, but subjectively seems mostly effortless because this processing happens outside conscious awareness Goldstein (2009).

Churchill et al. (1985), conducted a study on sales people's perceptions of performance appraisal criteria, he stated that the sales person's role is a three-step process. The first is how the sales person should behave based on the role of organizational policies, operating procedures, and training programs. The implication is that the sales person must follow the policies and procedures of the corporation and be able to apply the training received to perform the job. Secondly, the perceived role is based on how the sales person perceived the job expectations and demands communicated through the manager or trainer. The sales person may suffer from perceptions of role ambiguity, role conflict, or role inaccuracy (Churchill et al., 1985;

Jaworski & Kohli. 1991). The perception of role ambiguity occurs when representatives feel that they have not been given the necessary training to perform the job adequately. Role conflict takes place when a sales person believes that the role demands of two or more members of the role set are incompatible. Lastly, role inaccuracy arises when the sales person's perceptions of the immediate supervisor or manager, the perceptions of the customers, and the demands placed on the sales person by his or her family are unrealistic (Churchill et al., 1985).

According to the expectancy theory of motivation advanced by Vroom (1964), effort is geared towards expected outcome. In an organization, different people would normally expect different outcomes; some employees would expect salary increments while the owners would expect promotions etc. Therefore it's upon management to ensure how each and every employees expected need is met in order for everyone to be motivated for them to maintain optimum performance from all employees. Performance appraisals can serve this purpose through communication between supervisors and subordinates. Although employees do identify with their organization, they are also concerned about themselves; in return for doing a good job, they expect adequate pay, good working conditions, training and development, job security and certain amounts of appreciation, power and prestige, (Stoner, Freeman & Gilbert 2002). Employees value growth and career opportunities in an organization, with such opportunities productivity is increased and expensive turnover decreased.

Bernardin and Beatty (1984), suggested that employee reactions to performance appraisal systems are usually better indicators of the overall viability of a system than the more narrow psychometric indices such as leniency and halo. According to Bradley (2006). people change their behavior based on their perception of equity and fairness in the organization. In general, research indicates that perceptions of fairness arise from consideration of the outcomes received (outcome fairness); the procedures

used to determine those outcomes (procedural fairness);and the way in which the decision-making procedures were implemented and explained(interpersonal fairness) (Smither, 1998).Bennet (1997), argues that managers have to understand the process of perception in order to ensure employees perceive the organizations objectives in a similar manner, appreciate workers grievances and complaints from their point of view, and to improve communication between managers and subordinates by interpreting things the same way.

Certain conditions must exist for employees to consider performance appraisal processes as accurate and fair. Research studies show that employees are likely to feel more satisfied with their appraisal result if they have the chance to talk freely and discuss their performance. It is also more likely that such employees will be better able to meet future performance goals (Nemeroff & Wexley, 1979). Employees are also more likely to feel that the appraisal process is fair if they are given a chance to talk about their performance, this especially so when they are permitted to challenge and appeal against their evaluation (Greenberg, 1986). It is very important that employees recognize that negative appraisal feedback is provided with a constructive intention, i.e., to help them overcome present difficulties and to improve their future performance. Employees will be less anxious about criticism, and more likely to find it useful, when they believe that the appraiser's intentions are helpful and constructive Fedor et al. (1989). In contrast, other studies have reported that "destructive criticism" which is vague, ill-informed, and unfair or harshly presented - will lead to problems such as anger, resentment, tension and workplace conflict, as well as increased resistance to improvement, denial of problems, and poorer performance (Baron, 1988).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study assumed a descriptive survey research design. Descriptive studies require rigorous research learning and execution and often involve testing of hypothesis or answering research questions. This research design was chosen for the study because it involved a number of units and investigations which were done across all the units.

3.2 Population

The target population was all the employees of Telkom Kenya who number 1702 (Human Resource Records, June 2012).

3.3 Sample Design

The sample consisted of 170 employees consisting of 65 management employees and 106 unionisable employees. Simple stratified random sampling technique was used to categorize the population into two strata; management and unionisable employees. Simple random sampling technique was further used to sample the population in each stratum to select final respondents who constituted 10 % of the target population that represented the sample population (Yin, 1984). The respondents were sampled as shown in table 3.1 below.

Table 3.1 Sample Design

Category of Strata	Population size	Sample size
Management	647	65
Unionisable	1055	106
Total	1702	171

Source; Human Resources Records June 2012

3.4 Data Collection

The focus of interest in this study was Telkom Kenya Ltd employees. The study used primary data collected using questionnaires. Questionnaires are able to reach a large sample size. A semi-structured questionnaire was divided into sections and each section addressed a specific objective and research question of the study. The questionnaire was designed to gather quantitative data.

The questionnaire consisted of three sections. Section A obtained general information from the respondents. Section B gathered information on knowledge of the performance appraisal process. Section C collected information on employees perception of the performance appraisal process. The questionnaires were dropped and picked from respondents.

3.5 Data Analysis

Data analysis was done by use of descriptive statistics such as percentages, frequency distribution, mean and standard deviation. Tables and other graphical presentations such as pie charts and bar graphs as appropriate were used to present the data collected for ease of understanding and analysis.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish the employee perception of the performance appraisal process in Telkom Kenya limited. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 171 questionnaires were issued out and of the 171 questionnaires issued out, only 136 were returned. This represented a response rate of 79%.

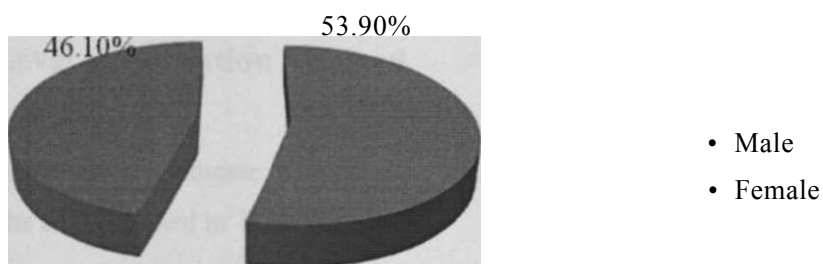
4.2 Demographic and Respondents Profile

The demographic information considered in this study included respondents gender, age bracket, highest level of education attained, employment cadre, and length of continuous service with the company.

4.2.1 Respondents Gender

The respondents were asked to indicate their gender and of the 136 respondents, 53.9 percent were male while 46.1% were female. This implies that more men than women took part in the study as illustrated in fig 4.1.

Figure 4.1: Respondents Gender



Source; Research Data, 2012

4.2.2 Respondents Age Bracket

The respondents were asked to indicate their age brackets and the results are as shown in Table 4.1.

Table 4.1: Respondents Age Bracket

Years	Frequency	Percent
20-29	30	22.5
30-39	42	31.5
40-49	62	46.0
50 and above	2	1.1
Total	136	100.0

Source; Research Data, 2012

The results in Table 4.1 indicate that 46% of the respondents were between the age of 40 and 49 years, 31.5% of the respondents indicated that their age was between 30 and 39 years, 22.5% of the respondents indicated that their age was between 20 and

29 years. The results indicates that majority of the respondents were above 30 years and thus understands the important of performance appraisals in the company.

4.2.3 Highest Level of Education Attained

The respondents were asked to indicate the highest level of education they have attained. The results are presented in Table 4.2.

Table 4.2: Highest level of education attained

Highest level of education attained	Frequency	Percent
Secondary level	40	29.2
Diploma	38	28.1
Undergraduate degree	43	31.5
Postgraduate degree	15	11.2
Total	136	100.0

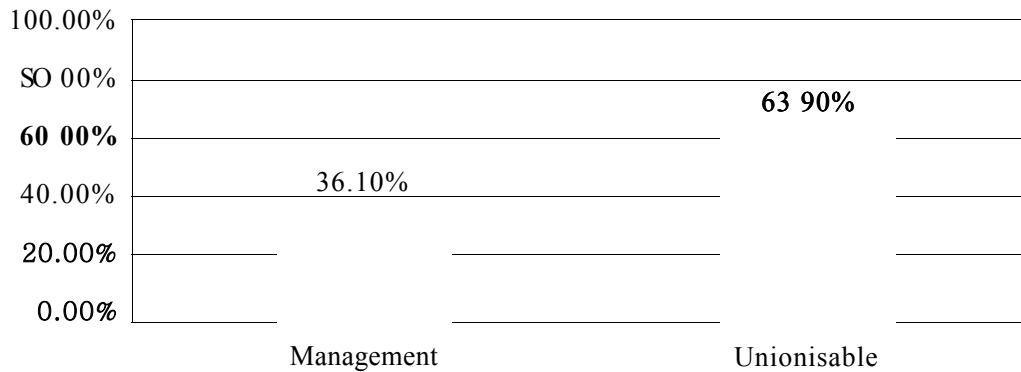
Source; Research Data, 2012

The findings on the respondents highest level of education attained was that 31.5% of the respondents had undergraduate degree, 29.1% of the respondents had secondary level of education, 28.1% of the respondents were diploma level holders while 11.2% of the respondents indicated that they were post graduate degree holders. The results indicate that majority of the respondents were diploma holders and degree with specific training or skills.

4.2.4 Employment Category

The respondents were asked to indicate the employment category which they belong and the results are presented in Figure 4.2.

Figure 4.2: Employment Category



Source ; Research Data, 2012

The findings in Figure 4.2 indicates that 53.9% of the respondents were unionisable employees while 46.1% in the management category. The results indicate that the respondents were from both categories of employment and thus the results reflect the company's position on performance appraisal process.

4.2.5 Length of Continuous Service

The respondents were to indicate the duration of time that they have been working at Telkom Kenya. The results are presented in Table 4.3.

Table 4.3: Length of continuous service

Years	Frequency	Percent %
Less than 1	5	3.4
1-5	55	40.4
5-10	10	7.9
More than 10	66	48.3
Total	136	100.0

Source; Research Data, 2012

The findings above on table 4.3 indicates that 48.3% of the respondents had worked in the organization for more than 10 years, 40.4% indicated that they have worked in the organization for 1-5 years, 7.9% of the employees indicated that they have worked in the company for a period of 5 to 10 years while 3.4% said that they have worked in the organization for less than 1 year. The findings indicate that majority of the respondents have worked for more than five years in the organization and thus they understand the organization well in regard to performance appraisal process.

4.3 Knowledge of Performance Appraisal Process

The respondents were requested to indicate their knowledge of performance appraisal process in a five point Likert scale. The range was 'Strongly agree (1)' to 'strongly disagree' (5). The scores of strongly agree and agree have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; ($0 < S.E. < 2.4$). The scores of 'neither agree nor disagree' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 < M.E. < 3.4$) and the score of both disagree and strongly disagree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; ($3.5 < L.E. < 5.0$). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.4.

Table 4.4: Knowledge of Performance Appraisal Process

Knowledge of Performance Appraisal Process	Mean	Std. Deviation
Aw are of the performance appraisal process	2.2279	1.1923
The performance appraisal process is clearly defined	2.3956	1.1761
Involved in setting own targets	2.9485	1.3295
Given reasonable deadlines to achieve targets	3.0588	1.3431
The key individual objectives are clearly communicated to employees at the beginning of the appraisal period	2.6765	1.2225
Rater clearly and frequently communicate the purpose of performance appraisal process	2.9779	1.1767
Rater hold reviews periodically on performance	2.9632	1.1573
Receive feedback after every performance review	2.8978	1.2614
Opportunity is given to suggest improvements on the performance appraisal process	3.3824	1.2884
Training needs are identified through formal performance appraisal mechanism	3.4191	1.2326

Source; Research Data, 2012

The findings in Table 4.4 indicate that the employees were in agreement that they were aware of the performance appraisal process (mean 2.2279) and that performance appraisal process is clearly defined (mean 2.3956). They neither agree nor disagree that key individual objectives are clearly communicated to employees at the beginning of the appraisal period (mean 2.6765), were involved in setting their own targets (mean 2.9485), receive feedback after every performance review (mean 2.8978), the rater hold reviews periodically on performance (mean 2.9632), rater clearly and frequently communicate the purpose of performance appraisal process

(mean 2.9779), that employees are given reasonable deadlines to achieve targets (mean 3.0588). that opportunity was given to suggest improvements on the performance appraisal process (mean 3.3824) and that training needs are identified through formal performance appraisal mechanism (mean 3.4191). The results indicate that the employees were not satisfied with key issues of performance appraisal in the organization. The high standard variations indicate that the respondents differed to a large extent on the various issues regarding performance appraisal process in the organization.

4.4 Employees Perception of the Performance Appraisal Process

The respondents were requested to indicate their perception of performance appraisal process. The results are presented in Table 4.5

Table 4.5: Employees Perception of the Performance Appraisal Process

Employees Perception of the Performance Appraisal Process	Mean	Std. Deviation
The appraiser is fair and objective during the performance appraisal exercise	3.0296	1.3323
Performance appraisal objectives are aligned with career growth	3.1765	1.2042
Performance appraisal has positively impacted career growth	3.2206	1.2747
The line manager is aware of career aspirations	3.2132	1.3188
Opportunity to discuss performance appraisal results with my supervisor	2.9118	1.3469
Performance appraisal motivates results in improved performance at work	2.7794	1.2334
Appraisers are professional during performance appraisal	3.0956	1.2583

Performance appraisal process has achieved its objectives of identifying areas of achievement, areas of improvement and future goals setting	3.0588	1.1786
Performance appraisal process is properly utilized to meet corporate objectives	2.9778	1.1684
Performance appraisal process is effectively implemented	3.1156	1.1603
The compensation and reward system is aligned to performance appraisals	3.6250	1.2289
Rater offers performance related coaching and counseling sessions	3.4706	1.1984
The organization has allocated funds for planning of performance appraisal in its budget	3.3971	1.0837
The organization invests in training of its employees to improve performance	3.0515	1.2251
The organization invests in research to continuously improve the performance appraisal process	3.2279	1.1798

Source ; Research Data, 2012

The findings in Table 4.5 indicate that the respondents neither agreed nor disagreed that performance appraisal motivates results in improved performance at work (mean 2.7794), there is opportunity to discuss performance appraisal results with supervisor (mean 2.9118), the process is properly utilized to meet corporate objectives (mean 2.9778), appraiser is fair and objective during the performance appraisal exercise (mean 3.0296), organization invests in training of its employees to improve performance (mean 3.0515), appraisal process has achieved its objectives of identifying areas of achievement, areas of improvement and future goals setting (mean 3.0588), appraisers are professional during performance appraisal (mean 3.0956), performance appraisal process is effectively implemented (mean 3.1156),

performance appraisal objectives are aligned with career growth (mean 3.1765), the line manager is aware of career aspirations (mean 3.2132), has positively impacted career growth (mean 3.2206), organization invests in research to continuously improve the performance appraisal process (mean 3.2279), has allocated funds for planning of performance appraisal in its budget (mean 3.3971) and that the rater offers performance related coaching and counseling sessions (mean 3.4706).

On the other hand the respondents noted that compensation and reward system was not aligned to performance appraisals (mean 3.625). The results indicate that employees perceive performance appraisal as not achieving its intended objectives. The high standard deviation variation indicates that the respondents' perception on performance appraisal process varied to a large extent.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study showed that the respondents were aware of the performance appraisal process as it was clearly defined. However, they disagreed with some key issues regarding the process and these could jeopardize the achievement of the overall objective of the performance appraisal. The process may not be instrumental in creating a positive and healthy climate in the organization that drives employees to give their best while enjoying doing so and assist in a variety of personnel decisions.

The study further revealed that a number of aspects touching on employee perception on performance appraisal were not accorded adequate attention at Telkom Kenya. These include; whether it motivates employees, opportunity to discuss performance appraisal results, appraiser being fair and objective during the performance appraisal exercise, investment in training, appraisers being professional, alignment of performance appraisal and career growth, knowledge of employees' career aspirations, investment in research to continuously improve the performance appraisal process, allocation of funds for planning performance appraisal, offering performance related coaching and counseling sessions and alignment of compensation and reward system with performance appraisals. The prevalence of these would affect the objective of performance appraisal in the company.

5.2 Conclusion

Performance appraisal is a critical tool that enables an organization to translate its business strategy into results. Firms must therefore invest in performance appraisal in order to build relationships between managers and employees. The study found out that most of the employees of Telkom Kenya were not satisfied with performance appraisal process in the organization as individual objectives were not clearly communicated to the employees, they were not involved in setting targets, do not receive feedback after every performance review, the raters do not hold reviews periodically on performance, no communication on the purpose of performance appraisal process, employees were not given reasonable deadlines to achieve targets, opportunity was not given to suggest improvements on the performance appraisal process and that training needs are not identified through formal performance appraisal mechanism. This provides the basis for further improvement in employees' participation in the managerial process so as to enhance their levels of perception.

5.3 Recommendation

The study found out that the employees were not involved in setting own targets and that there was no feedback from the management after every performance review. It is recommended that the organization involves employees in setting the targets so that a compromise can be achieved on the targets to be met in order for the organization to achieve its objectives. At the same time the employees should be informed of how they have performed during the process and where weaknesses and missed targets were noticed then remedial measures should be put in place.

The study established that compensation and reward system was not aligned with performance appraisal in the organization. It is therefore recommended that the

organization should come up with a compensation and reward policy that would ensure that those who achieve their targets are rewarded in order to motivate the employees.

The study found out that the appraisers were not professional during performance appraisal and that they were not fair and objective during the performance appraisal exercise. It is therefore recommended that the organization ensures that the appraisers understand what they ought to do so that the results of the appraisal process reflect the true position of the employees.

5.4 Recommendations for Further Research

The study targeted employees of Telkom Kenya limited only. There could be different perception about performance appraisal process among other employees in other companies in which the government is a shareholder and therefore the study could be replicated in those organizations.

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APPENDICES:

APPENDIX 1: QUESTIONNAIRE

Section A -Background Information

1) Name (optional)

2) Position/Rank.

3) Gender

- a) Male
- b) Female

4) Age

- a) 20 - 29
- b) 30 - 39
- c) 40 - 49
- d) 50 and above

5) Level of education

- a) Secondary level (KCSE)
- b) Diploma
- c) Undergraduate degree
- d) Postgraduate degree

6) Employment Category

- a) Management
- b) Unionisable

7) Number of years worked at Telkom Kenya

- a) <1 year
- b) 1 - 5 years
- c) 5 - 10 years
- d) >10 years

Instructions

To what extent do you believe the statements below reflect your perception of the performance appraisal process in Telkom Kenya Limited (TKL)?

Kindh Indicate appropriately by inserting numbers as per the key below.

Use this key (1-5) for sections B and C outlined in the questionnaire.

KEY

1= Strongly agree

2= Agree

3= Neither agree nor disagree

4= Disagree

5= Strongly disagree

Section B: Knowledge of Performance Appraisal Process in TKL

		1	2	3	4	5
1	I am aware of the performance appraisal process					
2	The performance appraisal process is clearly defined					
3	I am involved in setting my own targets					
4	I am given reasonable deadlines to achieve targets					
5	The key individual objectives (KIOs) are clearly communicated to me at the beginning of the appraisal period					
6	My rater clearly and frequently communicate the purpose of performance appraisal process to me					
7	My rater hold reviews periodically with me on performance					
8	I receive feedback after every performance review					
9	I am given an opportunity to suggest improvements on the performance appraisal process					
10	Training needs are identified through formal performance appraisal mechanism					

Section C: Employees Perception of the Performance Appraisal

Process in TKL

1		1	2	3	4	5
"	I believe the appraiser is fair and objective during the performance appraisal exercise					
12	In my opinoion, the performance appraisal objectives are aligned with my career growth					
113	I believe performance appraisal has positively impacted career growth					
14	The line manager is aware of my career aspirations					
' 15	I am given an opportunity to discuss performance appraisal results with my supervisor					
16	I believe performance appraisal motivates me to improve my performance at work					
17	Appraisers are professional during performance appraisal					
18	I believe the performance appraisal process has achieved its objectives of identifying areas of achievement, areas of improvement and future goals setting					
19	Performance appraisal process is properly utilized to meet corporate objectives					
20	Performance appraisal process is effectively implemented					
21	The compensation and reward system is aligned to performance appraisals					
22	My rater offers performance related coaching and counseling sessions to me.					
23	The organization has allocated funds for planning of performance appraisal in its budget.					
24	The organization invests in training of its employees to improve performance					
25	The organization invests in research to continuously improve the performance appraisal process					