CHALLENGES MANAGERS FACE IN THE APPLICATION OF PERFORMANCE APPRAISAL RESULTS IN HUMAN RESOURCE MANAGEMENT: A CASE STUDY OF THE UNIVERSITY OF NAIROBI

BY

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DECLARATION

This Management Research Project is my original work and has not been presented for a degree in any other University
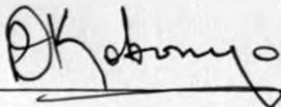
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BUSINESS ADMINISTRATION

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i

DEDICATION

This Management Research Project is dedicated to my spouse, Tom O. Kongere and my children, Victor, Japheth, Whitney and Davine for the understanding, support, cooperation and encouragement they have given me during the period of my study. Many were the times when you needed me physically but I was not available. Thanks a lot for your support and encouragement.

To my children, you are my greatest inspiration in life.

May the Almighty God bless you abundantly as we share the victory together.

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I wish to express my sincere gratitude to the Almighty God for giving me the purpose, strength and the will to undertake and finish this Management Research Project amidst the so many challenges that I faced during the study period.

My gratitude goes to all those people who assisted me in one way or another throughout the period of my study at the University of Nairobi. First of all, I am indebted to all my lecturers, who mentored and inspired me in the entire period of my study. Most of all, I acknowledge the invaluable and significant support and contribution from my supervisor, Professor Peter O. K'Obonyo. I am grateful for his invaluable advice and intellectual guidance and supervision, which cannot be exhaustively substantiated and also which has been a source of inspiration to me throughout the whole project session.

My heartfelt gratitude goes to all the staff both teaching and non-teaching at the University of Nairobi whom I approached for sparing time in their busy schedules to avail the valuable data which has made it possible for me to produce this Management Research Project. Thank you for your cooperation.

My gratitude goes to my MBA colleagues who inspired, motivated and encouraged me at all levels of this study. Last but not least, I thank all those who contributed in one way or another to the success of this Management Research Project. To you all, may Almighty God bless you abundantly.

LIST OF ABBREVIATIONS

PMS	-	Performance Management System
UoN	-	University of Nairobi
PA	-	Performance Appraisal
PAS	-	Performance Appraisal System
HRM	-	Human Resource Management
HRP	-	Human Resource Practices
RTCEA	-	Royal Technical College of East Africa
PC	-	Performance Contract
PM	-	Performance Management
BARS	-	Behavioural Anchored Rating Scales
BOS	-	Behavioural Observation Scales
MBO	-	Management by Objectives
TQM	-	Total Quality Management

TABELE OF CONTENT

LIST OF TABLES

ABSTRACT

The public sector in most countries is going through profound restructuring in the face of environmental constraints that force the sector to undertake reforms to be efficient and effective. In this respect, one of the most popular tools used in the contemporary reform programme is Performance Contracts which have emphasized application of performance appraisal systems as a requirement of PC. However, since appraisal is a controversial management practice anywhere, the successful institutionalization of such a system faces numerous challenges and obstacles. The purpose of this study was to explore the challenges Managers face in the application of Performance Appraisal results at the University of Nairobi.

The study revealed that the managers face numerous challenges in the application of performance appraisal results, which include lack of management support, lack of proper understanding of the Performance Appraisal Instrument by both the appraisers and those to be appraised among others. Furthermore, having supportive leaders at the organizational level, provision of valuable rewards and extensive training were also considered important prerequisites that are necessary for creating a professional public institution. These challenges have resulted in unfavourable climate for fruitful application of performance appraisal results.

The study further established that there is lack of initiative to implement results of the appraisal, making the exercise less effective as a Performance management tool. It was also established that both employees and their appraisers lack proper understanding of what PA really entails thus resulting in their failure to embrace PA as a Performance Management tool. To address these, there is need to sensitize all cadre of staff at the University of Nairobi on the importance of PA as a performance management tool. The sensitization can be through training, workshops, seminars and even departmental meetings. The University of Nairobi management should borrow a leaf from the private sector on how to manage the PA exercise, giving it the seriousness that it deserved. This will ensure that the exercise have a well laid down procedure and a time frame for all the processes that need to be put in place in order to have an effective performance management tool.

CHAPTER ONE: INTRODUCTION

1.1   Introduction

This chapter highlights the concept of Performance Management System (PMS) in organizations and the challenges posed to managers in the applications of the Appraisal results in human resources practices with specific references to the University of Nairobi (UoN) as the contextual framework of the study. The statement of the problem, the objectives and significance of the study are also discussed.

1.1.1   Performance Appraisal (PA)

Performance appraisal system (PAS) is important to any organizational work performance; it determines the organization's success or failure. Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvements and skills development (Nyaoga, Kipchumba and Magutu, 2010).

Performance appraisal is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost, and time) typically by the corresponding manager or supervisor. A performance appraisal is a part of guiding and managing career development. It is the process of obtaining, analyzing, and recording information about the relative worth of an employee to the organization. Performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses, and suitability for promotion or further training. It is also the judgement of an employee's performance in a job based on considerations other than productivity alone (Daley, Dennis, 1992).

Performance appraisal today is the assessment of an employee's job performance. It has two purposes: - First appraisal serves an administrative purpose. It provides information for making salary, promotion, and layoff as well as providing documentation that can justify these decisions in court. Second, and perhaps more importantly, performance appraisal serves a development purpose. The information can be used to diagnose training needs, career planning, and the like.

Feedback and coaching based on appraisal information provide the basis for improving day-to-day performance (Robins & Couter, 1999).

Performance appraisal is defined as evaluating an employee's current or past performance relative to his or her performance standards. The appraisal process therefore involves: - Setting work standards; Assessing the employee's actual performance relative to these standards; and Providing feedback to the employee with the aim of motivating that person to eliminate performance deficiencies or to continue to perform above par (Dessler, 2008).

The main objective of performance appraisals is to measure and improve the performance of employees and increase their future potential and value to the company. Other objectives include providing feedback, improving communication, understanding training and development needs of employees, clarifying roles and responsibilities, judging the effectiveness of the other human resource functions of the organization such as recruitment, selection, training and development, to reduce the grievances of the employees and determining how to allocate rewards. Performance Appraisal serves as a basis for modifying or changing behaviour towards more effective working habits, it provides managers with data which they may use to judge future job assignments and provides an objective system for management decision making on compensation: - rewards and promotions (Armstrong and Murlis, 2009; Aswathappa, 2002).

Performance Appraisal process contains three steps: define the job, appraise performance and provide feedback. The Performance Appraisal process involves establishing performance standards, communicating standard and expectations, measuring the actual performance, comparing the actual performance with the standards, discussing results (providing feedback) and decision making – taking corrective actions (Dessler, 2008).

Generally there are different groups that can appraise an employee depending on the organizations. These are immediate supervisors, specialist from HR department, subordinates, peers, committees, clients and self-appraisals. At the University of Nairobi the practice is to be appraised by peers, immediate supervisor and then the Appraisal Committee/panel consisting of the senior management team and the results are communicated to individual staff at the end of

the exercise (Aswathappa, 2002, Staff Handbook, University of Nairobi). Appraisals are usually carried out at specified periods depending on organizations, some organizations carry out performance appraisal twice a year while others do it annually. At the University of Nairobi, it is an annual event which takes place at the last quarter of the year (Staff Handbook, University of Nairobi).

1.1.2   Challenges of Performance Appraisal

(Derven, 1990) state that performance management systems have several components: - performance planning, performance appraisal and reviewing, feedback on the performance and discussion of the results, rewarding good performance and putting in place performance improvement plans for underperformance. However, the actual performance appraisal is the most challenging. Performance appraisal is one part of an entire system employers use to monitor workforce performance and progress. Employees, supervisors and managers often stumble through the performance appraisal due to lack of understanding about job expectations and the appraisal process. Leadership training and how to factor performance appraisal ratings into the compensation structure are two other challenges within the performance appraisal process (Grote, 2000)

Organizations come across various problems in order to make a performance appraisal system effective and successful. These include determining the evaluation criteria and job descriptions; creating a rating instrument; lack of competence requiring leadership training; resistance and compensation decisions based on the appraisal results (Robins & Couter, 1999). According to Aswathappa (2002) one serious challenge facing the performance appraisal system is the assessment of self-managed teams. Popularly known as empowered teams, these self-managed teams create special challenges for performance appraisal as they perform without supervisors. Ideally it is the supervisor who assesses the performance of his/her subordinates. Another challenge is that, both individual and team performance, need to be measured. A suitable device needs to be developed to assess the performance of empowered teams because more and more firms use such teams to enhance productivity.

3

1.1.3 Application of Performance Appraisal Results in Human Resource Decisions:

Performance appraisal is "the process of identifying, evaluating and developing the work performance of employees in an organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work and offering career guidance"(Lansbury, 1988:46).

It is through the appraisal results that the decisions on reward, promotion, counseling, training, transfer and dismissal are taken. Armstrong and Murlis, (2009), argued that effective performance management is a powerful means of providing total reward. It is and should be the basis for developing a positive psychological contract by clarifying the mutual expectations of managers and their staff in an environment focused on success. Performance review should inform personal development planning and encourage self-managed learning – again a support from a manager in delivering on development plans can be very motivational.

Due to increasing demand for higher learning and increased awareness of customers of their rights, the University has to keep up to date with the emerging trends and try to meet the demands put on them by their customers. In order to do this the employee performance and attitude to work must be put on check. This is where performance appraisal exercise comes in. Through performance appraisal organizations are able to gauge the performance of employees and know where there is need for training, reward, recognition and promotion (Dessler, 2008).

The challenges that managers are facing in the application of the appraisal results are many and these may include lack of top management support and the inability for the appraisers to effect the results of the appraisal exercise – for example, after establishing the training needs requirements, the appraisers can only recommend that the staff concerned be taken for training but they cannot actually take them for training without the approval and support of the top management. There are also financial constraints that prevent effective implementation of the appraisal results.

4

1.1.4 The University of Nairobi

The University of Nairobi is the oldest Institution of Higher Learning in Kenya situated in Nairobi. It has its origin in the Royal Technical College of East Africa (RTCEA), which was established in 1956 to offer education and training in technology and business. In 1960 it became affiliated to the University of London as a constituent college, and thereon began offering degree courses of the University of London for some of its academic programmes. In 1963 the Royal College became the University College, Nairobi as part of the newly established University of East Africa. Subsequently, the University of Nairobi was established out of the University College, Nairobi in 1970 (University of Nairobi website, UoN Profile, http://www.uonbi.ac.ke).

The University of Nairobi is an Institution of Higher learning, a body corporate established by an Act of Parliament Cap 210 of the Laws of Kenya is the pioneer institution of University education in Kenya and the region (University of Nairobi Act, Chapter 210, revised in 1986).

The only institution of higher learning in Kenya for a long time, the University of Nairobi responded to the national, regional and Africa's high level manpower training needs by developing and evolving strong, diversified academic programmes and specializations in sciences, applied sciences, technology, humanities, social sciences and the arts. To date, the range of programmes offered number approximately two hundred consisting of Certificate, Diploma, Undergraduate, Postgraduate and PhD courses (University of Nairobi website, http://www.uonbi.ac.ke).

The University of Nairobi have nine campuses; seven of which are situated in Nairobi and its environs and one each in Kisumu city and Mombasa city respectively. The seven campuses of the University situated in the capital city and its environs facilitating easy access, has been an asset that has seen the university increasingly become the busy hub and citadel of academic activity at all times. The seven campuses of the University are Main Campus consisting of College of Humanities and Social Sciences and College of Architecture and Engineering, Chiromo Campus- College of Biological and Physical Sciences, Kenyatta National Hospital- College of Health Sciences, Upper Kabete Campus- College of Agriculture and Veterinary Sciences, Lower Kabete Campus- the School of Business, Kikuyu Campus- College of

Education and External Studies and Parklands Campus- the School of Law, Kisumu Campus and Mombasa Campus. In addition to the regular and evening and weekend programmes, classes are conducted at the University's Extra Mural Centres located at the country's provincial headquarters (University of Nairobi website, http://www.uonbi.ac.ke).

With the introduction of Performance Contract (PC) in the Public Sector by the Government in 2003 through the Policy Decision in the management of public resources conveyed in the Economic Recovery Strategy for Wealth and Employment Creation (2003 – 2007). To improve performance, the Government has been undertaking a number of reform measures in public institutions such as the introduction of performance contracts in the public universities (Obong'o, 2009). To set measurable targets aimed at achieving the Performance Contract Targets, University of Nairobi introduced the Performance Appraisal Exercise in 2005 where individual employees are appraised on work performance. The exercise was first conducted at the University of Nairobi between May and November 2005 and ever since it has been an annual event.

At the University the appraisal exercise seek to measure the work standards which set by the management and the employees are appraised on their daily today routine work at the last quarter of the year. The appraisal forms are usually given out to each employee who fill in the personal details and are then appraised by peers before being appraised by the immediate supervisor. After which the employees are appraised by the panel of middle-level and top management at the College level or Departmental for the Administrative Divisions. After all these has taken place then the individual employees are notified of their performance in the last appraisal exercise and are advised to discuss their performance results with their head of department (Staff handbook, University of Nairobi).

1.2   Statement of the Problem

The primary objective of any Institution is to maximize the performance of the organization over time. The emerging trends in Human Resource Management demand that organizations adopt and use new Human Resource (HR) practices. Armstrong and Murlis (2009) found that old ideas and concepts of performance appraisal bureaucracy of measuring outputs, rating and forms and

the implications of 'search, find and punish' underperformers of the 1980s is taking long to change. The University management like other organizations is faced with similar problems when it comes to implementing appraisal results, therefore this study is seeking to find out what these challenges are and how they can be addressed.

The University of Nairobi is facing major challenges with the increasing demand for higher education such as inadequate and poorly maintained learning, teaching and research facilities, rapid increment of student population due to introduction of privately sponsored students, and the changes in the Human resource management practices. This is due to globalization, staff development and technological innovation. The University like other organizations is operating in the changing trends in the business environment and needs to adopt the new trends in Human Resource practice.

A study has been done on the effectiveness of Performance Appraisal Systems in the Private Universities in Kenya and it found out that system is only based on training to the employees involved in the rating/appraising process and it is not effective (Nyaoga, Kipchumba and Magutu, 2010). Conger (1998) carried out an exploratory study to review the purposes and practices of performance appraisal. The study indicated the trend in US, as giving high focus on documentation, development and linking performance appraisal with pay and promotion purpose. In Korea, performance appraisal is used for development and promotion purposes. In Canada it is used much less for compensation and pay. In Australia performance appraisal is used for development and promotion purposes. At the University of Minnesota, performance appraisal policy statement indicates that, employees performance appraisal is done on an annual basis, in the form of a written evaluation prepared by the responsible administrator. Since no study has been done on the application of the performance appraisal results in Public Universities in Kenya, this study will shade light on the challenges that managers face in effecting the appraisal results. The research statement leads to the following question: what are the challenges that managers face in the application of Performance Appraisal Results in Human Resources Management?

1.3 Objective of the Study

To determine the challenges the University of Nairobi Management faces in applying performance appraisal results in Human Resource Management.

1.4 Value of the Study

The study will help the University management to identify the gaps that may require re-evaluation and therefore enhance the application of performance appraisal results in public institutions.

The findings will add to the body of knowledge and may stimulate further research in the area.

It will be useful in creating awareness to the Policy makers, management of the Public Institutions and other relevant stakeholders on the importance of implementing performance appraisals results and its implications to the HR practice.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter highlights issues relating to Performance Management and Performance Appraisal. The chapter reviews various studies and theories connected to Performance Management system in general and Performance Appraisal in particular.

2.1.1 The Concept of Performance Management

Performance management (PM) is a process for establishing a shared understanding about what is to be achieved and how it is to be achieved; an approach to managing people that increases the probability of achieving success. Performance management is the systematic process by which an organization involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of organization mission and goals (Armstrong and Baron, 2004). Dessler, (2008) noted that performance management (PM) is a process that integrates goal setting, performance appraisal, and development in a single, common system whose aim is to ensure that the employee's performance is supporting the organization's strategic aims. It includes activities that ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes through which the product or service is built, as well as many other areas.

Performance Management (PM) can also be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a formal, structured system of measuring and evaluating an employee's job related behaviours and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization and society, all benefits. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. These are processes for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that is will be achieved. It focuses people on doing the right things by clarifying their goals (Aswathappa, 2002).

9

Performance Management have become prominent in recent years as means of providing a more integrated and continuous approach to the management of performance. Performance Management is based on the principle of management by agreement or contract rather than management by command. It emphasizes development and the initiation of self-managed learning plans as well as the integration of individual and corporate objectives. It can, in fact, play a major role in providing for an integrated and coherent range of Human resource management processes which are mutually supportive and contribute as a whole to improving organizational effectiveness (Roger, 1995).

2.1.2 Aims of Performance Management (PM)

The overall aim of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership. Specifically, performance management is about aligning individual objectives to organizational objectives and ensuring that individuals uphold corporate core values. It provides for expectations to be defined and agreed on, in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviour (expected to be). The aim is to develop the capacity of people to meet and exceed full potential to the benefit of themselves and the organization. It is concerned with ensuring that the support and guidance people need to develop and improve are readily available. According to Strebler (1997) Performance appraisal has become a key feature of an organization's drive towards competitive advantage through a continuous performance improvement and that is has resulted in the development of integrated performance management systems (PMS) based on a competency framework.

2.1.3 Characteristics of Performance Management

Performance management is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is concerned with measuring outputs in the form of delivered performance compared with expectations expressed as objectives. In this respect, it focuses on targets, standards and performance measures or indicators. It is based on the agreement of role requirements, objectives and performance improvement and personal development plan. Performance management provides the setting for ongoing dialogues about performance that involves the joint and continuing review of

10

achievements against objectives, requirements and plans. According to Armstrong (2006) performance management is a continuous and flexible process which involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve the required results.

One of the fundamental purposes of performance management is to align individual and organizational objectives. Meaning that everything people do at work leads to outcomes that further the achievement of organizational goals. This was well expressed by Fletcher (1993) who stated: The real concept of performance management is associated with an approach to creating a shared vision of the purpose and aims of the organization helping each employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both individuals and the organization. He further stated that performance management is essentially about the management of expectations, it creates a shared understanding of what is required to improve performance and how this will be achieved by clarifying and agreeing on what people are expected to do and how they are expected to behave. It uses these agreements as the basis for measurement and review, and the preparation of plans for performance improvement and development.

Davis (1995) observes that performance Management is a joint process that involves both the supervisor and the employee, who identify common goals, which correlate to the higher goals of the institution. If employees are effectively appraised, then organizations will experience increased productivity and improved quality of output. When people are treated with care, shown trust, listened to and encouraged to do better they reciprocate by being responsible and productive. Performance management plays a strategic role in an organization. When properly structured, a performance management system can significantly improve the bottom line. In addition, employees who benefit from a strong performance management system ultimately become so proficient and satisfied in their roles, the employees' morale go up and turnover goes down. As abstract as theories can be, the by-products of performance management, such as employee satisfaction, morale and engagement are difficult to measure without additional tools such as employee opinion surveys. On the other hand, without performance management, a company can experience very quantifiable problems such as low productivity and diminished profitability.

11

Managers cite performance appraisals or annual reviews as one of their most disliked tasks. Performance management eliminates the performance appraisal or annual review and evaluation as the focus and concentrates instead on the entire spectrum of performance management and improvement strategies. These include employee performance improvement, performance development, training, cross-training, challenging assignments, 360 degree feedback and regular performance feedback (Hazucha, Hezlett, & Schneider, 1993).

In the past few years, there has been growing interest in the practice community for what has been termed "non-traditional" appraisal systems (Coens and Jenkins, 2000; Lawler, 2000). These systems are less structured than the more traditional systems, with less emphasis on ratings or rankings, and more emphasis on developmental meetings between supervisors and employees as needed. The study by Bladen (2001) on Current Theory and Best Practices Underlying Performance Management and Employee Development Programs: indicated that these approaches have been growing in popularity, but most firms that have moved in this direction have developed hybrid models, which still retain some aspects of the traditional systems.

2.1.4 Components of Performance Management

Derven, (1990) posited that performance management systems have several components: - performance planning, performance appraisal and reviewing, feedback on the performance and discussion of the results, rewarding good performance and putting in place performance improvement plans for underperformance. These components are reviewed below.

Performance Planning: Performance planning is the first crucial component of any performance management process. It forms the basis of performance appraisals. Performance planning is jointly done by the appraisee and the appraiser at the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget, which is finalized after a mutual agreement between the reporting officer and the employee (Rao, 1985).

Performance Appraisal and Reviewing: The appraisals are normally performed twice in a year or annually in organizations in the form of mid-term reviews and annual reviews which is held at

the end of the financial year. In this process, the appraisee first offers the self appraisal in the self appraisal form and describes his/her achievements over a period of time in quantifiable terms. After the self appraisal, the final ratings are provided by the appraiser for the quantifiable and measurable achievements of the employee being appraised. The entire process of performance review seeks an active participation of both the employee and the appraiser in analyzing the causes of gaps and problems in the performance and how they can be overcome. This analysis is done in the performance feedback session (Jawahar and Stone, 1997).

Appraisal Feedback and related Action: Feedback and counseling is given a lot of importance in the performance management process. This is the stage in which the employee acquires awareness from the appraiser about the areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee is also identified. The appraiser adopts all the possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counseling and guidance, mentoring and representing the employee in training programmes which develop the competencies and improve the overall productivity.

According to Levy and Williams (2004:881), ". . . if participants do not perceive the system to be fair, the feedback to be accurate, or the sources to be credible then they are more likely to ignore and not use the feedback they receive." Indeed, the significance of feedback to the appraisal process as well as to the broader management process has been widely acknowledged (Bernardin and Beatty, 1984; Lawler, 1994; Murphy and Cleveland, 1995). First, from the organization's point of view, feedback keeps both its members' behaviour directed towards desired goals and stimulates and maintains high level of effort (Lawler, 1994; Vroom, 1964), that is, the organization's members both employees and the management are informed of how the organization is performing and are aware of their contributions towards this performance. The efforts of both are recognized and they are informed accordingly. From the individual's point of view, feedback satisfies a need for information about the extent to which personal goals are met (Nadler, 1977) as well as a need for social comparison information about one's relative performance (Festinger, 1954). Performance feedback should include information on how to

13

improve performance, along with information about what areas of performance need improvement. The frequency of feedback is also important. The rating scales should focus on results as much as on processes. Thus, feedback is not only important to individuals but also to organizations because of its potential influence on employee performance and a variety of attitudes and behaviours of interest to organizations.

Rewarding good performance: This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection (Peach and Buckley, 1993).

Performance Improvement Plans: In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated to about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the appraisee and the appraiser and is mutually approved (Derven, 1990).

2.2.   Performance Appraisal

Performance appraisal is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost, and time) typically by the corresponding manager or supervisor. A performance appraisal is a part of guiding and managing career development. It is the process of obtaining, analyzing, and recording information about the relative worth of an employee to the organization. Performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses, and suitability for promotion or further training. It is also the judgement of an employee's performance in a job based on considerations other than productivity alone (Daley, Dennis, 1992).

14

Performance appraisal today is the assessment of an employee's job performance. It has two purposes: - First appraisal serves an administrative purpose. It provides information for making salary, promotion, and layoff as well as providing documentation that can justify these decisions in court. Second, and perhaps more importantly, performance appraisal serves a development purpose. The information can be used to diagnose training needs, career planning, and the like. Feedback and coaching based on appraisal information provide the basis for improving day-to-day performance. (Robins & Couter,1999).

DeNisi and Pritchard (2006) define Performance appraisal as a discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated performance dimensions and/or criteria that are used in the evaluation process. Furthermore, it is an evaluation process, in that quantitative scores are often assigned based on the judged level of the employee's job performance on the dimensions or criteria used, and the scores are shared with the employee being evaluated. Performance appraisal may be used as a means of measuring performance. The purpose of measuring performance is not to indicate only where things are not going according to plan but also to identify why things are not going well so that steps can be taken to build on success. The goal of performance appraisal is to assess and summarize past performance, and develop future work performance goals and expectations. It is a process of systematically evaluating performance and providing feedback on which performance adjustments can be made.

Performance appraisal is a process designed to evaluate, manage and eventually improve employees' performance. It should allow the employer and its employee to openly discuss expectations of the organization and the employees' achievements especially for future development of the employee. It becomes part of a more strategic approach to put together human resource activities and business policies. It is important to assess employees and develop their competencies, enhance performance and distribute rewards (Fletcher, 2001).

Cash (1993) indicates that from the employee's view point, the purpose of performance appraisal is four-fold: Tell me what you want me to do, let me know how well I have done it, help me improve my performance and reward me for doing well. Performance appraisal therefore is an

important human resource function, which provides management with a systematic basis for effectively recognizing and evaluating the present and potential capabilities of human resource. It should be a continuous process. The supervisors should continuously determine how effectively their subordinates are performing different tasks. For effective development and utilization of the human talent, performance appraisal plays a key role since it enables an organization to identify objectively the employee's strength and weaknesses. The organization will then be able to counsel the employees to improve the weak areas. This will help all the employees to contribute positively to the attainment of the institutional/organizational objectives.

Most appraisal methods used throughout the world today are based, to some extent at least upon the following techniques: Graphic rating scales; behaviourally anchored rating scales (BARS), behavioural observation scales (BOS); mixed standard rating scales; and management by objectives (MBO). Most commentators agree that goal-based appraisal systems, in which an employee's work performance is measured against specific goals, are the most satisfactory (Dorfman, Walter and Loveland, 1986; Locke and Latham, 1984; Latham and Wesley, 1994).

Taylor and Zawacki (1976) observed that an organization's success or failure may be determined by the ways in which performance is managed. Katsanis, Laurin, and Pitta, (1996) provide several recommendations on the basis of their research for the development of performance appraisal methods: Gain support of both human resources and top management; Use qualitative versus quantitative criteria; Allow for input when developing performance standards and criteria; Make sure the performance appraisal system is not dated; Ensure managers take ownership of the performance appraisal system; Attempt to eliminate internal boundary spanning by creating direct reporting relationships where possible; Utilize performance targeting (Halachmi, 1993) to appraise PMs; Be aware and act on environmental forces as they affect the organization.

2.2.1   The need for Performance Appraisal

Meyer (1972) states that performance management is a joint process that involves both the supervisor and the employee, who identify common goals, which correlate to a higher goal of the institution. Levinson (1902) stresses the importance of the processes of identification of the employee with manager. He also states several barriers which may come in the way of such

legitimate process of identification as: lack of time; intolerance of mistakes; complete rejection of dependency needs; repression of rivalry and unexamined relationship. Levinson also suggests that to help the development of the process of identification, it is necessary for the manager to also examine his own process and needs of interacting with the subordinates.

Performance appraisal has become a key feature of an organization's drive towards competitive advantage through a continuous performance improvement and that it has resulted in the development of integrated performance management systems (PMS) based on a competency framework (Strebler, 1997). Ouchi (1979) indicates that many companies in Kenya conduct performance appraisals, regardless of their levels of sophistication. But a number have not actualized the process. They are still learning the ropes. Start by delinking the results of the appraisal from salary reviews. Put in place structure to manage the process. Get policies and procedure manuals and train the entire organization on target setting, monitoring and review.

Mbiti (1974) gave the human temperaments as the reasons why we need to appraise employees. He classifies employee into four major vegetations and rejecters. He describes vegetators as people who care for nothing except their pay at the end of the month. They have no initiative; they will take the slightest excuse to be off duty, because this gives them more pleasure than working. They require constant supervision without appraising them; they will try to hide amongst others while they do nothing. Design an acceptable, easy-to-use but reliable appraisal instrument. Insist on support and sponsorship by the highest office in the organization. One will most likely succeed where the process is tied to performance improvement and employee development. Appraisals should not be footnotes in corporate calendar. Companies that have moved to quarterly appraisals get more objective results. Managers may easily get away with subjectivity if discussions on performance are not based on recorded facts and figures. This needs to be discouraged. The training required must come as often as the appraisal itself. Where there is likelihood of bias, encourage a third party to attend such performance discussions.

Phil Long (1986) gave the following points as the reasons for performance review. Administrative uses: performance appraisal system is the link between rewards employee hope to receive and their productivity.

Thus the linkage is Productivity ⟶ Performance Appraisal ⟶ Rewards. The manager's role is to evaluate subordinates performance which lead to managers making compensation recommendations for employees. Development uses: Performance appraisal can be a primary source of information and feedback for employees, which is key to their future development. When supervisors identify the weak areas and the training needs of the employee, they inform the employees what skills to develop and work out development plans. This reinforces individual behaviour.

The combination of administrative and development purposes of performance appraisal reflect in a specific way, human resources management's larger role of integrating the individual with the organization. It is therefore, necessary to have a formal appraisal programme with clearly stated objectives. Mzenge (1983) revealed that performance reports in Kenya plays a relatively minor role in influencing decisions regarding the general management of the human resources. He found appraising to be based on personality traits, while actual job performance and ability to achieve goals was given little emphasis. Thus, it is important that performance appraisal roles be understood by the organizational managers. Gary (1991) established that change in behaviour cannot be brought about in human beings through punishment or negative reinforcement, but only through positive reinforcement, influencing would involve providing encouragement and reinforcing success so that the person take more initiative and is able to experiment with new ideas. Change cannot take place without experiment and risk taking. These are encouraged through positive reinforcement.

Mc Gregor (1957) indicates that managers experienced the appraisal of others as a hostile and aggressive act against employees which resulted in feelings of guilt of employees. He asserted that the tension between appraisal as a judgement process and a supportive development process has never been resolved and is likely to continue for some time to come. Mc Gregor further says that making judgement about an employee's contribution, value, worth, capability and potential has to be considered as a vital dimension of a manager's relationship with employees, as it will influence the employees' performance or output. He said that the occasion may be formally separated from the ongoing relationships and appraisal activities and decisions should be interpreted by an employee as feedback. This will have a potentially strong impact on an employee's view of self-belief and self-esteem.

18

Edwards Deming, a pioneer in Total Quality Management (TQM) identified performance appraisal as one of the seven deadly diseases of US Management. While most managers still recognize the benefits of performance appraisal, TQM challenges some long-standing assumptions about how it should be conducted. Most companies have modified their appraisal systems to better acknowledge quality of performance in addition to teamwork and process improvement (Fowler, 1990). Harper (1993) suggests dropping the word 'appraisal' because it puts employees on the defensive. He further recommended a shift towards future-oriented review and development which actively involve employees in continuously developing ways of improving performance in line with needs for attainment of organizational objectives.

The outcome could be a set of objectives to be achieved by individual employee, such objectives may be concerned with immediate performance against current tasks and standards, but they might also be concerned with a variety of work and personal changes. He said that once employees are encouraged to pay attention to their progress at work then the organization must be able to respond to their medium and long term career aspirations, and the manager's role will be to resolve the inevitable tension that will result between individual goals and the manager's interpretation of organization goals.

Clinton (1992) noted that formal performance appraisal programmes sometimes yield disappointing results. The primary reason includes lack of top management information and support, unclear performance standards, rater bias, too many forms to complete and use of the programme for conflicting purposes. He further stated that if the support of top management is lacking, the appraisal programme will not be successful. To underscore the importance of this responsibility, top management should announce that effectiveness in appraising subordinates is a standard by which the appraisers themselves will be evaluated. Also if the appraisal programme is used for salary review and at the same time to motivate employees the administrative and development purpose will be in conflict. This might have little influence on the employees' future job performance.

The content of performance evaluation influences employee performance and satisfaction specifically, performance and employee satisfaction are increased when the evaluation is based on behavioural, result oriented criteria when career issues are discussed and when the employee has the opportunity to participate in evaluation.

2.2.2   The Process of Performance Appraisal

The Performance Appraisal process involves establishing performance standards, communicating standards and expectations, measuring the actual performance, comparing the actual performance with the standards, discussing results (providing feedback) and decision making – taking corrective actions (Dessler, 2008).

Establishing Performance Standards - The first step in the process of performance appraisal is the setting up of the standards which will be used as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards. Rich (1996) introduced a skill-based method that creates a work environment that allow employees to develop the skills they need to meet business goals.

Communicating the Standards - Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to them. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage according to the relevant feedback from the employees or the appraiser (Dessler, 2008).

Measuring the Actual Performance - The most difficult part of the Performance appraisal process is measuring the actual performance of the employees: that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work (Kennedy, 1999).

Comparing the Actual with the Standards - Here the actual performance is compared with the desired or the standard performance. The comparison tells of the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance (Craig, Beatty & Baird, 1986).

Discussing Results (Feedback) - The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better (Lawler, 1994; Vroom, 1964).

Decision Making - The last step of the process is to take decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers, recognition or termination. The decision to be taken should be weighed carefully so as to avoid any biasness, discrimination and unfair judgement.

2.2.3 Methods of Performance Appraisal

Numerous methods have been devised to measure the quantity and quality of employee's job performance. Each of the methods discussed could be effective for some purposes, for some organizations. Broadly, all the approaches to appraisal can be classified into two: past-oriented and future-oriented methods. Each has several techniques and implications for the application of appraisal results (Landy and Farr, 1980).

Past-oriented method consists of rating scales, checklists, forced choice method, forced distribution method, critical incident method, behaviourally anchored scales, field review method, performance tests and observations, annual confidential reports, essay method, cost accounting approach and comparative evaluation approach. Only a few techniques will be discussed in details as below:

Rate Scales – this is the simplest and most popular technique for appraising employee performance. The typical rating scale system consists of several numerical scales, each representing a job-related performance criterion such as dependability, initiative, output, attendance, attitude, co-operation and the like. Each scale ranges from excellent to poor. The rate checks the appropriate performance level on each criterion, and then computes the employee's total numerical scores. There is typically a minimum required grade an employee must receive in order for the performance appraisal to be considered a success. Those that do not make the grade are often put on a performance improvement plan. This method is viewed by some management theorists as an egalitarian way of measuring individual performance (Mount, Judge, Scullen, Sytsma and Hezlett, 1998).

Rating scales offer the advantages of adaptability, relativity easy use and low cost. Nearly every type of job can be evaluated with the rating scales, the only requirement being that the job-performance criteria should be changed. This way, a large number of employees can be evaluated in a short time, and the rater does not need any training to use the scale. The disadvantages of this method are many. The rater's biases are likely to influence evaluations, and the biases are particularly pronounced on subjective criteria such as co-operation, attitude and initiative. Furthermore, numerical scoring gives an illusion of precision that is really unfound (Jourdan and Nasis, 1992).

Forced Distribution – the method operates under an assumption that the employee performance level conforms to a normal statistical distribution. Generally, it assumes that employee performance levels conform to a bell-shaped curve. For example, the following distribution is assumed to exist – excellent 10 per cent, good 20 per cent, average 40 per cent, below average 20 per cent and unsatisfactory 10 per cent. One merit of this approach is that it seeks to eliminate the error of leniency. The major weakness of this method lies in the assumption that employee performance levels always conform to a normal distribution. The error of central tendency may also occur, as the rate resists from placing an employee in the lowest or highest group, (Sanches and De La Torre, 1996).

Behaviourally Anchored Rating Scales (BARS) – also called behavioural expectation scales, are rating scales whose scale points are determined by statements of effective and ineffective behaviour. The anchored scales represent a range of descriptive statements of behaviour varying from the least to the most effective. A rater must indicate which behaviour on each scale best describes an employee's performance (Schneider and Beatty, 1979).

It has the following features – areas of performance to be evaluated are identified and defined by the people who will use the scales; the scales are anchored by descriptions of actual job behaviour that, supervisors agree, represent specific levels of performance. The results is a set of rating scales in which both dimensions and anchors are precisely defined; all dimension of performance to be evaluated are based on observable behaviours and are relevant to the job being evaluated; since the raters who will actually use the scales are actively involved in the development process, they are more likely to be committed to the final product. BARS are developed to provide results which subordinates could use to improve performance. Supervisors would feel comfortable to give feedback to those who are being rated. They help overcome the rating errors. Unfortunately, this method also suffers from distortions inherent in most rating techniques (Larson, 1984).

Future-oriented methods assess how an employee can perform in future. This is done by focusing on employee potential or setting future performance goals. The commonly used techniques in this method are Management by Objectives (MBO) which is one of the most

23

popular future-oriented performance appraisal techniques. This approach allows managers and employees work together to set goals. In fact, MBO is usually goal oriented, with the intent of helping employees to achieve continuous improvement through an ongoing process of goal setting, feedback, and correction. As a result of their input, employees are much more likely to be motivated to accomplish the goals and to be responsive to criticism that arises from subsequent objective measurements of performance. Psychological appraisals, Assessment Centres and 360-Degrees Feedback are other future-oriented methods (Schneider and Beatty, 1979).

Management by objectives (MBO) is another modern method of performance appraisal. This technique was first promoted in the 1950s by management theorist Peter Drucker. MBO requires a manager and employee to agree upon specific, obtainable objectives with a set deadline. For example, a sales manager may be required to increase his revenue by 25 percent within three months. Once this goal is set, the responsibility is on the sales manager to direct himself towards the objective. With this technique, success or failure is easily defined. Employees who successfully reach the established goals may be allowed to participate more in goal-setting process next time.

Like other approaches, MBO too has been criticized. The approach is not applicable to all jobs in all organizations. Jobs with little or no flexibility, such as assembly-line work, are not compatible with MBO. It seems to be most suitable with managerial personnel and employees who have fairly wide range of flexibility and self-control in their jobs. When the results of MBO are to be used to allocate organizational rewards, employees may be less likely to establish challenging goals – goals they are confident that they can accomplish (Bretz, Milkovich and Read, 1992).

Psychological Appraisals - Psychologists are used for evaluations and they asses an individual's future potential and not past performance. The appraisal normally consists of in-depth interviews, psychological tests, discussions with supervisors and a review of other evaluations. The psychologist then writes an evaluation of the employee's intellectual, emotional, motivational and other related characteristics that suggest individual potential and may predict

24

future performance. The evaluation may be for a specific job opening for which the person is being considered or it may be a global assessment of the employee's future potential (Keeping and Levy, 2000).

From the evaluations, placement and development decisions may be made to shape the person's career. Because this approach is slow and costly, it is usually required for bright young members who, others think, may have considerable potential with the organization. Since the quality of the appraisal depends largely on the skills of the psychologists, some employees object to it, especially if cross-culture differences exist. Psychological testing must be administered extremely carefully because of the long-term implications of the evaluation on the employee's future. Success is largely dependent on the skill of the psychologist (Levy and Williams, 2004).

360-Degree Feedback - A common performance appraisal method is the 360-degree feedback, where multiple rates are involved in evaluating performance. 360-degree technique is understood as systematic collection of performance data on an individual or group, derived from a number of stakeholders – the immediate supervisors, team members, clients/customers, peers and self. 360-degree feedback provides a broader perspective about an employee's performance. It also facilitates greater self-development of the employees. For one's development, multi-source feedback is highly useful. It enables employees to compare his/her perceptions about self with perceptions of others. Besides, it provides formalized communication links between an employee and his/her customers It makes the employee feel much more accountable to his/her internal or external customers. The technique is helpful in assessing soft skills possessed by employees. By design, the 360-degree appraisal is effective in identifying and measuring interpersonal skills, customer satisfaction and team-building skills. This technique allows an appraiser to gain a complete profile of the employee. In addition to gauging the worker & his job performance and technical skill set, an appraiser receives in-depth feedback on the employee & his behavior. Measuring areas of subjectivity, such as character and leadership skills, allows an employer to manage an employee's career development (Hazucha, Hezlett and Schneider, 1993).

However, there are drawbacks associated with 360-degree feedback. Receiving feedback on performance from multiple sources can be intimidating. It is essential that the organization create a non-threatening environment by emphasizing the positive impact of the technique on an employee's performance and development. It takes a long time selecting raters, designing questionnaires and analyzing the data. Raters can have enormous problems separating honest observations from personal differences and biases (Kaplan, 1993).

2.3   Application of Performance Appraisal Outcomes

Thomas and Bretz (1994) report that performance information is most likely to be used for employee development or to administer merit pay. They identified the main developmental uses as improving work performance, communicating expectations, determining employee potential and aiding employee counseling. Other common administrative uses included promotions, lay-offs, transfers, terminations, and validations of hiring decisions. In addition, Hall, Posner, and Hardner (1989) identified common objectives of performance appraisal as reviewing past performance, rewarding past performance, goal setting for future performance, and employee development. Cleveland, Murphy and Williams (1989) warned that organizations should exercise caution when using the same performance appraisal methods for multiple applications (e.g. counseling vs. evaluation), since different performance appraisal methods may yield different types of data (e.g., qualitative vs. quantitative).

2.4   Challenges in the Application of Performance Appraisal Results

The challenges in the application of the appraisal results are many and these may include lack of top management support, financial constraints, some organizations use performance appraisal exercise just for what to do without having any intention of effecting the recommendation from the exercise and the inability for the appraisers to effect the results of the appraisal exercise – for example, after establishing the training needs requirements, the appraisers can only recommend to the management that the staff concerned be taken for training but they cannot actually take them for training without the approval and support of the top management. There are also financial constraints that prevent effective implementation of the appraisal results (Bernardin & Klatt, 1985).

Performance appraisal exercise like any other organizational activity need to have the support of the top management in order to be considered and taken seriously by the appraisers and the appraised. When such Organizational Commitment is lacking, for example, after the appraisers have established the training needs requirements, they recommend that the staff concerned be taken for training and these are not affected due to non approval and support of the top management as there is no laid down procedure to be followed. This will reflect negatively on the organizational management and may discourage the parties to the appraisal exercise. For such actions to be taken there should be a policy document on the implementation of performance appraisal results (eHow.com-http://www.ehow.com/info_7879711_challenges-performance-appraisal.html#ixzz1Siorjtxz.

Budgetary constraints is another factor which pose a challenge to managers in the affecting the recommendation of performance appraisal results. There is need to make available sufficient resources for implementation of these recommendations as Neely, Gregory, & Platts (1995) noted. It is obvious that, resources are needed to support organization and employees objectives set. Due to this the most of managers/employees fail to achieve their expected outcome as agreed, hence poor performance. The financial constraints may also make organization not to be able to prepare both the appraiser and those to be appraised through training on what is expected of them. This may leave the parties concerned in a dilemma as they may not be sure of what is expected of them in the whole exercise. Without clear direction, the appraisers will not have a policy guideline on what to do. Due to financial constraints, application of performance appraisal results may be a big challenge especially those that require financial input as such financial reward and compensation, promotion and even layoffs as these all requires finances (Armstrong, and Murlis, 2009).

When appraisal is carried out as a mere routine procedure both the appraisers and the employees being appraised would not want to take part in the exercise as they view to be a waste of their valuable time and energy. Some organizations especially in the public sector just carry out performance appraisal exercise as a routine management activity without having any policy of implementing the outcomes. Such is an exercise in fatality as nobody; both employees and appraisers take it seriously (Thomas and Bretz, 1994).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1   Introduction

Research methodology is defined by Leedy & Ormrod (2001) as the general approach the researcher takes in carrying out the research project. This chapter presented methodology and covered research design, population, data collection methods and procedures, measurement of variables and methods of data analysis.

3.2   Research Design

The Research design was a case study. This was considered appropriate since the study involved an in-depth analysis of the challenges managers face in the application of performance appraisal results in human resource management at a particular institution. The focus of interest in this study was the middle level and top management in the various departments of the University of Nairobi. A case study allowed the researcher to get detailed in-depth information on the challenges managers face in the application of performance appraisal results in human resource management.

3.3   Data Collection Methods

A structured questionnaire with open-ended and closed-ended questions was used to collect both quantitative and qualitative data. The questionnaire was administered through drop and pick later method. The questionnaire was divided into three sections. Section A provided the personal details of the respondents.   Section B addressed challenges faced in the application of performance appraisal results in training decisions while Section C focused on promotion practices.

The respondents were drawn from the employees of the University of Nairobi especially the middle level and top managers as they were more likely to face the challenges in the application of performance appraisal results in human resource management. These comprised Assistant Registrars, Senior Assistant Registrars, Deputy Registrars, Registrars, Chairmen of departments, Deans and Directors of Schools/Institutes/Faculties and College Principals. The total number of these administrators is 413 (UoN Internal Directory).   According to Kothari (2000), a representative sample is one which is at least 10% of the population.   Therefore, from the

28

opulation of 413 administrators 30% was taken giving a base of 126 respondents consisting of administrators in Training Section, Deputy Registrar in charge of Recruitment and Training and key personnel in charge of College administration. These cadres of staff are presented in Table 3.1 below:

Table 3.1   List of Respondents

Categories	No. of Units	No. in Sample	Percentage (%) Sample
Principals	6	2	1
Deans/Director	31	9	8
Chairmen	70	23	17
Registrars	8	2	2
Deputy Registrars	23	7	6
Senior Assistant Registrars	92	28	22
Assistant Registrars	183	55	44
Totals	**413**	**126**	**100**

Source: Author (2011)

3.4   Data Analysis

Data were analyzed using qualitative and quantitative approaches so as to gather all types of information regarding challenges managers face in the application of performance appraisal results in Human Resource Management. Leedy and Ormrod (2001) suggest that qualitative research is used "to construct a rich and meaningful picture of a complex, multifaceted situation". Data were analyzed using statistical methods and results interpreted to give meaning to the study. Quantitative approaches of data analysis involved presenting data in form of tabulations, percentages, bar graphs and Pie Charts methods. Quantitative methods of data analysis were of great value to the researcher who was attempting to draw meaningful results from a large body of qualitative data. The main beneficial aspect is that it provided the means to separate out the large number. The method helped the researcher to summarize the reports and draw conclusions from the respondents in the study. Qualitative methods will involve drawing meanings from the quantitative data. While the quantitative method provided an objective

measure of reality, the qualitative method allowed the researcher to explore and better understand the complexity of a phenomenon, Williams (2006).

Primary data gleaned from the research were analyzed using descriptive and inferential statistics (Cooper & Schindler, 2006). Descriptive research refers to the transformation of raw data into a form that would provide information to describe a set of factors in a situation that will make them easy to understand and interpret. This analysis gives a meaning to data through frequency distribution, mean. Inferential statistics allow one to draw conclusions about the unknown parameters of a population based on statistics which describe a sample from that population.

Statistical Package for Social Sciences (SPSS), was used in this study, it offered extensive data-handling capabilities and numerous statistical analysis routines that can analyze small to very large amounts of data statistics. Descriptive statistics such as mean scores, standard deviations, frequencies and percentages were used to summarize the research findings. The data were then presented by use of tables.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

1   Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. Data was gathered exclusively from questionnaires as the research instrument. The data has been presented in form of quantitative and qualitative findings which is followed by discussions of the data results. The chapter concludes with the critical analysis of the findings.

The response rate was 71 percent as out of the 126 questionnaires sent out the researcher managed to get 90 questionnaires back. The response rate was slow but with some phone call reminders most respondents managed to take sometimes off their busy schedules to respond to the questionnaires.

4.2   Respondents' Demographic Characteristics

4.2.1   Age of Respondents

The study in this section aimed at establishing the age of the respondents. The respondents were asked to indicate their age brackets. The results are given in Table 4.1

Table 4.1   Distribution of Respondents by Age

	Frequency	Percent
Less than 30 years	0	0
30 – 40 years	9	10
41 – 50 years	36	40
Over 5o years	45	50
Total	90	100

Source: Research Data

The result in Table 4.1 shows that majority of the respondents, (90 percent) were more than 40 years old while 10 percent were aged between 30 and 40 years. None was below 30 years.

4.2.2 Work Experience

In this section, the aim was to establish the number of years the respondents had worked in the Institution. The respondents were therefore asked to state how long they had worked at the University of Nairobi. This was to enable the researcher assess how well they understood the challenges being faced in the Application of Performance Appraisal results in Human Resource Practice.

Table 4.2   Work Experience

	Frequency	Percent
Less than 5 years	7	8
5 – 10 years	11	12
11 – 15 years	16	18
16 – 20 years	14	15
Over 20 years	42	47
Total	90	100

Source: Research Data

It was established that 47 percent of the respondents had worked for over 20 years and therefore were competent enough to give the required information as they have been in the system long enough to understand what challenges were being faced in the Application of PA results in making Training and Promotion Decisions. It was also established that 15 percent had worked for 16 to 20 years, 18 percent had worked for 11 to 15 years, 12 percent had worked for 5 to 10 years while 8 percent had worked for less than 5 years.

4.3   Challenges Managers face in the Application of Performance Appraisal Results in Training Decisions:

4.3.1 Implementation of Performance Appraisal results in Training Decisions is a challenge as Training policy does not take into account Performance Appraisal exercise.

Table 4.3   **Implementation of Performance Appraisal Results in Training Decisions**

	Frequency	Percent
Strongly Disagree	7	8
Disagree	9	10
Moderately Agree	21	23
Agree	32	36
Strongly Agree	21	23
Total	90	100

Source: Research Data

Findings from the study shows that majority of the respondents 82 percent (moderately agree 23, agree 36 and strongly agree 23) agreed that implementation of PA results in Training Decisions is a challenge as training policy does not take into account PA exercise while 18 percent disagreed.

4.3.2   Challenges Managers face in the Application of Performance Appraisal Results in Training Decisions in Human Resource Practices.

Table 4.4   Challenges Managers Face in the Application of Performance Appraisal Results in Training Decisions

Statement	Mean	Std Deviation
Using appraisal results for making training decisions is a challenge due to financial constraints.	2.90	1.24
The management is finding it difficult in using appraisal results alone to make training decisions as there are other aspects of training policy to be taken into account.	3.50	1.02
Selecting those to be trained amongst many employees is a challenge as there is no laid down procedure on how to use appraisal results on training decisions.	3.51	1.40
The number taken on the in-house training is generally too large for proper facilitation of the session.	3.40	1.30
Performance rating is only one of the indicators of training needs.	4.00	1.10
The objectivity of performance appraisal process is difficult to ascertain.	3.40	1.23
The validity of performance appraisal result is not certain.	3.30	1.20
Performance Appraisal rating may not be in tandem with the policy on regional balance of staff.	3.20	1.40
Grand Mean	27.21	9.90

Source: Research Data

The results presented in Table 4.4 revealed that seriousness to the challenges in making training decisions are moderate as indicated by grand mean is 27.21 out of a possible maximum of 56. Findings from the study established that respondents moderately agreed that the University of Nairobi faced challenges in making Training Decisions due to financial constraints as shown with a mean score of 3 out of a maximum possible mean of 5. It was further established that respondents moderately agreed (mean of 3) that the Management find it difficult in using PA results alone to make Training Decisions as there are other aspects of Training Policy to be taken into account. The study also revealed that respondents strongly agreed (mean of 4) that the Institution faced challenges in selecting those to be trained amongst many employees as there is no laid down procedure on how to use appraisal results on making Training Decisions. It was also revealed from the study that the numbers taken for in-house are generally too large for proper facilitation (mean of 3). The study established that respondents strongly agreed (mean of 4) that the Performance rating is only one of the indicators of Training needs. The study results revealed that respondents moderately agreed (mean of 3) that the objectivity of PA process was

difficult to ascertain, validity was not certain and that rating was not in tandem with the Policy on regional balance of staff.

The study found out that there were several challenges which managers faced in the application of PA results in Training and Promotion Decisions. Financial constraints has been sighted as a major challenge as there are large number of staff of various cadre who require training but due to lack of finances, this has not been possible. It has also been noted that there was no clear link between PA and Training policy, thus making it difficult to make Training Decisions based on the PA results. PA exercise is carried out as an annual routine with no clear guidelines on the use of its results and recommendations/suggestions made during the exercise. PA has not been understood well as a tool for performance management. The exercise plays no part in Reward, Training and Promotion, which are key components in PA.

4.3.3 In this section, the aim of the study was to find out the difficulties that individual managers face in the application of PA results in Training Decisions.

The results from the study show that difficulties managers face in the application of PA results in Training Decisions are many and varied, ranging from lack of clear criteria on training policy, financial constraints; lack of clear link between PA and training; lack of follow up on PA recommendations. The PA form is not linked to the assessment of training needs; lack of coordination between Training Unit and the various departments which may be in need of training for their staff; lack of validity in appraisal information; lack of training facilities and options in specialized courses; lack of alignment between individual targets and the departmental targets and that PA does not encompass all aspects needed in Training Decisions.

4.4   Challenges Managers face in the Application of Performance Appraisal results in Promotion Decisions

4.4.1   In this section the study inquired into the Policy on Promotion and how it relates to the Performance Appraisal exercise at the University of Nairobi. It further sought information the on whether new Government policy on Minority Groups (female employees and

people/employees living with disabilities) and Ethnic balance at the work place were taken into consideration in employment and promotion practices at the University of Nairobi.

Table 4.5 **Challenges Managers Face in the Application of Performance Appraisal Results in Promotion Decisions**

Statement	Mean	Std. Deviation
According to Kagiko Report, promotion should be effected after an employee has served in a particular grade for a minimum of three years, yet the Performance Appraisal is an annual exercise. To what extent does this policy guideline pose a challenge to promotion at the University?	3.30	1.44
The traditional promotion practices at the University poses a threat to the application of performance appraisal results in promotion decisions	3.60	1.32
Kagiko Report stipulates the rules and regulations on promotion while Appraisal Instrument also has some implicit requirements on reward and promotion. To what extent do the two policy documents create disharmony in the application of appraisal results?	3.34	1.18
Currently most employees are taking own initiative to acquire more skills in relevant areas and even in diverse fields. To what extent does this practice cause difficulties in the application of appraisal results in promotion decisions?	3.21	1.30
It is a government policy to recognize the minority groups in employment and promotion practices. To what extent does this policy guideline pose a challenge to promotion of female employees at the University?	2.80	1.30
It is a government policy to recognize the minority groups in employment and promotion practices. To what extent does this policy guideline pose a challenge to promotion of Employees/People Living with Disabilities at the University?	2.70	1.30
The government has introduced a new policy to check on ethnic balance in the work place. To what extent does this policy pose challenges to the University's promotion practices?	3.40	1.50
Grand Mean	22.35	9.34

Resource: Research Data

The results presented in Table 4.5 revealed that the Policy guideline on promotion (Kagiko Report) posed a challenge to a moderate extent to promotion practices at the University (mean = 3.30). It was further revealed that the traditional promotion practices posed a threat to a large extent to the application of PA results as shown by mean score of 4 out of a possible maximum

of 5. It was further established that Kagiko Report and Appraisal Instrument created disharmony to a moderate extent, as represented by a mean score of 3 out of a possible maximum of 5 in the application of PA results. The study results shows that employee own initiative to acquire new skills in relevant/diverse fields caused difficulties to a moderate extent (mean of 3) in the application of PA results in Promotion Decisions. Findings from the study shows that Government policy on recognition of Minority groups posed challenges to a moderate extent (mean of 3) to the promotion of female employees and employees living with disabilities at the Institution. The study findings further revealed that the Ethnic Balance policy posed challenges to the University promotion practices to a moderate extent. It was also established that there was disharmony between Kagiko Report (Policy on promotion at UoN) and PA exercise as their requirements were quite different. It was further established that during interviews for staff promotions PA results/outcome were never referred to at all hence there were staff whose performance may have been below average who end up being promoted while those with excellent performance were being left out.

4.4.2 In this section the study sought to find out from the respondents any challenges which they may have encountered with the introduction of PA exercise, but which was not captured in the questionnaire.

The result from the study revealed that there are many challenges that managers encountered ranging from lack of proper induction of both the appraisers and appraises; the complexity of the appraisal instrument; biasness in the rating criteria; non acceptance of the results; suspicion on the part of appraisees; subjectivity of the process; PA is used as just a routine exercise with no follow up mechanism; lack of management support; lack of resources and know how on the whole exercise; lack of clear guidelines; lack of proper preparation where performance objectives and targets are set by both the appraisers and the employees to be appraised.

4.5   Discussion

The results are partly in agreement with some theories in the Literature which revealed that performance appraisal reports in Kenya play a relatively minor role in influencing decisions regarding the general management of the human resources. Performance appraisal systems in

Kenya are based on personality traits, while actual job performance and ability to achieve goals is given little emphasis. Thus, the need to use PA correctly by the organizational managers cannot be overemphasized. The study confirmed some points in the Literature review that many companies in Kenya conduct PA regularly but quite a number have not institutionalized the process.

Literature indicated that the Performance Appraisal process involves establishing performance standards, communicating standards and expectations, measuring the actual performance, comparing the actual performance with the standards, discussing results (providing feedback) and decision making in terms of corrective actions. Organizations are expected to put in place structure to manage the process, get policies and procedure manuals and train the entire organization on target setting, monitoring and review. The training required must come as often as the appraisal itself. Yet from the results it was revealed that training of the entire organization on target setting and even on the PA process itself was lacking. The practice at University of Nairobi is not in compliance with what is expected to take place in the PA process. Therefore, there is need for the University to train its members on target setting, monitoring and review of the PA process in order for the process to be successful.

Performance Appraisal is controversial in nature and even at the University of Nairobi some of the challenges managers face in the application of PA results is as a result of these controversies; including managers' subjectivity, bias on the part of both peer reviewers and the managers, and dishonesty. To overcome these problems, the Institution should have a clearly laid down procedure of establishing performance standards, communicating standards and expectations, measuring the actual performance, comparing the actual performance with the standards, discussing results (providing feedback) and decision making resulting in corrective actions. This is not what is happening currently.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusions and recommendation of the study on the challenges managers face in the application of the PA results in the Human Resource Practice.

5.2 Summary

It has been established that managers face challenges in the application of PA results in Training and Promotion Decisions at the University of Nairobi. This was found out to be due to lack of institutionalization of PA exercise by the management. There was also lack of understanding of the PA exercise as the people involved were not fully trained to understand the exercise as a Performance Management tool and not as a routine annual exercise with no value addition to the employees and the institution as well. The PA instrument is complex and not well understood by the both the managers and the employees. The process is subjective and bias with no follow-up mechanism. Employees, view PA exercise with suspicion and have not accepted it as performance management tool which is meant to enhance their (employees') performance as well as the overall performance of the Institution. The study further revealed that Training and Promotions decisions are made using other internal policies (Kagiko Report and Training Policy) and that the PA results is not considered when making such decisions.

5.3 Conclusions

The study concludes that managers actually face a lot of challenges in the application of the PA results at the University of Nairobi. These are due to non-alignment of PA and the Training, Reward and Promotion Policies. As a performance management tool PA is too complex for most employees to comprehend and therefore there is a need for prior sensitization of both the appraisers and appraisees on the importance of PA well before the exercise could begin.

Performance Appraisal at the University of Nairobi does not serve its purpose as a performance management tool due to lack of understanding of the exercise both by the employees and supervisors/managers. There is also dishonesty and biasness in the rating system; there was suspicion on the part of the employees on the objectivity as employees believe that the PA process is meant to punish them. It was revealed from the study that the system of follow-up of

recommendation/suggestions made by appraisers during the exercise is not very good and therefore the management need to put in place a well laid down procedure on how the results are to be applied as part of PA process. The managers facing these challenges need to be part of the team trying to give solutions/recommendations on how these challenges could be overcome by the Institution rather than just carrying out the exercise and let it end there with no concrete resolutions.

5.4   Recommendations

5.4.1   Recommendations on Training and Promotion

Based on the findings, the study recommends that in order for University of Nairobi to overcome the challenges being faced in the application of PA results on training decisions, there is need to have a well laid down procedure on implementation and follow-up of the PA outcomes. This can be achieved by including the application of the PA results as part of the Training Policy. This will enable managers involved in the exercise to have a clear course of action to be taken after the annual exercise is completed. For the exercise to be well understood and accepted by all employees, there was need to sensitization all cadre of staff on the importance of the PA as a performance management tool, this can be done through staff training, workshops and seminars and even departmental staff meetings where the importance of PA is discussed. There should also be prior meetings between individual staff and their supervisors where the performance targets are discussed, agreed on and set before the actual exercise sets off.

The study further recommends that the University management should borrow a leaf from the private sector appraisal exercise, as in the private sector the recommendations are implemented within a set time frame and in the process the new performance targets are set hence it becomes a continuous process and staff are able to adopt it as part of their duty to take part and strive to improve their performance continuously. For example instead of the University giving a routine letter of appreciation to staff after completion of performance appraisal exercise, they should also include a token of appreciation in form of reward (financial or otherwise) to encourage staff to maintain the excellent performance or even to improve on it. This way, the performance of individual staff will continue to improve thus enhancing the overall performance of the Institution and allow it to achieve its vision of being a world class University.

After the PA exercise has been completed, there should be follow-up meetings/discussions where the employees are shown their performance results and they are encouraged to discuss their performance with their supervisors/appraisers openly without fear or prejudice. This will encourage them to talk about the difficulties that they may be facing in their day to-day routine work, give their suggestion on how they feel they can be assisted to improve and be allowed to set performance target for themselves. Such discussions should be open and transparent so as to enable the supervisors/appraiser also to know their weaknesses as observed by the employees.

The management should also strive to implement the PA results and recommendations and suggestions made by appraisers during the exercise. This should give the appraisers an upper hand when discussing the results and setting the next performance targets with the employees as they would be in a position to ascertain that those with excellent performance would surely be rewarded in one way or another so as to encourage them to keep up with the excellent performance and also those with wanting performance level (below average) could be helped either through training and transfers so as to ensure that their next performance targets are met. The management should be SMART in the implementation of PA results so that the employees will appreciate/understand why they are either being rewarded or reprimanded if it is done when results are still fresh in their mind.

5.4.2 Recommendation for Further Research

The study established that there are challenges which managers face in the application of the PA results at the University of Nairobi. Since this study was only carried out at the University of Nairobi, there is need for further research which will cover all the public Universities in Kenya and their constituent colleges to find out whether these challenges also affect them or they are unique to the University of Nairobi. Further research can also be carried out on the importance of the PA as a performance management tool in the Public Sector as a whole.

5.5   Limitation of the Study

Most respondents were not willing to take part in the study sighting their busy work schedule and the researcher tried to plead with them to accept to participate but some completely refused to participate. Some the questionnaires were not ready when the researcher went to pick them as some respondents either misplaced them or continued to asked the researcher to check later on as they had not filled them, while some respondents told the researcher that they would forward the filled questionnaires to her but they never did so even though some insisted that they sent them, yet the questionnaires never reached the researcher. Non-response by a part of the sample might have introduced bias in the results.

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UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

DATE 14/09/2011

TO WHOM IT MAY CONCERN

The bearer of this letter KONGERE, HELLEN AKEYO

Registration No D61/60902/2010

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to co their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
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DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

50

DATA COLLECTION QUESTIONNAIRE

This questionnaire seeks to establish the challenges managers face in the application of the Performance Appraisal Results in Human resource management at the University of Nairobi. The information given will be treated in strict confidence and will be used for academic purposes only.

The Questionnaire is in three Sections. Section A, seeks for information on the personal details of the respondents, Section B, relates to the Challenges Managers face in the application of the Performance Appraisal results in Training Decisions and Section C focus on challenges faced in the application of performance appraisal results in promotion practices at the University of Nairobi.

SECTION A: DETAILS OF RESPONDENT

1. What is your Job Title? _____

   _____

2. Please indicate your terms of service?

   Contract ( )   Temporary ( )   Permanent & Pensionable ( )

3. Please indicate your College _____

4. Please indicate your Department _____

5. What is your age bracket?

   a) Less than 30 years   ( )

   b) 30 to 40 years   ( )

   c) 41 to 50 years   ( )

   d) Over 50 years   ( )

6. How long have you served the University of Nairobi? (Tick one)

   a) Less than 5 years   ( )

   b) 5 to 10 years   ( )

   c) 11 to 15 years   ( )

   d) 16 to 20 year   ( )

   e) Over 20 years   ( )

SECTION B: CHALLENGES MANAGERS FACE IN THE APPLICATION OF PERFORMANCE APPRAISAL RESULTS IN MAKING TRAINING DECISIONS.

(Use 5 point scale where 1-strongly disagree, 2-Disagree, 3-Moderately Agree, 4-Agree, 5-Strongly Agree)

7. Implementation of performance appraisal results in making training decisions is a challenge as training policy does not take into account performance appraisal exercise.

    Strongly Disagree ( )   Disagree ( )   Moderately Agree ( )   Agree ( )   Strongly Agree ( )

8. Use the above 5 point scale to respond to the statements below:

Statement	1	2	3	4	5
Using appraisal results for making training decisions is a challenge due to financial constraints.					
The management is finding it difficult in using appraisal results alone to make training decisions as there are other aspects of training policy to be taken into account.					
Selecting those to be trained amongst many employees is a challenge as there is no laid down procedure on how to use appraisal results on training decisions.					
The number taken on the in-house training is generally too large for proper facilitation of the session.					
Performance rating is only one of the indicators of training needs.					
The objectivity of performance appraisal process is difficult to ascertain.					
The validity of performance appraisal result is not certain.					
Performance Appraisal rating may not be in tandem with the policy on regional balance of staff.					

9. As an appraiser, what difficulties are you facing in the application of the Performance Appraisal results in making training decisions?

   _____

   _____

   _____

   _____

SECTION C: CHALLENGES MANAGERS FACE IN THE APPLICATION OF PERFORMANCE APPRAISAL RESULTS IN MAKING PROMOTION DECISIONS

(Use 5 point scale where 1-Not at all, 2-Small Extent, 3-Moderate Extent, 4-Large Extent, 5-Very Large Extent)

10. Use the above 5 point scale to respond to the statements below:

Statement	1	2	3	4	5
According to Kagiko Report, promotion should be effected after an employee has served in a particular grade for a minimum of three years, yet the Performance Appraisal is an annual exercise. To what extent does this policy guideline pose a challenge to promotion at the University?					
The traditional promotion practices at the University poses a threat to the application of performance appraisal results in promotion decisions					
Kagiko Report stipulates the rules and regulations on promotion while Appraisal Instrument also has some implicit requirements on reward and promotion. To what extent do the two policy documents create disharmony in the application of appraisal results?					
Currently most employees are taking own initiative to acquire more skills in relevant areas and even in diverse fields. To what extent does this practice cause difficulties in the application of appraisal results in promotion decisions?					
It is a government policy to recognize the minority groups in employment and promotion practices. To what extent does this policy guideline pose a challenge to promotion of female employees at the University?					
It is a government policy to recognize the minority groups in employment and promotion practices. To what extent does this policy guideline pose a challenge to promotion of Employees/People Living with Disabilities at the University?					
The government has introduced a new policy to check on ethnic balance in the work place. To what extent does this policy pose challenges to the University's promotion practices?					

11. Kindly give brief account of any challenges which may have been experienced with the introduction of Performance Appraisal Exercise, but which have not been captured above.

_____
_____
_____
_____
_____
_____
_____