THE INFLUENCE OF LOCUS OF CONTROL ON EMPLOYEES’ PERCEPTIONS OF THE EFFECTIVENESS OF PERFORMANCE APPRAISAL AT KENYA REVENUE AUTHORITY (SOUTHERN REGION)

MUTAI .C. LOICE

A Research Project Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA), School of Business, University of Nairobi

2014
DECLARATION

I, MUTAI .C. LOICE do hereby declare that this research project is my original work and to the best of my knowledge, has never been presented to the University of Nairobi or to any other institution for any award.

Signed: ……………………… Date: ………………………

Mutai C. Loice

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

Signed: ……………………… Date: ………………………

Prof. Peter K’Obonyo
Department of Business Administration
School of Business
University of Nairobi
DEDICATION

This research project is dedicated to my parents, Mr & Mrs. Mutai, my siblings and fiancée; you have been my greatest encouragers and supporters, you have stood by me throughout this programme and inspired me immensely.
ACKNOWLEDGEMENTS

First and foremost, my profound gratitude goes to the almighty God for enabling and guiding me throughout my academic life. I wish to acknowledge the invaluable support of my parents and siblings whose constant encouragement saw me complete these project.

I would also like to express my gratitude to my supervisor, Prof. K’Obonyo for his guidance and valuable feedback throughout the duration of the project. To the assistant co-ordinator (School of Business), Mr. Aranga and the teaching fraternity, your words of encouragement and pieces of advice were very crucial. Thank you.

I would also like to give my sincere gratitude to all the friends and colleagues who filled in the questionnaires, without which this research would be in-complete.
LIST OF ABBREVIATIONS

CSD………….Customs Services Department

DTD-DR…… Domestic Taxes Department-Direct revenue

DTD-LTO……Domestic Taxes Department-Large Taxpayers office

I&E…………….Investigations and Enforcement

KRA (SR)……Kenya Revenue Authority (Southern Region)

KRA………….Kenya Revenue Authority

LOC…………..Locus of Control

PA…………….Performance Appraisal

SSD…………Support Services Department
TABLE OF CONTENTS

DECLARATION.......................................................................................................................... i
DEDICATION................................................................................................................................ ii
ACKNOWLEDGEMENTS ................................................................................................................... iii
LIST OF ABBREVIATIONS .............................................................................................................. iv
LIST OF TABLES ............................................................................................................................... vii
ABSTRACT ........................................................................................................................................ viii
CHAPTER ONE: INTRODUCTION ................................................................................................. 1
1.1 Background of the study ............................................................................................................. 1
  1.1.1 Locus of control .............................................................................................................. 3
  1.1.2 Performance appraisal ..................................................................................................... 4
  1.1.3 Kenya Revenue Authority ............................................................................................... 5
1.2 Research Problem .................................................................................................................. 6
1.3 Research Objectives ............................................................................................................... 8
1.5 Value of the study ................................................................................................................... 9
CHAPTER TWO: LITERATURE REVIEW ...................................................................................... 10
2.1 Introduction .......................................................................................................................... 10
  2.2 Theoretical foundation of the study .................................................................................... 10
    2.2.1 Social learning theory .................................................................................................. 10
    2.2.2 Attribution theory .......................................................................................................... 11
2.3 Locus of Control Measurement Scales .................................................................................. 12
2.4 Locus of Control Variables .................................................................................................. 13
2.5 Effective Performance Appraisal ........................................................................................... 15
2.6 LOC and perceived effectiveness of performance appraisal ................................................. 17
2.7 Summary .............................................................................................................................. 20
CHAPTER THREE: RESEARCH METHODOLOGY .................................................................... 21
3.1 Introduction .......................................................................................................................... 21
3.2 Research Design ................................................................................................................... 21
3.3 Target Population ................................................................................................................ 21
3.4 Sample and Sampling technique ........................................................................................ 22
3.5 Data Collection ................................................................................................................... 23
3.6 Data Analysis and Presentation

CHAPTER FOUR: DATA FINDINGS, ANALYSIS AND INTERPRETATION

4.1 Introduction
4.2 Demographic Information
4.3 Locus of control orientation
4.4 Perceptions of performance appraisal effectiveness
4.5 Discussion
4.6 Correlation between locus of control and employees’ perceptions of effectiveness of performance appraisal

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
5.2 Summary
5.3 Conclusion
5.4 Recommendations

REFERENCES

APPENDICES

APPENDIX 1: COVER LETTER
APPENDIX 2: QUESTIONNAIRE
LIST OF TABLES

Table 3.1: Table Indicating the Sample size................................................................. 22
Table 4.2: Demographic Information of Respondents...................................................... 26
Table 4.3: Locus of Control Orientation of Respondents ............................................... 30
Table 4.4: Perceptions of Effectiveness of Performance Appraisal ................................ 31
Table 4.5: Correlation between LOC and employees’ perceptions on the effectiveness of PA .................................................................................................................... 33
ABSTRACT

Locus of control (Rotter, 1966) is a significant personality variable in the organization. Some people feel personally responsible for the things that happen to them – internals. Others feel that outcomes in life are determined by forces beyond their control e.g. luck, fate or powerful others) – externals. This study aimed at examining the influence of locus of control on employee’s perception of the effectiveness of performance appraisal at Kenya Revenue Authority (Southern Region). The study was guided by the following objectives: to identify the locus of control orientation (internals or externals) of employees at Kenya Revenue Authority (Southern Region) and to find out the influence of locus of control on employee’s perceptions of the effectiveness of performance appraisal at Kenya Revenue Authority (Southern Region). This study employed a descriptive cross-sectional survey. The population of interest was all 1176 employees at KRA (SR) who undergo performance appraisal. A sample size of 118 employees was selected using stratified random sampling due to the heterogeneity of the population. Primary data was collected using structured questionnaires while data was analyzed using descriptive and inferential statistics. Descriptive statistics included frequencies, percentages, mean and standard deviation. Pearson’s moment product correlation was used as an inferential statistic method to draw a causal relationship between locus of control and employees’ perceptions of performance appraisal effectiveness. The data results were presented on frequency tables. The findings of the research revealed that majority of the respondents 57.8% were found to be externals. A statistically significant positive correlation between locus of control and employee’s perception of the effectiveness of performance appraisal, (r = .867) (p<0.05) was also found to exist. Understanding employees’ locus of control and how they influence effectiveness of human resource practices for example performance appraisal therefore is of practical use to organizations, as locus of control can be altered.
CHAPTER ONE: INTRODUCTION

1.1 Background of the study

For an organization to excel, it must focus on the quality, competence, knowledge and commitment of its most valuable assets, their employees. Poor and declining performance however is increasingly becoming a concern for managers in public sector organizations (parastatals). The use of performance appraisals (PA) is therefore imperative in alleviating this problem. According to Baruch (1996) performance appraisal has two main purposes; first, as a source of information used by management to make decisions about promotions, salaries, training needs and training support. Second, it is used as a feedback tool for employees, facilitating personal improvement and development. An employee’s appraisal is very much dependent on the perceptual process according to Judge and Robbins (2007). What the appraiser perceives to be good or bad employee characteristics and behavior will significantly influence outcome of the PA process. Cascio (2010) argues that an effective PA will be highly successful if it receives endorsement from the employees similar to any other human resource initiative. This thus calls for increased involvement of employees in the design and implementation of the appraisal system thus ensuring increased ownership, because of increased credibility and accuracy of the process. Davis and Landa (1999) found that the absence of fair procedures increased distress because the results of PA are essentially outside the control of the employee. But if employees are confident in the fairness of the PA process, they are more likely to accept performance ratings, even adverse ones. According to Konovsky (2000) employee’s perception of PA fairness is determined in part by their capacity to participate in its processes.
Rotter (1966) defines locus of control as the extent to which people perceive that them or external factors such as chance and powerful others are in control of the events that influence their lives. Control plays a key role in shaping people’s perceptions about the fairness of procedures and ‘individuals view procedures as most fair when control is vested in them’ (Konovsky 2000). Thus according to Judge and Robbins (2007), managers must spend time understanding how each employee perceives reality and when there is significant difference of what is seen and what exists, the distortions should be eliminated. Failure to deal with differences when individuals perceive PA in negative terms will result in increased absenteeism, turnover and lower job satisfaction. The research will be anchored on two theories; the social learning theory developed Rotter (1966) which states that the totality of specific learning experiences creates a generalized expectancy about whether reinforcement is internally or externally controlled. The second theory is the attribution theory proposed by Weiner (1974) which asserts that individual perceptions determine how attributions will influence future effort.

PAs were introduced in the public sector in the year two thousand and three by the Kenyan Government in order to enhance performance of public officers (Ochoti et al, 2012). They were introduced according to Obong’o (2009) to refocus the mind of the public servants from a culture of inward looking to a culture of businesslike environment, focused on the customer and results in addition to improving service delivery. KRA embraced PA in the same year it was introduced in the public sector. They are based on performance contracting and are conducted annually by the immediate supervisors to all
of their staff. This is an endeavor by the organization to improve staff performance and eventually the organization’s performance as a whole.

1.1.1 Locus of control

Locus of control (LOC) is a personality variable which refers to individuals’ perception to the extent they attribute the source of control over events to themselves or to external circumstances. LOC measures an individual’s expectancies for either the need for internal or external control of reinforcement. The effects of reward or reinforcement on preceding behavior depend in part on whether the person perceives the reward as contingent on his own behavior or independent of it. Individuals with internal LOC (internals) believe they have control over their destinies. They tend to be convinced that their own skills, abilities, and efforts determine the reinforcements they receive. Individuals who have external LOC (externals) have the view that these reinforcements are controlled by external forces such as luck, chance, fate, or powerful others (Rotter, 1966). Spector (1988) described LOC in an organizational setting as a generalized expectancy that rewards, reinforcements or outcomes in life are controlled either by one’s own action (internality) or other forces (externality). He explains that in organizational settings, rewards or outcomes include promotion, favorable circumstances, salary increases and general career advancement.

Rotter (1966) concluded in his research that LOC has been generally accepted as a relatively stable aspect of human personality that has meaningful implications for predicting behavior across a wide variety of situations. Antonides (1996) supports these
by observing that a person does not hold the same belief of control for each and every action taken and LOC may change over time but, it is assumed to be relatively stable and generally people can be placed somewhere along the internal – external continuum. Omari et al (2012) adapted LOC as an independent variable in their study citing the same reason given by the two scholars above. The researcher adapted LOC as an independent variable in her study based on the same reason; that LOC is accepted to be relatively stable.

1.1.2 Performance appraisal

Performance appraisal refers to the systematic and periodic process used in assessment of an individual employee’s job performance which is tied to his or her productivity and contribution to the overall objectives of an organization. The process uses a set pre-established criterion which is of significance in the performance of the organization (Cole, 2005). Smither (1998) defines performance appraisal as a process of identifying (determining what factors to focus on in the appraisal performance), observing (sufficiently observing performance aspects to ensure fair and accurate judgments are made), measuring (evaluation of what is observed) and developing (future oriented and improvement focus of appraisal) human resource performance in an organization. From the definitions it is evident that PA has become an increasingly important tool to manage and improve performance of employees, to make more valid staffing decisions and to enhance the overall effectiveness of the firm’s services and products (Bernadin, 2003). The perceived fairness of PA can have an overall impact on the effectiveness of the system (Dobbins et al., 1990). If the outcomes of the appraisal are considered unfair then
it might explain the attitudinal and behavioral outcomes predicted by Adams, including the reduction of effort and a lack of engagement (Rowland, 2012). Ochoti et al. (2012) are of the view that if the appraisal system is perceived to be biased, irrelevant or political, it may be a source of dissatisfaction with the system. They further note that employee reaction to the appraisal is a critical aspect of the acceptance and effectiveness of the system. The criteria that must be met in order for ratees to perceive the system as fair according to Ochoti et al. (2012) include having a formal system of appraisal, high degree of job knowledge by ratees, opportunity to appeal against their performance ratings by ratees, relevant dimensions of performance, and having action plans to deal with any weaknesses.

1.1.3 Kenya Revenue Authority

The Kenya Revenue Authority (KRA) was established by an Act of Parliament, Chapter 469 of the laws of Kenya, which became effective on 1st July 1995. The Authority is charged with the responsibility of collecting revenue on behalf of the Government of Kenya. Its main purpose is the assessment, collection, administration and enforcement of laws relating to revenue. Since KRA’s inception, revenue collection has increased dramatically, enabling the Government to provide much needed services to its citizenry like free primary education and free Health Services to expectant mothers. Over 90% of annual national budget funding comes from local taxes collected by the KRA. In order to offer better single-window services to taxpayers, KRA is divided into five Regions as follows: Rift Valley Region, Western Region, Southern Region, Northern Region and Central Region. This research concentrated on the Southern region which is the largest of
all regions and considered a cosmopolitan region in regards to composition of staff and functions of the authority.

Performance management in KRA according to its Fifth corporate plan is intended to encourage performance enhancement, employee loyalty, teamwork and development of a culture that supports knowledge sharing. PA in the public sector as explained by Obong’o (2009) commences with the signing of performance contracts which are subsequently cascaded downwards to lower cadres of staff. The first level of signing is between the government and the board of directors. The permanent secretary representing the parent ministry of the corporation signs with the board of directors on behalf of the government, while the board chair and one independent director sign on behalf of the board. The board subsequently signs a performance contract with the chief executive to transfer the responsibility of achieving the targets to the management. Being the predominant government revenue collection agency accounting for over ninety six percent of Government Ordinary revenues as indicated in its fifth corporate plan (KRA, 2012), KRA must take up the challenge of efficiently and effectively appraising and developing skills and abilities of its employees to ensure that the organization performs well by meeting its targets and objectives.

1.2 Research Problem

One of the places control is vested is participative management (Spector, 1986). Employee participation according to Armstrong (2006) is a formal recognition of what is stated to be the worker’s right to participate in making decisions that affect their work
conditions. People always respond better when they feel fully involved in a situation; this encourages commitment and therefore they become more productive. Konovsky (2000) observe that employees’ perception of PA fairness is determined in part by their capacity to participate in its processes: ‘individuals view procedures as most fair when control is vested in the participants.’

Employees in KRA however, seem not to have control over the PA process. They are not adequately involved in drawing up performance contracts which forms the basis of their evaluations, a task which is largely the preserve of managers. The findings of a survey carried out in Kenya Revenue Authority-Southern Region (KRA (SR)) noted that despite carrying out appraisals annually, majority of employees had served in the region in the same capacities for a long period of time. The region had also failed to meet its revenue target for two consecutive years, missing its target by eighty six billion in the 2012/2013 financial year.

In their study on the effects of locus of control on learning performance: A case of an academic organization, Kutanis et al. (2011) sought out to establish what influences locus of control has on learning performance of students. They concluded in their findings that learning performances of the students with internal locus of control are high, and they are more proactive and effective during the learning process. On the other hand, the ones with external locus of control are more passive and reactive during this period. This study was however carried out in a learning institution and in Turkey. Omari et al. (2012) conducted a study to explore the effect of human resource practices on the relationship
between LOC and employee outcomes namely job satisfaction, employee commitment, trust and organizational citizenship behaviors in Kenyan public corporations. Results indicated that LOC has a relationship with these employee outcomes and that this relationship was mediated by human resource practices.

The researcher is not aware of a study which has considered the influence of LOC on employee’s perceptions of the effectiveness of PA at KRA hence the research question; what is the influence of LOC on employees' perceptions of the effectiveness of PA at KRA?

1.3 Research Objectives

The general objective of this study was to establish the influence of locus of control on employees’ perceptions of the effectiveness of performance appraisal at KRA (SR). The study achieved its objectives by focusing on the following specific objectives:

i. To identify the locus of control orientation (internals or externals) among employees at KRA.

ii. To find out the influence of locus of control on employees’ perceptions of the effectiveness of performance appraisal at KRA.
1.5 Value of the study

Firstly, KRA’s management and other state owned institutions, through this research, will be better placed to understand how locus of control of its employees influences their perceptions on how they view the effectiveness of PA in the organization. The findings of this study will also enable management to ensure that all employees are valued and engaged in organizational activities depending on their LOC orientation for better performance of the organization.

Secondly, the study will be instrumental to policy makers in developing sound strategies and policies to address identified problem areas, and hence improve PA as a tool in improving performance of employees in KRA and the public sector in general. Moreover, the stakeholders of KRA and other state owned institutions will benefit from improved service delivery.

Thirdly, the findings of the study will be beneficial in providing a basis for further research to researchers interested in studying the influence of LOC on employee’s perceptions on the effectiveness of PA in public sector organizations as well as the private sector.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will look into the LOC theories, measurement scales used in measuring LOC, the differences between the LOC orientations, what makes PA effective and empirical researches done in the study area.

2.2 Theoretical foundation of the study

The research will be anchored on two theories; the social learning theory developed by Rotter (1966) and the attribution theory by Weiner (1974). These theories are explained in detail below;

2.2.1 Social learning theory

The foundation of social learning theory is that an individual’s actions are predicted on the basis of the individual’s expectations for reinforcement, the perceived value of the reinforcement, and the situation in which the individual finds himself or herself. Reinforcement “acts to strengthen expectancy that a particular behavior or event will be followed by that reinforcement in the future” (Rotter, 1966). Expectancy is equal to the value of the reinforcement and requires that the individual value the outcome, have self-efficacy, understand and trust the reward system, and avoid negative or unacceptable outcomes (Lawler, 1973).

Rotter (1966) claimed that the totality of specific learning experiences creates a generalized expectancy about whether reinforcement is internally or externally
controlled. “These generalized expectancies will result in characteristic differences in behavior in a situation culturally categorized as chance-determined versus skill-determined, and may act to produce individual differences within a specific condition.” In other words, individuals develop an internal or external interpretation of the consequences of their behavior that will influence their future behavior in almost all situations.

2.2.2 Attribution theory

Attribution theory asserts that people need an explanation for why they experience certain outcomes. Attribution theory as proposed by Weiner (1974) suggests that leaders attribute employee performance to four basic causes; ability, effort, luck and task difficulty. These four basic causes of performance can be categorized as either internal (ability and effort) or external (luck and task difficulty). These four main elements are used to explain and predict outcomes of achievement related tasks. Individual perceptions determine how attributions will influence future effort.

The basic principle of attribution theory as it applies to motivation is that a person's own perceptions or attributions for success or failure determine the amount of effort the person will expend on that activity in the future. One of the important findings of the theory is that there are errors or biases that distort attributions. For instance, Judge and Robbins (2007) observed that there is substantial evidence that when judgments are made about the behavior of other people, there is a tendency to underestimate the influence of external factors and overestimate the influence of internal/personal factors.
2.3 Locus of Control Measurement Scales

Dubois (1997) observe that LOC scales were created to meet two major objectives; first, to distinguish internal individuals from external individuals. Second, to determine whether people who differ as to the kind of causal explanation they use (internal versus external) also exhibit characteristic occupational behaviors and levels of achievement. Common measures used to measure LOC are highlighted as: Rotter’s Internal -External scale has remained one of the most widely used measuring devices. It consists twenty-three forced choice items with six filler items to disguise the true purpose of the test. Scores can range from 0-23, higher scores indicating higher externality while lower ones indicate higher internality. Rotter’s scale was not designed to investigate specific domains (e.g. academic domains, health domains etc.) but to give somewhat weak predictability of a person’s interpretation across all domains (Dubois, 1997).

Spector’s (1988) 16-item Work LOC Scale was intended for use in organizational and work settings to measure the expectancy that rewards, reinforcements or outcomes in organizational settings are controlled either by one’s own actions (internality) or by other forces (externality). Furnham & Steele (1993) observe that this scale has been found to have good internal reliability and concurrent validity. Researchers have observed that this scale is more preferable to the general LOC scale in an organizational setting (Spector, 1988). The researcher will adopt this scale in her study. Furnham’s (1986) Economic Locus of Control Scale intended to measure economic and work-related beliefs. This scale has been found to have good internal reliability and concurrent validity. Trice et al. (1989) Career Locus of Control Scale developed for use in job search and selection.
Furnham et al. (1991) Occupational Attributional Style Questionnaire developed to assess how a person makes causal attributions for occupational outcomes. Montag and Comrey’s (1987) Driver Internality and Driver Externality Scale found to have predictive validity for motor accidents. Gliszczynska’s (1984) Work Situation Scale is used to assess the ability of employees to relate to each other and how they function in the existing system of management. Jones & Wuebker (1985) Safety Locus of Control scale used to predict the occurrence of employee caused accidents and injuries. This scale has been found to have good reliability and validity in that test scores correlate with actual accidents and injuries.

2.4 Locus of Control Variables

Individuals with internal LOC (internals) believe that they have control over their own situation. They are alert, confident and continually try to get control over their external environment. They believe that there is a strong link between their actions and consequences. Individuals with external LOC (externals) on the other hand believe that they have no control over their external environment. They are therefore passive and tend to ascribe events to external factors for example luck (Ng, et. al., 2006). In an organizational setting, the difference between externals and internals is essential in explaining how employees approach work, both in their attitude and behavior (Ng, et. al., 2006). Kutanis (2011) distinguished internals from external on a number of variables as highlighted below;
Individuals with internal locus of control have a tendency to choose activities in which they can display their abilities while Individuals with external locus of control prefer activities in which they can show the role of chance on their lives. Internals feel that they are responsible for their own decisions, and perceive that their fate is affected by their own decisions rather than by factors outside their control. Externals try to increase good conditions in their life; on the other hand, they make an effort to reduce the level of bad conditions. In terms of change, internals belief that they have control over their fate prevents them from getting suspicious of change since they feel responsible for their own actions. Externals on the other hand view change as danger as they do not feel in control of the forces affecting their lives. They prefer to be in a state where they can be passive in case of change.

Internals use more control in their environment and display a better learning performance. When information is about their conditions, they actively search for new information and use the information better if they are in need of solving a complicated problem. Externals however, display fewer compliance attitudes than individuals with internal locus of control. It can be concluded that possessing internal locus of control can help employees cope with stress and other difficulties in business. Employees with external locus control cannot cope with stress and difficulties in a proper way. Job satisfaction of individuals with internal locus of control is higher than a person with external locus of control. They can do better business and they benefit or get prizes in return. They tend to improve or progress faster and get more wages. External locus of
control has a negative correlation with job satisfaction; however, it has a positive correlation with mental and physical health.

Lastly, Internals mostly believe that their efforts will end with a good performance. They are self motivated, more self-confident and they trust their abilities. They have more expectation that their good performances will be awarded and tend to perceive that their status in business is more proper and fair. If there is no prize for performance, externals do not have a different performance prize expectation from the individuals with internal locus of control.

2.5 Effective Performance Appraisal

PA effectiveness refers to the accuracy of performance observations and ratings as well as the ability of the PA process to improve the ratee's future performance (Lee, 1985). The main role of an effective PA is to enhance organizational effectiveness, mainly through encouraging employees’ efficiency. The first requirement for any effective PA system is that it be formalized. There should be definite written policies, procedures, and instructions for its use which should be furnished to all employees through an employee handbook if one exists or by a separate memorandum if an organization has no handbook (Caruth and Humphreys, 2008).

According to Cascio (2010) PA should be geared towards the objectives of the organization and the goals of the employees. The process should be guided to meet individual targets which in turn contribute to the overall strategic objectives of the
organization. PA thus, should not only build the organization but should also improve the employees through training initiatives which will eventually lead to increased organizational intellectual asset in terms of human resource.

All factors used to evaluate performance according to Marshall and Wood (2000) must flow from the jobs that are being appraised hence general traits, personality characteristics, and vaguely related job factors should be thoroughly avoided. Only appraisal factors that account for success or lack of success in performing a job should be used. These factors must be susceptible to standardized definition so as to enhance the reliability of the process for control purposes.

Cascio (2010) argues that an effective PA will be highly successful if it receives endorsement from the employees similar to any other human resource initiative. This calls for increased involvement of employees in the design and implementation of the appraisal system. This ensures increased ownership, because of increased credibility and accuracy of the process. It is therefore important that employees perceive PA to be fair and representing their expectations. It’s also critical that management supports the process since employees will attach the same degree of importance to their appraisals that they see being attached to them by their superiors’ (Marshall and Wood, 2000).

An effective PA should be founded on measurable features which are free from subjective opinions. This implies that the process should clearly show poor and excellent performance and consequently outline a clear reward system. The performance criteria should be attainable and realistic in terms of magnitude and timeliness to ensure that the
employees are not discouraged by the process. The appraisal systems should be improved regularly so as to capture consistent and equitability of its application to the entirety of the organization (Noe et. al., 1994).

The effectiveness of PA is also highly influenced by the level of training of the appraisers. In addition to formal training sessions, opportunities for coaching and counseling by the appraisers’ immediate supervisors and managers should also be incorporated into the system’s procedures. Such personal sessions often permit the discussion and resolution of appraisal problems in their incipiency. Moreover, by actively involving each level of management in teaching PA, the system becomes more strongly imbedded in the organization as a vital function of human resource management, and as a result, the broader strategic management processes (Humphreys, 2005).

2.6 LOC and perceived effectiveness of performance appraisal

Omari et al. (2012) conducted a study to explore the effect of human resource practices on the relationship between LOC and employee outcomes namely job satisfaction, employee commitment, trust and organizational citizenship behaviors in Kenyan public corporations. Results indicated that LOC has a relationship with these employee outcomes and that this relationship was mediated by human resource practices.

In their study on the effects of locus of control on learning performance: A case of an academic organization, Kutanis et al. (2011) sought out to establish what influences locus of control has on learning performance of students. They concluded in their findings that learning performances of the students with internal locus of control are high, and they are
more proactive and effective during the learning process. On the other hand, the ones with external locus of control are more passive and reactive during this period.

Patten (2005) examined the impact of LOC on internal auditor’s job performance and satisfaction. The study found that those internal auditors with more internal LOC appear to outperform those with more external LOC. The results reported that job satisfaction levels for respondents with internal LOC were not significantly different from respondents with more external LOC. However, internal auditors with an apparent conflict between LOC and perceived level of audit structure do report significantly lower levels of job satisfaction than those without such conflict. In their study, Vijayashree and Vishalkumar (2011) studied locus of control and its impacts on Job Satisfaction in public sector organization. Their objective was to identify the type of Locus of control in Public Sector Unit (PSU) in Bangalore and to analyze the impact of different type of Locus of Control on job satisfaction of PSU employees. Their results showed that there was a positive correlation between internal locus of control and job satisfaction as well as between external (other) locus of control and job satisfaction and in case of External (Chance) locus of control and job satisfaction there exists partial positive correlation. Job satisfactions of employees were found high.

Chen and Silverthorne (2008) studied the impact of locus of control on job stress, job performance and job satisfaction in Taiwan. Their purpose was to examine the relationships between locus of control and the work-related behavioral measures of job stress, job satisfaction and job performance in Taiwan. Their findings indicated that one
aspect of an accountants' personality, as measured by locus of control, plays an important role in predicting in the level of job satisfaction, stress and performance in CPA firms in Taiwan. Individuals with a higher internal locus of control are more likely to have lower levels of job stress and higher levels of job performance and satisfaction.

Martin et al. (2005) investigated the relationship between LOC, the quality of exchanges between subordinates and leaders (Leader-member exchanges) and a variety of work-related reactions (intrinsic/extrinsic job satisfaction, work-related well-being and organizational commitment). It was predicted that people with internal LOC develop better quality relations with their manager and this, in turn, results in more favorable work-related reactions. Results from two different samples supported this prediction and also showed that Leader-member exchanges either fully, or partially, mediated the relationship between LOC and all the work-related reactions.

Salazar et al. (2002) conducted a study to investigate the relationship between LOC and job satisfaction among hotel managers. The convenience sample was comprised of corporate managers, hotel general managers and assistant general managers of a leading franchise hotel company. The findings revealed the negative correlation between external LOC and their overall job satisfaction. Dhar and Dhar (2000) conducted a study to investigate the influence of LOC and age on job satisfaction and its correlates among supervisory staff. The analysis of data revealed that LOC and age do not affect job satisfaction.
2.7 Summary

Literature by Kutanis (2011), Patten (2005), Chen & Silverthone (2008) and others argued that individuals with internal locus of control were found to be high performers. They also reported high levels of job satisfaction and low levels of stress while the opposite was true for individuals with external locus of control. Omari et al. (2012) and Martin (2005) concluded that locus of control influenced work related outcomes. The studies above however expect Omari et al. (2012) were carried out outside Kenya and used the Rotter’s Internal-external scale to gather their data.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methods that will be employed in order to ascertain the objectives of the study. The main aspects discussed in this chapter include: Research design, target population, sample size and sampling technique, methods of data collection, analysis and presentation.

3.2 Research Design

The study was conducted through a descriptive cross-sectional survey. A cross-sectional study design is used when the purpose of the study is descriptive, often in the form of a survey. The design allows the researcher to collect information from representatives of the population at one point in time and generalization of the analysis can be made on the entire population. The survey method was also chosen because it is an economical and effective way of studying large populations since one is able to understand the population from a part of it. It is also applied in situations where respondents are uniquely qualified to give desired information and staff at KRA (SR) fall under this category.

3.3 Target Population

The target population of this study comprised all KRA employees based in the Southern Region who undergo PA. The stations that make up the southern region include Malindi (50staff), Lungalunga (38staff), Mombasa (1001staff), Shimoni (10staff), Lamu (27staff), Voi (18staff) and Taveta (32staff). These staff total up to 1176 employees (KRA HR records) and are distributed in five departments namely, Customs Services Department
(CSD) with 722 employees, Domestic Taxes Department-Large Taxpayers office (DTD-LTO) with 98 employees, Domestic Taxes Department-Direct revenue (DTD-DR) with 223 employees, Investigations and Enforcement (I&E) with 68 employees and Support Services Department (SSD) with 65 employees.

### 3.4 Sample and Sampling technique

Stratified random sampling was used as a sampling technique owing to the heterogeneity of the population. This method allows greater precision and ensures better coverage of the population. The researcher will divide the target population into five strata (Departments) as indicated below and draw a sample from each stratum. Israel (1992) claims that samples obtained from a precision level of 10% or below is good enough to provide a good picture of the population. This was employed to access 118 of the employees who undergo PA in KRA (SR).

#### Table 3.1: Table Indicating the Sample Size

<table>
<thead>
<tr>
<th>DEPARTMENTS</th>
<th>POPULATION</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSD</td>
<td>722</td>
<td>72</td>
</tr>
<tr>
<td>DTD-LTO</td>
<td>98</td>
<td>10</td>
</tr>
<tr>
<td>DTD-DR</td>
<td>223</td>
<td>22</td>
</tr>
<tr>
<td>I&amp;E</td>
<td>68</td>
<td>7</td>
</tr>
<tr>
<td>SSD</td>
<td>65</td>
<td>7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1176</strong></td>
<td><strong>118</strong></td>
</tr>
</tbody>
</table>

Source: (Author 2014)
3.5 Data Collection

Primary source of data was used to obtain information for the study. The selection of the instrument was guided by the nature of data to be collected, time available as well as objectives of the study. A structured questionnaire was used to collect data for this study because of the large size of the sample which made this method an appropriate method over other collection tools. The questionnaire had three key sections;

Section A was used to collect general demographic information about the respondents. The variables include gender and age, educational background, length of service, department and grade of respondents. Section B assessed locus of control using the work locus of control scale developed by Spector (1988). This instrument was chosen since researchers have observed that this scale is more preferable to the general locus of control scale in an organizational setting. The scale has six response choices: (1) disagree very much, (2) disagree moderately, (3) disagree slightly, (4) agree slightly, (5) agree moderately, and (6) agree very much, scored with a range from 1 to 6, respectively, resulting in a range of total scores from 16 to 96. Section C will measure the respondent’s perceptions of the effectiveness of PA. The respondents will express their opinions on various statements developed by the researcher that will try to establish how employees perceive how effective PA is in the organization. The variables will be measured using a 5-point Likert scale; 1 will indicate strong agreement, 2 will indicate agreement, 3 will indicate neutrality, 4 will indicate disagreement and 5 will indicate strong disagreement.

The questionnaires were presented through drop and pick to the respondents, this were, employees who undergo performance appraisal in KRA (SR). Mailing the questionnaires
to respondent’s e-mail addresses was also utilized. The respondents were expected to complete the questionnaires within one week. The data collection tool was accompanied by an introductory letter which sought the respondents’ co-operation and explained the purpose of the research.

3.6 Data Analysis and Presentation

Quantitative data analysis methods specifically frequencies, percentages and descriptive statistics were used to analyze data. Statistical Package for Social Scientists (SPSS) was used to aid in data analysis. The data was interpreted and presented using frequency tables. Spearman’s rank correlation was used to determine whether a relationship exists between locus of control and employees’ perception of the effectiveness of performance appraisal.
CHAPTER FOUR: DATA FINDINGS, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter will present the results of the research. Quantitative statistics will be used to analyze data particularly frequencies and percentages. This analysis will be to cover the respondent’s demographic information and give a descriptive statistical analysis of the obtained data with regard to the research variables. Two hundred questionnaires were distributed of which one hundred and two questionnaires were duly filled and returned as required giving an overall response rate of eighty six percent (86%).

4.2 Demographic Information

The first section of the questionnaire sought to collect the respondents’ demographic information which included their gender, age, length of service, grade, level of education and department. This was analyzed and illustrated in Table 4.2.

Findings in Table 4.2 reveal that 58 (56.9%) respondents were male while 44 (43.1%) of them were females. Although there were slightly more males than females, the sample was still relatively balanced and reflect the actual situation at KRA (SR) which has more male employees than females.

It was observed that 67 (65.7%) respondents were in the age bracket of 25-35 years and they were followed by 17 (16.7%) respondents who were in the 36 – 45 years age bracket. Respondents in the 46-55 years bracket were 13 (12.7%) while those aged above
56 years were 5 (4.9%). The results revealed that majority of employees in KRA (SR) are young, energetic and in their productive years.

The researcher found out that 15 (14.7%) respondents had worked for the organization for 0-5 years while 59 (57.8%) respondents claimed to have worked for the organization for 6-10 years. 18 (17.7%) respondents had worked for 10-15 years and only 10 (9.8%) respondents had worked for the organization for more than 15 years.

Table 4.2: Demographic Information of Respondents

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Aspect</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>58</td>
<td>56.9%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>44</td>
<td>43.1%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>102</td>
<td>100%</td>
</tr>
<tr>
<td>Age</td>
<td>25 - 35 years</td>
<td>67</td>
<td>65.7%</td>
</tr>
<tr>
<td></td>
<td>36 – 45 years</td>
<td>17</td>
<td>16.7%</td>
</tr>
<tr>
<td></td>
<td>46 – 55 years</td>
<td>13</td>
<td>12.7%</td>
</tr>
<tr>
<td></td>
<td>56 years &amp; above</td>
<td>5</td>
<td>4.9%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>102</td>
<td>100%</td>
</tr>
<tr>
<td>Length of service</td>
<td>0 – 5 years</td>
<td>15</td>
<td>14.7%</td>
</tr>
<tr>
<td></td>
<td>6 – 10 years</td>
<td>59</td>
<td>57.8%</td>
</tr>
<tr>
<td></td>
<td>10 – 15 years</td>
<td>18</td>
<td>17.7%</td>
</tr>
<tr>
<td>Grade</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>15 years &amp; above</td>
<td>10</td>
<td>9.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
<tr>
<td>Support (1-2)</td>
<td>22</td>
<td>21.6%</td>
<td></td>
</tr>
<tr>
<td>Officer (3)</td>
<td>53</td>
<td>52.0%</td>
<td></td>
</tr>
<tr>
<td>Supervisor (4)</td>
<td>19</td>
<td>18.6%</td>
<td></td>
</tr>
<tr>
<td>Manager (5-7)</td>
<td>8</td>
<td>7.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postgraduate</td>
<td>31</td>
<td>30.4%</td>
<td></td>
</tr>
<tr>
<td>Degree</td>
<td>53</td>
<td>52.0%</td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>16</td>
<td>15.7%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>1.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
<tr>
<td>Department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSD</td>
<td>41</td>
<td>40.2%</td>
<td></td>
</tr>
<tr>
<td>DTD – DR</td>
<td>22</td>
<td>21.6%</td>
<td></td>
</tr>
<tr>
<td>DTD – LTO</td>
<td>3</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>SSD</td>
<td>30</td>
<td>29.4%</td>
<td></td>
</tr>
<tr>
<td>I &amp; E</td>
<td>6</td>
<td>5.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Author 2014)
It was therefore evident that KRA (SR) had amassed a wealth of experience since those that had worked for more than six years were more than half of the population.

The table further depicts that 22 (21.6%) respondents were in support (grade 1-2), 53 (52%) were officers (grade 3). 19 (18.6%) respondents were supervisors (grade 4) while 8 (7.8%) respondents indicated to be managers (grade 5-7). Officers (grade 3) had the highest number of respondents because this grade absorbs all the graduate trainees after a two year training course. They form the lower management and are involved in the day to day running of the organization.

In relation to the highest level of education attained by respondents, table 4.2 revealed that 31 (30.4%) respondents were holders of a postgraduate degree while 53 (52.0%) respondents had attained a first degree. 16 (15.7%) respondents had attained a college diploma while 2 (1.9%) respondents have attained other qualifications. More than half of the employees in KRA (SR) are holders of a degree. This can be explained by the fact that the organization has been recruiting employees with a minimum of a bachelor’s degree into their graduate trainee programme for the past ten years. In general, the organization has a learned work force.

Distribution rate by departments as shown in table 4.2 revealed that 41 (40.2%) employees were from CSD, 22 (21.6%) employees were from DTD-DR, 3 (2.9%) employees were from DTD-LTO, 30 (29.4%) were form SSD while 6 (5.4%) employees were from I&E. It is therefore evident that a large number of employees were drawn from
the Customs Service Department. This is because the CSD department form the bulk of the organization’s functions hence has the highest number of employees.

4.3 Locus of control orientation

In line with the first objective of the study, the researcher in the second part of the questionnaire sought to identify the locus of control orientation of employees at KRA (SR). The researcher used the Work Locus of Control Scale developed by Spector (1988) which researchers have observed to be more preferable to the general locus of control scale in an organizational setting. The scale consisted of 16 items with eight items (1, 2, 3, 4, 7, 11, 14, and 15) internally worded and must be reversed scored and the other eight items externally worded. The scale has six response choices where the highest score (6) means high internal locus of control and the lower score (1) means low internal locus of control or high external locus of control and low external locus of control (reverse-scored from the original Spector (1988) scale).

To obtain the overall score of internal locus of control, the negative items were reverse scored and added up with the positive items resulting in a range of total scores from 16 to 96. Values closer to 96 meant high internal locus of control while those values close to 16 meant high external locus of control. The midpoint of these two numbers was 56 thus employees with a LOC score of 16 to 56 were regarded as having external LOC whilst those with a LOC score of 57 to 96 were considered as having internal LOC.
Table 4.3: Locus of Control Orientation of Respondents

<table>
<thead>
<tr>
<th>LOC score</th>
<th>LOC Orientation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 – 56</td>
<td>External LOC</td>
<td>59</td>
<td>57.8%</td>
</tr>
<tr>
<td>57 – 96</td>
<td>Internal LOC</td>
<td>43</td>
<td>42.2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>102</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: (Author 2014)

Table 4.3 depicts that 59 (57.8%) of the respondents are externally oriented, while 43 (42.2%) of the respondents are internally oriented. It can therefore be concluded from the results that majority of employees in KRA (SR) have an external locus of control.

4.4 Perceptions of performance appraisal effectiveness

A five point Likert scale was used to rate the respondent’s perceptions on the effectiveness of performance appraisal at KRA (SR). Thirteen statements that reflected the various aspects of an effective performance appraisal were provided and respondents expected to indicate their opinions on a score range of strongly agree (1), agree (2), neutral (3), disagree (4) and strongly disagree (5). The score of strongly agree was taken to represent a variable with a mean of 0 - 1.5 on the Likert scale. The score of agree to represent a variable with a mean of 1.6 - 2.5, the score of neutral to represent a variable with a mean 2.6 – 3.5, the score of disagree to represent a variable with a mean 3.6 - 4.5 and the score of strongly disagree to represent a variable with a mean 4.6 and above.

Findings from table 4.4 indicated that a high percentage of respondents agreed that ratings were based on performance and not on the personal characteristics of the person being rated (mean of 2.04), that their most recent performance rating reflected how they
did on the job (mean of 2.42) and that they were satisfied with the frequency that performance appraisals were carried out (mean of 2.60).

Table 4.4: Perceptions of effectiveness of performance appraisal

<table>
<thead>
<tr>
<th>Performance appraisal perspectives</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I understand how the appraisal system is supposed to work</td>
<td>3.70</td>
<td>1.285</td>
</tr>
<tr>
<td>2. My most recent performance rating reflected how I did on the job.</td>
<td>2.42</td>
<td>1.048</td>
</tr>
<tr>
<td>3. I receive adequate support and guidance from my supervisor.</td>
<td>3.19</td>
<td>1.249</td>
</tr>
<tr>
<td>4. Ratings are based on performance and not on the personal characteristics of the person being rated</td>
<td>2.04</td>
<td>1.289</td>
</tr>
<tr>
<td>5. Appraisal ratings are accurate and reflect actual performance.</td>
<td>3.77</td>
<td>0.932</td>
</tr>
<tr>
<td>6. Rewards and recognitions are tied to performance appraisal.</td>
<td>3.83</td>
<td>1.153</td>
</tr>
<tr>
<td>7. The performance appraisal is well designed and leads to better performance and work quality.</td>
<td>3.70</td>
<td>1.013</td>
</tr>
<tr>
<td>8. I am satisfied with the frequency that performance appraisal is carried out.</td>
<td>2.60</td>
<td>1.352</td>
</tr>
<tr>
<td>9. The appraisal system was designed with input from all levels.</td>
<td>3.93</td>
<td>0.893</td>
</tr>
<tr>
<td>10. Managers are skilled in doing appraisals</td>
<td>2.51</td>
<td>1.249</td>
</tr>
<tr>
<td>11. Training in performance appraisal is provided for all appraisers.</td>
<td>3.34</td>
<td>1.309</td>
</tr>
<tr>
<td>12. Feedback is adequate and I know both what is expected and how I am doing at all times</td>
<td>3.75</td>
<td>1.909</td>
</tr>
<tr>
<td>13. I view performance appraisal as fair</td>
<td>3.57</td>
<td>1.286</td>
</tr>
</tbody>
</table>

Source: (Author 2014)
4.5 Discussion

The findings however revealed that most respondents disagreed on the following aspects of an effective performance appraisal; that the appraisal system was designed with input from all levels (mean of 3.93), that rewards and recognition were tied to performance appraisal (mean of 3.83), that feedback was adequate and they knew both what was expected and how they were doing at all times (mean of 3.75), that appraisal ratings were accurate and reflected actual performance (mean of 3.77), that performance appraisal was well designed and led to better performance and work quality (mean of 3.70), that they understood how the appraisal system was supposed to work (mean of 3.70) and that they viewed performance appraisal as fair (mean of 3.57).

The table further revealed that the respondents were undecided on the following aspects of an effective performance appraisal; that managers were skilled in doing appraisals (mean of 2.51), that they received adequate support and guidance from their supervisors (mean of 3.19) and that training in performance appraisal was provided for all appraisers (mean of 3.34).

The findings in table 4.4 indicate that there is a high variation in standard deviation on respondents’ perceptions on the effectiveness of performance appraisal in KRA (SR). Majority of the items recorded a high standard deviation value of > 0.9. This implies that the ratings are spread out over a large range of values thus a significant difference on the respondents’ perceptions on the effectiveness of performance appraisal in KRA (SR).
4.6 Correlation between locus of control and employees’ perceptions of effectiveness of performance appraisal

The general objective of this study was to establish the influence of locus of control on employees’ perceptions of the effectiveness of performance appraisal at KRA (SR). Pearson’s bivariate analysis was used to determine whether a significant relationship existed between the independent variable, Locus of control and the dependent variable, employees’ perceptions on effectiveness of performance appraisal. The results of this relationship are presented in Table 4.5.

Table 4.5: Correlation between LOC and employees’ perceptions on the effectiveness of PA

<table>
<thead>
<tr>
<th></th>
<th>Locus of control</th>
<th>Performance appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOC</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>102</td>
<td>102</td>
</tr>
</tbody>
</table>

**P=<0.05

Source: (Author 2014)

The results indicate that there is a positive correlation between locus of control and employees perceptions on the effectiveness of performance appraisal at KRA (SR). The Pearson correlation coefficient recorded was .867 which is significant at p < 0.05 since the P value is less than 0.05. Hence, it can be concluded that there is a statistically significant positive correlation between employees’ LOC and their perceptions on the effectiveness of performance appraisal at KRA (SR).
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings of the study, conclusions drawn and then some recommendations are made.

5.2 Summary

From the findings it was evident that the sample was relatively balanced and reflected the actual situation at KRA (SR) which had more male employees than females. The data also revealed that majority of the staff were young and in their most productive stage. In addition, the employees were highly educated with majority being holders of a first degree. This could be attributed to the fact that the organization has been recruiting graduates into their graduate trainee programme for the past ten years. Those that had worked for the organization for more than six years were found to be more than half of the population thus it was concluded that KRA (SR) had amassed a wealth of experience. The findings also indicated that officers (grade 3) had the highest number of respondents. This is attributed to the fact that this grade absorbs all the graduate trainees after a two year training course. It was also found that a large number of employees were drawn from CSD. This is because the department forms the bulk of the organizations’ functions hence more staff is deployed here.

The study assessed the locus of control orientation of the employees of KRA (SR) using Spector’s work locus of control scale. The maximum LOC recorded among the sample
was 86 out of 96 whilst the least was 50 out of 96. Majority of the respondents 57.8% were found to be externally oriented while the minority 42.2% were found to be internally oriented. It could be therefore concluded from the data that majority of employees in KRA (SR) have external work locus of control beliefs. This therefore leads to the assumption that majority of employees at KRA (SR) have external LOC. They believe that they do not have control over what happens to them in their respective places of work. That the rewards in terms of promotion, praise, salary increments and so on that they got on the job is not based on their behaviours and attitudes but on external forces like fate, luck, fortune and powerful others.

Respondents were asked to rate their perceptions regarding an effective performance appraisal on thirteen statements. Majority of the respondents disagreed (mean > 3.6) on seven statements of an effective performance appraisal, three were neutral (mean 2.6 < > 3.5) on three statements while they concurred (mean < 2.5) with three statements. From these findings, it can be safely assumed that employees in KRA (SR) perceive performance appraisal as ineffective. This can be attributed to the fact that majority of employees in the organisation are externals. These results indicate that LOC plays an important role in the overall effectiveness of human resource practices for example, performance appraisal, in an organization.

The researcher after identifying the locus of control orientation of employees in the organization, to achieve the second objective of the study proceeded to examine whether there was any significant relationship between LOC and employees’ perceptions on the
effectiveness of performance appraisal in the organization. The results revealed that there was indeed a statistically significant positive correlation between the two variables of $(r = .867)$ $(p<0.05)$.

5.3 Conclusion

Employees’ personalities, in this study presented by locus of control, is responsible on how employees perceive human resource practices for example performance appraisal in the organization and eventually the effectiveness of these practices. The main aim of the study was to investigate the influence of locus of control on employee’s perceptions of the effectiveness of performance appraisal in KRA (SR). The findings from the study revealed that majority of the respondents were externally oriented.

Pearson’s product moment of correlation was employed to establish the causal relationship between locus of control and employee’s perceptions on effectiveness of performance appraisal in KRA (SR), the study observed that there is a statistically significant positive correlation. Employees that are internally oriented perceive performance appraisal as effective while employees that are externally oriented perceive performance appraisal as ineffective. This is supported by earlier studies which asserted that individuals with internal LOC are found to take charge, perform better on complex tasks and are easier to motivate than individuals with external LOC since they attribute outcome of events to themselves.
Understanding employees’ locus of control and how they influence how employees perceive effectiveness of human resource practices in the organization is therefore of practical use to organizations, as locus of control can be altered. Changing someone’s attributions is sometimes called attribution retraining and has been used as an intervention for a variety of purposes, although it was mostly used in the school setting, mental-health setting, and for career counseling (Luzzo & Funk, 1996).

5.4 Recommendations

The study has established that LOC has a direct positive correlation with employees’ perceptions on the effectiveness of performance appraisal in the region. It is therefore recommended that organizations intending to improve performance appraisal in their organizations should take steps to help their employees develop the right mental attitude and a strong internal locus of control. This can be achieved in a number of ways; self-awareness programs must be given to employees to develop right mental attitude towards practices in the organization. Training must also be given to employees to update their knowledge and encourage them to appreciate practices in the organization.

Organizations can also help their employees improve and understand how their locus of control may shape their perceptions of organizational practices. Personal mentoring of employees, since LOC can be altered, can serve as an essential tool to a healthy perception towards organization practices for example performance appraisal. Employees who perform highly in their appraisals should be identified, commended and rewarded accordingly. This will encourage a repeat of the same behavior and also others to emulate
these employees. However in situations where these efforts are disregarded, it will be a disincentive to such people.

The research concentrated on employees in KRA (SR) hence may limit the effective application of these findings to other parastatals and countries without further research. However, it is hoped that the research results will help parastatals in particular KRA to better understand how LOC influences employees’ perceptions on the effectiveness of performance appraisal. Future research could include other regions and parastatals.
REFERENCES


Appraisal Satisfaction: An Initial Investigation of the Joint Effects of Organisation Variables and Appraisal Characteristics” *Journal of Management Vol.16 No.3 pp.619-33*


Israel, G. D. (1992) "Sampling the Evidence of Extension Program Impact; Program Evaluation and Organizational Development" *IFAS, University of Florida, PEOD-5, October*


Rotter, J.B (1966) “Generalized Expectancies for Internal Versus External Control of Reinforcement” Psychological monographs: General and applied Vol. 80 No. 1


APPENDICES

APPENDIX 1: COVER LETTER

Dear Respondent,

I am a post-graduate student in the University of Nairobi doing a research on ‘The influence of locus of control on employee’s perceptions of the effectiveness of performance appraisal at Kenya Revenue Authority, Southern Region.’ I am humbly seeking your consent to assist in providing relevant information for this study.

This research is significant as it will highlight the locus of control orientation of employees and their perceptions towards performance appraisal effectiveness hence help in informing recommendations to make the process more effective in Kenya Revenue Authority (KRA) as well as other public organizations that have embraced the process.

This is an academic research and confidentiality will be strictly observed. Your name will not appear anywhere in the report. Kindly spare about 15 minutes of your time to complete the questionnaire and submit back within one week.

Thank you in advance.

Yours sincerely,

Loice Mutai
APPENDIX 2: QUESTIONNAIRE
SECTION A : DEMOGRAPHIC INFORMATION

1. Gender:
   Male ☐   Female ☐

2. How old are you?
   25–35 years ☐ 36–45 years ☐ 46–55 years ☐ 56 years & above ☐

3. Highest level of Education attained:
   Postgraduate ☐ Degree ☐ Diploma ☐ other ☐

4. How long have you worked in KRA?
   0 – 5 years ☐ 6 - 10 years ☐ 10 to 15 years ☐ 15 years & above ☐

5. What grade are you in?
   Support (1-2) ☐ Officer (3) ☐ Supervisor (4) ☐ Manager (5-7) ☐

6. Department

<table>
<thead>
<tr>
<th>Department</th>
<th>Tick one</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs Service</td>
<td></td>
</tr>
<tr>
<td>Domestic taxes – Direct Revenue</td>
<td></td>
</tr>
<tr>
<td>Domestic taxes – Large Taxpayers Office</td>
<td></td>
</tr>
<tr>
<td>Support services</td>
<td></td>
</tr>
<tr>
<td>Investigation and enforcement</td>
<td></td>
</tr>
</tbody>
</table>
SECTION B: WORK LOCUS OF CONTROL SCALE

The following statements concern your beliefs about jobs in general. They do not refer to your present job. Please use the 1 - 6 point scale to rate the extent to which you agree with each statement.

**Key:**
1 – Disagree very much           4 – Agree slightly
2 - Disagree moderately           5 – Agree moderately
3 – Disagree slightly             6 – Agree very much

<table>
<thead>
<tr>
<th>Work Locus of Control Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>10</strong></td>
</tr>
<tr>
<td><strong>11</strong></td>
</tr>
<tr>
<td><strong>12</strong></td>
</tr>
<tr>
<td><strong>13</strong></td>
</tr>
<tr>
<td><strong>14</strong></td>
</tr>
<tr>
<td><strong>15</strong></td>
</tr>
<tr>
<td><strong>16</strong></td>
</tr>
</tbody>
</table>
SECTION C: PERFORMANCE APPRAISAL

Kindly tick appropriately the extent to which you agree with each statement.

<table>
<thead>
<tr>
<th>Aspects of Performance Appraisal</th>
<th>Strongly</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  I understand how the appraisal system is supposed to work</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2  My most recent performance rating reflected how I did on the job.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3  I receive adequate support and guidance from my supervisor.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4  Ratings are based on performance and not on the personal characteristics of the person being rated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5  Appraisal ratings are accurate and reflect actual performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6  Rewards and recognitions are tied to performance appraisal.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7  The performance appraisal is well designed and leads to better performance and work quality.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8  I am satisfied with the frequency that performance appraisal is carried out.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9  The appraisal system was designed with input from all levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Managers are skilled in doing appraisals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Training in performance appraisal is provided for all appraisers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Feedback is adequate and I know both what is expected and how I am doing at all times</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 I view performance appraisal as fair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>