USE OF PERFORMANCE APPRAISAL IN TRAINING NEEDS ANALYSIS AND PROMOTION IN THE KENYA STATE CORPORATIONS

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2013
DECLARATION

This research project is my original work and has not been presented for the award of degree in this or 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 family for their unfailing encouragement and love and specifically to my wife Evalyne who supported and encouraged me throughout the course.

Above all my gratitude goes to God my Father who upheld me and gave me endurance and victory in all that was required to complete the project. To Him be Glory, honour and praise for his unfailing love and grace. Always keep in mind that anything is possible for those who trust and rely on Him.
ACKNOWLEDGEMENT

I wish to thank most sincerely all those whose contributions have made this project a success. To my supervisor Prof. K’Obonyo for his assistance and advice all through making this project a success. To my parents and family for their support both morally and financially. Most of all I thank God for the gift of wisdom and strength to complete this project.

I feel indebted to my family who were of great encouragement and motivation in my studies.
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ABSTRACT

Organizations in the public and private sectors around the world are concerned about how to measure their employees’ performance. In particular they are finding it difficult to develop cost effective, meaningful measures that drive performance improvement without leading to undesired negative consequences. This can be made possible by ensuring an effective performance appraisal process that can systematically increase employee commitment by improving the performance level of an individual as well as of the organization. The objective of this study was to determine the use of performance appraisal in training needs analysis and promotion by Kenya State Corporations. The research design adopted was cross sectional survey. The population of the study comprised of all the 244 state corporations. Stratified random sampling technique was used to arrive at a sample size of seventeen state corporations. The study used primary data which was collected using a questionnaire. The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). It was found that the corporations use performance appraisal outcome to determine the employees who need training and/or promotion, although at times promotion was based on seniority of the staff. The corporations do not train the employees based on their relationship with the management or factors other than performance appraisal outcomes and duration employees have worked in the corporation. At the same time, promotions are not kept secret or done based on who impresses the management.
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Wakhunghu (2012) defines performance as the delivery of results in a consistent and ongoing manner. Every organization needs more of top performers as they deliver on the returns invested in them and drives business forward. Dessler (1997) defines performance appraisal as any procedure that involves setting works standards, assessing the employee’s actual work performance relative to those standards and providing feedback to the employee with the aim of motivating him or her to eliminate performance deficiencies or to continue to perform above par. Performance appraisal outcomes or data is what is applied to determine the performance of every individual employee in the organization. Schuler et al (1987) indicate that performance appraisals are viewed as a crucial aspect of performance management practices and can influence the implementation of business strategy of a firm and organizational performance.

Casio (1992) further states that in addition, performance appraisal is also seen as an important way to identify employee strengths and weaknesses, evaluate training needs, set plans for future development and provide motivation by serving as basis for determining rewards and career feedback. Roger et al (1991) indicate that there is a body of empirical research that suggests that performance appraisals do result in employee performance and productivity. These improvements are seen to derive from the greater employee identification with the commitment to the objectives of the organization.
State corporations in Kenya started implementing performance appraisals following the introduction of performance contracting by the Government with every state corporation. Gaebler (1992) states that performance contract is based on the premise that what gets measured gets done. If you cannot see and measure success, you cannot reward it. If you cannot recognize failure, you cannot correct it and if you cannot demonstrate results, you cannot win public support. Under the Economic Recovery Strategy for Wealth and Empowerment Creation ERSWEC (2003 – 2007) policy document, the government accorded high priority to economic recovery and improvement of performance of public service to deliver results to the people. The goal of public sector reform was the restoration of the public service so as to equip and render it capable of playing a pivotal role in national development. It was imperative to institute fundamental changes in the institutional organization and relationships operated, and the individual and collective behavior of those serving in the sector with the aim of enhancing efficiency and effectiveness together with probity and integrity. To achieve the objectives and targets of economic recovery strategy and to manage performance challenges in public sector, the government adopted performance contracting in the Public Service which necessitates performance appraisal of all the staff in state corporations in order to ensure that they render their best service to the corporations

1.1.1 Performance Appraisal Outcomes

Performance appraisal outcomes are the results or output from performance appraisal process. Performance appraisal outcomes are applied in the assessment of various aspects of employee needs and performance. CIPD, (2006b) suggests that performance data
(outcomes) may include performance management data, productivity and profitability data, customer satisfaction and loyalty data, and absence and attendance data. Institute of Management and Administration (2005) state that performance appraisal offers great potential for a variety of uses ranging from operational to strategic purposes. If done effectively, performance appraisal can be the key to developing employees and improving their performance. In addition, it provides the criteria against which selection systems are validated and is the typical basis on which personnel decisions, such as terminations, are legally justified. Further, performance appraisal makes the strategy of an organization real. For example, performance ensures that courtesy and care can make a stated competitive strategy based on customer service very tangible to employees.

Cleveland (1989) indicate that organizations usually conduct appraisals for administrative and/or development purposes. Performance appraisals are the basis for a decision about employee’s work conditions, including promotions, termination and rewards. Development uses of appraisals which are geared towards improving employees’ performance and strengthening their job skills include providing feedback, counseling employees on effective work behaviors and offering them training and other learning opportunities. Many have criticized the apparent chaotic and disorganized nature of pay management practiced prior to 1990s. Efforts have subsequently been made to remedy this situation. The new approach has been attempts to develop performance related pay schemes that are related to assessment of performance through individual employee appraisal. Wolf (1999) points out that pay for performance is the holy goal of modern compensation administration – widely sought but hard to actually achieve. Pay for
performance is the flag, motherhood and apple pie, but it is easier said than done. One primary problem is defining performance properly so that organization pays for results and not for effort.

1.1.2 Training Needs Analysis

Miner and Crane (1995) indicate that training needs exist when there is a gap between current job performance and potential for performance, on the one hand and desired performance or potential for performance on the other hand, and there is reason to believe that training can reduce that gap. (www.training.com) (2004) indicates that training is the process that enables people to acquire new knowledge, learn new skills and performs tasks differently and better than before. Its objective is to teach employees how to perform particular activities or a specific job.

Kraiger (2004) notes that the kinds of results that training seeks to produce are a crucial point in defining the very purpose of training and development activities in organizations. Training can cost cut by reducing turnover, absenteeism, tardiness, job accidents and safety problems; reducing retraining expenses, costs of hiring new employees instead of using existing ones more efficiently, reducing customer complaints and lost business opportunities. For the above category of results, training does not directly reduce current expenses or produce greater revenues or profits, but it does enable an organization to avoid costs of business it would otherwise have had to incur without training.
1.1.3 Promotion Decisions

Gatewood (2008) indicate that promotion decision is a measure of career progress, based on the number of vertical job changes that an individual has experiences as a worker. The term vertical means the job change represents a move upwards in the organization that results in increased responsibility and authority. The underlying assumption in the use of such measure as a criterion is that high performance is a prerequisite for promotion. Those individuals who receive several promotions, therefore, have performed better than those individuals with fewer promotions. Performance is most commonly used in validation studies involving managers and professionals, frequently with an assessment centre as the predictor. Bernadin (2007) notes that the use of competencies as a fundamental building block of organizations and the people they employ is increasingly popular and is often used as the basis for personnel decisions within an organization.

Carrell (1995) indicates that for many employees, a promotion is a highly sought price. Status, satisfaction and financial rewards accrue to those who are able to rise in an organization. But frustrations, stress and even severe depression may occur when personal goals of upward mobility are unmet by an organization particularly when an employee feels passed over for a deserved promotion. Adamson et al., (1998) indicate that the traditional career within a single organization, characterized by hierarchical progression, managed on a planned basis by the organization is gone. Organizations now have flatter structures and need to be an uncertain and unpredictable future. Thus they can no longer offer long-term career progression in return for loyalty, commitment and adequate performance which was an unwritten deal and part of the traditional
psychological contract. Thomson et al (2001) points out that a high proportion of respondents do not feel in control of their future career development. The pace of change over the last decade has shattered careers and financial expectations, generating a need for individuals to re-examine many of the inherited wisdoms of the past.

1.1.4 State Corporations in Kenya

Government of Kenya Circular Sessional Paper No. 10 (1995) states that State Corporations in Kenya were formed under the State Corporations Act (Cap 446 Laws of Kenya) with various mandates such as accelerating development, increasing the public participation in the economy and promoting indigenous entrepreneurship where the government committed itself to elimination of hunger, diseases, ignorance and poverty. Some of the services provided by state corporations include transport, financial, communication, energy, agriculture as well as industrial among other services. Performance contracts steering committee (2005) indicates that initial performance of state corporations was encouraging, however, with the implementation of economic reforms, discontinuation of price controls and liberalization in the early 1990s, performance of some of the state corporations spiraled downwards. In an effort to address these challenges resulting from poor and declining performance the government undertook a number of initiatives such as staff rationalization programs in the state corporations, civil service and statutory bodies, rationalization of functions and structures of ministries, development of strategic plans and performance improvement programs. In an effort to have a lasting and suitable change in the way services are offered and manage performance in the public sector, the Government introduced performance contracting in
the public sector as a strategy to improve service delivery to Kenyans. Kumar (1994) defines performance contract as a Memorandum of Understanding (MOU). MOU is rooted in an evaluation system, which not only looks at performance comprehensively but also ensures improvement of performance by making the autonomy and accountability aspect clearer and more transparent. OECD, (1999) on the other hand defines performance contracts as a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results.

Performance contracts steering committee (2005) document sees performance contract as a freely negotiated performance agreement between the government acting as the owner of a government agency and the agency itself. The contract specifies the intentions, obligations, responsibilities and powers of the parties in the contract and addressed economic, social and other tasks to be discharged for economic and other desired gain. The performance contract between the state corporations and the government is what brings about performance appraisal at the individual staff level in a state corporation. The parent ministry will sign a performance contract with the Board of Directors of the Corporation under the ministry. The board will then sign a Performance Contract with the Corporation’s Chief Executive Officer to reassign the composition of responsibility assumed in their contract with the government to the management for implementation. The Sector Performance Standards (SPS) (2009 – 2030) currently guides performance contracts in Kenya and is circulated by the office of the Prime Minister.
Currently, all state corporations and Government ministries present their performance outcomes to the government. The performance outcomes of each ministry and state corporations are used to rank them from the best performer of the year to the least. This has helped intensify the will to perform by all state corporations and ministries since the results will be released to the government and public. Every State Corporation therefore undertakes performance appraisals for their employees in all areas of their operations.

1.2 Research Problem

Performance appraisal outcome is the data obtained from performance appraisals. The data is used to determine individual employee performance on the job. Nzuve (2010) indicates that the basic purpose of employee performance appraisal is to evaluate as comprehensively and objectively as possible, with the help of the full knowledge and understanding of the job content the employee’s performance in that job. Evaluating employee’s performance can provide management with information necessary for the success of the organization. The evaluation can reveal strengths and weaknesses of the employee and indicate areas in which training, transfers, or recruitment is needed. The appraisal can also provide feedback about the effectiveness of supervision. Campbell et al (1970) in a survey of 33 organizations suggested that the performance appraisals were used in placement and promotion decisions, training needs assessment, and as a motivational tool. Levine (1986) found that the most common use for performance appraisal as for determining employee training needs, merit review, and salary administration. There is need to obtain empirical information on the extent to which
information from performance appraisals is used in Kenya state corporations specifically in assessment of training needs and promotion decisions.

State Corporations in Kenya conduct performance appraisals for their staff every year. These arise from the performance contracts which every state corporation signs with the Government. The performance contracts require all state corporations to attain best performance every year in their respective areas of operation. To meet this requirement the state corporations conduct performance appraisals regularly to ensure that all staff render their best services to the corporations. These are conducted at least half yearly or annually by respective line managers in order to assess the performance of every employee on their duties during the period. Some of the critical areas that require application of performance appraisal outcomes in State Corporations include assessment of training needs and promotion decisions. This is done with the aim of avoiding bias and to motivate employees to render their best performance in their jobs thereby enabling the State Corporations make profits to assist the exchequer meet its financial obligations.

Studies that have been undertaken locally on the area of performance appraisal outcomes in the assessment of training needs and promotion decisions includes Wandete (2007) who researched on performance appraisal practices in State Corporations in Kenya and found out that the corporations conform to some extend in the use of performance appraisal to improve work performance in state corporations. Jematia (2008) covered the relationship between performance appraisal practices, motivation, and job satisfaction of employees of commercial banks in Nairobi and found out that there was a weak link between appraisal and employee motivation while a strong link existed between appraisal
and job satisfaction. Kongere (2011) focused on the challenges managers face in the application of performance appraisal results in training and promotion decisions in the University of Nairobi. The study found that challenges faced in the application of performance appraisal outcomes in training and promotion decisions were mainly due to lack of institutionalization of performance appraisal exercise by the management and lack of training of the people involved in its implementation. The study found that training and promotion decisions were based on other internal policies. Makawiti (2011) focused on the perception of academic staff in Kenya Public Universities on application of performance appraisal results in training and promotion decisions and found out that performance appraisal practices are not fully entrenched in Public Universities in Kenya. Academic staff perceived only a limited use of performance appraisal in training decisions and there was inconsistent application of performance appraisal in promotion decisions. Since performance contracting is taking root in all state corporations in Kenya the public and other stakeholders expect fairness in all their operations. One area where the public would like to see transparency and accountability is in staffing decisions implemented by state corporations which should be based on the official method of performance appraisal outcomes. Hence the research question: How are the performance appraisal outcomes used in decisions on training needs and promotion by State Corporations in Kenya?
1.3 Research objective

The objective of the study was to establish the application of performance appraisal outcomes in the assessment of training needs and making promotion decisions in State Corporations in Kenya.

1.4 Value of the study

The study was of value to:

The management of State Corporations in Kenya as they will be able to know the importance of application of performance appraisal outcomes in the assessment of training needs and promotion decision. The findings of this study will form part of the action plans that will help State Corporations realize whether or not they apply performance appraisal outcomes in assessment of training needs and promotion decisions.

The government and regulators in the banking sector will also find invaluable information in how to conduct appraisal and as a result put in place policies that will guide and encourage other firms within and without the industry in appraisal outcomes in assessment of training needs and promotion decisions. For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Scholars will find it important as the study will increase to the body of knowledge in this area.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review on application of performance appraisal outcomes in training needs assessment and promotion decisions in the Kenya State Corporations. The facets in this chapter include concepts and application of performance appraisal outcomes, training needs assessment and promotion decisions. It also encompasses the link between performance appraisal outcomes and training needs and promotion decisions.

2.2 Performance Appraisal outcomes

Luthans (1979) indicates that performance appraisals make an important contribution to the effective supervision of today’s employees. Appraisals are used for a wide range of administrative purposes, such as making decisions about pay, promotion and retention. Effective appraisals can significantly contribute to the satisfaction and motivation of employees if they are used correctly. Bennett (1995) indicates that the principal uses of appraisal are to help a manager decide what increases of pay shall be given on grounds of merit, determine the future use of an employee, for instance, whether the employee shall remain in his/her present job or be transferred, promoted, demoted or dismissed; indicate training needs, i.e. areas of performance where improvements would occur if appropriate training could be given; and to motivate the employee to do better in his/her present job.
by giving the worker knowledge of results, recognition of merit and opportunity to discuss work with his/her manager.

Dessler (2003) argues that appraisals provide information upon which promotions and salary decisions are made, provide an opportunity for the supervisor and the subordinate to review his/her related behavior, and this provides an opportunity for planning on how to correct any deficiencies unearthed by appraisals and enforce the things to be done right. It is part of the organization’s career planning process because it provides an opportunity to review the person’s career plans in the light of his/her strengths and weaknesses. It also helps the subordinate to better manage and improve the organization’s performance. As far as employees are concerned, one of the primary purposes of performance appraisals is looking at past performance. The most common decisions based on evaluative objectives concern compensation, which includes merit increases, employee bonuses and other increases in pay. PA normally has two – part effect on future pay. In the short run, it may determine merit increases for the following year; in the long run, it may determine which employees are promoted into higher paying jobs. Staffing decisions constitute a second evaluative objective of PA because the managers and supervisors must make decisions concerning promotions, demotions, transfers and layoffs. Past performance appraisals normally help determine which employee is the most deserving of a promotion or other desirable job changes. PA’s can also be used to evaluate the recruitment, selection and placement system. The effectiveness of these functions can be partially measured by comparing employee’s PA’s with their test scores as job applicants.
Norton (1992) argues that the mix of measures which an organization should use to assess its performance should be based around four different perspectives. Financial measures such as sales growth, profits, cash flow, and increased market share. Cleveland (1989) contend that performance review is rapidly becoming an overburdened management tool. Along with its appraisal and objective setting aspects, line managers are expected to pinpoint staff training requirements, provide career counseling, identifying future star performers and do something about poor performers. These are all important elements of people management but the attempt to do so much at the same time often leads to poor results from appraisal schemes.

2.3 Training Needs Analysis

Rainbird and Maguire (1993) suggests that customer demands are driving training for service and product quality but this is generally focused on “core” staff with career structure rather than part-time and temporary employees. However, the latter tend to be highly visible to customers particularly in retailing. Studies in this sector and in the hotel and catering industry indicate that in contrast with the management trainees, most staff receive induction training, same customer care instruction and little else.

Kossek and Lobel (1996), observe that training needs assessment is the first step in the systematic development of a training program. Training needs analysis consists of three interrelated components. Organizational analysis, performance analysis and person analysis involves examining the entire organization to determine where training is needed. This system wide analysis typically examines whether the existing goals of the
organization might be better met by increasing employee knowledge and skills or by changing attitudes. Dessler (2003) indicate that distinguishing between can’t do and won’t do problems is the heart of performance analysis. This helps in ensuring that training is not developed for problem that training just won’t fix. Hall (1984) indicates that the first vital step in HRD is the identification of needed skills and active management of employees learning their long range future in relation to explicit corporate and business strategies. For training to be effective it is necessary to discern not only the training needs of the individual and the group, but also how their needs fit with the overall organizational objectives.

Randall and Susan (2000) argue that according to many training experts, attaining the objectives of the business should be the ultimate concern of the training and development effort. Therefore conducting an organizational needs analysis should be the first step in effective needs assessment. It begins with an examination of the short and long term objectives of the organization and the trends that are likely to affect these objectives. It can include human resource analysis, analysis of efficiency indexes and an assessment of the organizational climate. The organizational needs analysis should translate the organization’s objectives into an accurate estimate of the demand for human resources. The organization can determine standards for these indexes and then analyze them to evaluate the general effectiveness of training programs.

Randall and Susan (2000) further note that specific content of present or anticipated jobs is examined through job analysis. For existing jobs information on the tasks to be performed, the skills necessary to perform those tasks and the minimum acceptable
standards (gleaned from performance appraisals) are gathered. This information can then be used to ensure that training programs are job specific and useful. For jobs that have yet to be created, expert information and predictions can be made relevant to their anticipated content and complexity. Susan (2000) state that a person needs analysis identifies gaps between a person’s current capabilities and those identified as necessary or desirable. Person needs analysis can be based on the actual current job performance of an employee and therefore can be used to determine training needs for the current job or to identify developmental needs for future jobs. Susan (2000) further outlines some approaches that can be used to identify the training needs of individuals. These are output measures or performance data; self-assessed training needs and attitude surveys. Performance data like productivity, accident, customer complaints as well as performance appraisal ratings, can provide evidence of performance deficiencies. McCall (1994) indicates that attitude surveys completed by a supervisor’s subordinates or by customers or both can provide information on training needs. Torrington (2008) notes that there is evidence of increasing use of assessment centers and CIPD (2006) reports that 48% of organizations in it survey used such centers for selection. Some organizations have been improving their centers by making the activity more connected or by using more simulation scenarios which are a reflection of real-life experience on the job.

Beardwell (2004) indicate that one of the most wide ranging method of training needs analysis is global review or more modestly a training audit. These are usually undertaken when far reaching changes are planned within an organization. Survey questionnaires and in depth interview are often used together with all, or combination of the other
approaches. McGehee (1991 p. 148) state that the first step in the training systems model, needs assessment, may be conducted at three levels; organizational analysis, operations analysis and person analysis. Not all training situations require assessment at each level; however, organizations that face serious, widespread human performance problems would benefit from this approach. The first step in training is to determine what training, if any, is required.

Assessing the training needs of employees who are new to their job is fairly straightforward. The main task is to determine what the job entails and to break it down into subtasks each of which is then taught to the new employee. But assessing the training needs of present employees is usually prompted by problems like excess scrap. The added decision is whether or not training is the solution often for instance performance is down because the standards are not clear or because the person is just not motivated. Person analysis focuses on the individual employee and is used to identify employees for training. Specifically, the two purposes of training analysis are determine (1) who currently needs T & D (2) what skills, knowledge, abilities or attitudes need to be acquired or strengthened. Person analysis is important to ensure that employees who need training are the ones who actually receive it and that programs are designed to fill the gap between actual and desired performance, called the performance gap. Reston (1983) state that there are various ways to collect person analysis data. The more common techniques include requests from management, employee interviews. Others are through advisory committees, assessment centers, attitude surveys, group discussions, questionnaires, skills test, observations of behavior, performance appraisals, performance documents and exit
interviews. A valid, job related appraisal system will point out strengths and weaknesses in employee performance and may indicate T & D needs. Time and cost are low since the data are regularly gathered. And because both the employee and supervisor are involved an emotional commitment to training is often an additional benefit of this method.

2.4 Promotion Decisions

Cabot (1980) indicates that formal seniority systems are common in virtually all unionized organizations, but are rare among non union employers. Cabot (1980) states that in situations involving layoffs seniority systems often use bumping; that is employees with greater seniority whose jobs have been phased out have the right to displace or bump, employees with less seniority. Such bumping rights may be limited to departmental or job classification seniority instead of plant wide seniority.

A promotion involves the reassignment of an employee to a higher level job. When promoted employees generally face increasing demands in terms of skills, abilities and responsibilities. In turn, employees generally receive increased pay and (sometimes) benefits, as well as greater authority and status. Hackman (1968) states that employees generally perform at high levels if they believe that high performance leads to promotion. Promotions serve many purposes and provide benefits to both organizations and employees. First promotions enable organizations to use their employees’ abilities to the greatest extent possible, and secondly promotions can encourage excellent performance.

Carrell (1995) suggests that many organizations place significant weight on an employee’s seniority or tenure when making a promotion decision. Seniority refers to an
employee’s length of service. For generations, a senior employee has expected and often receives a greater share of organizational rewards than a junior employee. Salaries and benefits such as vacation time and sick leave are often tied to seniority. Students often think that seniority should be given little or no weight in promotional decisions, holding that seniority is an anathema to private enterprise because length of service rather than performance is rewarded. There are, however, sound arguments for using seniority as a criterion in promoting employees. First, seniority avoids the problem of biased managers, who may promote favorite employees. Second, seniority is a quick, easy, and painless way to make a promotion decision. Third, there is often a relationship between seniority and performance; up to a point employees usually become more competent at their jobs as they gain experience. And fourth, seniority rewards the loyal employee who has perhaps labored for many years to produce the organization’s products or services and who has stayed with the employer through good times and bad.

Carrell (1995) argues that because of the potential drawbacks in using seniority as the sole promotion, most non-union organizations strongly consider current performance when promoting employees to increased responsibility, especially in management and professional jobs. Seniority is getting little or no weight in such cases. Instead, a candidate’s performance, training and development, education, awards and other performance are often used to predict the employee’s chances for success in a higher level job. Using this approach, the chances that the organization will make an effective promotion decision are relatively good when both the candidate’s present job and the higher job require similar skills and abilities.
The skills required for effective supervision are almost totally different from those required for successful assembly-line work, and many organizations have committed grave errors by promoting an employee into supervisory ranks solely because of technical expertise. Employees are often promoted because of talents that bear little resemblance to the talents needed in the new job. Promotion into sales management is a good example. The top sales person, demonstrating a unique ability to sell effectively, may be promoted to sales manager. But the sales manager often becomes frustrated by having to work with subordinate rather than with customers, motivating employees to sell is much different and perhaps much more difficult than persuading customers to buy a product or service. Management and non-management jobs involve different skills, and many employee job mismatches have resulted from promotions that have ignored this fact.

Hudson (1981) note that in order to improve the chances of making successful promotional decisions—particularly from non-management to management—many organizations are using assessment centers.

Carrell (1995) indicates that criteria such as seniority, performance and assessment center ratings may be cast aside for political reasons. Unofficial criteria may influence or even dominate a promotion decision. Such criteria include personal characteristics, nepotism, social factors and friendships. Although almost all organizations profess to abide by legal guidelines, not all organizations practice what they preach. Certain personal characteristics of the candidate may either help or hinder progression into the upper level of the organization. Being of the “wrong” sex, race, age or religion may create a real
though unspoken obstacle to advancement. Such practices -are not only immoral and unethical but are also clearly illegal. Prejudice causes a sizeable pool of valuable human talent to be overlooked and wasted. Dalton (1959) conducted in house research on managerial practices at several large companies, asking “what are the things that enable men to rise in the plant here?” This response came from a fifty three year old first line supervisor. In organizations of all forms and sizes, strong formal bonds are created between employees who share common interests, ideals values, beliefs and attitudes. In turn such informal bonds between decision makers and candidates for promotion may play a significant role in deciding who gets promoted and who doesn’t. Particularly at the top organization levels executives prefer to work with people whose thoughts and perceptions mirror their own. Bernardin (2007) indicates that the information collected from performance appraisals is most widely used for compensation, performance improvement or management, and documentation. Performance data are also used for staffing decisions (e.g., promotion, transfer, discharge, and layoffs), training needs analysis, employee development, and research and program evaluation. Arthur et al. (2005) describes the ‘boundariless career’ as one which includes moves between organizations, non hierarchical moves within organizations where there are no norms of progressor success, and moves into different careers as well as employment outside the organization.

Armstrong (2009) indicates that the aim of performance and potential assessments is to identify learning development needs, provide guidance on possible directions in which an individual’s career might go, and indicate who has potential for promotion. This
information can be obtained from performance appraisal process. Armstrong (2009) further indicates that assessment of potential can be carried out formally by managers following a performance review. They may be asked to identify people who have very high potential, same potential or no potential at all. They may also be asked to indicate when individuals will be ready for promotion and how far they are likely to get. Hall (1996) indicates that the career as we once knew it as a series of upward moves, with steadily increasing income, power, status and security – has died. Nevertheless, people will always have work lives that unfold over time, offering challenge, growth and learning. So if we think of the career as a series of lifelong work – related experiences and personal learning’s, it will never die.

2.5 Performance Appraisal Outcomes and Training Needs

Buckley and Caple (1992) state that training is viewed as a planned and systematic effort to modify or develop knowledge, skill or attitude through a learning experience with the aim of achieving effective overall performance. It enables an individual in a work context, to acquire abilities that can bolster performance in a given task. Kelly et al (2007) assert that the role of performance appraisal in this scenario would be to identify performance gaps through providing opportunity for a supervisor and subordinate to recognize and agree upon individual training and development needs. Training decisions emanate from the use of performance development needs at the individual levels. Those decisions relate to development needs at the individual levels. Those decisions relate to determining whether an employee requires additional training and development for improving performance in the job or to enhance potential for a higher position.
Edmonstone (1996) argues that training decisions are not limited to the appropriate needs only since the appraiser may also need training in supervisory skills, coaching and counseling, mentoring conflict resolution, setting performance standards and providing employee feedback.

Rees and Porter (2004) state that training decisions are important due to the need to reconcile the potential conflict between individual and organizational objectives in order to ensure effective returns from investment in training.

A crucial consideration for decision makers is to determine the extent to which training and development opportunities support the identified competencies for individual employee tasks. Where well designs and implemented, such programmes can help foster employee commitment. Training decisions are generally incorporated into training programmes and embedded in training budgets and arrangements such as mentoring programmes. Elbadari (2001) points out that organizational can avoid the wastage of training investments like time, effort and money by using effective training needs assessment.

Mc Gehee and Thayer (1961) propose that needs analysis should be undertaken at the organization, task and person levels. First, needs analysis should be undertaken at the organization level to determine where training initiatives should best be directed in the pursuance of organizational objectives. Needs analysis at task level should be undertaken in order to assess the demands of respective job roles and the manner in which they may be enhanced, enlarged or otherwise modified to support organizational and individual goals. Needs analysis at the personal level should be undertaken, focusing on how well a
particular individual fulfills the activities comprising his or her task role and identifying training interventions that address performance variances and promoted employee development.

2.6 Performance Appraisal Outcome and Promotion Decisions

Institute of employment studies (IRS-2001) found that there was more satisfaction with the system where promotion and development rather than money was used as a reward for good performance. In performance driven cultures, performance measurement and feedback are central elements of the HRM systems, they are not merely annual exercises in which everyone goes through the emotions and then carries on as they did before: in forms with performance driven cultures, promotions, raises and other financial rewards go only to employees who excel in performing all aspects of their jobs. Some regularly dismiss their lowest performing employees. Even in performance driven cultures where he lowest performers are not regularly terminated, everyone is expected to welcome feedback that points out how they can do better.

Milliman et al (1991) indicate that the major appraisal purposes include documentation, development, administrative purposes involving pay and promotion and subordinate expression. Devaro and Waldmon, (2006) indicate that promotion entails, but is not restricted to the mobility of an individual from a particular rank to a higher level. Promotion discussions will, therefore concern identifying eligible employees and targeted positions. Additional discussions are about whether the process should be formal or informal, that is to determine the need for promotion policy covering how to measure competence and promotion criteria. Ruderman et al (1995) states that other
considerations include the increasingly important area of need for gender parity in promotion and career advancement. Chen et al (1985) points out that until quite recently, the central purpose of performance appraisals has been to access the “political consciousness” of staff. This emphasis is rapidly changing and using appraisals for promotions, demotions, and rewards is becoming common.

Milliman et al (1999) further indicates that performance appraisals are often tied to administrative decisions, such as pay and promotion. This is based on the logic that connecting appraisals result to rewards can strengthen the motivational impact of performance evaluation on employees. Abdullah et al (1995) points out that, conversely in collectivistic cultures, seniority is often seen as an important way to maintain harmony and preserve order within the group.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the various steps that facilitated execution of the study to satisfy the study objectives. These include research design, target population, sampling method, data collection method, and analysis technique that were used.

3.2 Research Design

The research design adopted in this study was cross-sectional survey. This is a descriptive design. Cooper and Schindler (2000) contend that a descriptive research design is concerned with finding out the; who, what, where, when and how much. The design was deemed appropriate for this study because the main interest was to explore relationships.

A cross-sectional study uses data collected across a large population to provide a snapshot at a single point in time. In this study the design enabled the researcher to find out the application of performance appraisal outcomes in the assessment of training needs and promotion decisions across a sample of State Corporations.

3.3 Population of Study

The target population of interest in this study was 244 State Corporations that signed performance contracts with the Government of Kenya in the year 2012/2013. As at the end of 2012 there were 244 State Corporations that signed performance contracts with the Government. Only those state corporations which have been in existence for more than five years participated in this study.
3.4 Sample Design

The sample comprised 37 state corporations which constitutes 15% of all state corporations in Kenya and which was adopted as reasonable sample size. Stratified random sampling method based on the seventeen (17) sectors in which the various state corporations operate was used. These are agriculture, commerce and industry, communication, transport, finance, energy, water, national heritage, environment, judicial, tourism and wildlife, sports, gender and social services. The rest are housing, education, research, health and regional development. The State Corporations from each sector of the economy was picked proportionately from the number in the respective sectors using stratified random technique. The computation to determine the number of state corporations to be picked from each sector are attached as appendix 111.

3.5 Data Collection

Primary data was used in the study. It was collected from respondents through a semi-structured questionnaire comprising of both closed and open ended questions. The respondents were the Head of Human Resource Department in each corporation. The questionnaires were delivered to and collected from the Corporation in person. The questionnaire was divided into three sections namely section ‘A’, ‘B’ and ‘C’. Section ‘A’ dealt with bio-data of the respondent and profile of the organization. Section ‘B’ comprises of the scale guiding the respondents. Section ‘C’ focused on performance appraisal practices at state corporations in Kenya and was further divided into 2 sections corresponding to training needs and promotion decisions.
3.6 Data Analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Descriptive statistics such as frequency distributions, mean scores, standard deviations and percentages were used. The analyzed data was presented in tables, graphs, bar charts, and pie charts wherever each was appropriate. Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were then coded into numerical form to facilitate statistical analysis. The questionnaires were edited for completeness and consistency and coded so as to enable the data to be analyzed.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish the use of performance appraisal in training needs analysis and promotion in the Kenya state corporations. This chapter presents the analysis, findings and discussion. All completed questionnaires were edited for completeness and consistency. The findings are presented in percentages and frequency distributions, mean and standard deviations.

4.2 Response Rate

The study targeted a total of 37 corporations as the respondents. However, a total of 29 questionnaires were returned, thus the response rate was 78.4%. According to Mugenda and Mugenda (1999), a response rate of 70% and over is excellent and adequate for analysis and reporting. The study will be presented using frequency tables, graphs, mean and standard deviation.

4.3 Demographic Characteristics

The demographic characteristics considered in the study were the respondents’ gender, age bracket and the level of education attained. This was done so as to understand the background of the respondents and their work ability to give relevant data useful to the study.
4.3.1 Respondents Gender

The study sought to find the gender of the respondents in order to ensure that the results obtained captures the views of both gender. The results are presented in figure 4.1.

Figure 4.1: Gender composition of the respondents

The findings indicate that 53.3% of the respondents were female while 46.7% were male. The findings indicate that the study had almost equal ratios of males and females and hence the study was not skewed towards any gender.

4.3.2 Age of the respondents

The study sought to find out the educational level of the respondents. This information was important since the educational level influences the understanding of employees on application of performance appraisal. The findings were presented in Figure 4.2.
Figure 4.2: Distribution of the respondents by age bracket

From the findings, majority of the respondents (73.3%) indicated that they their age bracket was between 31 and 40 years while 26.7% of the respondents said that their age bracket was 41 to 50 years. The indicate that not all ages were represented although majority of the respondents were middle aged and therefore the views of all ages was not taken into consideration on the application of performance appraisal on training and promotion.

4.3.3 Education level of the respondents

The study sought to find out the educational level of the respondents. This information was important since the educational level influences the understanding of employees on the use of performance appraisal in assessment of training and promotion. The findings were presented in Table 4.1.
Table 4.1: Education level of the respondents

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>College</td>
<td>4</td>
<td>13.7</td>
<td>13.7</td>
</tr>
<tr>
<td>University</td>
<td>18</td>
<td>62.1</td>
<td>75.8</td>
</tr>
<tr>
<td>Others (masters’)</td>
<td>7</td>
<td>24.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The findings show that majority of the respondents (62.1%) were university graduates, 24.2% of the respondents indicated that they had masters while 13.7% of the respondents said that they had attained college level. The findings indicate that majority of the employees in the corporations have got university level and above and therefore have good understanding of the concepts of performance appraisal on training and promotion opportunities.

4.4 Application of performance appraisal practices

Effective appraisals can significantly contribute to the satisfaction and motivation of employees if they are used correctly. Performance appraisal is not only important to employee’s problem identification, but also important to the organization for effective utilization of human resource by identifying strong employees from best for utilization of manpower, to bring effectiveness and efficiency. The items were scored on a five point Likert scale with 1 = no extent; 2 = little extent; 3 = moderate extent; 4 =large extent; and 5 = very large extent. The mean scores were computed for each item. Means below 3.0 indicate low levels of influence on strategy.
4.4.1 Assessment of training needs

The respondents were requested to indicate the extent to which the corporations applied performance appraisal outcome to determine training needs of its employees. The findings are presented and discussed in Table 4.3.

**Table 4.2: Assessment of training needs**

<table>
<thead>
<tr>
<th>Assessment of training needs</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection of employees for training in the Corporation is based on how long they have worked for the corporation</td>
<td>2.2648</td>
<td>.8997</td>
</tr>
<tr>
<td>Assessment of training needs in the corporation is based strictly on performance appraisal outcomes</td>
<td>4.5173</td>
<td>.7037</td>
</tr>
<tr>
<td>Selection of employees for training by the corporation is based on their relationship with the management</td>
<td>2.8437</td>
<td>.8201</td>
</tr>
<tr>
<td>Employees in the corporation are selected for the training based on factors other than performance appraisal outcomes</td>
<td>2.3492</td>
<td>.9483</td>
</tr>
</tbody>
</table>

The findings indicate that the respondents were in agreement to a very great extent that training needs in the corporation was based strictly on performance appraisal outcomes with a mean score of 4.51. The respondents on the other hand disagreed that selection of employees for training by the corporation was based on their relationship with the management with a mean of 2.8437. They also disagreed that employees in the corporation were selected for the training based on factors other than performance appraisal outcomes and that the selection of employees for training in the corporation was based on how long they have worked for the corporation with a mean of 2.34 and 2.26.
respectively. This was agreed upon in consensus by all the respondents as indicated by the standard deviation.

From the findings, it can be concluded that performance appraisal was used by the corporations to determine the employees to train especially in terms of training needs in the corporation being based on performance appraisal outcomes. The corporations do not train the employees based on their relationship with the management, factors other than performance appraisal outcomes and the duration they have worked in the corporation.

4.4.2 Promotion Decisions

The respondents were asked to indicate the extent to which the corporations use performance appraisal for promotion decisions. The findings are presented in table 4.3.

Table 4.3: Promotion Decisions

<table>
<thead>
<tr>
<th>Promotion Decisions</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion decisions in the corporation are based on seniority of the staff</td>
<td>3.3276</td>
<td>1.3972</td>
</tr>
<tr>
<td>Promotion decisions in the cooperation are based on who in one way or the other impresses the management other than through performance</td>
<td>1.6753</td>
<td>1.1751</td>
</tr>
<tr>
<td>Promotion decisions in the corporation are kept secret so that key managers select those they know or closely related to them for promotion</td>
<td>1.6159</td>
<td>1.1832</td>
</tr>
<tr>
<td>Promotion decisions in the corporation are strictly based on performance appraisal outcome</td>
<td>4.2376</td>
<td>.7988</td>
</tr>
</tbody>
</table>
From the findings, the respondents agreed that promotion decisions in the corporations were done strictly based on performance appraisal outcome with a mean of 4.23. The respondents further agreed that promotion decisions in the corporation were based on seniority of the staff with a mean score of 3.32. The respondents on the other hand disagreed that promotion decisions in the corporation were kept secret so that key managers select those they know or closely related to them for promotion with a mean of 1.61 and that promotion decisions in the corporation were based on who in one way or the other impresses the management other than to through performance with a mean of 1.67.

From the findings, the corporations use performance appraisal to determine employees to be promoted although promotions were also undertaken based on the seniority of the staff as they have the experience to undertake the duties. Promotions were however not kept secret or done based on who impresses the management.

4.5 Discussion

An organization’s success or failure is highly determined by effective and efficient utilization of resources at its disposal, such as human, material, financial, and information resources. Among these four resources, the human resource is the most important part and crucial of all resources for the survival of an organization or business firms. Performance appraisal was found to be undertaken in the corporations and the outcome used to determine the employees to be trained. Those decisions relate to determining whether an employee requires additional training and development for improving performance in the job or to enhance potential for a higher position. The findings are in
line with Kelly et al (2007) findings that the role of performance appraisal in this scenario would be to identify performance gaps through providing opportunity for a supervisor and subordinate to recognize and agree upon individual training and development needs. Appelbaum et-al., (2011) posits that performance appraisals are form of providing feedback, deciding promotions or termination, determining compensation, identifying strength and weakness or areas for change and identifying development needs that can help with career planning. It is a tool that both the appraiser and the appraisee can use to enhance performance of employee and the organization. However, the type of appraisal used must be in line and congruent with the requirements and structure of the organization in order to reap the benefits. This is consistent with the findings of the study which indicate that performance appraisal outcome was used by the corporations strictly for promotions although at times the corporations promote employees based on seniority. Friday and Friday (2003) noted that satisfaction with promotion determines employees’ attitudes toward the organization’s promotion policies and practices.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter is to give an overview of findings, conclusion and recommendation. The conclusions are made from the analysis and the objective of the research.

5.2 Summary of Findings

The study established that majority of the respondents were over thirty years and with only two age brackets being considered in the study, the views of all ages was not taken into consideration on the application of performance appraisal on training and promotion. The respondents’ level of education was mostly university and postgraduate and therefore has good understanding of the concepts of performance appraisal on training and promotion opportunities.

Performance appraisal is not only important to employee’s problem identification, but also important to the organization for effective utilization of human resource by identifying strong employees from best for utilization of manpower, to bring effectiveness and efficiency. The study established that the corporations were using performance appraisal to determine the employees to train especially in terms of training
needs in the corporation being based on performance appraisal outcomes. The corporations do not train the employees based on their relationship with the management, factors other than performance appraisal outcomes and the duration they have worked in the corporation.

The commitment of employees to the organization is greatly influenced by the promotion practices in the sense that an employee is satisfied even as he performs his duties. With job satisfaction turnover is highly reduced. The study found out that performance appraisal outcome in the corporations was used to determine employees to be promoted although promotions were also undertaken based on the seniority of the staff as they have the experience to undertake the duties. Promotions were not kept secret or done based on who impresses the management and this will improve the employees’ morale as everyone has a chance to be promoted.

5.3 Conclusion

In any organization each individual’s performance keeps its own importance in the success of organization. With the changing competitive business environment the effective and efficient use of resources is very important for the survival of organization in market. And evaluation of the performance of all the resources involved in organizational operation is also very essential in order to achieve organizational goal. Since ultimately it is the human resources that determine the success and failure of the organization, the management of human resources plays a very crucial role in the overall management system of the organization. Attracting and selecting the most competent employees to the organization is not enough. Getting the maximum benefit from its employees is the aim of organizations and managers. This, of course, requires a very
good understanding of human behavior in the organizational settings. As human resource is considered the most valuable and complicated resource in an organization, appraisal of the human resource is also complicated and very essential.

Performance appraisal outcome plays a major role in the corporations as they are used to determine the employees to train especially in terms of training needs and the employees to be promoted, this therefore calls for the establishment of an effective performance appraisal process can improve the employee performance, which in turn can boost organizational performance. Thus performance appraisal can be the road to competitive advantage by ensuring the retention of quality human resources in the corporations. Promotions in the corporations were found to at times being based on seniority as the employees have the experience which can be used by the corporations to manage the knowledge. The corporations do not use performance outcome to train the employees based on their relationship with the management, duration they have worked in the corporation or keeping promotions secret and this will improve the employees’ morale as everyone has a chance to be promoted.

5.4 Recommendations

The findings of this study to a large extent have shown that employees have an optimistic view of performance appraisal outcome as a means for promoting, evaluating and equitably compensating employees, and forming the basis for many employee training programmes as well as its motivational effect on employee’ performance. From the foregoing therefore, it is recommend that for appraisal to yield the desired outcomes, adequate attention should be paid to the avoidance of appraisal politics and the pursuance
of fairness and transparency in the process. More so, training programmes could be initiated by organizations to offer tips for avoiding appraisal errors. All forms of discrimination and unethical practices which could jeopardize the process should be eschewed or avoided. Open-reporting system as opposed to closed-reporting system should be encouraged for performance appraisal to have a motivational effect on workers performance.

The participation of employees in appraisal process will improve their perception towards the outcome and positively influence employee motivation. It is therefore recommended that the corporations adopt participatory performance appraisal systems in order to motivate employees and reduce biased considerations in both the process and outcome. Hence, a participatory performance appraisal would ensure both procedural and distributive justice thereby motivating employees both intrinsically and extrinsically. In order to minimize the problems of subjectivity, raters need to evaluate their subordinates based on the actual volume of work and responsibility discharged over the period of evaluation rather than focusing only on subjective measurement so that the productivity of employees will be enhanced. The corporations should also establish a committee who are in charge of undertaking the performance evaluation of the organization. The performance evaluation system of the corporations should be designed in such a way that it is future oriented and focused on the long term developmental benefits rather than focusing on the controlling aspect only which is short term in nature.

5.5 Suggestions for further studies

The study confined itself to state corporations. This research therefore should be replicated in other sectors to establish the application of performance appraisals outcome
in the assessment of training needs and promotion decisions in those sectors. At the same
time it is important to explore how corporations can establish the formal appeal and control system, and keep transparency in performance appraisal. This further study may help the state corporations or other organizations to improve its performance appraisal system specifically, and make it work professionally.

5.6 Limitations of the study.

The study is limited to the sample of state corporations in Kenya.

The study finding could only be generalized to firms similar to those that were included in this research.

In addition since a questionnaire was used in collecting the data, the respondents might not give the true position and hence the response might not reflect true position.

The scope of further research may be extended to local firms as well as incorporation of more control variables.
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APPENDIXES

APPENDIX  I: A Sample of Public Agencies that signed Performance Contracts With the Government in 2012

1. Agricultural Development Corporation
2. Kenya Medical Supplies Agency
3. National Cereals and Produce Board
4. National Aids Control Council
5. Coffee Board of Kenya
6. Kenya Medical Research Institute
7. Kenya Tea Development Authority
8. Kenya Agricultural Research Institute
9. Kerio Valle Development Authority
10. Kenya Electricity Generating Company
11. Kenya Tourist Development Corporation
12. Industrial and Commercial Dev. Corp.
13. Kenya Institute of Education
14. Export Processing Zone Authority
15. Jomo Kenyatta Foundation
16. East African Portland cement
17. Technical University of Kenya
18. National Museums of Kenya
19. Kenyatta University
20. National Housing Corporation
21. University of Nairobi
22. National Sports Stadia Management
23. Kenya Institute of Special Education
24. Agricultural Finance Corporation Authority
25. Higher Education Loans Board
26. National Hospital Insurance Fund
27. Consolidated Bank of Kenya
28. National Environmental Management Authority
29. National Irrigation Board
30. National Water Conservation & Pipeline Corporation
31. Nairobi Water Services Board
32. Transport Licensing Appeal Tribunal
33. Kenya Law Reform Commission
34. Communication Commission of Kenya
35. Kenya Rural Roads Authority
36. Kenya Urban Roads Authority
37. Kenya Aerodromes
APPENDIX II: LIST OF STATE CORPORATIONS IN KENYA

ACCORDING TO INDUSTRY SECTORS

1. Agriculture and Livestock

1. Agricultural Development Corporation
2. Coffee Board of Kenya
3. Kenya Seed Company
4. National Cereals and Produce Board
5. Nyayo Tea Zones Dev. Corporation
6. Tea Board of Kenya
7. Kenya Meat Commission
8. Kenya Sisal Board
9. Kenya Sugar Authority
10. Kenya Dairy Board
11. New Kenya Co-operative Creameries Limited
12. Pyrethrum Board of Kenya
13. Kenya Sugar Board
14. Kenya Coffee Auctions
15. Kenya Flower Council
17. Horticultural Crops Development Authority
18. Agricultural Information Resource Centre
19. Central Agricultural Board
20. Kenya Veterinary and Production Institute
21. Kenya Veterinary Board
22. Chemelil Sugar Company
23. Muhoroni Sugar Company
24. Mumias Sugar Company
25. Mwea Rice Mills Limited
26. Nzoia Sugar Company
27. South Nyanza Sugar Company Limited
28. Sugar Arbitration Board
29. Kenya Plant Health Inspectorate Service
30. Agricultural Information Resource Centre
31. Kenya Seed Company Limited
32. National Tea Zones Development Authority

ii. Tourism & Wildlife
33. Kenya Tourist Board
34. Kenya Wildlife Service
35. Kenya Tourist Development Corporation
36. African Tours and Hotels Limited
37. Kenyatta International Conference Centre Corporation
38. Kenya Safari Lodges and Hotels

**iii. Education**

39. Teachers Service Commission
40. Kenya Institute of Administration
41. Bukura Agricultural College
42. Co-operative College of Kenya
43. Council for Legal Education
44. Kenya College of Communications
45. Kenya National Library Services
46. Jomo Kenyatta Foundation
47. Kenya Literature Bureau
48. Kenya Institute of Special Education
49. Kenya National Examinations Council
50. Kenya Institute of Education
51. Commission for Higher Education
52. Egerton University
53. University of Nairobi
54. Kenyatta University
55. Moi University
56. Jomo Kenyatta University of Agriculture and Technology
57. Technical University of Kenya
58. Maasai Mara University
59. Kabianga University
60. Bwani University
61. Kisii University
62. Kimathi University
63. University of Eldoret
64. Maseno University
65. Karatina University
66. Technical University of Mombasa
67. South Eastern Kenya University
68. Masinde Muliro University
69. Kenyatta University Students Accommodation Board
70. Kenya National Commission for UNESCO
71. Kenya Utalii College
72. Kenya Education Staff Institute
73. Kenya Marine and Fisheries Institute
74. Kenya Accounts and Secretaries National Examination Board (KASNEB)
75. National Council for Science and Technology
76. Public Universities Inspection Board
77. University Students Accommodation Board (Kenyatta University)
78. Bukura Agricultural College
79. School Equipment Production Unit
80. University of Nairobi Enterprises and Services Limited
81. Kenya Education Staff Institute  
82. Kenya Medical Training College  
83. Kenya Water Institute  
84. Commission for Higher Education  

iv. Finance  
85. Agricultural Finance Corporation  
86. Capital Markets Authority  
87. Consolidated Bank  
88. Deposit Protection Fund  
89. Public Procurement Oversight Authority  
90. Deposit Protection Fund Board  
91. Industrial Development Bank  
92. National Health Insurance Fund  
93. National Hospital Insurance Fund  
94. Higher Education Loans Board  
95. National Social Security Fund (NSSF)  
96. Kenya Roads Board  
97. Kenya Revenue Authority  
98. Kenya Reinsurance Corporation  
99. Kenya National Capital Corporation  
100. Retirement Benefits Authority  
101. Central Bank of Kenya  
102. Kenya Commercial Bank Limited  
103. Savings and Loans Limited  
104. Kenya Commercial Finance Corporation Limited  
105. National Bank of Kenya  
106. Post Bank  
107. Water Services Trust Fund  
108. Catering Levy Trustees  
109. Local Authority Provident Fund  
110. Kenya Investment Authority  
111. Catering Training & Tourism Development Levy Trustees  
112. Seasonal Crop Credit Agency  
113. Sugar Development Fund  
114. Poverty Eradication Commission  

v. Environment  
115. Catchment Area Advisory Committee  
116. Kenya Forest Service  
117. National Environmental Management Authority  

vi. Water  
118. Central Water Services Board  
119. National Irrigation Board
120. Ewaso Ng'iro South Development
121. Kenya Maritime Authority
122. Athi Water Services Board
123. Coast Water Services Board
124. Kenya Water Institute
125. Lake Victoria North Water Services Board
126. National Water Conservation & Pipeline Corporation
127. Rift Valley Water Services Board
128. Tana Water Services Board
129. Water Appeal Board
130. Water Resources Management Authority
131. Water Services Regulatory Board
132. Lake Victoria South Water Services Board
133. Northern Water Services Board
134. Maritime Authority
135. Nairobi Water Services Board

vii. Regional Development Authorities
136. Coast Development Authority
137. Ewaso Ngiro South Development Authority
138. Ewaso Ngiro North Development Authority
139. Ewaso Ngiro North River Basin Development Authority
140. Kerio Valley Development Authority
141. Tana & Athi Rivers Development Authority
142. Lake Basin Development Authority

viii. Judicial
143. Kenya Law Reform Commission
144. Kenya School of Law
145. Standing Committee on Human Rights
146. State Corporations Appeal Tribunal
147. Capital Markets Tribunal
148. Industry Property Tribunal
149. Transport Licensing Appeal Tribunal
150. Kenya National Commission on Human Rights
151. NGO Co-ordination Bureau
152. NGO-Co-ordination Board
153. Council for Legal Education
155. Public Complaints Standing Committee
156. The Energy Tribunal

ix. Communication
157. Communication Commission of Kenya
158. Telkom Kenya
159. Postal Corporation of Kenya
160. Kenya Broadcasting Corporation
161. Kenya Film Commission
162. Kenya News Agency
163. Safaricom
164. The Kenya Information and Communication Technology Board

x. Transport
165. Kenya Airports Authority
166. Kenya Aerodromes
167. Kenya Railways Corporation
168. Kenya Airfreight Handling Company Limited
169. Kenya National Highways Authority
170. Kenya Rural Roads Authority
171. Kenya Urban Roads Authority
172. Kenya National Shipping Line
173. Kenya Ferry Services
174. Kenya Civil Aviation Authority
175. Kenya Institute of Highways and Building Technology
176. Kenya Airways
177. General Motors Limited
178. East African Safari Air Limited
179. Kenya Ports Authority
180. Transport Licensing Board
181. Kenya Construction Authority

xi. Health
182. Kenya Medical Supplies Agency
183. The Kenya Medical Training College
184. Kenyatta National Hospital
185. Medical Practitioners and Dentist Board
186. National Aids Control Council
187. Moi Technical & Referral Hospital, Eldoret
188. National Campaign Against Drug Abuse Advisory Board
189. National Disability Council
190. Pests Control Products Board
191. Pharmacy and Poisons Board
192. Radiation Protection Board

xii. Research
193. Kenya Agricultural Research Institute
194. Kenya Sugar Research Foundation
195. Kenya Industrial Research and Development Institute
196. Kenya Institute for Public Policy Research & Analysis
197. Kenya Trypanosomiasis Research Institute
198. Kenya Tea Research Foundation
199. Kenya Medical Research Institute
200. Kenya Forest Research Institute
201. Coffee Research Foundation
203. Kenya Marine and Fisheries Research Institute
204. Kenya Medical Research Institute

xiii. Energy
205. Energy Regulatory Commission
206. National Oil Corporation of Kenya
207. Kenya Pipeline Company Ltd
208. Kenya Power & Lighting Company
209. Kenya Electricity Generating Company Limited (KENGEN)

210. Kenya Electricity Regulatory Board
211. Kenya Petroleum Refinery
212. Rural Electrification Schemes
213. Kenya Electricity Transmission Company

xiv. Commerce & Industry
214. Industrial and Commercial Development Corporation
215. Kenya Wine Agencies Limited
216. Export Processing Zone Authority
217. Export Promotion Council
219. Investment Promotion Centre
220. Kenya Industrial Estates
221. East African Portland Cement Company Limited
222. Kenya Bureau of Standards
223. Uchumi Supermarkets
224. Hotels and Restaurants Authority
225. Kenya Industrial Property Institute
226. Kenya National Trading Corporation
227. Government Clearing Agency
228. Agro Chemicals and Food Company
229. Gilgil Telecommunications Industries
230. Kenya Ordinance Factories Corporation
230. Betting Control and Licensing Board
231. Numerical Machining Complex
232. Kenya National Accreditation Service
233. Anti-Counterfeiting Agency
234. Kenya Bureau of Standards
235. Kenya Investment Authority

xv. National Heritage
236. Bomas of Kenya
237. National Museums of Kenya
238. Kenya Cultural Centre
239. Public Archives Advisory Council

xvi. HOUSING
240. National Housing Corporation
241. Kenya Re Properties

xvii. SPORTS, GENDER & SOCIAL SERVICES
242. National Sports Stadia Management Authority
243. National Disability Council
244. Gender Commission
APPENDIX III

CALCULATIONS ON NUMBER OF STATE CORPORATIONS TO PICK FROM EACH SECTOR.

1. Agriculture & Livestock
   \[
   \frac{32}{244} \times 37 = 4.8525 = 4
   \]

2. Tourism & Wildlife
   \[
   \frac{6}{244} \times 37 = 0.09098 = 1
   \]

3. Education
   \[
   \frac{46}{244} \times 37 = 6.9754 = 6
   \]

4. Finance
   \[
   \frac{30}{244} \times 37 = 4.5492 = 4
   \]

5. Environment
   \[
   \frac{3}{244} \times 37 = 0.4549 = 1
   \]

6. Water
   \[
   \frac{18}{244} \times 37 = 2.7295 = 3
   \]

7. Regional Development Authorities
   \[
   \frac{7}{244} \times 37 = 1.0614 = 1
   \]

8. Judicial
   \[
   \frac{14}{244} \times 37 = 2.1229 = 2
   \]

9. Communication
   \[
   \frac{8}{244} \times 37 = 1.2131 = 1
   \]
10. Transport
\[ \frac{17}{244} \times \frac{37}{37} = 2.5778 = 3 \]

11. Health
\[ \frac{11}{244} \times \frac{37}{37} = 1.6680 = 2 \]

12. Research
\[ \frac{12}{244} \times \frac{37}{37} = 1.8196 = 2 \]

13. Energy
\[ \frac{9}{244} \times \frac{37}{37} = 1.3647 = 1 \]

14. Commerce & Industry
\[ \frac{23}{244} \times \frac{37}{37} = 3.4877 = 3 \]

15. National Heritage
\[ \frac{4}{244} \times \frac{37}{37} = 0.6065 = 1 \]

16. Housing
\[ \frac{2}{244} \times \frac{37}{37} = 0.3033 = 1 \]

17. Sports, Gender & Social Services
\[ \frac{3}{244} \times \frac{37}{37} = 0.4549 = 1 \]
APPENDIX IV: QUESTIONNAIRE

TO BE COMPLETED BY HUMAN RESOURCE MANAGER OR OTHER STAFF IN CHARGE OF HUMAN RESOURCE.

THIS QUESTIONNAIRE SEeks TO COLLECT INFORMATION ON THE APPLICATION OF PERFORMANCE APPRAISALS OUTCOMES IN THE ASSESSMENT OF TRAINING NEEDS AND PROMOTION DECISIONS IN STATE CORPORATIONS IN KENYA

Please provide the following information frankly and honestly. All information received will be treated confidentially and used for academic purposes only.

(Please tick where appropriate)

SECTION A: BIO – DATA

1. What is your name? (Optional)…………………………………………………

2. What is your designation?……………………………………………………

3. Please indicate your Gender ( ) Male ( ) Female

4. Please tick the age bracket in which you fall

   Below 20 years ( )

   21 – 30 years ( )

   31 – 40 years ( )

   41 – 50 years ( )

   51 – 60 years ( )

   Over 60 years ( )
5. Please indicate your highest level of Education

Primary ( )
Secondary ( )
College ( )
University ( )
Others (specify) ....................................................................................................................

SECTION B

The following statements describe the application of performance appraisal outcome practices in the assessment of training needs and promotion decisions in the Kenya State Corporations. Please indicate the level that you think best describes the application of performance appraisal outcome practices by your Corporation by ticking the appropriate point on each scale using the following guide:-

Scale:
1 = to no extent
2 = to little extent
3 = to moderate extent
4 = to large extent
5 = to every larger extent

SECTION C

The following statements describe the applications of performance appraisal, outcome practices in training needs decisions in Kenya State Corporation. Please indicate level
that you think best describes the application of performance appraisals outcome practices by your corporation by ticking the appropriate point on each scale using the scale stated under section B above

### Assessment of Training Needs

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Selection of employees for training in the Corporation is based on how long they have worked for the corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Assessment of training needs in the corporation is based strictly on performance appraisal outcomes</td>
<td></td>
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</tr>
<tr>
<td>3. Selection of employees for training by the corporation is based on their relationship with the management</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4. Employees in the corporation are selected for the training based on factors other than performance appraisal outcomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following statements describe the applications of performance appraisal, outcome practices in promotion decisions in Kenya State Corporation. Please indicate level that you think best describes the application of performance appraisals outcome practices by your corporation by ticking the appropriate point on each scale using the scale stated under section B above
## Promotion Decisions

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Promotion decisions to inn the corporation are based on seniority of the staff</td>
<td></td>
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</tr>
<tr>
<td>2. Production decisions in the cooperation are based on who in one way or the other impresses the management other than to through performance</td>
<td></td>
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</tr>
<tr>
<td>3. Promotion decisions in the corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Promotion decisions in the corporation are strictly based on performance appraisal outcome</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
