USE OF ACADEMIC STAFF PERFORMANCE APPRAISAL TO ATTAIN COMPARATIVE STUDY OF KENYAN UNIVERSITIES

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ABSTRACT

Academic staff performance appraisal aims at determining work results and looks at how best to make human resource management decisions, develop staff successfully, guarantee high level of motivation, productivity and competitiveness. Notably performance appraisal as used today in universities lacks formal goals and is not used to make crucial human resource management decisions on matters of pay, training and development needs analysis and benchmarking with other universities. This study sought to establish the extent to which academic staff performance appraisal systems in Kenyan universities are used to gain competitive advantage. The study objectives were to assess the extent to which Kenyan universities use performance appraisal to determine performance related pay, identify training needs and benchmark to achieve competitive advantage and whether organizational culture acts as a moderator in these relationships. It also sought to determine whether public universities were more competitive than private universities. The methodology included descriptive research design. Universities were stratified into public and private. The target population consisted of full time lecturers numbering 1114 drawn from two public and two private universities selected using stratified purposive sampling. Respondents from various schools were then sampled using simple random method. A pilot study was carried out on a sample of 10 lecturers in order to establish the reliability of questionnaires. Data was collected using semi-structured questionnaires and analyzed using statistical analysis generated using the computer application package SPSS version 11.5. Several methods used to analyze data included descriptive statistics, bivariate correlation (spearman’s rho), linear regression and sequential moderated multiple regression analysis. For public universities the findings indicated a linear relationship between training needs analysis,
benchmarking and competitive advantage while no linear relationship existed between performance related pay and competitive advantage. Organizational culture acted as a moderator variable and increased the effect of the relationships in all three independent variables. In private universities there was no linear relationship between performance related pay, training needs analysis and competitive advantage. Organization culture did not increase the effect of the relationships between these two variables and competitive advantage. There was a positive linear relationship between benchmarking and competitive advantage while organizational culture acted as moderator variable in the relationship. Public universities were found to be more competitive than their private counterparts. The study makes the following recommendations, universities could adopt performance related pay to attract and retain best academic staff, ensure talent management, performance based funding, integration of various appraisal techniques to enhance acceptance, adoption of balanced scorecard, and creation of a strong university culture conducive to learning and knowledge management, and involvement of academic staff in decisions affecting them.

Key Words: Performance appraisal, Performance Related Pay, Training Needs Analysis, organization culture, Competitive Advantage

Introduction

Performance appraisal assesses the performance against pre-determined measures of performance, based on key success factors which may include measures of deviation from the norm, tracking past achievements and measures of output and input (Millmore, et al. 2007). De Nisi and Gonzales (2000) concur that a central goal of performance appraisal is to increase performance at the individual and, subsequently, the organizational level. The dilemma for universities is whether performance appraisal systems can channel the efforts of employees in an organizationally relevant way while recognizing staff concerns for continuing professional development and academic freedom. European universities for a long time had the belief that universities were autonomous, liberal academies committed to independence, neutrality and the advancement of knowledge. According to Turk et al. (2008) appraisal system in American higher educational institutions was based mostly on number and quality of research publications, university and community service and results of the student surveys. The faculty reward system in the United States was based on teaching; scholarship, research and creativity; and university and community service and lecturers were given renewable three year contracts. Simmons (2002) found appraisal criteria commonly used for university lectures in the United Kingdom to be student completion rates, employability of the graduates, staff research, curriculum development, examination results of courses taught, contribution to administration, student evaluation of courses taught, number of research publications produced, research funding generated and liaison with external bodies.
Williams (2003) and Turk (2008) both concur that when integrated with compensation, performance appraisal created a more productive and creative academic environment and guaranteed a highly motivated staff in Jamaican and Estonian universities respectively. Turk et al. (2008) found that Estonian universities did not have a unified appraisal system and universities and their faculties apply various appraisal systems that are in accordance with their specific needs. The appraisal system was based on teaching, research and development, after which performance bonuses were paid monthly to a lecturer or researcher for one term on the basis of the results from the previous term. Universities are now being subjected to ever increasing levels of accountability, part of which has involved the widespread application of performance appraisal systems. Shahzad et al. (2008) suggest that employee commitment and productivity can be greatly improved with performance appraisal. Twelve leading Pakistan Universities included in the study revealed a great correlation between performance appraisal practices, compensation and promotion though the correlation was low between appraisal and improvement in lecturer performance.

In South Africa, performance appraisal has been used to help public servants know what is expected of them, increase motivation, identify poor performance and improve it, recognize and reward outstanding performance (Erasmus, Schenk, Westhuizen & Wessels, 2005). Mapesela (2009) in their research on performance appraisal in 11 institutions of higher learning in South Africa concluded that most universities conducted top-down approach to appraisal which excluded management staff. There are unclear format procedures creating uncertainty of the system, complicating implementation and most universities lacked management capacity for appraisal. Universities base pay on managerial and financial limitations making it difficult for them to implement performance based pay.

In Kenya State universities have embraced Quality Management Systems and developed variants of performance appraisal systems for use in respective institutions. Ngware and Ndirangu (2007) identified student based appraisal as the most widely used in public universities and even though other techniques such as peer reviews are also used, academics perceive it as an attack on academic freedom and a potential tool to monitor and control them as well as preventing unpopular research or discussion not popular with the university. Moreover peer review has started a culture of criticism and undermining of colleagues. Nyaoga, et al. (2010) found that private universities use ranking performance appraisal systems designed to provide documented constructive feedback regarding performance expectations and spur growth and development. Kenya has 22 chartered public universities, and 9 constituent colleges, 17 chartered private universities and 5 private constituent colleges (CHE 2014). The focus of the study was two public and two private universities. In each category one university was relatively old while the other was relatively young to establish whether being new would differ or be parallel with established ones in terms of competitiveness. The study targeted full time academic/teaching staff in these universities as sought to compare the use of performance appraisal outcome in these institutions of higher learning to achieve competitive advantage.
Statement of the Problem

Performance appraisal is one of the important components in the rational and systematic process of human resource management and a key element of any organization’s drive towards competitive advantage through continuous performance improvement. In the absence of a well-structured PAS, managers will have a tendency of judging employee work performance informally and arbitrarily. Performance appraisal systems used in Kenyan universities have largely relied on student based academic staff appraisal where students may not be in a position to discern the quality or validity of the lecture content as they are usually influenced more by the style of delivery than by the quality of the content. The evaluation report is given directly to the head of department minimizing lecturers’ participation in their own appraisal and reducing lecturers’ intrinsic motivation which would facilitate growth and development (Ngware and Ndirangu 2007). Graphic rating techniques are also used because they are easy to develop, administer, and interpret, but the rating is qualitative and subjective giving partial judgment of individual performance (Nyaoga, et al. 2010). Peer appraisals also widely used despite bringing a culture of criticism and undermining colleagues, thus any administrative decision based on such appraisal results demoralizes staff and lowers performance of individual, faculty and university.

According to Ngware, et al. (2005) performance appraisal in public and private universities is simply an annual exercise and the results are not used to determine reward or promotions for the lecturers. Promotions and training needs analysis are also not based on appraisal results but determined by the university sponsors most of whom are religious organizations (private) thus denying universities a motivated academic staff (Nyaoga, et al. 2010). Kenyan universities rarely use appraisal results to benchmark with other institutions, a practice which would help them identify and adopt good practices. A study carried out by Magutu et al. (2011) found a big gap which needs to be filled through benchmarking to make Kenyan universities international centers of excellence. According to Ng’ang’a (2012) Kenyan universities have slipped in ranking worldwide indicating a low level of lecturer performance and consequently low competitive advantage. Poor appraisal systems have led to significant capacity problems in some faculties and affected the student-lecturer ratio especially for science based courses. Absence of an effective performance appraisal system has also impacted on quality of graduates leaving the local universities who according to Mabururu (2011) are not adequately prepared for the job market in line with market needs and Vision 2030. Generally the public universities appear to be well ahead of their private counterparts in terms of enrolment and partnerships according to findings by Otieno (2007).

General Objective

The general objective of this study is to carry out a comparative study of Kenya’s public and private universities’ on the use of academic staff performance appraisal systems to gain competitive advantage.
Specific Objectives

1. To assess the extent to which Kenyan universities use performance appraisal to determine performance related pay for competitive advantage.
2. To establish the extent to which Kenyan universities use academic staff performance appraisal to identify training needs for competitive advantage.
3. To examine the use of universities academic staff performance appraisal for benchmarking to gain competitive advantage.
4. To examine the moderating effect of organizational culture on use of academic staff performance appraisal to gain competitive advantage in Kenyan universities.

Literature Review

Theoretical Framework

Performance appraisal in private and public sector organizations has been studied from a variety of perspectives. The theoretical framework is based on some of them, which offer different viewpoints on how performance appraisal should be used.

Expectancy Theory

Support for performance related pay is theoretically grounded in expectancy theory proposed by Vroom (1964) and refined by Porter and Lawler (1968) and later by Pinder (1987). The theory is concerned with cognitive antecedents that go into motivation and the way they relate to each other. It is a cognitive process theory based on the idea that people believe there is a relationship between the effort they put, the performance achieved from that effort and the rewards they receive from their effort. It based on assumptions that people join organizations with expectations about their needs, motivations and past experiences. Individual behaviour is a result of conscious choice; people want different things from the organization and will choose among alternatives so as to optimize outcomes for them personally. Expectancy theory consists of expectancy where a person’s estimate of the probability that job-related effort will result in a given level of performance. Instrumentality is an individual’s estimate of the probability that a given level of achieved task performance will lead to various work outcomes while valence is the strength of an employee’s preference for a particular reward. Theoretically a reward has a valence because it is related to an employee’s needs; valence provides a link to the need theories of motivation. Vroom (1964) relates motivation, expectancy and valence by the equation Motivation = Expectancy x Instrumentality x Valence meaning that higher levels of motivation will result when expectancy, instrumentality and valence are all high than when they are low. Berger (2009) opines that compensation mechanisms can be a powerful incentive in linking performance to reward.
Resource Based View of Competitive Advantage

The resource-based view (RBV) a term originally coined by Wernerfelt (1984) and pursued further by Barney (1986), has emerged as a popular theory of competitive advantage as a substitute to Porter’s five forces framework. It supports the contribution of human resource systems in achieving competitive advantage through retaining and development of competencies that are part and parcel of the organizations unique history, produce tacit organizational knowledge and create multifaceted social relationship (Wright and McMahan 1992). It stipulates that fundamental sources and drivers of competitive advantage and superior performance are chiefly associated with the attributes of resources and capabilities which are valuable and costly to copy (Barney 2001). Barney(1986) posits that resources consist of all assets, capabilities, organizational processes, firm attributes, knowledge, information controlled by the organization that enable it to conceive of and implement strategies that improve its efficiency and effectiveness.

Organizations achieve and sustain competitive advantages by deploying precious resources and capabilities that are inelastic in supply (Ray, Barney and Muhanna 2004; Madhani 2009). According to Sheehan and Foss (2007) the resource based view also provides an avenue for organizations to plan and execute organizations strategy by examining the role of their internal resources and capabilities in achieving competitive advantage. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes such as access to resources, or highly trained and skilled human resources that allows it to outperform its competitors (Rijamampianina 2003). An effective performance appraisal system will ensure human resource competencies are developed to enhance competitive advantage which is a key determinant of superior performance and will ensure survival and prominent placing in the market. The RBV approach enables organizations find out why some organizations perform better than others (Sheehan and Foss 2007).

Organizational Culture

Organization culture is viewed by Sin and Tse (2000) as patterns of shared values and beliefs developed over time, producing behavioural norms that are adopted in solving problems. Denison and Mishra (1995) propose that the fit among strategy, environment and organizational culture is associated with four categories of culture. The categories are based on two factors; the extent to which competitive environment requires change or stability and the extent to which strategic focus and strength is internal or external.

Denison and Mishra (1995), Cameron et al. (2006) and Igor and Skitmore (2006) describe the four categories of culture (also contained in the Competing Values Framework) which include Adaptability culture (Adhocracy) characterized by strategic focus on external environment through flexibility and change to meet customer needs. The cultural values include innovation, creativity, risk taking, promotion of individual initiative and entrepreneurship, flexibility and employee empowerment. The Vision culture is characterized by strategic focus on external
environment to meet specific customer needs. Cultural values include goal orientation, clear vision mission, envisioning and communicating a desired future state for the organization, reward system, high level of competitiveness and profit making.

Denison and Mishra (1995), Cameron et al. (2006) describe Clan culture which is characterized by strategic focus on the internal environment focusing on the involvement and participation of the organization’s members and on rapidly changing expectations from the external environment. The cultural values are involvement and participation, employee consideration and creativity of employees. The fourth category of culture known as Bureaucratic (Hierarchy) which is characterized by strategic focus on the internal environment and a consistency orientation for a stable environment. The cultural values include symbols, heroes, ceremonies, formal rules and regulations, established policies and practices, high level of consistency, conformity and collaboration among members.

In his theoretical analysis Barney (1986) posits that core values foster innovativeness and flexibility in organizations and leads to sustained superior financial performance and adds that in order to have competitive advantage, organization culture should be valuable to enable organizations do things differently, rare and imperfectly imitable. In their contribution Kotter and Heskett (1992) suggest that better performing organizations have strong cultures but only if the culture fits the organization’s environment. Better performance is sustained over the long run if the organization culture contains change values leading to the organization to continually re-adapt culturally and otherwise to its environment.

Conceptual Framework

![Conceptual Framework Diagram]
The conceptual framework will cover the following independent variables; use of performance appraisal results for determining performance related pay, identifying training needs, and internal and external benchmarking in public and private universities. Used effectively performance appraisal system will result in competitive advantage which is the dependent variable, by creating world-class universities which are competitive and sustainable.

**Performance Related Pay**

Performance-related pay (PRP) is a method of remuneration that links pay progression to an assessment of individual performance, usually measured against pre-agreed objectives. Pay increases awarded through PRP are normally consolidated into basic pay although sometimes they involve the payment of non-consolidated cash lump sums. The objectives of PRP systems include encouraging high performance levels by linking performance to pay, embedding an entrepreneurial or high-performance culture across the organization, and the notion of equity or fairness (CIPD 2012). Appraisal/performance related pay is generally used to link progression through a pay band to an assessment of an individual's work performance during a particular reference period, often a year. Alternatively, the reward may be an additional sum of money paid in the form of a bonus. Assessments usually relate to an individual's achievements against agreed objectives relating to output and quality of work but may also include an element of evaluation of personal characteristics, such as adaptability and initiative.

Performance related pay systems are based on the assumption that employees' performance and motivation can be improved by establishing a clear link between efforts and reward through formalized and specified individual targets. According to Piekkola (2005) the system improves both productivity and profitability if the compensations are substantial enough and such schemes have substantially improved firm performance without creating much wage pressures.

Performance indicators for academic staff according to Simmons (2001) include teaching, number and quality of research publications, writing and marking examination papers for graduate and undergraduate students. Lecturers also mentor and guide the work and research of postgraduate students, attend conferences in specialist subject area to liaise and network with national/international where one may, on occasion, be invited to give presentations and lecture in his/her specialization and/or organize sessions in conferences or workshops. Lecturers may also be appraised on how they participate in external working groups and provide references on behalf of academic colleagues as well as participating in peer review of publications. The desire to have some stability in the workforce participating in performance related pay is also an argument for its use as Piekola (2005) asserts that those employees whose compensation is partly in the form of performance related pay experience higher employment stability.

Hannay and Shelton (2008) have previously stated that if the organization operates on a philosophy of paying for performance, it is imperative that performance is evaluated accurately. From Barth and Bratsberg’s (2008) findings from Norwegian firms, performance-related pay is
more prevalent in firms where workers of the main occupation have a high degree of autonomy in how to organize their work and where firms are large but is less common in highly unionized organizations and in firms where wages are determined through centralized bargaining. Results show that performance pay is on the rise in Norway, even after accounting for changes in industry structure, bargaining regime, and union density. They also found that the incidence of performance-related pay relates positively to product-market competition.

Identification of Training Needs Analysis

Performance appraisal identifies the gap between what is happening in the organization and what must happen in terms of employees' behaviours according to their knowledge, skills, and attitude. Thereafter training needs analysis (TNA) is undertaken to identify these gaps between what the job expects an employee to do, on the one hand, and what the employee is actually doing, on the other. Training needs analysis can be considered as the most important phase in ensuring the effectiveness of planned training and must precede any type a training (Goldsten and Ford 2002). A training needs analysis discovers whether there is a discrepancy or conflict between what an employee ought to be doing and that which he or she can do. The objective of training needs analysis is to collect and evaluate information in order to determine what is currently being done and what should be done in future as suggested by Kirkpatrick (1977) thus results of performance appraisal should be used as a source of training needs analysis to make it effective. The process of training needs analysis according to Reay (1998) and Willis (1998) involve determining the focus for the TNA or the customer; determining and planning the methods of data collection; collecting data from performance appraisals (Leat and Lovell 1997), or review of documents job and task analysis (Reid and Barrington 1999); analysis and interpretation of collected data and ending with proposing and prioritizing solutions or actions. It involves operational and individual analysis using Balanced score card (organizational level), task analysis (operational level) and performance review (individual level).

The concept of TNA is now considered at strategic level as it has developed relationships with several human resource functions such as performance appraisal. According to Sorenson (2002) TNA is a comprehensive study comprising a diagnostic phase which identifies inconsistencies among performance standard, current performance and current competence, and ranking these inconsistencies by prioritizing them in order of severity. The curative phase finds out the causes of the prioritized inconsistencies, and then decides on using training, non-training, or both types of interventions for their solution. Today TNA has become a concern of every proactive manager who uses it for developing and implementing varied practical solutions for individuals, work groups, and organizations (Gupta et al., 2007). According to Stone (2009) organizations have been experiencing a paradigm shift from training as an outcome of TNA to training as an important business strategy that prepares the organization’s human resource for and makes them compatible with unavoidable change and opportunity in technology, systems, structures and the nature of work itself. Holton et al. (2000) however cites time and resources as one of the reasons
TNA is not a popular option, lack of trainers who possess required knowledge or lack of belief in the effectiveness of the system.

**Benchmarking**

Benchmarking has been used as a tool, a methodology and a technique for continuous improvements in sectoral operations to gain and maintain competitive advantage and has been defined by Jackson and Lund (2000) as a learning process structured so as to enable those engaging in the process to compare their services/activities/products in order to identify their comparative strengths and weaknesses as a basis for self improvement and/or self-regulation. Universities and Higher education institutions have an increasing need to benchmark their performance against their peers and benefit in form of development of the institution’s strategy and identify new trends early and gain advantage over others. Researchers McKinnon, et al. (2000) provides a summary of the main approaches to the formulation of benchmarks by distinguishing criterion reference approach which defines the attributes of good practice in a particular area, thus enabling universities to benchmark their success in that area through a direct comparison of their performance against the criterion. In contrast, quantitative benchmarks distinguish normative and competitive levels of achievement, enabling assessments to be made of differences in practice between institutions. Fisher (1996) found benchmarking and performance evaluation to be among the key elements that are essential for reengineering an organization’s business processes.

Benchmarking is the most powerful technique for gaining and maintaining competitive advantage according to Codling (1996) and is a key process used widely as an improvement technique within business excellence models. Hinton et al. (2000), when addressing the rapid adoption of business excellence models across Europe, state that organizations striving for business excellence would be hard pressed to do so effectively without benchmarking. Garlick and Pryor (2004) have built upon this notion in their work to further characterize benchmarking in the university as collaboration, organization learning, inclusiveness, reflection, review, leadership and improvement. It also involves assessing the quality and cost performance of practices and processes in the context of industry-wide or function-specific ‘best practice’ comparisons. Benchmarking can also be used as an ongoing diagnostic management tool focused on learning, collaboration and leadership to achieve continuous improvement in the organization over time and according to Gunasekaran (2002) benchmarking can be used for improving administrative processes as well as instructional models, it helps to overcome resistance to change, provide a structure for external evaluation, and create new networks of communication between institutions where valuable information and experiences on teaching and research can be shared.

Garlick and Pryor (2004) add that universities seek to benchmark in areas such as increasing enrollment and student: staff ratios, introduction of competitive programs, research institutions,
provision of quality teaching facilities, establishing linkages and collaborations with industry, research, clear governance structure, as well as community outreach and extension. However, Pfeiffer and Sutton (2006) argue that people copy what others do instead of how they think thus end up benchmarking the wrong things. Organizations often have different strategies and different competitive environments, all of which make what they need to do to be successful different from what others are doing. Study shows that many companies in the USA are finding that by looking out of the box they are able to learn improved business processes and are able to refocus their attention to obtain competitive advantage (Prabir 1996). Various types of benchmarking have been used which include competitive benchmarking involving identifying the major competitors of an organization in the marketplace after which the benchmarking team then looks at the competitors’ product, cost, technology, service, and the functioning of their organizations. Cooperative benchmarking involves comparing one’s own organization with the best-in-class companies in the worldwide marketplace, not necessarily in the same industry. This form of benchmarking can often be the most beneficial as a source of competitive advantage. Recognizing and adapting innovations to new environments require creative thinking and adaptive behaviour. Matters and Evans (1997) add internal benchmarking which is undertaken against operations and functional or industry benchmarking which is performed externally against industry leaders or the best functional operations of certain companies. Finally, process or generic benchmarking focuses on the best work processes (Finch and Luebbe 1995; Matters and Evans1997).

Organizational Culture as a Moderator Variable

Organizational culture encapsulates the way an organization performs its business handles its employees, clients, and external community, how often autonomy is allowed in decision making, developing fresh ideas and personal expression, hierarchical order of channel through which information flows, and the levels of employee commitment towards collective objectives of the organization (McNamara 2002). Organizational cultures represent the character of an organization, which directs its employees’ day-to-day working relationships and guides them on how to behave and communicate within the organization, as well as guiding how the company hierarchy is built (Ribiere and Sitar 2003). In the Denison Organizational Culture Survey, Denison and Neale (2000) isolated four measurable variables that will be adopted in this research which include employee involvement and participation (also cited by Ramadan 2010) which results in a sense of ownership and responsibility leading to commitment. Consistency is the second variable and is seen when organizational culture comprising of shared values, beliefs and symbols becomes internalized, then consensus and coordination are more effectively achieved. Denison and Neale (2000) also cite adaptability which is based on the need for the organization to recognize changes in the external and internal environment and then make the appropriate responses to accommodate those changes. Finally, broadly shared mission helps the organization find purpose, meaning and direction.
For OC to provide competitive advantage it must be valuable, rare and imperfectly imitable (Peters 1982). Such an organization enjoys sustained competitive advantage that reflects that culture such organizations have organizations culture with a set of values that encourages creativity and innovativeness, supports and values the worth of the employee, obsessed with customer service and satisfaction. Cultural factors that may affect the quality of higher education include attitudes towards meritocracy, academic freedom and shared governance (Parhizgar and Parhizgar 2007). Meritocracy ensures that the most qualified faculty members are recruited, and that they are subsequently treated fairly with regard to their promotions, bonuses and other benefits. Meritocracy is also highly important in deciding who should receive research grants (Liebert 1976). A university that does not adhere to meritocracy does not attract and retain innovative and highly competent people, and instead, sends them to its local, regional, or international competitors. Meritocracy is not likely to be achieved without transparency and shared governance. Legal requirements for transparency in appointments and promotion in Swedish universities, nine of which are ranked among the first 300 universities in the world, have contributed to higher quality assurance (Svensson 2007). Attitudes towards academic freedom are also highly important in higher education. Academic freedom is an indispensable principle of scholarship (Robert 2006). Universities are supposed to be the ultimate arena in society for open discussion of controversial issues (Robert 2006). Standler (2000) argues that academic freedom for professors leads to better education for students who can be exposed to a wide variety of viewpoints and styles. Academic freedom is the prerequisite for innovation and creativity as it allows students and faculty members to challenge conventional wisdom. The sustainability of academic freedom requires a governance system in which faculty expertise is considered to be the most important factor in academia-related decisions (Gerber 2001). Stressing the link between academic freedom and shared governance, Shrecker (2006) argues that if professors control their academic work it is necessary that they have a say in the way their schools are run. Shared governance fosters a sense of empowerment, encourages staff, and results in improved morale and an improved college environment.

American Universities that have outclassed other universities are known for their high levels of shared governance (Sirvanci 2004). Denison and Mishra (1995) utilizing a more rigorous methodology, discovered that cultural strength was significantly associated with short-term financial performance. Kotter and Heskett (1992) found that organizations with “adaptive values” are strongly associated with superior performance over a long period of time as compared to just short-term performance. These results suggest that culture can affect organizational performance if it is “strong” (wide consensus, deeply internalized and socialised) and appropriate to its environment (relevant to its industry and business conditions). Barney (1986) argued that culture can only be a source of competitive advantage if it is valuable (adds value in some way), rare (cultural attributes not similar to other firms) and imperfectly imitable. In order to enhance competitiveness organizations should cultivate a culture that encourages and provides opportunities for communicating ideas, knowledge, and experiences and Cheng and Hsiang (2007) suggests organizations nurture adhocracy culture to enable knowledge workers
learn, feel comfortable, and have the opportunity to be creative and innovative, improving corporate performance and increasing the organization's value while Jones et al (2006) showed that organizational culture can be considered as a knowledge resource and therefore an influence on its competitiveness.

**Competitive Advantage**

Sustainable competitive advantage is the ability to offer superior customer value on an enduring or consistent basis, a situation in which competitors are unable to easily imitate the firm’s capacity for value creation (Anderson 1994). Competitive advantage may be created through human resource management practices that include an effective appraisal system. Performance appraisal systems can be used to encourage employees to learn and share their knowledge with others. These intellectual capital resources are acquired through the process of organizational learning and are seen as being extremely important for sustaining competitive advantage in today’s competitive environment (DeNisi 2000).

According to Fisher et al (2000) performance appraisal feedback may lead to action inquiry as an organization intervention to improve competitiveness. A world-class university which is competitive and sustainable is described as an excellent research institution, a place where the best academics want to be and enrolls only the best undergraduates, has a low student/faculty ratio and excels in a large number of disciplines (Tremblay 2000; Altbach 2003; Lagrosen et al. 2004; & Salmi, 2009). According to Neef (2005) such a university has excellent research and teaching facilities, an international outlook with international professors and students, enjoys substantial funding to support the research and teaching activities, is part of and makes effective use of international networks and alliances and produces well-qualified graduates who are in high demand on the labour market. Sterling (2005) adds that it has a clear governance structure that ensures good control of the various activities of the university is well-managed and pursues excellence in its management systems.

A world class university according to Alden and Lin (2004) has a first class management team with strategic vision and implementation plans and continually benchmarks with top universities and departments worldwide and has the confidence to set its own agenda. Pfeffer and Sutton (2001) suggest that when organizations combine its knowledge resources with management practices such as performance appraisal it creates the knowledge-based capabilities it needs to compete successfully in a knowledge-intensive economy. World-class research and development activities (R&D) represent a knowledge-based capability that serves as a competitive advantage for organizations pursuing innovation.
Research Methodology

Research Design

The research design adopted by the researcher was descriptive. This design was adopted for this study because it involves extensively observing and describing performance appraisal systems and their uses in public and private universities without influencing it in any way (Bell 2010). According to Mugenda and Mugenda (2003) descriptive design involves sampled elements and the variables simply observed and stated as they exist to determine the current status of that population. Borg and Gall (1996) suggest that descriptive survey is intended to produce statistical information thus allowing the researcher to collect information by interviewing or administering a questionnaire in a sample of individuals (Kombo & Tromp, 2006). Creswell (2002) adds that one could adopt a comparative descriptive design where the researcher describes two or more groups of participants and explores for differences. In this study therefore researcher sought to find out how performance appraisal among academic staff in the public and private universities is carried out with a view to compare which one is more effective in creating competitive advantage.

Target Population

The target population for a survey is the entire set of units for which the survey data are to be used to make inferences. Thus, the target population defines those units for which the findings of the survey are meant to generalize. In this research the target population was 1114 full time academic staff from two public and two private universities within the Republic of Kenya (CHE 2011). The universities included Kenyatta University, Masinde Muliro University of science and Technology, Daystar University and Mount Kenya University. In each category one university is relatively old while the other is relatively young to establish whether being new would differ or be parallel with established ones in terms of competitiveness.

Sampling Frame

A sampling frame is the set of source materials from which the sample is selected. The purpose of sampling frame is to provide a means for choosing the particular members of the target population that are to be interviewed in the survey (Cochran 1977). The sampling frame consisted of male and female lecturers from two public and two private universities in Kenya totaling 1114 and was constructed from lists of lecturers obtained from the different faculties and schools at the universities. Sample size was obtained using the following formula, Taro (1973) where:

\[ N = \frac{P \times (1-P)}{E^2} \]

N= Population size, n = sample size, P is the degree of variability (0.5) and E is the sampling error or level of precision expressed in percentage (5 % or 0.05).
Sample size was distributed as follows, Kenyatta University (185), Masinde Muliro (62), Mt Kenya (26) and Daystar (21). The sample should be assembled in such a way as to be representative of the population from which it is taken (Jennings, 2001). Universities were stratified into private and public to constitute two sub-groups after which each stratum was sampled as an independent sub-population out of which individual elements were selected randomly (Groves et al. 2009). The researcher selected this method because the sub-groups were homogenous. The strata should be mutually exclusive and every element in the population must be assigned to only one stratum. Subgroups were proportional to the population size obtained by selecting subjects so that sub-groups percentages in the population were reflected in the sample (Kombo & Tromp 2006). The universities in each stratum were selected using stratified purposive sampling, a non-probability approach based on age to ensure one relatively ‘old’ and relatively ‘young’ is selected to establish whether being new would differ or be parallel with the established ones in terms of competitiveness. Schools in each university were also similarly selected to ensure representation from social sciences, sciences, education and business. This approach as recommended by Paton (1990) illustrates characteristics of particular sub-groups of interest and facilitates comparison between different groups. Simple random sampling was finally used to select full time lecturers as respondents from each school. A complete list of all the lecturers was made and a number assigned to each of them. A set of random numbers, which identified the sample size to be sampled, was drawn. This approach gave every lecturer in the department an equal chance of being selected and gives the same characteristics and composition as the population (Kothari 2003). Sampling was without replacement and each element was sampled only once.

Data Collection

Primary and secondary sources of data were used in this research. A questionnaire was designed and administered to the academic staff. It was chosen as it provides a more comprehensive view than any other research tool and is able to collect data from a large number of respondents (Kombo & Tromp 2006). It allows the researcher to control and focus responses to the research objectives thus, enhancing relevance of data collected. They are also easy to analyze and most statistical analysis software such as SPSS can be used to process them. Secondary data was obtained from university handbook, policy documents and performance appraisal forms. The researcher with the help of assistants delivered the questionnaires to the sampled schools and
issued to the respondents. The questionnaires were collected on the same day or on appointment within the period of data collection through the office of the dean. This procedure is economical in time and resources. Performance appraisal documents from the four universities were also analyzed. Secondary data was also obtained by observation of university policy documents and appraisal forms.

Research Results

Descriptive Statistics

The independent variables in this study were performance related pay, training needs analysis, and benchmarking. The responses obtained from public universities indicate high ineffectiveness with the use of performance related pay mean 3.04 while use of appraisal to determine training needs received average satisfaction mean 3.50 and 3.88 was scored for benchmarking. In the case of private universities use of appraisal to determine pay was considered highly ineffective (mean 2.76) while dissatisfaction was also expressed in the use of appraisal for determining training needs and benchmarking as indicated by mean of 3.27 and 2.54 respectively.

Table 1: Responses for uses of performance appraisal (Independent variables)

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
</tr>
<tr>
<td>Performance related pay</td>
<td>135</td>
<td>3.0444</td>
</tr>
<tr>
<td>Training needs analysis</td>
<td>135</td>
<td>3.5304</td>
</tr>
<tr>
<td>Measure of university effectiveness</td>
<td>135</td>
<td>3.8580</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>135</td>
<td>3.8889</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>135</td>
<td>37</td>
</tr>
</tbody>
</table>

Moderating Variable

Organizational culture was used as the moderating variable. It was obtained by computing the mean rating of the following constructs: extent to which Lecturers are involved in making decisions affecting them, extent to which there is consistency in university processes and practices, extent to which the university adapts to internal and external environment and makes appropriate changes, and finally the extent to which the university mission is clearly communicated to lecturers. In the public universities, the mean rating ranged from 3.89 for
consistency in university processes and practices, 3.88 for lecturer involvement in making decisions affecting them, 3.84 for clear communication of university mission to 3.85 for ability of the university to adapt to internal and external environment and make appropriate changes. The standard deviation (from 0.80 to 0.89) shows consistency in the responses and most of the readings were crusted around the mean. In the private universities the mean rating ranged from 3.59 for the extent to which the university adapts to internal and external environment and makes appropriate changes as well as communicating its mission clearly and lecturer involvement. While the score was 3.51 for consistency in university processes and practices as well as clearly communicated university mission. The standard deviation ranging between 0.68 to 0.85 shows that there was a lot of consistency in the way the respondents answered these questions and most ratings were crusted around the mean.

Table 2: Responses for Organizational Culture Constructs

<table>
<thead>
<tr>
<th>Organization Culture Constructs</th>
<th>Public</th>
<th>Std. Deviation</th>
<th>Private</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecturers are involved in making decisions affecting them</td>
<td>N: 135, Mean: 3.8889, Std. Deviation: 0.86098</td>
<td>N: 37, Mean: 3.5946, Std. Deviation: 0.68554</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is consistency in university processes and practices</td>
<td>N: 135, Mean: 3.8889, Std. Deviation: 0.77908</td>
<td>N: 37, Mean: 3.3514, Std. Deviation: 0.75337</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University adapts to internal and external environment and makes appropriate changes</td>
<td>N: 135, Mean: 3.8444, Std. Deviation: 0.88829</td>
<td>N: 37, Mean: 3.5946, Std. Deviation: 0.83198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University mission is clearly communicated to lecturers</td>
<td>N: 135, Mean: 3.8519, Std. Deviation: 0.82425</td>
<td>N: 37, Mean: 3.3514, Std. Deviation: 0.85687</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>135</td>
<td>37</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable

The dependent variable (competitive advantage) was constructed from seven prepositions namely Low student-faculty ratio, Large number of competitive programs, Excellent research institutions and a good reputation, Attracts best academicians and undergraduates, Enjoy substantial funding/linkages with industry, Has and uses international networks and alliances, Produces well qualified graduates.
### Table 3: Responses for components of Competitive Advantage

<table>
<thead>
<tr>
<th>Competitive Advantage Components</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low student-faculty ratio</td>
<td>N 135</td>
<td>Mean 3.7704</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large number of competitive programs</td>
<td>135</td>
<td>3.7852</td>
</tr>
<tr>
<td>Excellent research institution with a good reputation</td>
<td>135</td>
<td>3.7407</td>
</tr>
<tr>
<td>Attracts best academicians and undergraduates</td>
<td>135</td>
<td>3.8815</td>
</tr>
<tr>
<td>Enjoys substantial funding/linkages with industry</td>
<td>135</td>
<td>3.8000</td>
</tr>
<tr>
<td>Has and uses international networks and alliances</td>
<td>135</td>
<td>3.7037</td>
</tr>
<tr>
<td>Producers well qualified graduates</td>
<td>135</td>
<td>3.7407</td>
</tr>
</tbody>
</table>

The standard deviation was close to 1 (between 0.837 to 0.970) for public universities thus most of the ratings were congregated around the mean of the different prepositions as follows; 3.88 for Attracts best academicians and undergraduates, 3.80 for Enjoys substantial funding/linkages with industry, 3.79 for Large number of competitive programs, 3.77 for Low student-faculty ratio, 3.74 Excellent research institution with a good reputation and Produces well qualified graduates while has and uses international networks and alliances scored a mean of 3.70. For private universities the standard deviation was (between 0.65 to 0.87) therefore most of the ratings were crusted around the mean of the different prepositions as follows; 3.48 for Large number of competitive programs and producing well qualified graduates, 3.35 for having and using international networks and alliances, 3.27 for attracting best academicians and undergraduates, 3.18 for Low student-faculty ratio and being excellent research institutions with a good reputation, and 3.10 for having substantial funding/linkages with industry. Therefore the respondents indicated that all the prepositions were not as successful as the public universities.
Relationships between Independent and Dependent Variables

Spearman’s Rho Correlation analysis was used and provided a correlation coefficient that demonstrated the strength of the relationship between two variables. The correlation matrix between uses of performance appraisal (i.e. performance related pay, training needs analysis, measure of effectiveness and benchmarking) and the dependent variable (competitive advantage) are represented.

Table 4: Correlations coefficients between performance appraisal uses and competitive advantage (Public)

<table>
<thead>
<tr>
<th></th>
<th>Competitive Advantage</th>
<th>Performance related pay</th>
<th>Training needs analysis</th>
<th>Benchmarking</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competitive advantage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>1.000</td>
<td>.188(*)</td>
<td>.328(**)</td>
<td>.626(**)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.029</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td><strong>Performance related pay</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>.188(*)</td>
<td>1.000</td>
<td>.149</td>
<td>.177(*)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.029</td>
<td>.</td>
<td>.085</td>
<td>.040</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td><strong>Training needs analysis</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>.328(**)</td>
<td>.149</td>
<td>1.000</td>
<td>.255(**)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.085</td>
<td>.</td>
<td>.003</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td><strong>Benchmarking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>.626(**)</td>
<td>.177(*)</td>
<td>.255(**)</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.040</td>
<td>.003</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
</tbody>
</table>

Key
* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

In the public universities there was a significant correlation between competitive advantage and benchmarking at 0.626, p-value = 0.000< 0.01. The correlation between competitive advantage and training needs analysis was 0.328, p-value =0.000<0.01 while that of performance related pay was 0.188, p-value 0.029 > 0.05 which was not statistically significant.
Table 5: Correlations coefficients between Performance Appraisal uses and competitive advantage (Private)

<table>
<thead>
<tr>
<th></th>
<th>Competitive advantage</th>
<th>Performance related pay</th>
<th>Training needs analysis</th>
<th>Benchmarking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive advantage</td>
<td>Correlation</td>
<td>1.000</td>
<td>.220</td>
<td>.254</td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.190</td>
<td>.130</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Performance related pay</td>
<td>Correlation</td>
<td>.220</td>
<td>1.000</td>
<td>.285</td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.190</td>
<td></td>
<td>.087</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Training needs analysis</td>
<td>Correlation</td>
<td>.254</td>
<td>.285</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.130</td>
<td>.087</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>Correlation</td>
<td>.584(**)</td>
<td>.218</td>
<td>.530(**)</td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.196</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
</tbody>
</table>

** Key

** Correlation is significant at the 0.01 level (2-tailed).

The highest correlation in private universities was between using performance appraisal for benchmarking and competitive advantage at 0.584, p-value = 0.000 < 0.01 which was significant. Correlation between training needs analysis with competitive advantage was 0.254, p-value 0.130>0.05 while that between performance related pay and competitive advantage was (0.220, p-value = 0.190 > 0.05) which was not statistically significant.

Hypotheses Testing on Relationships between independent and dependent variables

Each hypothesis was tested using linear regression analysis.

$H_1$: There is a positive relationship between using academic staff performance appraisal in determining pay and gaining competitive advantage.

$H_0$: There is a negative relationship between using academic staff performance appraisal in determining pay and gaining competitive advantage.
R² represents the multiple correlation coefficient, a measure of the quality of the prediction of the dependent variable competitive advantage in public universities. 0.024 (0.24%) is not a good level prediction of how the independent variable (performance related pay) is related to competitive advantage. Performance related pay does not statistically significantly predict competitive advantage since $F (1,133) = 3.202$, $p$-value = 0.076 > 0.05. Since the significance level is greater than p-value (0.05) the null hypothesis is not rejected. In the private universities, R is 0.008 which represents the multiple correlation coefficient, a measure of the quality of the prediction of the dependent variable competitive advantage. This is not considered a good level prediction of how the independent variable (performance related pay) is related to competitive advantage in private universities. The proportion of variance in the dependent variable is 0.08% (R square). Performance related pay does not statistically significantly predict competitive advantage since $F (1, 35) = 0.275$, $p > 0.05$. For private universities the significance level 0.603 which is greater than (>) the p-value 0.05 thus we do not reject the null hypothesis.

$H_1$: There exists a significant relationship between using academic staff performance appraisal in identifying training needs and gaining competitive advantage.

$H_0$: There is no significant relationship between using academic staff performance appraisal in identifying training needs and gaining competitive advantage.

In the public universities 0.123 is not a good level prediction of how the independent variable (training needs analysis) is related to competitive advantage in public universities. The proportion of variance in the dependent variable is 1.23% (R square). Training needs analysis does however statistically predict competitive advantage since $F (1,133) = 18.634$, $p < 0.05$. For public universities the significance level 0.000 is less than (<) the p-value 0.05 thus we reject the null hypothesis. For private universities, 0.048 is not a good level prediction of how the independent variable (training needs analysis) is related to competitive advantage in public universities. The proportion of variance in the dependent variable is 0.48% (R square). Training needs analysis does not statistically significantly predict competitive advantage since $F (1, 35) = 1.763$, p-value = 0.193 > 0.05. For private universities the significance level 0.193 is greater than (>) the p-value 0.05 thus we do not reject the null hypothesis.

$H_0$: There is no significant relationship between using academic staff appraisal in benchmarking and competitive advantage.

$H_1$: There is a significant relationship between using academic staff appraisal in benchmarking and competitive advantage.

R squared was 0.438, and not a good level prediction of how the independent variable (benchmarking) is related to competitive advantage in public universities. The proportion of variance in the dependent variable is 4.38%. Benchmarking does not statistically significantly predict competitive advantage since $F (1,133) = 103.813$, $p=0.000 < 0.05$. For public universities...
the significance level 0.000 which is less than (<) the p-value 0.05 thus we reject the null hypothesis. $R^2$ was 0.387 which is not a good level prediction of how the benchmarking is related to competitive advantage in private universities. The proportion of variance in the dependent variable is 3.87% (R square). Benchmarking does not statistically significantly predict competitive advantage since $F(1, 35) = 22.130, p=000 <0.05$. For private universities the significance level 0. 000 is less than (<) the p-value 0.05 thus we reject the null hypothesis.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficients for Public Universities</th>
<th>Coefficients for Private Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>beta</td>
<td>$R^2$</td>
</tr>
<tr>
<td>Performance related pay</td>
<td>0.15</td>
<td>0.024</td>
</tr>
<tr>
<td>Training needs analysis</td>
<td>0.35</td>
<td>0.123</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>0.53</td>
<td>0.279</td>
</tr>
</tbody>
</table>

**Hypotheses Testing On Moderation**

The moderating factor was organizational culture. Sequential moderated multiple regression analysis was used to assess if there is an effect to the relationship between a dependent variable and the independent variables. This procedure is preferred for the test variable $R^2$ change. It shows the variation explained by the new model as well as the difference in variation explained by the new model after moderation. The results of regression are shown below in table 4.

**Table 7: Hypotheses Testing On Moderation**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficients for Public Universities</th>
<th>Coefficients for Private Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$R^2$</td>
<td>$R^2$ change with moderation on OC</td>
</tr>
<tr>
<td>Performance related pay</td>
<td>0.024</td>
<td>0.313</td>
</tr>
<tr>
<td>Training needs analysis</td>
<td>0.123</td>
<td>0.449</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>0.438</td>
<td>0.604</td>
</tr>
</tbody>
</table>
H₀a Hypothesis: Organizational culture has no significant moderating effect on the use of academic staff performance appraisal to determine pay and gain competitive advantage in public and private universities.

In the public universities the interacting variable performance related pay and organizational culture insignificantly correlated with competitive advantage ($R^2$ change due to moderation =0.313, p-value=0.000< 0.1). According to the test of significance, since the calculated value (p=0.000) was less than the critical value ($\alpha=0.01$, two-tailed sig.), the null hypothesis was rejected. The result demonstrated that the inclusion of the moderating variable organizational culture had increased the effect of performance related pay on competitive advantage. Organizational culture therefore acts as a moderating variable in this relationship. In the private universities the interacting variable performance related pay and organizational culture insignificantly correlated with competitive advantage ($R^2$ change due to moderation =0.041, p-value=0.229>0.05). According to the test of significance, since the calculated value (p=0.229) was greater than the critical value ($\alpha=0.05$, two-tailed sig.), the null hypothesis was not rejected. This result demonstrated that the inclusion of organizational culture had not increased the effect of performance related pay on competitive advantage. Organizational culture does therefore act as a moderating variable in such relationships.

H₀b Hypothesis: Organizational culture has no significant moderating effect on the use of academic staff performance appraisal to determine training needs to gain competitive advantage in public and private universities.

In the public universities the interacting variable training needs analysis and organizational culture was fairly significantly correlated with competitive advantage ($R^2$ change due to moderation =0.449, p-value=.000<0.1). According to the test of significance, since the calculated value (p=0.000) was less than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was rejected. This result demonstrated that the inclusion of organizational culture had increased the effect of training needs analysis on competitive advantage. Organizational culture does therefore act as a moderating variable in such relationships. In the private universities the interacting variable training needs analysis and organizational culture was not significantly correlated with competitive advantage ($R^2$ change due to moderation =0.142, p-value=0.022>0.01). According to the test of significance, since the calculated value (p=0.022) was greater than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was not rejected. This result demonstrated that the inclusion of organizational culture had not increased the effect of training needs analysis on competitive advantage. Organizational culture does therefore act as a moderating variable in such relationships.

H₀c Hypothesis: Organizational culture has no significant moderating effect on the use of academic staff performance appraisal for benchmarking to gain competitive advantage in public and private universities.
In the public universities the interacting variable benchmarking and organizational culture significantly correlated with competitive advantage ($R^2$ change due to moderation =0.604, $p$-value=.000<0.1). According to the test of significance, since the calculated value ($p=0.000$) was less than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was rejected. In the private universities the interacting variable benchmarking and organizational culture significantly correlated with competitive advantage ($R^2$ change due to moderation =0.416, $p$-value=.000<0.01). According to the test of significance, since the calculated value ($p=0.000$) was less than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was rejected. In both public and private universities therefore, organizational culture does therefore act as a moderating variable between use of benchmarking for competitive advantage.

**Conclusions and Recommendations**

Performance related pay and training needs analysis were found to have significant effect on competitive advantage in public universities while the reverse emerged in private universities. This reduced the ability of private universities to compete with the public counterparts. The reason for this could be that pay in private universities is largely determined by students’ fees and therefore hardly based on performance of the lecturer. Training needs analysis and subsequent activities which would include training and development programs may be perceived as too expensive by private universities. In the public universities two of the variables (training needs analysis, and benchmarking) indicated a positive relationship with competitive advantage. This gave the universities a competitive advantage over the private universities. However the levels of prediction and correlation scores are still low suggesting that universities need to effectively make use of the academic staff appraisal results to gain greater competitive advantage. It was evident that in public universities organizational culture had a greater moderating effect on performance related pay, training needs analysis, and benchmarking. This gave the public universities a higher competitive advantage than their counterparts where organization culture only moderated two variables. This implies that the culture of a university cannot be underestimated in implementing procedures and practices as it will greatly influence the outcome. A strong university culture is characterized by shared values, strong norms of behaviour and willingness of faculty members to obey these norms. Private universities were found to be less competitive in all areas tested compared to public universities implying that Kenyan universities have a lot to learn from each other locally as well as with international universities.

**References**


