INFLUENCE OF PERFORMANCE APPRAISAL ON EMPLOYEE PERFORMANCE IN THE PUBLIC SERVICE: A CASE OF PUBLIC SERVICE COMMISSION

Yusta Ndinda Wambua
Msc. Human Resource Management,
Jomo Kenyatta University of Agriculture & Technology

Dr. Mwajuma Alice Abok,
Jomo Kenyatta University of Agriculture & Technology
P.O BOX 62000-00200
Nairobi, Kenya

Dr. David Kiarie Mburu
Jomo Kenyatta University of Agriculture & Technology
P.O BOX 62000-00200
Nairobi, Kenya


ABSTRACT

High employee performance should be a focus, if any organization is going to accomplish its goals and remain at competitive edge. Performance appraisal (PA) is a tool that is used by both public and private organizations to track the performance of an individual employee, thus the need to have an effective performance appraisal which reinforces the individual’s sense of personal worth and assists in enhancing performance. The study targeted a total population of 380 employees working in the six directorates of PSC, and by using stratified random sampling a sample size of 195 employees was selected from the six directorates at the PSC offices in Nairobi. Primary data was collected using questionnaires with both open-ended and closed questions. Secondary data was obtained from published sources. Data was analyzed using descriptive statistics, correlation analysis, ANOVAs and regression analysis to establish the relationship between the independent and dependent variables. Scientific Package for Social Scientists (SPSS) version 21 was employed and the results were presented using frequency distribution tables, percentage distributions, means
and pie charts. The analyzed data established that all independent variables namely; target setting, employee participation, performance rating and feedback were significant and influenced employee performance in the Public Service Commission. The study recommended that there was need to regularly review individual employee targets, encourage creativity and innovation, allow flexibility in rules and regulations, train the appraiser and appraisee on the performance rating system, develop a communication mechanism of relaying performance results and implement reward/sanction policy to encourage good performance and discourage poor performance in the Public Service. Also the study scope was limited to PSC thus suggested further research in other Public Service organizations and a research to be conducted to establish the challenges facing performance appraisal process in the Public Sector.

**Key Words:** Target setting, employee participation, performance rating, feedback and employee performance

**Background of the study**

In this world of competition where organizations are striving to remain competitive and relevant, performance appraisal has become one of the critical tools to bring this global success (Caliskan, 2010). According to Delaney and Huselid (2011) an organization implements the performance appraisal to allocate rewards for the employee, provide development advice as well as to obtain their perspectives about their jobs, department, managers, and organization. Prior studies reveal that employee perception of fairness of performance appraisal is a significant factor in employee acceptance and satisfaction of performance appraisal process. A good perception will create a positive working environment in the organization, while a negative perception will affect the company performance (Wilson & Western, 2010).

In Kenya, many organizations have embarked on financial and organizational reforms, but few have managed to adequately address the need to improve employee performance (World Bank, 2013). This is particularly true in the public sector where the workforce continue to work under vague job specifications and muddled lines of accountability, where individual and organizational performance are seldom measured, and where staff are paid, often low, salaries that do not relate
to the quality of their work. In this scenario, the potential benefits of reforms of any type are greatly reduced.

Poor public performance in Kenya public sector has consistently hindered the realization of sustainable economic growth and development since the country attained her independence in 1963 (Muthaura, 2007). This has resulted from lack of clear focus on what is expected from employees and poor or no reliable process of measuring performance has been the greatest challenge (Prowse & Prowse, 2010).

**Global perspective on employee performance**

Globally, all involved parties; supervisors, employees, and HR administrators typically are dissatisfied with their organization's performance appraisal process (Jabeen, 2011), and view the appraisal process as either a futile bureaucratic exercise or, worse, a destructive influence on the employee-supervisor relationship. This is certainly true of most organizations, at least in the USA, wherein surveys typically reveal widespread dissatisfaction with the appraisal process (Jabeen, 2011). Despite these indictments, managers are reluctant to abandon performance appraisal which they still regard as an essential tool of Performance management.

**Regional perspective on employee performance**

In Nigeria, Ojukuku (2013) on study to ascertain the effect of performance appraisal system on motivation and performance of the university academics, 61.3% of the respondents regarded performance appraisal as being very important because it has a lot to do with their promotion and salary increase. A response rate of 95.1% also affirmed that university academics are highly
motivated when their salary is paid as at when due. The implication of this result is that workers are sensitive to the outcomes of their work.

**Local perspective on employee performance**

In 2005, Kenya made a major stride by introducing performance contracting paradigm in the management of the public service and a positive paradigm in performance has been recorded (Prajapati, 2009). Monari and Wanjau (2014) note that in order to ensure continued efficiency and effectiveness of members of staff each organization has to carry out employee performance appraisal from time to time so as to keep them in check and replace, motivate, retrain or take any other appropriate action. The primary development goal for any country is to achieve broad based, sustainable improvement in the standards of the quality of the life for its citizens. The Public Service and in particular the Civil Service plays an indispensable role in the effective delivery of Public Services that are key to the functioning of the State economy (GOK, 2009).

In order to enhance the performance of public officers, the government introduced an evaluation tool where rewards and sanctions were to be used to encourage provision of quality services in the public sector. This paved way for the piloting of the process of in State Corporations in 2003 which saw the introduction and implementation of performance appraisals in the entire public sector. Most firms in Kenya now employ some performance appraisal system (GOK, 2009). The Performance Appraisal System (PAS) was introduced by the Government of Kenya (GOK) to refocus the mind of the public from a culture of inward looking to a culture of businesslike environment, focused on the customer and results in addition to improving service delivery (Obong’o, 2009).

**Public Service Commission**
The Public Service Commission (PSC) was set up in 1954 with the mandate to advice on the appointment of candidates to posts in the Civil Service. The Commission was subsequently enshrined in the Constitution in 1964. Today, the Commission is established Constitutional body under Chapter thirteen of the Constitution of Kenya, 2010 with enriched mandate on the management of human resource in the Public Service.

The Constitution allows the Commission to delegate in writing, with or without conditions, any of its functions and powers to any one or more of its members, or to any officer, body or authority in the Public Service (COK, 2010). One of its core mandate is to manage the performance of the all the employees in the Civil Service so as to effectively and efficiently deliver services to its citizen.

**Statement of the Problem**

Poor employee performance in Kenya Civil Service has been noted to be a big challenge and has led to strained national budget without equivalent results (World Bank, 2013). Performance appraisal is one of the main tools of performance management used in measuring of the employee performance, thus helping the organization to remain at a competitive edge (Anderson, 2013). To monitor and address employee performance, the PSC as the government body charged with the responsibility of managing employee performance in the Public Service, developed an assessment tool for evaluating employee performance (PSC, 2010).

Despite existing studies on PA, poor employee performance resulting primarily from lack of alignment between PA and employee performance has continued to persist in the Public Sector (Muthaura, 2010). This suggests that knowledge on influence of performance appraisal on employee performance is pertinent to effective performance management although it has largely
been overlooked. Most studies that correlate PA to employee performance are scanty and are not in Kenyan context (Ahmed, 2010).

Further, existing studies, for example, the effect of performance appraisal system on motivation and performance of academics in Nigerian public universities (Ojukuku, 2013), effective management of the performance appraisal process in Lebanon (Dargham, 2010) and factors affecting performance appraisal on the organization and employee (Davis, 2012). These studies do not address influence of performance appraisal on employee performance and presents a contextual gap. Therefore, this study sought to establish the influence of performance appraisal on employee performance in the Public Service Commission.

Theoretical Framework

a. Goal –Setting Theory

The ideal of target setting stems from the goal setting theory which was pioneered by Locke (1968) and it affects performance in four ways: focuses attention, mobilizes effort in proportion to the demands of the task, enhances persistence, and encourages the individual to develop strategies for achieving their goals. Goal setting theory suggests that the individual goals established by an employee play an important role in motivating him/her for superior performance (Locke & Latham, 2006).

This theory is based on the assumption that behavior reflects an employee’s conscious goals and intentions. The essential ideal behind goal setting theory in this context is that employees need to be involved in target setting during the performance appraisal process and tie individual goals to company goals using management by objectives hence resulting to increased employee performance (Armstrong, 2010).
b. **Expectancy Theory**

Expectancy theory is based on the hypothesis that individuals adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman et al, 2005). The expectancy theory is based on valence, expectancy and instrumentality. Valence refers to the level of confidence an employee has to expect a desirable outcome for his/her actions and behavior. Expectancy is the outcome an employee anticipates in response to his/her actions or behavior. Instrumentality is the qualifications and abilities an employee has to perform the work necessary to produce a desirable outcome (Salaman et al, 2005).

According to Cole, (2010) employees base their level of work, output or quality in anticipation of the employer's response. This might include a pat on the back, a positive performance appraisal or better work assignments. The quality of work is relative to the level of response the employee expects as a result of the effort and time she puts into her tasks.

c. **Social Exchange Theory**

Globally, organizations have realized the art of employee participation in decision making processes, rather than simply acting on orders (Armstrong & Baron, 2014)). Social exchange theory makes two basic assumptions about human behaviour in social relationships where people make contributions for which they expect certain outcomes and evaluate the fairness of these exchanges using information gained through social interactions (Emerson, 1976).
Greenberg (2009) provided evidence that individuals are highly influenced by the sensitivity they are shown by their supervisors and other representatives within the organization. This is especially true when raters show concern for individuals regarding the outcomes they receive. Specifically, Greenberg found that apologies and other expressions of remorse by raters have been shown to mitigate ratees' perceptions of unfairness.

d. Justice Theory

According to the Justice theory, employees will perceive a practice to be fair or equitable when their input ratio is equal to that of the output. Studies have shown that a rating based on individual performance and a salary based on the rating tends to enhance employee perceptions of distributive justice (Thurston & McNall, 2010).

In this study, we draw upon this theory and apply it specifically to performance appraisal context. This conceptualization may hold the key to explaining employees' perceptions of fairness concerning their performance appraisals and appraisal rating. Rosenzweig and Nohria, (2009) on Procedural justice perceptions, judgments will depend on the relative weighting of the perceived fairness of the structural components of the performance appraisal procedure. Employees may consider an appraisal as fair if they perceive that the evaluator is trying to motivate them, improve their performance or expand their perceptions of their own capabilities.
Research Methodology

The study used descriptive design to describe the state of affairs as they exist at present in the context of the study objectives, which allowed the researcher to gather information, summarize, present and interpret data for the purpose of clarification (Zikmund, 2010). This study targeted a total of 380 employees in the Public Service Commission as indicated in the PSC Payroll (July, 2015) and the findings were generalized to the 380 employees in the Public Service Commission.

The study used stratified random sampling method to select the unit of analysis from the 380 employees in PSC, since the nature of the population is heterogeneous. Primary data was collected using questionnaire which contained both open-ended and closed questions. According to Zikmud, (2010) this method of data collection ensures a high response rate. Secondary data was collected through use of reviews from both empirical and theoretical literatures existing to clarify variables related to the study. Mugenda and Mugenda, (2008) urge that 10-20% of the target population is adequate for pilot testing depending on the sample size. This study used 10% of the target population for pilot-testing and the respondents involved in pilot-testing did not participate in the final study.

Data Analysis

Data was analyzed using descriptive statistics, inferential statistics, Correlation analysis, ANOVAs and regression analysis to establish the relationship between the independent and dependent variables. The data collected was cleaned, sorted, coded and analyzed using Statistical Package for
Social Sciences (SPSS-Version 21). Statistical significance was determined based upon a significance level of 0.05.

**Descriptive Analysis**

Descriptive analysis of a five point Likert Scale (1=strongly agree to 5= strongly disagree) which was used to establish the influence of performance appraisal on employee performance at Public Service Commission showed that performance appraisal played a very vital part in employee performance in PSC. The findings were supported by Fakharyan et al., (2012), argument that there is a relationship between employee satisfaction and performance appraisal.

**Regression Analysis**

The coefficient of determination $R^2$ and correlation coefficient ($r$) show the degree of association between the Variables and employee performance in the Public Service Commission. The results of the linear regression indicate that $R^2=.750$ and $R=.822$ this is an indication that there is a strong relationship between target setting, employee participation, performance rating and feedback and the employee performance in the Public Service Commission.

**Table 4.1: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted</th>
<th>Std Error of the estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.822</td>
<td>.750</td>
<td>.605</td>
<td>.240</td>
</tr>
</tbody>
</table>

a.Predictors (Constant): target setting, employee participation, performance rating and feedback.
According to the model summary R is the correlation coefficient which shows the relationship between the independent variables and dependent variable as shown by R value (0.822). R-squared indicate the correlation between the observed and predicted values of dependent variable implied a significant correlation between target setting, employee participation, performance rating, feedback and employee performance at PSC with a correlation factor of 0.750 at significant level of 0.05. The four independent variables studied showed 60.5% of the influence of Performance Appraisal on employee performance in PSC as represented by the $R^2$ (0.605). Therefore, the other factors not studied in this research contributed to 39.5% of the influence of PA in PSC.

The model tested was ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes:

$$Y = 2.962 + 0.873X_1 + 0.713X_2 + 0.581X_3 + 0.289X_4 + \varepsilon$$

Where $Y$ is the dependent variable (Employee Performance in Public Service Commission), $X_1$ is the Employee participation variable, $X_2$ is Target setting variable, $X_3$ is Performance rating variable and $X_4$ is Feedback

According to the regression equation established, taking all factors into account (Employee participation, Target setting, performance rating and Feedback) constant at zero, employee performance in PSC was 2.962. The data analyzed findings also showed that taking all other independent variables at zero, a unit increase in employee participation will lead to a 0.873 increase in employee performance in PSC; a unit increase in target setting will lead to a 0.713 increase in employee performance in PSC; a unit increase in performance rating will lead to a 0.581 increase in employee performance in PSC and a unit increase in feedback will lead to a 0.289 increase in employee performance in PSC. This infers that employee participation statistically contributed more to the employee performance in PSC followed by target setting.
Conclusion

Based on the findings, the study conclusively deduced that performance appraisal influences employee performance in the Public Service Commission. The study established that all the four independent variables have a statistically significant influence on employee performance. This finding implied that an increase in each of the independent variable leads to an increase in employee performance.

Recommendations

This study recommended the following:-

1. Public Service organizations to encourage creativity and innovation by allowing employees to develop better ways of achieving higher results. Also develop rules and regulations that allow flexibility when employees are executing their set targets.

2. Training of both the appraiser and appraisee on performance appraisal rating system to enhance fairness in rating and as a result positively influence employee performance. Further, individual employee targets need to be aligned with his/her job description and specification and reviewed regularly to allow career progression.

3. Develop a formal communication mechanism of relaying performance results. Also the study recommends the need to implement reward/sanction policy so as to encourage good performance and discourage poor performance in the Public Service.

Suggestions for Further Studies
It was established from the empirical review that most of the studies were conducted in USA, Canada, China, Nigeria, Ivory coast among other countries and that scanty studies were conducted in Africa specifically Kenya. This gives influence of performance appraisal on employee performance a rich area for further study in Kenya for generalization of the findings of this study. Further, the scope of the study was limited to Public Service Commission hence need to research the same study in other Public sector organizations. Also there is need for a study to be conducted to establish the challenges facing performance appraisal process in the Public Sector.

References


Muthaura, F. (2010). *Performance contracting in Kenya; restoring faith in government through innovation to promote Quality of Public Service*.


Prajapati, T (2009) *Performance Contracting in Kenya*


