

FACTORS AFFECTING PERFORMANCE APPRAISAL PROCESS IN THE COMMUNICATION INDUSTRY

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ABSTRACT

The main objective of this study was to find out factors affecting performance appraisal process in the telecommunication industry. In the last two years the performance appraisal exercise in Telkom Kenya is increasingly becoming a mere routine exercise; this was noted in the 2008 when employee opinion survey on performance appraisal was conducted, out of the 200 questionnaires distributed to the employees only 100 expressed job satisfaction with performance appraisal, which reflected 50% of respondent, while in the year 2009 out of 200 questionnaire issued to the employees only 50 expressed satisfaction with performance appraisal, which represented 25% of the respondents. This declining trend of response toward performance appraisal has raised a lot of concern to the management Telkom. The study used descriptive research design. The target population for the study involved members from the telecommunications industry in Kenya with about 3000 employees. Target population consists of 150 employees in department of mass market and customer care and sample under study was 50 employees. From the study findings Majority of the respondents had indicated that they were not satisfied with the compensation package given after the performance form the findings this means that compensation package in telecommunication industry could not match with their capabilities of the employees.

Key Words: performance appraisal, telecommunication, job satisfaction

Introduction

Performance appraisal is one of the most important requirements for successful business and human resource policy. Armstrong, (2006) define performance appraisal as the formal assessment and rating of individuals by their managers at, usually, an annual review meetings. Cole, (2002) define performance appraisal as structured formal interaction between a subordinate and supervisor, where the work of the subordinate is to

be taken into consideration, with a view to identifying weakness and strength as well as opportunities for improvement and skills development.

Murphy and Cleveland, (1995) observe that annual performance appraisal enables management and monitoring of standards, agreeing expectations and objectives, and delegation of responsibility and task. If appraisal within a company is carried out without any rules and prospect of things linked to it, it might cause severe troubles: not only can it damage climate at workplace and lead to decrease in productivity. But it can also end up with ethical and legal problems

Cole, (2002) observes that the ability to conduct performance appraisal relies on the ability to assess an employee's performance in a fair and accurate manner. The organization must design a performance appraisal system that can accurately measure the performance of its employees. Performance appraisal system provides valuable performance information to a number of critical human resource activities, such as allocation of rewards, merit pay, promotion; feedback on development and assessment of training needs Sandler and Keefer, (2003).

Posthuma and Campion, (2008) Performance management is a holistic process bringing together many activities which collectively contribute to the effective management of individuals and teams in order to achieve high levels of organizational performance. Performance management is strategic in that it is about broader issues and long term goals and integrated in that it links various aspects of the business, people management, individuals and teams.

Performance appraisal on the other hand is operational, short to medium term and concerned only with the individual and their performance and development, Armstrong and Baron, (2005). It is one of the tools of performance management and the data produced can feed into other elements of performance management Performance appraisals usually review past behaviour and so provide an opportunity to reflect on past performance. But to be successful they should also be used as a basis for making development and improvement plans and reaching agreement about what should be done in the future. Fletcher, (2004)

In companies, performance appraisal system (PAS) began as simple methods for deciding whether or not the salary of an employee was justified. Later on empirical studies in the USA showed that pay rate were not the only element that had an impact on employee performance. It was found that other issues such as morale and self-esteem could also have major influence. That resulted in progressive rejection of emphasis of performance appraisal on reward outcome, and in 1950s in the United States, its potential as a tool for motivation and development was recognized. Cook and Crossman, (2004)

In many organizations in Kenya, performance appraisal results are directly or indirectly linked to remuneration. That means, the better performing employees get pay increase, bonuses, promotion; while poorer might get some counseling, or in extreme cases, demotion, dismissal or decrease in pay Directorate of Personnel Management, (2006).

Ashford, (1986) list goals of performance appraisal programs, which are: help for supervisor to do a better coaching job; motivate employees by providing feedback on how they are doing; provide data for management decision such as increase or decrease in pay, transfers or dismissal; improved organization development by identifying people with potentials, and establishing a research and reference base for Human resource decision.

Statement of the Problem

In the last two years the performance appraisal exercise in Telkom Kenya is increasingly becoming a mere routine exercise; this was noted in the 2008 when employee opinion survey on performance appraisal was conducted, out of the 200 questionnaires distributed to the employees only 100 expressed satisfaction with performance appraisal, which reflected 50% of respondent, while in the year 2009 out of 200 questionnaire issued to the employees only 50 expressed satisfaction with performance appraisal, which represented 25% of the respondents. This declining trend of response toward performance appraisal has raised a lot of concern to the management Telkom, (2009).

Armstrong, (2006) observes that performance appraisal is an important tool to the organization as it is used to identify and assess the potential of employees, and also for gathering information regarding their expectation. However paying little attention to the appraisal exercise will not only affect managerial decision on promotion and compensation but also on assessing the training needs for employees which forms the basis of developing training plans.

The information obtained through performance appraisal provides foundations for recruiting and selecting new hires, training and development of existing staff, and motivating and maintaining a quality work force by adequately and properly rewarding their performance. Without a reliable performance appraisal system, a human resource management system falls apart, resulting in the total waste of the valuable human assets a company has Thompson, (2002).

Cole, (2002) asserts when Performance appraisal is negatively affected, it has huge implication to the organization which is reflected in the overall performance of organization such as low productivity, job dissatisfaction, low organizational commitment and high employee's turnover. In Telkom Kenya, employees' turnover has been on an increase from 52 in the year 2008 to 94 in the year 2009 which has been linked to the way performance appraisal is carried out by the line managers who lack relevant skills in carrying out appraisals Telkom, (2009). This research aimed at finding out factors affecting performance appraisal process in the telecommunication industry.

Literature Review

Performance appraisal offers an excellent opportunity for the supervisor and subordinate to recognize and agree upon individual training needs. Kaplan, (1993) views performance appraisal as a tool used to initiate learning activities which are directed towards acquisition of specific knowledge and skills relevant to the organization in its present and future needs. If the organization is to achieve its objectives, it is essential to train and develop its people so that they are best able to support the organization in working towards objectives Armstrong and Baron, (2005).

Employees in the organization need to be given feedback on how they are performing. If feedback is communicated in a positive manner, goes a long way to motivate the employees and helps to identify individual career developmental plans. Based on the evaluation, employees can develop their career goals, achieve new levels of competencies and chart their career progression Fletcher, (2001).

The employers will use performance appraisal process as a key part of their Human Resource planning or for individual career development plans. Personal development plans should be drawn up as a part of and as a result of the appraisal process enabling individual to set out their own short and long term plans for development Posthuma and Campion, (2008).

The individual development plans can then be linked into team and organization development plans, thus contributing towards the achievement of the organizational goals Waldman et al., (1998). Appraisals can help to improve employees' job performance by identifying strengths and weaknesses and determining how their strengths can be best utilized within the organization and weaknesses overcome French, (1994). They can help to reveal problems which may be restricting employees' progress and causing inefficient work practices.

John Gennard and Graham Judge, (2002) observe that compensation covers various aspects such as the wages and salaries paid to employees as well as benefits or non cash compensation. Compensation maintains sound Industrial relations, helping in retaining and attracting qualified employees thus creating a competitive edge over competitors.

Graham, (2005) argue that there are many different terms used to define payment, which rewards the employee for making available to the employer time, skill, experience, brain power and effort which employees bring forward in differing proportions. He also stated that these terms include "compensation, reward, income and remuneration and the payment is described in the form of pay, salaries or wages.

Christofferson and King, (2006) view reward as a term that has been adopted to describe a reward strategy that brings additional components such as learning and development, together with aspects of the working environment, into the benefits package. It also goes beyond standard remuneration by embracing the company culture, and is aimed at giving all employees a voice in the operation, with the employer in return receiving an engaged employee performance. One benefit for employees was that they could be relatively

confident of staying with the same employer for as long as they wished, possibly for their entire working careers.

Armstrong and Baron, (2005) argue that newer companies reward employees with exciting and challenging surroundings, but with no guarantee of job security. They also offered significant financial rewards, in the form of stock options. Now that the stock options have to be expensed on the profit and loss account, and the traditional companies have stopped providing a job for life, both have to look at new ways of attracting and retaining key personnel

According to Thompson, (2002) the benefits that flow from a total reward scheme are easier recruitment of better-quality staff, reduced wastage from staff turnover, better business performance which enhances the reputation of the organization as an employer of choice. The aim of reward is to encourage more positive employee commitment without incurring open-ended operational costs. The concept is not about transferring the burden of decision-making over items such as office accommodation or technology onto employees but about empowering employees to tailor their work and surroundings to meet their own needs, while allowing the company to keep control of costs

Cole, (2002) define communication as the process by which we assign and convey meaning in an attempt to create shared understanding. This process requires a vast repertoire of skills in intrapersonal and interpersonal processing, listening, observing, speaking, questioning, analyzing, and evaluating. Armstrong, (2006) argues that managers are accountable for making a commitment to continuous communication and providing feedback on performance.

The role of a manager is to ensure that business results are achieved through the setting of performance expectations of staff and decision making related to balancing organizational and employee needs within the workplace. Dessler, (2000) observe that communication and feedback should be based on facts not subjective opinion and should always be backed up with evidence and examples.

The aim of feedback should be to promote the understanding of the individual so that they are aware of the impact of their actions and behavior French, (1994). It may require corrective action where the feedback indicates that something has gone wrong. However, wherever possible feedback should be used positively to reinforce the good and identify opportunities for further positive action.

Giving feedback is a skill and those with no training should be discouraged from giving feedback. It is expected that the supervisor and employee will communicate with each other on an on-going basis regarding performance. Exceptional achievements should be recognized in a timely manner. Areas in need of improvement should be addressed during the performance cycle so that performance issues are not a "surprise" at the time of performance review. It is the supervisor's responsibility to provide support and specific guidelines to help the employee achieve the goals and expectations. It is the employee's

responsibility to keep the supervisor informed of progress and any concerns Morris et al, (2006).

Employee involvement involves the creation of an environment wherein people are involved in the decision making process that have an impact on the decisions and the actions that have a bearing on the jobs Flamholtz,(1996). It is an effort to pool in the ideas of the employees that can help in the achievement of the desired results Robert, (2003). The benefits of employee involvement in performance appraisal process are increase in ownership and commitment, retention of the employees; it creates a harmonial environment, helps to achieve the employee satisfaction Morris et al, (2008).

However there is a big question mark on the fact as to how the process of employee engagement in performance appraisal can be inculcated, the answer can be suggestion systems, manufacturing cells, work teams dedicated towards the involvement of employees in the decision making process, continuous improvement meetings, discussions about the improvement requirements, discussions between the supervisor and the immediate assistant within a team Cook and Crossman, (2004).

However the effective working of the employee involvement process is the effective training of the teams in proper communication and even the problem solving. There is a good flow of ideas even when there are some of the motivational rewards involved, when the gains that have been achieved through the decisions are shared can also act as motivating fact. Dessler, (2000) asserts that Employee involvement can lead to improved efficiency in quality and competitiveness, increase job satisfaction and motivation, encourage co-operation and improve employee relations.

Empirical Review

Cole, (2002) define performance appraisal as the evaluation of individual in terms of their jobs performance. Cook and Crossman, (2004) define it as assessing each individual against objectives and standards of the year, agreed at the previous appraisal meetings. While French, (1994) define it as the formal, systematic assessment of how well employees are performing their jobs in relation to established standards.

Performance appraisal is used to assess relative worthiness of each employee to the organization, which assists in making administrative decisions concerning salary increment, promotions, rewards and compensations, training and development of the employees. Fletcher, (2001) observes that performance appraisal gives feedback on the past performance of employees therefore managers can get useful information regarding strength and weakness of employees. He also assert that performance appraisal affects the status of employee, including retention, termination, promotion, transfer, salary increase or decrease, or admission into a training program

Performance appraisal is a means by which an employee's performance is judged by her superior and evaluation method could be employed annually or semi-annually Waldman et al, (1998). Each employee in the organization is typically subject to this methodology. The foremost reason to evaluate employee performance is because the organization wants to find out if employees have the skills required for the job they are currently undertaking which helps identify the competency gaps Jones et al, (1996),. The organization can then identify training and development requirements. This exercise is undertaken to provide feedback on the last period's performance to both the superior as well as the employee herself. On the basis of this, decisions are made such as whether to reward the employee in terms of promotions, salary hikes, perks and bonuses, to give him a share in profit sharing and stock options or to take disciplinary action. The employee's strengths and weaknesses are highlighted, and then the company can take action such as transferring the employee to a department where her interests and skills will be better suited.

Kaplan, (1993) observes that the information obtained through performance appraisal provides foundations for recruiting and selecting new hires, training and development of existing staff, and motivating and maintaining a quality work force by adequately and properly rewarding their performance. Without a reliable performance appraisal system, a human resource management system falls apart, resulting in the total waste of the valuable human assets a company has.

An appraisal system can develop a greater degree of consistency by ensuring that managers and employees meet formally and regularly to discuss performance and potential Morris et al. (2006). Appraisal can improve communications by giving employees an opportunity to talk about their ideas and expectations and to be told how they are progressing. This process can also improve the quality of working life by increasing mutual understanding between managers and employees Ashford, (1986).

Research Methodology

The study used descriptive research design. The target population for the study involved members from the telecommunications industry in Kenya with about 3000 employees. Target population consists of 150 employees in department of mass market and customer care and sample under study was 50 employees. The study was aimed at making use of both primary and secondary data. Primary data was collected using questionnaires. Semi-structured questionnaire was developed and divided into sections and each section addressed a specific objective and research question of the study. Data was analyzed using the Statistical Package for Social Sciences (SPSS) software and the analysis was done through use of descriptive statistics for quantitative data in terms of percentages of the frequency distribution. Analyzed data was summarized and presented in the form of simple frequency tables of the percentage counts, pie charts and graphs.

Summary of the Findings

From the study findings (78%) of the employees were of the opinion that the results of performance appraisal are used to determine their compensation this means that most employees in the telecommunication industry work extra hard so that they can be compensated well. Majority of the respondents had indicated that they were not satisfied with the compensation package given after the performance form the findings this means that compensation package in telecommunication industry could not match with their capabilities of the employees. 90% of respondent could not understand the criteria used by their employer to compensation them this means that the criteria used for compensation in the telecommunication industry are very confidential. The only way to guarantee the integrity of your compensation plan is to link it to your employee performance appraisal, which provides you the tools you need to manage, monitor, and measure employee performance at every step in the process Graham, (2005).

Based on the findings the training offered to the employees had no impact on the performance appraisal process, majority of the employees (70%) are not adequately trained on the performance appraisal process. This could be due to the fact that the training offered in the telecommunication industry is not relevant to the employees to a large extent.

Employees recommended that they should be given an opportunity to pointing out on areas they need to be trained on. The employees were of the opinion that in order to improve training, the company should consider hiring experienced trainers and performance management experts. It is important to ensure that the training that an employee is being offered is relevant to what he or she does. Failure to offer task oriented training amount not only to wastage of time but as well as other key resources, Armstrong and Baron, (2005).

Based from the findings majority of the respondents signifying (70%) had indicated that the communication channels where not appropriate this means that the current channels of communication in the telecommunication industry where no appropriate. Majority of the respondents suggested that communication during performance appraisal process had enhanced good employee relations which mean that there has been a good relationship between employees and management in the telecommunication industry). Appraisal can improve communications by giving employees an opportunity to talk about their ideas and expectations and to be told how they are progressing. This process can also improve the quality of working life by increasing mutual understanding between managers and employees Ashford, (1986).

Conclusions

Based on the findings, the study concludes that factors affecting performance appraisal process in the telecommunication industry are as a results four variables under investigation such as training, employee involvement, communication and compensation which greatly affect performance appraisal process in the telecommunication sector in Kenya. Performance appraisal can serve the general purpose of improving the current as well as the future performance of employees through a systematic rating of their performance on the job as well as enhancing their job satisfaction and organizational commitment according. Respondents also gave their views and recommendations on how the challenges facing the issues raised can be solved such as recommendation on how to solve the training challenges, improve communication, feedback, etc.

Recommendations

Based on the findings of this study, following recommendations should be considered.

1. The management in the telecommunication sector should find a way to sit down with the employees and come up with a structured, fair compensation package that will be acceptable to all the parties concerned, this will greatly help in reducing the current levels of dissatisfaction.
2. Training should be conducted at all levels of the workforce so as to enlighten employees on what is expected of them and how to achieve the targets expected of them. Training should be more detailed, employees should be able to request for training as per their training needs.
3. The company should also consider hiring external trainers and experts once in a while to boost the internal training staff and at the same time expand the scope.
4. Each organization in the telecommunication should impress communication especially with their employees. It is essential that proper feedback and interaction processes and procedures be in place to boost information flow in the company.
5. Employees should be involved in decision making and setting of targets in the performance appraisal. These steps will help address the challenges facing performance appraisal management in the telecommunication sector.

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