



## **EFFECTS OF APPRAISAL SYSTEM ON EMPLOYEES' PERFORMANCE IN WATER SERVICE BOARDS IN KENYA: A CASE STUDY OF ATHI WATER SERVICE BOARD**

<sup>1\*</sup> **Irene Nyambura Ndirangu**

*Jomo Kenyatta University of Agriculture and Technology*  
[rishpart@yahoo.com](mailto:rishpart@yahoo.com)

<sup>2\*\*</sup> **Dr. Doris Mbugua**

*Jomo Kenyatta University of Agriculture and Technology*

### **Abstract**

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*Human resource management seeks to maximize organizational performance through the adoption of best practice in the management of people. Of all the activities in Human resource management, performance appraisal is arguably the most contentious and least popular among those who are involved. Performance appraisal remains as a normal process and the feedback is seldom used to improve the employees' performance where most employees perceive performance appraisal only as a routine yearly exercise to assess their performance against which they was rewarded or penalized. Appraisals should not be a one-off event and they should be and is part of an ongoing cycle of performance management in order to change the perception of employees. Therefore this study sought to evaluate the effects of appraisal system on employees' performance in Water service Board in Kenya. The results revealed that all the variable had a statistically significant influence on employees' performance at AWSB. Based on the findings the study concluded that failure to involve employees in the appraisal system section will create dissatisfaction hence making the implementations ineffective. Further the study concluded that appraisal feedback and rewarding are much influential to improved performance of staffs in an organization. Therefore the study recommended mangers to come up with acceptable appraisal criteria methods , innovative methods of providing appraisal feedback such as having external bodies to conduct the appraisal process on their behave and hence provide better rewarding system to employees who are rated highest from the appraisal process.*

**Keywords:** Appraisal Criteria, Appraisal Feedback, Appraisal Rewarding and Employees Performance

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## 1. Introduction

A tax Performance appraisal refers to the evaluation of an individual's work performance in order to arrive at objective personnel decisions (Robbins *et al*, 2000). It is the process of obtaining, analyzing and recording information about the relative worth of an employee (Dowling, Welch & Schuler, 2009). A performance appraisal which is a major function of the human resource, are form of providing feedback, deciding promotions or termination, determining compensation, identifying development needs that can help with career planning. The appraiser and the appraiser can use to enhance performance of employee and the organization (Korir, 2014). The type of appraisal used must be in line and congruent with the requirements and structure of the organization in order to reap the benefits (Appelbaum *et al.*, 2011). The performance appraisal process in the organization is done as an exercise, which has no relationship or bearing with an individual's career development or other functions such as competency training, rewards and job transfer.

Appraisers are not given adequate exposure or guidance on how to conduct an effective appraisal exercise and they are also not informed as how to relate performance appraisal with other functions of human resource. Performance appraisal remains as a normal process and the feedback is seldom used to improve the employees' performance where most employees perceive performance appraisal only as a routine yearly exercise to assess their performance against which they was rewarded or penalized. Appraisals should not be a one-off event and they should be and is part of an ongoing cycle of performance management in order to change the perception of employees. Workers expect to be rewarded and recognized for their efforts (Tippins & Coverdale, 2009).

Human resource management seeks to maximize organizational performance through the adoption of best practice in the management of people (McKenna & Beech, 2002). Of all the activities in Human resource management, performance appraisal is arguably the most combative and least popular among those who are involved. Managers do not appear to like doing it, as well as employees thus personnel and human resource managers as guardians of the organization's appraisal policy and procedures have to stand by and watch their work fall into disrepute (Bratton & Gold, 1999, Oluoch, 2007).

Many changes have taken place in the field of human resource management over the years. One such change is human resources planning. Planning involves two major service functions (Oluoch, 2007). It first seeks to forecast the numbers and types of employees that was needed on each job in some future time period. Second, armed with forecasting results, plans may be developed for coping with the results through a series of coordinated activities. With increased human resources budget, most organizations have pursued changes such as outsourcing, downsizing, and multitasking. Appraisal of employees is a key requirement for management decision-making and human resources strategy development, implementation and control. It is against this background that the proposed is based.

Performance appraisal process allows an organization to measure and evaluate an individual employee's behavior and accomplishments over a specified period of time (Wiese & Buckley, 1998). As organizations evolve and become large with professional management, a more formal performance appraisal system serves as an asset in administrative decision-making (Dessler, 2008). Regardless of the system in place, decisions must be made regarding issues such as training needs, counselling, and performance improvement initiatives, who receives pay raises and promotions and who is terminated. These decisions are aided by a process that monitors and evaluates an employee's progress and allows for intra - organizational comparisons of individual performance. Performance appraisal practices may differ from one organization to another. What is not known is whether different appraisal practices have different effects on employee outcomes such as job satisfaction.

Several methods on performance appraisal include Graphic-rating, checklist, forced choice ranking, paired comparison, forced distribution, behavioral rating scales, management by objectives, critical methods, essay and field reviews. Increasing attention is being given to broader and more flexible form of performance appraisal with greater emphasis on meaningful feedback (Ferdinand, 2000).

## **1.2 Problem Statement**

Despite that performance appraisal is recommended measure of competence, many employees dislike it and have a negative perception toward the process. This attitude tend to lower motivation and employees morale to work, hence lowering productivity (Korir, 2014). Previous studies acknowledge that performance appraisal is important for the wellbeing of the organization. However the studies failed to focus on the aspect of performance appraisal in employees' motivation to improve performance. Various scholars have attributed motivation as booster to a better performance. Therefore this study seeks to evaluate the effects of performance appraisal system in Water service Board in Kenya.

## **1.3 Study Objectives**

The general objective of the study is to evaluate the effects of appraisal system on employees' performance in Water service Boards in Kenya. A case study of Athi water service board. The specific objectives were;

- i. The study was guided by the following specific objectives
- ii. To establish the effect of appraisal system criteria on employees' performance in Athi service board.
- iii. To establish the effect of appraisal system feedback on employees' performance in Athi service board.
- iv. To establish the effect of appraisal system rewarding on employees' performance in Athi service board.

## 1.4 Research gap

Recent studies done on performance appraisal include Richu (2007) who researched on a survey of teachers' perception of performance appraisal in public secondary schools in Nakuru District and established that the frequency of appraisal was very low and the working environment did not facilitate the practice and did not meet the needs of the teachers. The management was not well trained for the practice of performance appraisal and thus the practices did not support school development and did not contribute to improving the teachers. Nduku (2015), study aims at finding the relationship that exists between Performance Appraisal and teacher commitment in schools. Karen (2013) conducted a study on the important of employees' satisfaction on performance appraisal. These studies acknowledge that performance appraisal is important for the wellbeing of the organization. However the studies failed focus on the aspect of performance appraisal in employees' motivation to improve performance. The exiting research has failed to consider the aspects of the appraisal criteria, feedback and rewarding system and how they affect the performance of individual employees in an organization.

## 2.0 RESEARCH METHODOLOGY

A descriptive research design with survey method was applied in this research .This study applied both stratified sampling to come up with the three WSP's and simple random sampling to select a presentable number of respondents. The primary data was collected using closed questionnaires which were administered to the respondents personally to shorten the response time and enable on the spot clarification of any doubt that the respondents might have regarding any questions. The data was analyzed using descriptive statistics, and presented by use of cross tabulation charts and graphs, tables, percentages and frequencies. Inferential analysis was also be used to support the findings.

## 3.0 RESULTS AND DISCUSSION

### 3.1 Correlation Matrix

*Table 3.1 Correlation Matrix*

		Performance	Criteria	Feedback	Reward
<b>Performance</b>	Pearson Correlation	1			
	N	219			
<b>Appraisal Criteria</b>	Pearson Correlation	0.803	1		
	N	219	219		
<b>Appraisal Feedback</b>	Pearson Correlation	0.763	0.592	1	
	N	219	219	219	

	N	219	219	219	
<b>Appraisal Reward</b>	Pearson Correlation	0.849	0.440	0.501	1
	N	219	219	219	219

From table 3.1 it can be observed that the correlation between the independent variables and the dependent variable was high. The interpretation was that the level of collinearity between the independent variable was not very high which meant that the influence of each variable in the regression model could be isolated individually. Burns and Burns (2008) noted that a very high level correlation between the independent and the dependent variable is termed as good since it shows the explanatory power of the individual independent variable. From table 3.1 it was noted that the correlation between employee performance and the various independent variables was above 30%, which was a good indicator of the explanatory power of the independent variables on the variance of the dependent variable.

### 3.2 Regression Results

*Table 3.2 Regression Result*

Model	Coefficients		t	Sig.
	(Beta)	Std error		
(Constant)	1.298	0.260	4.9923	0.000
Appraisal criteria	0.375	0.036	10.403	0.000
Appraisal feedback	0.235	0.038	6.174	0.000
Appraisal reward	0.437	0.041	10.718	0.000

The fitted regression model is

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

$$Y = 1.298 + 0.375 X_1 + 0.235 X_2 + 0.437 X_3 + \varepsilon$$

Standard Error 0.260 0.036 0.038 0.041

t-Statistics 4.9923 10.403 6.174 10.718

p-value 0.000 0.000 0.000 0.000

Where; Y = Employee performance, X1 = Appraisal criteria, X2 = Appraisal feedback, X3 = Appraisal reward,  $\varepsilon$  = Error Term,  $\beta_0$  = Intercept,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$  = Coefficients

From table 3.2, the regression coefficient of appraisal criteria was found to be 0.375. This value shows that holding other variables in the model constant, an increase in appraisal criteria by one  
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unit causes the employees performance to increase by 0.375 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between Appraisal criteria and employees performance at Athi river water service board..

The coefficient was not just positive but also statistically significant with a t-statistic value of 10.403. The standard error was found to be 0.036 and the p-value was found to be 0.000. The variable was also found to be the second most influential variable on the employee performance at Athi river water service board.

The regression coefficient of appraisal feedback was found to be 0.235. This value shows that holding other variables in the model constant, an increase in appraisal feedback by one unit causes the employees performance to increase by 0.235 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between Appraisal feedback and employees performance at Athi river water service board..

The coefficient was not just positive but also statistically significant with a t-statistic value of 6.174. The variable was also found to be the least influential variable on the employee performance at Athi river water service board.

The regression coefficient of appraisal reward was found to be 0.437. This value shows that holding other variables in the model constant, an increase in appraisal reward by one unit causes the employees performance to increase by 0.437 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between Appraisal reward and employees performance at Athi river water service board..

The interpretation was that appraisal reward causes the employee performance to increase. All the water service boards in Kenya should therefore consider the effect of appraisal reward to their employee since appraisal reward would have a direct positive effect on the employees' performance.

#### **4.0 Summary of the findings**

From the study findings all variables were found to have effect on the employee performance as depicted by the various responses from the respondents that were presented using table where the response was also in percentage form. The constructs were found to be of good reliability that allowed the researcher to proceed to the actual data collection, qualitative and inferential analysis. This variable was found to have a positive effect on employee performance.

The regression coefficient for the influence of appraisal criteria on employees' performance was found to be 0.375. This coefficient meant that a unit increase in appraisal criteria, would cause the rate of employees' performance to reduce by 0.375 units. This coefficient was also found to be statistically significant.

From the study findings all the measurers of appraisal feedback were found to have effect on the employees performance as depicted by the various responses from the respondents that were

presented using table where the response was also in percentage form. The constructs were found to be of good reliability that allowed the researcher to proceed to the actual data collection, qualitative and inferential analysis. This variable was found to have a positive effect on employee performance. This meant that increase in appraisal feedback facilitated the increase in employees' performance at Athi water service board.

From the study findings all the measurers of appraisal rewarding were found to have effect on the employee performance as depicted by the various responses from the respondents that were presented using table where the response was also in percentage form. The constructs were found to be of good reliability that allowed the researcher to proceed to the actual data collection, qualitative and inferential analysis. This variable was found to have a positive effect on employee performance. This meant that increase in appraisal rewarding facilitated the increase in employees' performance at Athi water service board.

#### **4.1 Conclusion**

The study concluded that appraisal criteria in Kenya has an influence on employee performance. The findings that appraisal criteria had a positive effect on employee performance, was a good indications that increase in appraisal criteria system motivate better performance from the employees. The findings on appraisal feedback had a positive effect on employee performance, was a good indications that increase in appraisal feedback system motivate better performance from the employees. The influence of this variable was found to have a positive and a statistically significant effect on employee performance at Athi river service board and other organizations in general. This variable was the second most influential variable on employee performance.

The study concluded that appraisal rewarding in Kenya has an influence on employee performance. The influence of this variable was found to have a positive and a statistically significant effect on employee performance at Athi river service board and other organizations in general. This variable was the second most influential variable on employee performance.

#### **4.2 Recommendation**

The study recommends the managers of the parasternal to keep a keen eye on improving the appraisal criteria. They should make sure that employees are familiar with the organizations appraisal methods and when appraisal should be conducted. Organization Human resource departments are advised to come up with more innovative ways of appraisal criteria for their employees.

Based on the findings of the study, organizations are advised to come up with come up with more innovative ways of appraisal feedback for their employees. They should further consider having eternal independent parties to conduct the appraisal process as this will restore confidants and acceptance of feedback to their employees.

Based on the finding of the study and other previous studies done, employees are motivated by touchable rewards given to them and more the glory after they are praised for performing well. Organization should there for come up with a mechanism of rewarding those employees who are rated well after appraisal. Mangers should consider having both touchable and non- touchable rewards such as promotions to employees who are rated from the appraisal process.

#### **4.3 Area for further research**

Future research should be directed towards identifying more variables that affect employee performance. Good examples are, relationship in organization, personality factors, boring repetitive work, frustration over career ambition, harassment and bullying among other factors. From the regression model it was noted that the variables included were only able to explained 87 % of the variation in employees' performance at Athi river water service board. This study therefore recommends the improvement of this model by including more variables that are relevant in explaining the variation some of which have been mentioned above. This paper also recommends further research to include studies in other organizations. More need to be done on the specific rating methods to ascertain which are more suitable and preferred by employee. Research need to done on methods on rewarding employees on organizations.

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