

**EMPLOYEES PERCEPTION OF THE
IMPORTANCE OF PERFORMANCE APPRAISAL
IN PERFORMANCE MANAGEMENT AT PAN
AFRICA CHRISTIAN UNIVERSITY**

JUDITH ATIENO OTIENO

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DECLARATION

STUDENT'S DECLARATION

This research project is my original work and has not been presented in either the same or different form for this or any other University for any academic qualification

Signature: Date.....

JUDITH ATIENO OTIENO

D61/61096/2013

SUPERVISOR'S DECLARATION

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

Signature..... Date.....

PROF. PETER K'OBONYO

Department of Business Administration

School of Business,

University of Nairobi

DEDICATION

This dedication to a major extent is extended to my son Beracah whom I gave birth to in the process of doing my course work. Your little beautiful eyes gave me the message to soldier on even when things seemed never to work. To my other children, Sheila, Paul, and Silas who continually prayed for me. Special dedication goes to my loving husband James who has been my pillar of strength in everything. May the lord almighty bless all abundantly.

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LIST OF ABBREVIATIONS

PACU	Pan Africa Christian University
PM	Performance Management
PA	Performance Appraisal
HR	Human Resource
HRM	Human Resource Management
HRP	Human Resource Planning
DVC-AA	Deputy Vice Chancellor - Academic Affairs
DFA	Director of Finance and Administration
N	Population
Std	Standard

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ABSTRACT

The objective of this study was to investigate employee perception of the importance of performance appraisal in performance management at Pan Africa Christian University Kenya. The study adopted a descriptive survey of the Pan Africa Christian University. The researcher collected primary qualitative data from employees of PACU. The study used a census method of data collection. Whereby all the 62 permanent employees of PACU were sampled and the researcher managed to collect data from all the 62 respondents. Data was analyzed using descriptive statistics namely, frequencies, percentages, mean scores and standard deviations. The study established that performance appraisal currently practiced at the University was barely important. Usually it has always been done as an exercise which has no relevance or bearing on an individual's promotion or other functions of human resource such as; reward management and human resource planning. At Pan Africa Christian University, performance appraisal has remained as a normal practice though the study established that usually, individual's development decisions are usually appraisal based. The study recommends that the whole process of appraising employees be reviewed so as to make performance appraisal activity at Pan Africa Christian University be of more importance to the employees. There would be no need of developing an individual and yet his /her contribution that comes due to this development is not rewarded nor be given more challenging responsibilities. Such individual's would end up feeling wasted and less motivated thus would end up looking for greener pastures elsewhere.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Maximizing performance is a priority for most organizations today (Thompson & Strickland 2007). Employees' job performance is an important issue for all employers. However satisfactory performance does not happen automatically; therefore it is more likely with good performance management. A common adage avers that what get measured gets done. Performance measurement is thus at the core of every business enterprise and is an accountability for ensuring that resources (skills, time, money asset) channeled into it translate to targeted result or profit.

Managers face complex and challenging pressures and opportunities within the environment in which they operate their businesses. Organizations can only win competitive advantage through people (Murphy & Cleveland, 1995). Competition for scarce resources among private and public education sectors is becoming stiffer and this therefore means that organization can grow to the extent that people who work in such organization are supported to grow. However Murphy & Cleveland (1991) states that there is probably no program in the arsenal of personnel management that is difficult to effectively implement and yet so fundamental to individual growth than performance appraisal. In profit as well as nonprofit making enterprises results are crucial to survival since improved performance is a basic criterion for individual and organization's growth.

Banjoko (1982) explains that in most organizations performance appraisal have been viewed and conducted solely in terms of its evaluative aspects. There by overlooking its role for facilitating growth and developments in employees through training, employee's development and salary administration as human resource activities can be applied.

According to Armstrong & Baron (2003) specifies that management of performance is the key task for organization and individuals today. Performance appraisal within management ranks is a practice that many companies are adopting. The need to evaluate is also an ongoing source of tension since evaluative and developmental priorities appear to frequently clash.

According to Pilbeam&Corbridge (2006), performance appraisal involves a variety of employee's responses from feeling that it is a "waste of time" to feeling that "I want to know how well I am doing it" Armstrong et al, (2003) indicates that performance measures should relate to strategic goals, focus on output, indicate the evidence that it is available as the basis for measurement and provide a sound basis for measure and provide a sound basis for feedback.

Performance appraisal systems need to be job related: there should be a rationale for performance appraisals and management must discuss performance improvement with employees to encourage their participation in the process of performance appraisal. Performance appraisal if not constructed well can be a negative form- filling exercise where managers collect only negative information and then, to avoid conflict spend very little time on giving employees' feedback. This normally results into many managers and staff discrediting the appraisal process. Managing performance appraisal should be seen as a partnership where human resource professionals, managers and employees work together to ensure that they are effective and fair to everyone. An appraisal system that is aligned with organizational goals ensures that the employees in an organization are able to build on and share their knowledge (Armstrong, 2008).

1.1.1 The Concept of Perception

Employee perception is the process by which individuals organize and interpret their sensory impression in order to give meaning to their environment (Armstrong, 2008). The chambers dictionary defines perception as the act of being aware of one's' environment through physical sensation, which denotes an individual's ability to understand. According to Nelson & Quick (1997) perception is a process in which information about someone or something is interpreted. As per the definition, opinion a person forms about an object or an individual, largely depends on the type of information one has about the variables involved.

According to Pillai et al, (2003) perception is considered to be a process through which people select, organize and interpret sensory stimulation into meaningful information about their work environment. These definitions suggest that perception is psychological mechanisms that individuals use to understand their environment. In all the above definition perception seem to be a process that enables one to form some opinion about another or about an object. In this study therefore it is taken that perception is a process by which individuals organize and interpret their sensory impressions in order to give a meaning to their environment (Nelson et al, 1997). Employees may perceive the appraisal as a tool for managerial control that may be used to re- enforce managerially desired behavior and to subdue the expression of dissatisfaction by the employees. In this case the level of trust may be insufficient for the process to work effectively.

Perception is not necessarily based on reality, but merely a perspective from a particular individual's view of a situation. In dealing with the concept of organization behavior, perception becomes important because people's behavior is based on their performance of what reality is, not on reality itself. Human nature can be very simple yet very complex. Therefore an understanding to employee's perception in the work place is a very crucial thing

in building and engaging human resources of an organization. This thus ensures that the result is an effective management and leadership indulgence. It is believed that there is a known fact that without perception nothing can be done in any organization setting and that for doing any task, there needs to be a perception that is accepted by all the employees in an organization. The perception helps each and every individual in the organization to carry the things in different ways as the organization needs different perception to make inclusive results (Anthony, Kacmar&Perewe 2010).

Employees' perception of performance appraisal system in this study refers to how the employees of Pan Africa Christian University see or feel about the current performance appraisal system in practice as well as their appraisers' credibility. This study attempts to identify whether performance appraisal instruments that are used are appropriate and whether the results are normally aligned with other functions of Human Resource Management (Lucas, Lupton & Mathieson 2006).

1.1.2 Performance Management

Performance management (PM) is a goal-oriented process directed toward ensuring that organizational processes are in place to maximize the productivity of employees, teams, and ultimately, the organization (Cole, 2002). It is a major exercise in accomplishing organizational strategy in that it involves measuring and improving the value of the workforce. PM includes incentive, goals and the corresponding incentive values so that the relationship can be clearly understood and communicated. There is a close relationship between incentives and performance. Dessler (2011) persist that the concept of performance management is associated with the organizations and employees creating a shared vision, objectives and aims that helps employees to understand and recognize the contribution that normally leads to the enhancement of performance of both the employees and the

organization. When people know and understand what is expected of them, and have taken part in informing these expectations they will use their best endeavor to meet them.

Performance management systems are one of the major focuses in business today. Although every HR function contributes to performance management, training and performance appraisal play a more significant role. Whereas performance appraisal occurs at a specific time, performance management is a dynamic, ongoing, continuous process. Every person in the organization is a part of the PM system. Each part of the system, such as training, appraisal, and rewards, is integrated and linked for the purpose of continuous organizational effectiveness. With PM, the effort of each and every worker should be directed toward achieving strategic goals. If a worker's skills need to be improved, training is needed. With PM systems, training has a direct tie-in to achieving organizational effectiveness. In addition, pay and performance are directly related to achieving organizational goals (Dessler 2011).

1.1.3 Performance Appraisal

Cole (2002) defines performance appraisal as a way of evaluating an employee's current or past performance relative to the person's performance standards. Performance appraisal involves setting work standards, assessing the employees' actual performance relative to the standards set and providing feedback to the employee with the aim of motivating them to eliminate performance deficiencies and to help them perform above par (Cole 2002). (Dessler, 2011) adds that performance appraisal tools like the appraisal form. Performance appraisals instead should involve an organization evaluation of an individual level of performance and review of how well an employee is carrying out the task associated with his/ her job.

Performance appraisal aims at clarifying the employees' work expectations, improving employee development, linking pay with performance and assessing workforce development

(Mathis & Jackson, 1998). Appraisals which create feelings of justice and trust among employees result in increased employee motivation. Employees know about their strengths and weaknesses through performance appraisal implementation and it also help both employee and manager to improve on-the-job performance. Performance appraisal assists in human resource planning by analyzing training and development needs and by identifying high level performers in the organization. Employees become aware of the organization's expectations after performance evaluation, which helps them in improving their performance so as to match the organization's standards (De Waal, 2004).

1.1.4 Pan Africa Christian University

Pan Africa Christian University (PACU) is a Christian university in Nairobi Kenya. The institution is a fully accredited and chartered private university, approved by the Kenyan Commission for Higher Education, and authorized by the Government of Kenya to award undergraduate and graduate degrees. The University is headed by the vice chancellor who chairs both the senate and the management board, and reports to the council. The other two principal officers of the University Deputy Vice Chancellor in charge of Academic Affairs(DVC-AA) and the Director of Finance and Administration(DFA). The DVC-AA is the secretary to the senate, while DFA is the secretary to the Management Board (www.pacuniversity.a.ke).

The University has eight teaching departments; Bible and Theology, Commerce, Counseling, Transformational Church Leadership, Languages, Community development, Communication and Post Graduate Studies. Other supporting Departments under Academic Affairs Division are; Library, Registrar's Office, Dean of Students and Quality Assurance. The Department under Finance and Administration Division are; Finance, Human Resource, Procurement, Administration and Chaplaincy. These are the Departments that offer support services to the

core activity of learning, teaching, research and community service (www.pacuniversity.ac.ke).

The Division of Vice chancellor has the VC's office, corporate affairs and Resource Mobilization and Internal Audit. Pan Africa Christian University has a total of 62 permanent staff – both teaching and non- teaching in the above Departments. The teaching department also has a total of 42 part time teaching staff. The permanent staffs have their job description, individual targets, workload analysis prepared by the Human Resource Department. The appraisal is usually done by the heads of the various departments. Only the permanent staffs in Teaching and Non-Teaching are required to prepare performance appraisal. The performance appraisals are usually done on a semiannually basis. The adjuncts are evaluated by the students at the end of the semester (www.pacuniversity.ac.ke).

1.2 Research Problem

Systems for monitoring performance are not new. Reviewing how well the organization and individual employees carry out their work is central to good management. In today's workplace, performance improvement and the role of performance management is an increasingly popular practice (Cole 2002). In a knowledge economy, organizations rely heavily on their intangible assets to build value. Consequently Performance management being a goal-oriented process ensures that organizational processes are in place to maximize the productivity of employees, teams, and ultimately, the organization. It is a major player in accomplishing organizational strategy in that it involves measuring and improving the value of the workforce. Performance appraisal which is part of performance management is one of the major focuses in business today. Although every HR function contributes to performance management, performance appraisals play a more significant role. Whereas performance

appraisal occurs at a specific time, performance management is a dynamic, ongoing, continuous process Dessler (2011).

In most cases organizations focus on output, general performance, and efficiency and organization profit above all other objectives. Many organizations do not link their human resource functions with performance appraisal systems and management. At Pan Africa Christian University performance appraisal and management is not effectively being used there by making it a lesser activity of the Human Resource and Management. Usually it is done as an exercise, which has no relevance or bearing on an individual's career development or other functions such as competency, training, reward and job transfer. Subsequently appraisers are not given adequate exposure or guidance on how to conduct an effective appraisal exercise and they are not also informed of how to relate performance appraisals to other functions of human resource. Under the circumstances, performance appraisal has remained a normal process for Pan Africa Christian University employees and the feedback is seldom used to improve the employee's performance. The utilized performance appraisal forms are later kept aside and forgotten until the next exercise comes. Jeffrey (2009) insists that appraisal should not be a one off event and should be part of ongoing cycle of performance management.

Recent studies in the area of performance appraisal include: Choke (2007) focused on the effectiveness of performance appraisal in relation to work performance in private higher learning institutions within Nairobi. The findings of the study were that top management plays a leading role in ensuring implementation of an effective performance appraisal that influence employees' work performance, all the supervisors had a high positive perception of performance appraisal than the employees being appraised. Human resource specialists

interviewed werelargely in favor of the appraisal process as they believed that there is a strong link between performance appraisal and an individual's work performance.

Matunge (2013) studied the employee perception on the effectiveness of performance appraisal systems at the Teachers Service Commission. Her findings were that most of the human resource specialist interviewed had a low opinion in performance appraisal effectiveness at the Teachers Service Commission. She cited deficiency in leadership development, coaching, development planning and lack of support from top management as greatest difficulty experienced in the implementation and evaluation process of performance appraisal. A study by Cheboi (2011) focused on perception of management of the importance of performance appraisal system at Kabarak University. She established that performance appraisal helps in clarifying vision and mission of the organization. Performance appraisal has enabled organizations have a reasonable sense of direction, met their performance goals and have helped organizations keep in place with the emerging trends.

Odimo (2006) studied the factors necessary for the implementation of an effective performance appraisal in private higher learning institutions in Kenya. The study established that for the design of an effective appraisal system, it is necessary for these institutions to have a good performance appraisal system designed. The study further established that for a successful design of a performance appraisal system, it is important for the organization to clearly define its visions, missions and strategic objectives in line with Human Resource Management strategies. Kimani (2008) looked at the impacts of performance appraisal in higher learning institutions with specific references to Kabarak University. His findings were that, all departments were involved in the setting and negotiation for the appraisal targets. However the team involved in the negotiation was not adequate and therefore recommended that most stakeholders should be involved at the negotiation stage. He found that performance

appraisal accelerated corporate governance and helped reduce employees' grievances. There was however resistance and lack of commitment in the process of performance appraisal because employees were not involved in the development of performance appraisal indicators, attributes and classification.

As observed above, the studies conducted on performance appraisal did not consider the employees' perceptions of the importance of performance appraisal in performance management. This research will therefore seek to establish employees' perception of the importance of performance appraisal in performance management at Pan Africa Christian University. This problem statement leads to the following research question: What is the employees' perception of the importance of performance appraisal in performance management at Pan Africa Christian University?

1.3 Research Objective

To establish employees perception of the importance of performance appraisal in performance management at Pan Africa Christian University.

1.4 Value of the study

This study attempted to look into the perception of employees of the importance of performance appraisal in performance management currently at Pan Africa Christian University. It serves as an important source of information the organization may need in improving their Human Resource Management practices especially in performance appraisal and performance management to their employees. Performance appraisal system at Pan Africa Christian University like any other organization faces the problem of dissatisfaction of employees. The findings of this study did seek to provide fair information as they were based on the views and perception of the employees themselves on their opinions of the importance of the appraisal system and how they are related to their work performance.

The information may also be beneficial to other private learning institution that may be having the same challenges as those of Pan Africa Christian University with their performance appraisal systems. They may use the findings to benchmark with Pan Africa Christian University in order to perfect and build their Human Resources and beat the war against succession planning and management. Other scholars may also find this study important as the study will increase the body of knowledge in this area.

CHAPER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains the review of previous studies that have been carried out on performance appraisal and performance management. The literature that is reviewed relates to theoretical foundation, performance appraisal system's definition and definition of performance management, benefits of performance appraisal and challenges of performance appraisals.

2.2 Theoretical Foundation

Performance appraisal is basically founded on; expectancy theory, goal setting theory and organization justice theory.

2.2.1 Expectancy Theory

Vroom's expectancy theory emphasizes the mental processes regarding choice, or choosing (Vroom, 1964). It looks at self-interest in the alignment of performance with people's wants and the connections among expected behaviors, rewards and organizational goals. The theory separates effort from performance and outcomes. It works on perceptions, and assumes that behavior is the result of conscious choices among alternatives aimed at maximizing pleasuring and avoiding pain. He introduces the concepts of Expectancy (increased effort will lead to increased results), Instrumentality (if you perform well you will receive a valued outcome) and Valence (value placed on the expected outcome) (Vroom, 1964).

Expectancy theory hypothesizes that individuals change their behavior according to their anticipated satisfaction in achieving certain goals (Vroom, 1964). This theory has an important implication in determining employees' perception of the importance of performance appraisal as it is founded on the premise that human beings think in a rational,

calculative and individualistic way. Indeed (Vroom 1964)emphasizes that performance appraisal is based on an extremely rationalistic directive view of the organization , which assumes not only that strategy can be clearly articulated but also that the outcome of Human Resource process can be framed in a way that makes clear their links to the organization strategic objectives.

2.2. 2 Goal Setting Theory

Goal theory is a theory that proposes that all human actions and behavior are motivated by a goal. It is a theory that proposes that human beings are more motivated to act when there is a reward at the end of the performance of a task or a behavior (Anthony at el,2010). However the performance goal should be clearly stated. (Anthony at el, 2010) proposes that an efficient goal must have three components: proximity, difficulty, specificity and feedback. An ideal goal is a goal where the time between the reaching out and the end state is close. It is moderate in difficulty, neither too easy, to present some challenge, nor too difficult, so that success seem possible (Anthony at el, 2010). The goal should be specific and the individual must understand what is expected out of him, to start out for the goal. (Anthony at el, 2010) further argues that the goal should assume causal links between different parts of performance appraisal process that can be readily identified and enable under performance in one or more aspects of the performance appraisal process to be managed to ensure optimum functioning of performance appraisal.

2.2.3 Organizational justice theory

Organizational justice is a personal evaluation about the ethical and moral standing of managerial conduct. It follows from this approach that producing justice requires management to take the perspective of an employee. That is, they need to understand what sorts of events endanger this subjective feeling of organizational justice. According to the “control model,” employees prefer justice because it allows them to predict and control the

outcomes they are likely to receive from organizations. Most of us understand that every personnel decision cannot go our way, but justice provides us with more certainty regarding our future benefits (Anthony, Kacmar&Perewe' 2010).

Greenberg (1986b) was one of the first to apply organizational justice theory to performance evaluation. He posed the basic research question as to what makes a performance appraisal appear to be fair and important. Further he considered whether it is what receives or how the decision is made, or both, that makes performance appraisals seem fair. Beginning with the two distinct concepts of procedural and distributive justice he proposed seven categories that contributed to perceptions of fairness and importance. Five procedural categories included supervisors soliciting input prior to evaluation and use of the input during evaluation, two-way communication between supervisor and subordinate during the appraisal interview, the ability of an employee to dispute or challenge a rating, rater characteristics such as consistency in applying standards, and rater familiarity with the work being rated. The occurrence of performance based ratings and pay or promotion outcomes based on the ratings were included in the distributive category.

As discussed above, much of past justice research has focused on the structural components of the performance appraisal system (Folger, Konovsky&Cropanzano, 1992; Leventhal, 1980). Comparison of research on structural-procedural and structural-distributive justice can be directly related to many of the components considered by performance appraisal to comprise successful performance appraisal systems. Many of the structural justice factors also coincide with recommendations from researchers on fundamental aspects to be considered in evaluating performance appraisal systems (Greenberg, 1993).

2.3 Performance Management

Performance management (PM) is a goal-oriented process directed toward ensuring that processes are in place to maximize the productivity of employees, teams, and ultimately, the organization (Cole, 2002). It is a major player in accomplishing organizational strategy in that it involves measuring and improving the value of the workforce. PM includes incentive goals and the corresponding incentive values so that the relationship can be clearly understood and communicated (Cole 2002). Whereas performance appraisal occurs at a specific time, performance management is a dynamic, ongoing, continuous process. Every person in the organization is a part of the PM system. Each part of the system, such as training, appraisal, and rewards, is integrated and linked for the purpose of continuous organizational effectiveness. With PM, the effort of each and every worker should be directed toward achieving strategic goals (Dessler, 2011).

2.4 Performance Appraisal

Performance appraisal (PA) is a formal system of review and evaluation of individual or team task performance (Dessler, 2011). A critical point in the definition is the word formal, because in practice, managers should be reviewing an individual's performance on a continuing basis. PA is especially critical to the success of performance management. Although performance appraisal is but one component of performance management, it is vital, in that it directly reflect teams exist in an organization, the focus of PA in most firms' remains on the individual employee. Regardless of the emphasis, an effective appraisal system evaluates accomplishments and initiates plans for development, goals, and objectives.

Performance appraisal is often a negative, disliked activity and one that seems to elude mastery. Managers do not like giving them and employees do not like receiving them. If this is so, why not just eliminate it? Actually, some managers might do just that if they did not

need to provide feedback, encourage performance improvement, make valid decisions, justify terminations, identify training and development needs, and defend personnel decisions (Jeffrey Vol. 11, 2009) On top of these considerations, managers must be concerned about legal ramifications. Developing an effective performance appraisal system has been and will continue to be a high priority for management.

Barrett (1967) indicates that systematic use of performance appraisal in the U.S.A. begun early in the 19th century with the government and military, where pressure for merit systems of promotion had traditionally created a demand for an objective measurement of performance. The modern version of techniques such as forced choice measures, peer ranking, and trait rating scales were developed in the arm forces. The appraisal activity of the managerial employees did not become popular until after First World War (Thornhill&JenkinsVol. 11, 2000). Murphy at el, (1995) observes that the 1990s and 2000s have experienced fantastic growth on performance appraisals.

Depending on the organization's culture performance appraisal takes the form of periodic interview(annual or semi-annual), in which the work performance of the employees are examined and discussed, with a view to identify weaknesses and strengths as well as opportunities for improvement and skills development,(Armstrong2008). In many organizations not all appraisal results are used, either directly or indirectly to determine the reward outcome. Performance appraisal consists of a formal annual review of an employee's performance on the job, as measured against specific criteria, delivered by the supervisor in a face-to-face meeting with the employees, (Noe, John, and Barry, 2009).

2.5 Importance of Performance Appraisal in performance management

Performance appraisals are periodic assessments of employee performance by supervisors and managers. Appraisals are typically done once a year, usually on forms authorized by the

human resources department. Small-business owners with few employees may conduct verbal appraisals in a more informal setting. As part of the appraisal process, employees often complete self-assessments, which become a part of the human resource file along with their manager's appraisals. The main purpose of appraisals is to provide constructive feedback (Cole 2002). There are a number of potential benefits of organizational performance management to those conducting formal performance appraisals. There has been a general consensus in the belief that Performance appraisal lead to positive implications of organizations:

2.5.1 Evaluation

Companies can use performance appraisals to evaluate employees on how they fared against the goals and objectives set by their managers. Appraisals are also useful for setting expectations for the upcoming year. Small-business owners can use appraisals to recognize the extraordinary efforts of certain employees, while pointing out how they can improve. Support and encouragement can motivate employees to try even harder in the months ahead. Companies may also evaluate employees on their teamwork skills. An effective evaluation is direct and precise, meaning there is no over-the-top praise, no glossing over weaknesses and no surprises (Malcolm & Jackson, 2002).

2.5.2 Development

Evaluation is about identifying performance gaps, while development is about filling in those gaps. For example, if an employee needs to work on his time management skills, the employer could organize a training session for all employees who need help in organizational skills. Businesses can use performance appraisals as the basis for career development plans, including the identification of skills and training that employees would need to progress up the ranks in a corporate hierarchy. Companies can use appraisals to gain insight into how employees are completing their tasks and whether these tasks require restructuring. For

example, if an employee is falling behind on his tasks, it could be because of the company's inefficient operations. Therefore, the key to improving his productivity is not training or reassignment, but process improvement Malcolm et al, (2002).

2.5.3 Determination of Training Needs

Employee training and development are crucial components in helping an organization achieve strategic initiatives". It has been argued that for Performance appraisal to truly be effective, post-appraisal opportunities for training and development in problem areas, as determined by the appraisal, must be offered. Performance appraisal can especially be instrumental for identifying training needs of new employees. Finally, Performance appraisal can help in the establishment and supervision of employees' career goals. It also enables managers to coach and counsel employees in their career development Derven (1990) and Mullins (1999).

2.5.4 Employee Recognition

Companies may also use performance appraisals to recognize outstanding employees. For example, employees with a consistent rating in the top five percent of their peer group might be placed in a management mentoring program and receive pay raises. However, consistently under-performing employees may be demoted or terminated. Whenever possible, companies should provide written appraisals because formal records are important for preparing future appraisals and in legal procedures Jackson & Schuller 2002).

2.5.5 Employee Feedback and human resource planning

Appraisals can also be useful for gathering feedback from employees. For example, companies sometimes ask employees if they are satisfied with their career development plans and what additional training they might need. This kind of feedback helps human resources and senior management with career planning. The appraisal process also helps in human

resource planning (HRP). Accurate and current appraisal data regarding certain employees helps the management in taking decisions for future employment. Without the knowledge of who is capable of being promoted, demoted, transferred, laid off or terminated, management cannot make employment plans for the future (Mullins 1999).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter consisted of methods used in establishing the perception of employees on the importance of performance appraisal in the performance management at the Pan Africa Christian University. These included the research design, data collection research instruments and data analysis. The chapter also looked at the data analysis techniques that were used in analyzing the data collected.

3.2 Research Design

The research used a descriptive survey of the Pan Africa Christian University. The study tried to establish employee perception of the importance of performance appraisal in performance management at the University. According to Quinlan (2011), a survey is a means of collecting information about a large group of elements referred to as a population. Pinsonneault and Kraemer, (1992) also indicate that a survey has three characteristics: to produce quantitative descriptions of some aspects of the study population in which case it is concerned either with relationships between variables, or with projecting findings descriptively to a predefined population; data collection is done by asking people structured and predefined questions and data is collected from a fraction of the Target Population.

3.3 Target Population

The study targeted all the employees of the Pan Africa Christian University. The University had a total of 62 permanent staff. The study therefore treated all the 62 full time employees as the target population. This census method of data collection was used in this study.

3.5 Data Collection

The study solicited primary data. The data was collected through a structured questionnaire with both closed and open ended questions. The questionnaire was divided into two parts. Part A contained questions on the personal profile of the respondents while part B solicited data on the respondents' perception of the importance of performance appraisal system at Pan Africa Christian University. The questionnaire were administered through drop and pick later method by the researcher.

3.6 Data Analysis

The researcher used quantitative methods of data analysis. Before analysis the data collected was checked for completeness and consistency. Descriptive statistics such as means, standard deviation and percentages were used to analyze the data. The findings from the study were presented using frequency tables and pie chart.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The purpose of this study was to investigate employee perception of the importance of performance appraisal in performance management at Pan Africa Christian University. The researcher collected primary qualitative data from the respondents.

4.2 Response Rate

The sample size for the study was 62 respondents and the researcher managed to collect data from all the 62 respondents. This implies that the researcher managed to achieve 100% response rate from the data collection exercise. The findings of the study are presented next.

4.3 Demographic Information

The researcher sought some information on the profile of the respondents as shown in Table 4.3.1. This information was meant to assist the researcher understand whether the respondents who participated in the study were balanced according to the constitutional requirement.

Table 4.1 Gender Composition of the Respondents

Categories	Frequency	Percentage	Cumulative Percentage
Male	38	61	61
Female	24	39	100
TOTAL	62	100	

Source: Research Data (2014)

The findings in Table 4.1 shows that 39% of the respondents were females while 61% were males. The findings reveal that at Pan Africa Christian University, the one-third rule, that is required by the constitution for either gender is adhered to.

4.3.2 Academic Qualifications of the Respondents

All the respondents have good qualifications for the positions they are holding with the University as summarized in Table 4.2 below.

Table 4.2 Education Background

Categories	Frequency	Percentage	Cumulative percentage
Ordinary Certificates	7	11	11
Diplomas	11	18	29
Bachelor's degree	17	27	56
Master's degree	22	36	92
Ph.D.	5	8	100
TOTAL	62	100	

Source: Research Data (2014)

The findings in Table 4.2 reveal that 11% of the respondents have an Ordinary Certificate; 18% of the respondents have Diplomas; 27% of the respondents have a Bachelor's degree; 36% of the respondents have a Master's degree while only 8% of the respondents have Ph.D. This is an indication that most of the respondents have necessary training, hence could provide reliable information on the importance of performance appraisal in performance management.

4.3.3 Designation of the Employees

Table 4.3 shows that 29% of the respondents were academic staff while a high percentage of 71% was made up of non –academic staff. The University is heavy on non-academic staff

than the academic staff. This implies that most of the teaching work is done by the adjunct faculty.

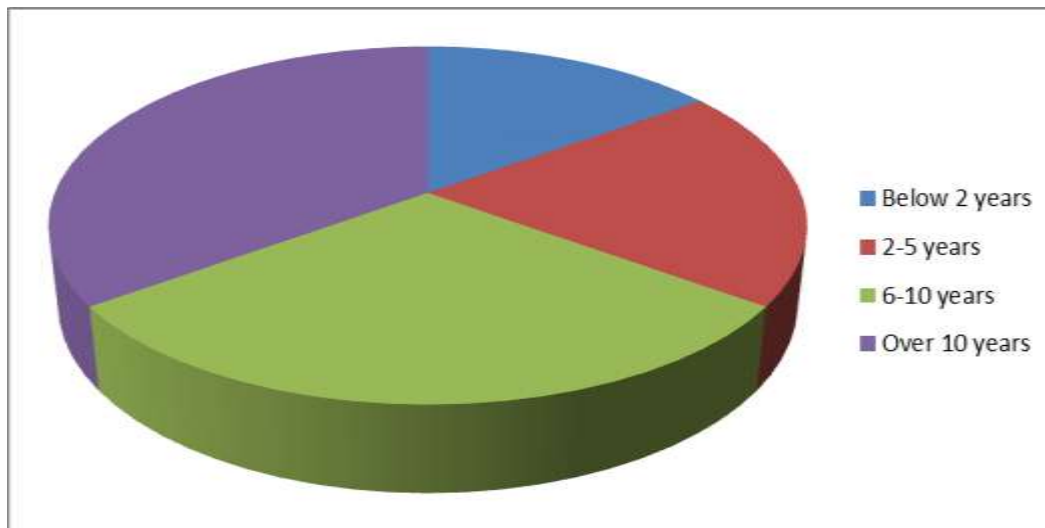
Table 4.3 Classification of Respondents by Designation

Category	Frequency	Percentage	Cumulative percentage
Academic Staff	18	29	29
Non –academic Staff	44	71	100
TOTAL	62	100	

Source: Research Data (2014)

4.3.4 Length of Service

Figure 4.1 Composition of Respondents by Length of Service



Source: Research Data (2014)

Figure 4.1 indicates that 35% of the respondents have worked in the University for more than 10 years; 30% have worked for between 6 to 10 years; 20% for between 2 to 5 years and 15% of the respondents have worked for less than two years. This gives the assurance that most of the respondents have been in the institution for long enough and they understand the importance of performance appraisal system.

4.3.5 Length of Career Progression Time

Table 4.4 Average Time taken to Move from one Grade to Another

Period of Service	frequency	percentage	Cumulative percentage
Between 1-3 years	8	13	13
Between 4-6 years	12	19	32
More than six years	18	29	61
Never moved a grade	24	39	100
TOTAL	62	100	

Source: Research Data (2014)

The findings in Table 4.4 show that majority of the respondents represented by 81% never moved a grade; 8% for between 1-3 years; 6% for between 4-6 years. It was also evident that 5% of the respondents had taken more than six years to move by a grade.

4.4 Perceived importance of performance appraisal in performance management

The study sought to establish the perception of employees at Pan Africa Christian University of the importance of performance appraisal in performance management. The respondents were provided with fifteen statements on perception and were required to rate them using 5= five point rating scales where: 5- totally agree, 4- agree, 3- neither agrees nor disagree (neutral), 2- disagree and 1- totally disagree. The responses were analyzed using descriptive statistics and mean scores. The computation of the mean score was done as follows: first, the score in each cell was multiplied by the corresponding scale point for example; 1,2,3,4 or 5 as the case may. This produced a weighted score for each cell. Second, the weighted scores for the statements were summed up and divided by the number of respondents (62) to obtain the means for the statements. Third grand mean was finally obtained by adding the mean scores for all the statements and dividing the sum by the number of the statements i.e. (15). The results are presented in Table 4.6.

Table 4.5 Means and standard Deviations of Employee Perception of the importance of performance appraisal

	Mean	Std. Dev.
Appraisal is used for the employees' standard of performance.	2.31	1.313
Compensation decisions are based on appraisal.	2.13	1.235
Recognition decisions are based on appraisal.	2.26	1.354
Employees' development decisions are based on appraisal.	3.26	1.402
Reward decisions are partly based on appraisal.	2.35	1.456
Termination or demotion decisions are based on performance appraisal.	2.57	1.323
Performance appraisal reduces grievances among employees.	3.42	1.443
Training needs are identified through appraisal.	3.55	1.363
Performance appraisal increases employees' skills.	3.08	1.205
Promotion is purely based on appraisal.	2.09	1.239
Promotion is partly based on appraisal.	2.09	1.239
Staffing decisions and processes are based on appraisal.	2.57	1.323
Appraisal enhances career growth.	3.11	1.600
Human resource planning decisions are appraisal based.	2.16	1.257
The implementation of appraisal recognizes legal issues.	3.33	1.088
Grand Mean	2.685	

Source: Research Data (2014)

As shown in Table 4.6, the highest ranked statement on the perceived importance of performance appraisal was the fact that training needs are usually identified through the use of performance appraisal with a mean of 3.55. This was followed by the statement that

appraisal helps in reducing grievances among the employees with a mean of 3.42 and that the appraisal instrument recognizes legal issues with a mean of 3.33. This indicates that Pan Africa Christian University has skilled employees and that court cases between the employer and the employees are rare as every decision made takes into account the legal requirements for such decisions.

The statements “termination or demotion decisions are based on appraisal and the statement staffing decisions and processes based on appraisal” were moderately rated with the same mean of 2.57. This shows that both termination and staffing decisions were barely based on the result of appraisal but at times could be decided on based on, other indicators that are not provided for in the study. The statements “promotion is partly and promotion is purely based on performance appraisal” were the least rated with a mean of 2.09 for both. This means that the management of Pan Africa Christian University looks at promotion decisions as a lesser use of performance appraisal and they rarely base decisions concerning promotion of an individual on the performance appraisal outcomes.

4.5 Discussion

It is evident from the findings of the study that the perception of employees of Pan Africa Christian University was that the management rarely considers promotion, reward and recognition decisions among others as less important uses of performance appraisal. The institution needs to review its plans and process of evaluating the employees so as to tie it with the compensation strategy of the organization in order to drive the right behaviors in employees. On statements that were moderately rated, the institution should ensure that these uses of performance appraisal such as termination or demotion, and staffing decisions being highly linked to appraisal’s outcome. With these decisions incorporated in the planning of the process for employees’ evaluation, which further should tie with organizations strategic plans, the results should be a highly motivated staff. This is in line with the findings of

Bowen&Ostroff (2004) who argued that the organizations overall strategic planning and human resource planning are the basic conditions for employees to make sense of performance appraisal system. They also contended that for the desired effects of practices to occur, they should be put together with the strategic plans of an organization.

The study also revealed that though promotion, reward and human resource planning decisions are more less appraisal based, the perception of most respondents was that, training and employee's career development decisions have always been tied with performance appraisal and this motivates and further enables supervisors to interact and understand their subordinates. It was also evident that performance appraisal have helped reduce grievances among the employees of PACU. This means that the employees of this institution work in a peaceful atmosphere that enhances free communication and unity among them. According to the findings of Kelley &Michela (1980) in order for the individuals to make accurate and confident attributions, distinctiveness of the event, which facilitates its perceived importance, should be complemented by the type of environment that do exist for that particular individual to produce in.

The findings further revealed that the perception of most of the respondents on the importance of performance appraisal in performance management was that most uses of performance appraisal which ensures its importance to individual employees such as promotional, reward and recognition decisions were less tied to the instrument. The institution in winning war against talent management needs to consider these uses of performance appraisal in to order to motivate and retain its human resources.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings on employee perception of the importance of performance appraisal in performance management at Pan Africa Christian University. The chapter also provides the conclusions made from the findings; the recommendations made are based on the study findings as well as suggestion for further research.

5.2 Summary

The following are the major research findings based on the data collected and analyzed. The study established that quite often the institution uses performance appraisal in identifying training needs and ensuring that there is a peaceful environment for all the employees who works in the institution. The institution considers as well the legal issues in the implementation of performance appraisal instrument. Performance appraisal use in making termination or demotion decisions was fairly rated. Staffing decisions and processes were moderately rated. Promotion and reward decisions are less considered as the uses of performance appraisal and therefore the decisions based on the above are merely performance appraisal based.

5.3 Conclusion

The performance appraisal system used by Pan Africa Christian University is fairly important to employees of this institution. This is shown by the grand mean of 2.68. The institution needs to incorporate all the uses of performance appraisal in their decision making. The organization maybe losing a lot of resources on developing employees who after being developed leaves the institution to other better competitors.

5.4 Recommendations

The study has confirmed that promotional decisions are less performance appraisal based. It will be important that when supervisors make such decisions they should be based on the degree of an individual's performance to motivate them further.

The study has also revealed that most often reward decisions are little based on the performance of an individual employee. It will also be important to reward people based on how they perform. This not done the organization may face the risk of losing its best performers to its competitors who may be ready to reward highly for one's performance. This requires that the whole process of conducting performance appraisal process be reviewed in a way that it tries to satisfy or meet the objectives of those participating in the process as well as the organization's objectives.

5.5 Suggestion for Further Research

There is need to carry out a study that will include all private higher learning institutions in Kenya. This will assist in understanding whether all the other private Universities face the same situation on the employees' perception of the importance of performance appraisal in performance management.

Carrying out a comparative study with public Universities in Kenya will also be important. This will help Pan Africa Christian University to bench mark for best practices from public Universities.

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APPENDICES

Appendix I: Introduction Letter

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH INFORMATION

I am a student at the University Of Nairobi pursuing a master degree in Business Administration (MBA). I am undertaking a research project on Employees' Perception of the Importance of Performance Appraisal in the Performance Management at Pan Africa Christian University as part of the requirement for the award of the stated degree.

I kindly request you to fill the attached questionnaire, to help me gather the necessary needed information. The information you shall give shall be treated with utmost confidentiality and shall be used solely for this research problem.

Any additional information you might consider necessary for this study will be highly appreciated. Thanking you in advance.

Yours Sincerely,

Judith Otieno.

Appendix 1I: Research Questionnaire

Section A: Personal Profile

1. Which of the following best describe your designation?

a. Academic Staff ()

b. Non -Academic Staff ()

2. Gender (tick as appropriate)

Female ()

Male ()

3. Education Background (tick as appropriate)

a) Collage Certificate ()

b) College Diploma ()

c) Bachelor's Degree ()

d) Master's Degree ()

e) Ph.D.()

Others specify.....

4. Length of continuous service with the organization (tick as appropriate)

a. Less than two years ()

b. 2-5 years ()

c. 6-10 years ()

d. Over 10 years ()

5. On average how long has it taken you to move from one grade to another?

a. Between 1-3 years ()

b. Between 4-6 years ()

c. More than six years ()

d. Never moved a grade ()

Section B: Employees' perception of the importance of performance appraisal in performance management at Pan Africa Christian University.

Please indicate the extent to which you agree with the following statement concerning your perception of the importance of appraisal in your organization

	Statement	Totally Agree	Agree	Not Certain/ Neutral	Disagree	Totally Disagree
1	Performance appraisal is used for the evaluation of employees' standard of performance	8	4	5	25	17
2	Compensation decisions are based on performance appraisals	5	6	3	26	22
3	Employees development decisions are made through appraisal	2	10	1	18	27
4	Recognition decisions are based on performance appraisals	2	10	-	24	22
5	Reward decisions are based on appraisals	2	12	-	26	18
6	Termination or demotion decisions are based on appraisals	10	18	3	8	9
7	The performance appraisal is helpful in reducing grievance among the employee	15	22	4	7	14
8	Training needs are identified through appraisals	15	26	2	8	11
9	The performance appraisal is helpful for improving employees' skills	16	27	2	9	10
10	Promotion is purely based on performance	4	6	-	26	24

	appraisal					
11	Promotion is partly based on appraisal	5	8	-	24	25
12	Staffing decisions and processes are based on appraisals	12	18	4	18	7
13	Appraisals enhances career growth	18	10	2	14	15
14	Human resource planning decisions are performance appraisal based	4	8	4	20	24
15	The implementation of performance appraisal recognizes employment legal issues	18	20	-	10	14