# EFFECTS OF EMPLOYEE PERFORMANCE APPRAISAL ON SERVICE DELIVERY IN PARASTATALS:  A CASE OF NATIONAL HOSPITAL INSURANCE FUND, KISUMU, KENYA

**Achieng', Monica Akoth***

**Odote, Bonventure Onyango***

**Olala, Gilbert Owuor****

**Abstract**

This paper was set to investigate the effects of employee performance appraisal on service delivery. The specific objectives of the study were to find out the extent clear employee appraisal processes, continuous review of appraisal results, providing feedback and using action plan improves service delivery at National Hospital Insurance Fund, Kisumu, Kenya. The study adopted a case study research design with a target population of 50 employees. A sample size of 44 was used. Data was collected randomly using a structured research questionnaire. Collected data was edited, coded and verified. Data was then entered in an excel spread sheet and analyzed using descriptive statistics. The study found out that clear appraisal process, continuous review of appraisal results, giving feedback and using action plan improved service delivery by a large percentage. The results of the study will be significant to the management in strategizing and establishing excellent appraisal policies with a view to achieving standardized organizational service delivery. The study recommended that National Hospital Insurance Fund, Kisumu office should strengthen performance appraisal programmes in order to motivate employees for competency and effective delivery of services.

**Key words:** appraisal processes, review of appraisal results, employee feedback, action plan, service delivery.

* Kim School of Management, The Kenya Institute of Management, Kisumu, KENYA

** Department of Mathematics & Computer Science, Kisumu Polytechnic, Kisumu, KENYA

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## 1. Introduction

Performance appraisal originated mainly in the public sector employment. Now formal schemes of performance appraisal are widely being used in both the public and private sectors. The details of these formal schemes vary considerably depending on the purpose and preferences of individual work organizations. These differences are reflected in terms of the format, report degree of confidentiality, openness, appraisee's level of participation and the nature of appraisal discussions between those being apprised (Tyson and York, 2002).

Performance appraisal is viewed as potentially the most crucial aspect of organization's life as it enables employees to improve their performance (Lawrie, 1990). (Rue and Byars, 1993) point out that performance appraisal is an output for determining individual and organizational training and development needs. It is through appraisal practices that individual strengths and weaknesses can be identified. Performance appraisals is an input for Human Resource Planning, especially human resources needs, for example, determining whether the firm has the right mix of qualified people in the right positions at the right time.

Appraisal has traditionally been seen as mostly applicable to those in management and supervisory positions. Modern trends show that it is increasingly being applied to manual staff; particularly those who are skilled or have technical duties (Torrington Hall, 1995). He asserts that over the past decade there has been a substantial increase in performance reviews for non-managerial staff, for example, those offering secretarial and clerical duties. He further asserts that while in certain organizations, the management can decide whether or not to include lower cadre workers in the appraisal system, others allow those of a certain age to opt out of the system if they so wish.

Past experience has shown that appraisal is a complex issue and it is evident that for effectiveness, such a system must be designed and implemented with great care. This is because a poorly conceived appraisal system will create more problems than it may solve (Fisher, et al 2003). Performance appraisal is a complex task that is often difficult to carry out and in most cases; it is not done well by most organizations. As a result of this, the implementation process has been met with a number of problems.

(Delewicz, 1989) suggests that there is a basic human tendency to make judgments about those he is working with, as well as about one self. According to him, appraisal is both inevitable and

universal such that in the absence of a carefully structured appraisal system, people will tend to judge the work performance of others naturally, informally and arbitrarily.

Despite the overwhelming support so far received from proponents of performance appraisal systems, opponents attack it on a variety of grounds. Some seem to feel that the idea of performance appraisal is sound, but the execution is weak and as a result wrong things are usually rated. Also, supervisors aren't trained to prepare accurate elements of performance appraisals systems. At times they fail to give effective appraisal feedback to those being evaluated. Others just feel that the very concept of performance appraisal is flawed.

Performance appraisal has been initiated in a number of countries and the appraisal practices have been shown to improve performance. In India for example, before 1970, wage differentials were based on position and age rather than performance. Further, making wage structures was left with top manager in state owned enterprises; and was making two or three time as much as junior technical workers. Managerial advancement was based more on political beliefs than on job performance. However, after the initiation of performance appraisal in the late 1970's; reforms began with human resource practices changing gradually. The government of India endorsed movement towards fixed term labour contracts rather than lifetime employment and also encouraged more widespread adoption of performance based reward at all levels (Fishers, et al 2003).

In Kenya, new performance appraisal system in the public service was introduced with effect from 1st July 2006 to improve performance of employees. However, this programme has not been fully implemented. The implementation has been very slow. This has been because of unfamiliarity with work planning and target setting. Despite the failure to properly implement it, the programme is still in place with the aim of encouraging team work, improving delegation of tasks, enhancing sharing of information, linking individual performance to the strategic plan, entrenching continuous assessment of performance and motivating employees through mutual discussions, setting and reviewing of targets (Obongo, 2009)

Organizational performance comprises the actual output or result of an organization as measured against its intended output (goals and objectives). According to Richard et al (2009) organizational performance can be viewed in terms of strategic planning, operations and finance, legal and organizational development. In recent years, many organizations have attempted to

manage organizational performance using the balanced score card methodology where performance is tracked and measured in multiple dimensions such as financial performance, customer service, social responsibility and employee stewardship.

We are used to thinking of ongoing performance management for employees, for example, setting goals, monitoring an employee's achievement of those goals, sharing feedback with the employee, evaluating the employees performance, rewarding the employees performance or firing the employee. Organization performance involves recurring activities to establish organizational goals, monitor progress towards the goals and make adjustment to achieve these goals effectively and efficiently. When seeking to improve the performance of an organization it's very helpful to regulate conduct assessment of the current performance of the organization.

## 2. Statement of the problem

Performance appraisal has been received by mixed reactions from workers over the years despite its main purpose of improving performance. (Johnson E., 2004) points out in his survey of companies with appraisal systems that few are satisfied with their performance appraisal programs. Thus, performance appraisal has generated a great deal of anxiety and suspicion. He further suggested that both employees and managers perceive performance appraisal as a means of achieving a rare synthesis of ubiquity, futility and inevitability within an organization. (Boyd, N., 2005) suggests that when employees find themselves being evaluated by managers whom they know have broken rules, the entire review process is of little value to the organization. Though some apprehensions at the thought of being formally evaluated are understandable, there are unfortunate negative connotations surrounding performance appraisal in organizations. This is due to misunderstanding the purpose of appraisal, and also due to use of outdated and in appropriate appraisal processes. In Kenya, new performance appraisal system in the public service was introduced with effect from 1st July 2006 to improve performance of employees. However, this programme has not been fully implemented. The implementation has been very slow (Obong'o, 2009). It is because of this that this paper was set to investigate the effects of employee appraisal on service delivery with particular reference to National Hospital Insurance Fund, Kisumu, Kenya.

## 3. Conceptual framework

Figure1 is a conceptual framework showing how employee performance appraisal influences service delivery.

**EMPLYEE PERFORMANCE APPRAISAL**

- Clear appraisal processes

- Review of appraisal results
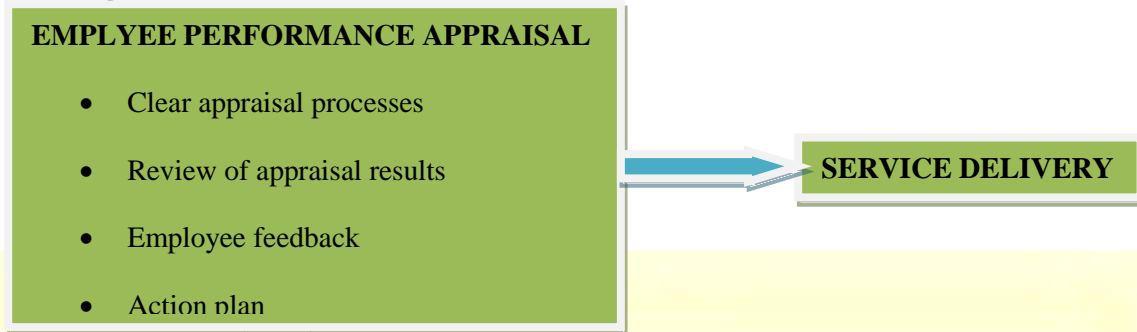
- Employee feedback

- Action plan

**SERVICE DELIVERY**

Figure1 show that employee performance appraisal is the independent variable while service delivery is the dependent variable. The elements of performance appraisal which are believed to influence service delivery are clear appraisal processes, review of appraisal results, employee feedback and action plan.

## 4.  Specific objectives

i. To determine the effects of clear employee appraisal processes on service delivery;

ii. To determine the effects of continuous review of employee appraisal results on service delivery;

iii. To determine the effects of providing employee feedback on service delivery; and

iv. To determine the effects of using employee action plan on service delivery.

## 5. Research questions

i. To what extent has clear employee appraisal processes improved service delivery at National Hospital Insurance Fund, Kisumu?

ii. To what extent has continuous review of employee appraisal results improved performance at National Hospital Insurance Fund, Kisumu?

iii. To what extent has providing employee feedback improved performance at National Hospital Insurance Fund, Kisumu?

iv. To what extent has the use of employee action plan improved organizational performance at National Hospital Insurance Fund, Kisumu?

## 6. Significance of the study

The study will provide additional insight into the employee performance appraisal practices at National Hospital Insurance Fund, Kisumu, and bring out an understanding about its effects on service delivery at the organization. This will be significant for Human Resource Managers at

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the organization and other related organizations in improving administrative performance appraisal tools and practices, which are synonymous with winning companies. Further, the study will help top managers in solving performance related problems. This will provide unique performance lessons for many organizations since most companies use employee performance appraisal as a tool for improving organizational performance. It will thus encourage companies to continue using standardized employee performance appraisal practices as a management tool in formulating policies for growth and satisfactory service delivery.

## 7. Limitations of the study

The study was limited in scope as it only focused on the effects of employee appraisal practices on service delivery at The National Hospital Insurance Fund, Kisumu branch. The study concentrated on only employee appraisal even though there are certain other work environmental factors such as work equipments, age of the employee, conditions of work among others that may affect an organization service delivery. These were held constant during the study. Also, the employees at the organization had a tight schedule and limited time for interviews and this delayed data collection schedule. This was overcome by the researcher rescheduling time to fit into the program of the employees, and eventually adequate data was gathered.

## 8. Scope of the study

The study focused on the effects of employee performance appraisal on organizational performance at National Hospital Insurance Fund, Kisumu branch. The organization is located in Kisumu City, which is in western Kenya approximately 370 kilometers from the capital city of Kenya, Nairobi. The branch has its offices along Oginga Odinga Street at Re-Insurance Plaza building just opposite Al Imran Plaza in the central Business District. The study was carried in April 2013. The major concepts of the study were performance appraisal, organizational performance, appraisal processes, review of appraisal results and employee feedback.

## 9. Research design and methodology

The study was basically a fact finding research and therefore adopted a case study research design. Mugenda and Mugenda (2003) describe a case study design as a report of study, which requires the collection of quantifiable information from the sample. The design was deemed appropriate for the study as it enabled an in-depth search of information from the respondents on their attitudes and opinions.

Cooper, and Shindler (2001), define a target population as the total collection of elements about which we wish to make inferences. The target population for this study was 50 employees from all the departments and projects at the National Hospital Insurance Fund, Kisumu. The distribution of the target population among departments was shown in table 1.

**Table 1: Departmental distribution of target population**

| Departments | Number of employees | % number of employees |
|---|---|---|
| Registration | 14 | 28 |
| Management | 4 | 8 |
| I.T | 2 | 4 |
| Accounts | 4 | 8 |
| Customer Care | 2 | 4 |
| Inspectorate | 10 | 20 |
| Claims | 5 | 10 |
| Stores and Supplies | 2 | 4 |
| Supportive Staff | 3 | 6 |
| Security | 1 | 2 |
| Transport | 3 | 6 |
| **TOTAL** | **50** | **100** |

**Source: Research Data (2013)**

Table 1 shows that the organization had 50 staff members i.e. 28% (14) in registration, 8% (4) in management, 4% (2) in I.T, 8% (4) in accounts, 4% (2) in customer care, 20% (10) in inspectorate, 10% (5) in claims, 4% (2) in stores and supplies, 6% (3) in supportive staff, 2% (1) in security, and 6% (3) in transport.

A sample is a subset of the population selected for observation and analysis. The target population was stratified in departments and sample drawn by randomization process for the required sample size. This was because stratified sampling technique is easy to use and is more accurate (Mugenda & Mugenda 2003). They add that for accurate information a researchable large sample is necessary for the study. The study therefore considered 88% (44) employees in the study. (Denscombe, 1998) said that the sample must be carefully selected to be representative

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of the entire population and the research also needs to ensure that the sub-divisions entitled in the analysis are accurately carried. The sample size was computed by the formula

$$n = \frac{z^2 pq}{d^2}$$

where

$n$ = desired sample size if the target population is greater than 10,000;

$z$ = the standard normal deviate at the required confidence level;

$p$ = the proportion in the target population estimated to have the characteristics being measured;

$q = (1 - p)$ ;and

$d$ = the level of statistical significance set.

Fisher et al as cited in (Mugenda & Mugenda 2003) stated that where the data on the proportion of respondents with characteristic being investigated is not available, $p = 0.5$ is regarded as appropriate. Therefore, at 95% confidence interval, the desired sample size was

$$n = \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2}$$
$$= 384$$

assuming a target population of more than 10,000; but since the target population was less than 10,000, the formula

$$n_f = \frac{n}{1 + \frac{n}{N}}$$

where

$n_f$ = desired sample for population less than 10,000;

$n$ = desired sample size for target population of more than 10,000; and

$N$ = estimate of population size in the current study,

was used determine the desired sample size.

$$\therefore \quad n_f = \frac{384}{1 + \frac{384}{50}}$$
$$= 44$$

This sample size was distributed proportionately as shown in table 2.

**Table 2: Departmental distribution of sample**

| Departments | Sample size | % sample size |
|---|---|---|
| Registration | 12 | 28 |
| Management | 3 | 8 |
| I.T | 2 | 4 |
| Accounts | 3 | 8 |
| Customer Care | 2 | 4 |
| Inspectorate | 9 | 20 |
| Claims | 4 | 10 |
| Stores and Supplies | 2 | 4 |
| Supportive Staff | 3 | 6 |
| Security | 1 | 2 |
| Transport | 3 | 6 |
| **TOTAL** | 44 | 100 |

**Source: Research data (2013)**

Table 2 shows the distribution of a sample of 44 employees in the departments' i.e. 28% (12) in registration, 8% (3) in management, 4% (2) in I.T, 8% (3) in accounts, 4% (2) in customer care, 20% (9) in inspectorate, 10% (4) in claims, 4% (2) in stores and supplies, 6% (3) in supportive staff, 2% (1) in security, and 6% (3) in transport.

Data was collected using semi-structured questionnaires. A questionnaire is a device for securing answers to questions by using a form which the respondent fills by himself. Before administering the questionnaire, it was tested for reliability and validity. Reliability refers to the consistency or dependability of a measurement technique (Andrich, 1981; Leary, 2004). More specifically, reliability is concerned with the consistency or stability of the score obtained from a measure or assessment technique over time and across settings or conditions (Anastasi & Urbina, 1997; White & Saltz, 1957). From the foregoing, it refers to consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the scores obtained from a measure or assessment over time and across settings or conditions. First, research instrument was administered in a standardized form i.e. all measurement were

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conducted in the most consistent manner possible across all of the participants that took part in the study. Second, all participants were made to understand the instructions and content of the research instrument. Third, all the participants who were involved in the administration of the research instrument were thoroughly trained before the actual exercise. This was done by giving them ample opportunity for practice before the actual study began and also by conducting repeated training over the course of the study to maintain consistency. Finally, effort was made to ensure that data was recorded, compiled, and analyzed accurately. This was done by closely monitoring and auditing conduct of the participants on a regular basis. Validity refers to what the test or measurement strategy measures and how well it does so (Anastasi & Urbina, 1997). It seeks to answer how well the instrument or measurement approach measures what it is supposed to measure. If it does so, then the instrument or measurement approach is said to be valid. This is because it accurately assesses and represents the construct of interest. This was done by using content-related validity as a way of ensuring the relevance of the instrument to the construct being measured i.e. the instrument of measurement was made relevant to the construct, which was being measured. Construct of interest was then operationalized by defining the construct and then attempting to develop item content that accurately captured it.

The returned questionnaires were coded according to the research variables in order to ensure the margin of error was minimized and to ensure accuracy during data entry in excel spread sheet. The study applied descriptive statistics in analysis. According to Denscombe (2007) descriptive statistics involves a process of transforming a mass of raw data into frequency distribution tables, percentages and charts, which are vital for making sense of the data. Therefore, data was analyzed using descriptive statistics in the form of tables, pie charts and bar graphs, which were intended to give clear picture of research findings at a glance as was appropriate.

## 10. Results of the study

In this section, a detailed account of analysis and results of this study is outlined. It is divided into four sections. Section 10.1 gives a detailed account of the effect of clear employee appraisal processes on service delivery. Section 10.2 gives a detailed account of the effects of continuous review of employee appraisal results on service delivery. Section 1.3 gives a detailed account of

the effects of providing employee feedback on service delivery. Section 10.2 outlines in detail, the effects of using employee action plan on service delivery.

**10.1 Clear employee appraisal processes and service delivery**

In this case, the study sought to find out the extent clear employee appraisal processes had improved service delivery at National Hospital Insurance Fund, Kisumu. Data was first sought on whether the respondents' agree clear employee appraisal processes had improved service delivery at National Hospital Insurance Fund, Kisumu office. The responses were as shown in table 3.

**Table 3: Clear employee appraisal processes and service delivery**

| Category | Frequency | Percentage frequency |
|---|---|---|
| Strongly Agree | 35 | 80 |
| Agreed | 0 | 0 |
| Disagree | 7 | 15 |
| Strongly Disagree | 2 | 5 |
| Total | 44 | 100 |

**Source: Research Data (2013)**

In order to make the information in table 3 more clear and appealing at a glance, it was necessary to present the data using a bar graph as shown in figure 2.

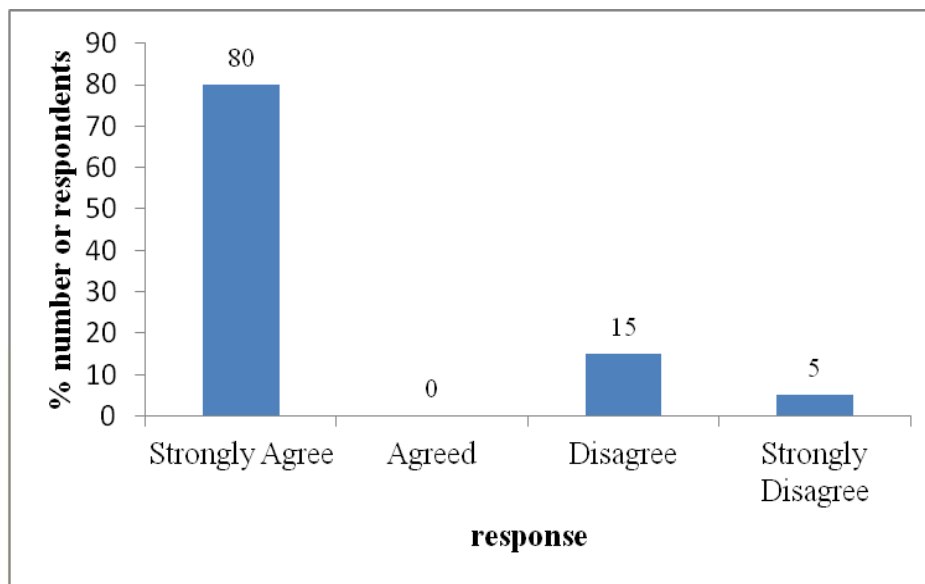**Figure 2: Clear employee appraisal processes and service delivery**

Table 3 and figure 2 shows that out of the 44 respondents interviewed 80% (35) strongly agreed that clear employee appraisal processes had improved service delivery at The National Hospital Insurance Fund, 15% (7) disagreed and a paltry 5% (2) strongly disagreed.  In order to understand the proportion of improvement, the study further sought for data on the extent clear employee appraisal processes had improved service delivery in the organization. The responses were shown in table 4.

**Table 4: Extent clear employee appraisal processes improved service delivery**

| Response level | Frequency | percentage frequency |
|---|---|---|
| **Large extent** | 33 | 75 |
| **Moderate extent** | 5 | 11 |
| **Small extent** | 4 | 9 |
| **Has not improved** | 2 | 5 |
| **Total** | **44** | **100** |

**Source: Research Data (2013)**

In order to make the information in table 4 more clear and appealing at a glance, it was necessary to present the data using a bar graph as shown in figure 2.

**Figure 2: Extent clear employee appraisal processes improved service delivery**
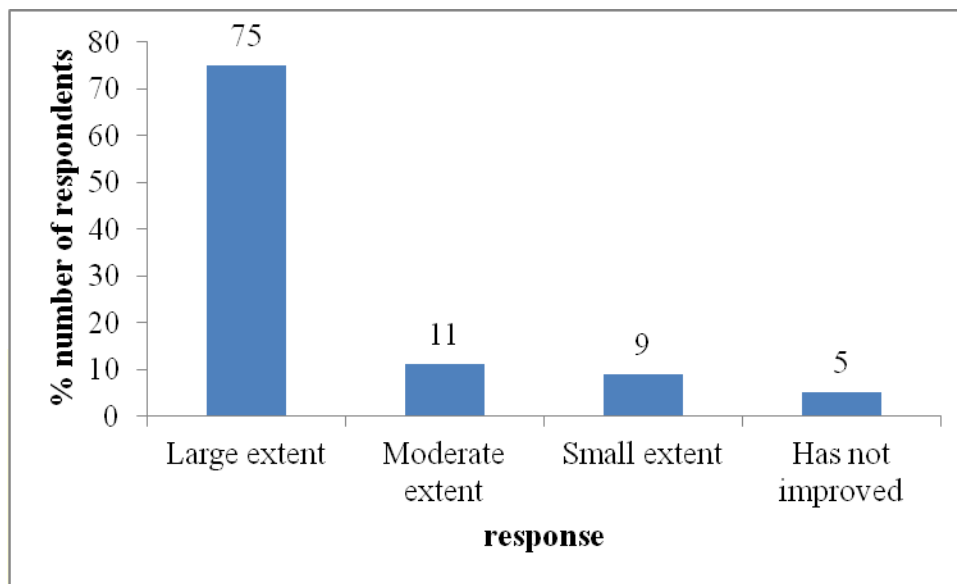
Table 4 and figure 2 shows that of the 44 employees interviewed, 75% (33) agreed that clear employee appraisal processes improved service delivery at National Hospital Insurance Fund to a large extent, 11% (5) agreed that it had improved to a moderate extent, 9% (4) agreed that it had improved to a small extent, and the remaining 5% (2) said it had not improved. From the analyzed data, it is clearly evident that clear employee appraisal processes did improve service delivery at the National Hospital Insurance Fund.

**10.2 Continuous review of employee appraisal results and service delivery**

In this case, the study sought to find out the extent continuous review of employee appraisal results had improved service delivery. Data was first sought on whether the respondents' agreed continuous review of employee appraisal results had improved service delivery at National Hospital Insurance Fund, Kisumu office. The responses were shown in table 5.

**Table 5: Continuous review of employee appraisal results and service delivery**

| Response level | Frequency | percentage frequency |
| --- | --- | --- |
| **Strongly Agree** | 31 | 70 |
| **Agree** | 0 | 0 |
| **Disagree** | 5 | 12 |
| **Strongly Disagree** | 8 | 18 |
| **Total** | **44** | **100** |

**Source: Research Data (2013)**

In order to present data in table 5 more clearly and give visual appeal at a glance, it was necessary to present the data using a bar chart as shown in figure 3.

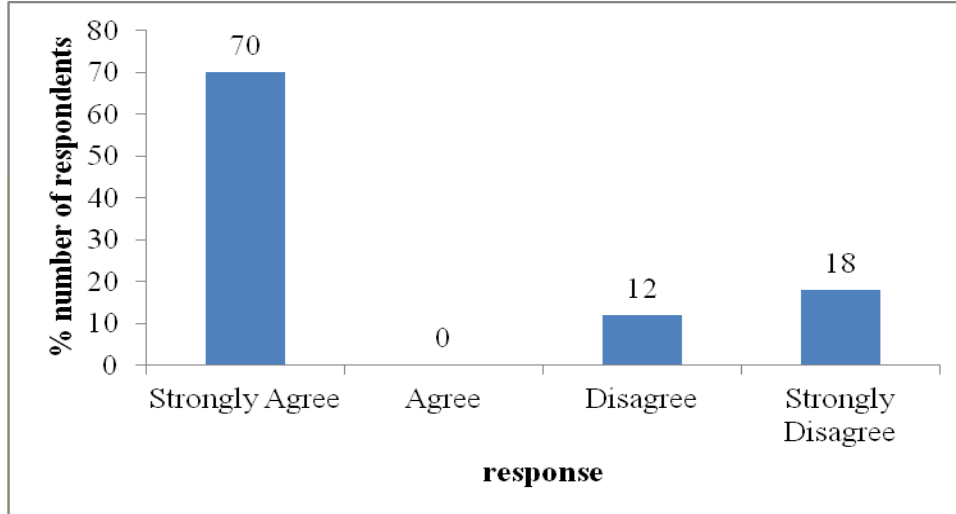**Figure 3: Continuous review of employee appraisal results and service delivery**



Table 5 and figure 3 shows that of the 44 respondents that were interviewed 70% (31) strongly agreed that continuous review of employee appraisal results had improved service delivery at National Hospital Insurance Fund, 12% (5) disagreed, while the remaining 18% (8) strongly disagreed. In order to understand the proportion of improvement, the study further sought for data on the extent continuous review of employee appraisal results have improved service delivery. The responses were shown in table 6.

**Table 6: Extent continuous review of employee appraisal results improved service delivery**

| Response level | Frequency | Percentage frequency |
|---|---|---|
| **Large extent** | 27 | 61 |
| **Moderate extent** | 4 | 9 |
| **Small extent** | 13 | 30 |
| **Has not improved** | 0 | 0 |
| **Total** | **44** | **100** |

**Source: Research data (2013)**

The information in table 6 was further presented as in figure 4 for more clarity and visual appeal at glance.

**Figure 4: Extent continuous review of employee appraisal results improved service delivery**
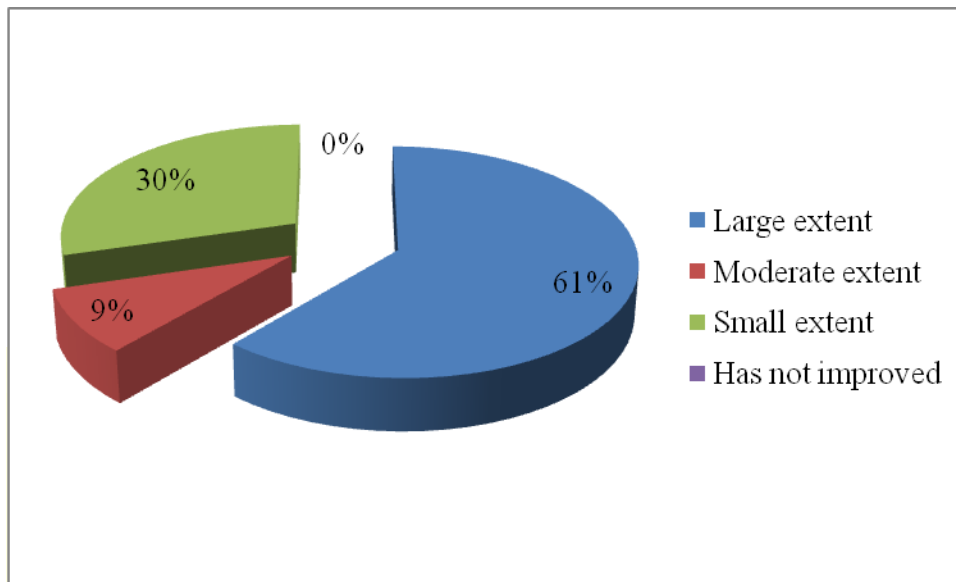
Table 6 and figure 4 shows that of the 44 employees interviewed 61% (27) strongly agreed that continuous review of employee appraisal results had improved service delivery at National Hospital Insurance Fund to a large extent, 9% (4) agreed that it had improved to a moderate extent, while the remaining 30% (13) agreed that it had improved to a small extent. In view of the data generated in this section, it is evident that continuous review of employee appraisal results had improved service delivery at the National Hospital Insurance Fund.

**10.3 Providing employee feedback and service delivery**

In this case, the study sought to find out the extent providing employee feedback had improved service delivery. Data was first sought on whether the respondents' agreed providing employee feedback had actually improved service delivery at National Hospital Insurance Fund, Kisumu office. The responses were shown in table 7.

**Table 7: Providing employee feedback and service delivery**

| Response level | Frequency | Percentage frequency |
|---|---|---|
| **Strongly agree** | 35 | 80 |
| **Agree** | 0 | 0 |
| **Disagree** | 5 | 11 |
| **Strongly disagree** | 4 | 9 |
| **Total** | **44** | **100** |

**Source: Research Data (2013)**

In order to make information in table 7 more clearer and provide a visual appeal at a glance, the information was presented using a bar graph as shown in figure 5.

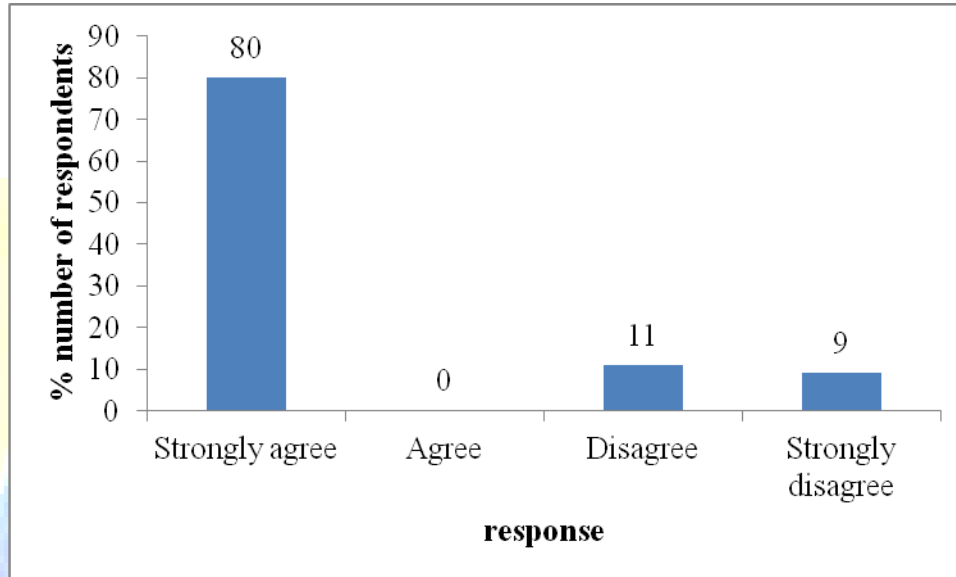**Figure 5: Providing employee feedback and service delivery**



Table 7 and figure 5 shows that of the 44 respondents that were interviewed 80% (35) strongly agreed that providing employee feedback had improved service delivery at the National Hospital Insurance Fund, 11% (5) disagreed, while the remaining 9% (4) strongly disagreed. In order to understand the proportion of improvement, the study further sought for data on the extent providing employee feedback had improved service delivery. The responses were shown in table 8.

**Table 8: Extent providing employee feedback improved service delivery**

| Response level | Frequency | percentage frequency |
|---|---|---|
| **Large extent** | 32 | 73 |
| **Moderate extent** | 0 | 0 |
| **Small extent** | 3 | 7 |
| **Has not improved** | 9 | 20 |
| **Total** | **44** | **100** |

**Source: Research data (2013)**

The results in table 8 were further presented as shown in figure 6 to provide clarity and visual appeal at a glance.

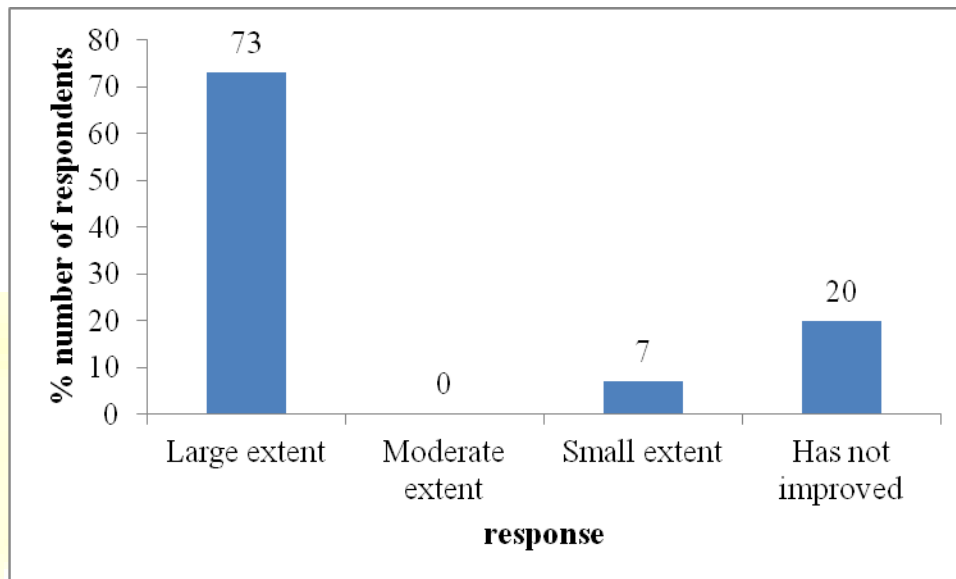**Figure 6: Extent providing employee feedback improved service delivery**



Table 8 and figure 6 shows that of the 44 employees interviewed 73% (32) agreed that providing employee feedback had improved service delivery at National Hospital Insurance Fund to a large extent, 7% (3) agreed that it had improved to a small extent, while the remaining 20% (9) agreed that it did not improve. The data therefore reveals that over the period, providing employee feedback had improved service delivery at National Hospital Insurance Fund.

**10.4 Using employee action plan and service delivery**

In this case, the study sought to find out the extent using employee action plan had improved service delivery. Data was first sought on whether the respondents' agreed using employee action plan had improved service delivery at National Hospital Insurance Fund, Kisumu office. The responses were shown in table 9.

**Table 9: Using action plan and service delivery**

| Response level | Frequency | percentage frequency |
|---|---|---|
| Strongly agree | 39 | 89 |
| Agree | 0 | 0 |
| Disagree | 5 | 11 |
| Strongly disagree | 0 | 0 |
| **Total** | **44** | **100** |

**Source: Research Data (2013)**

Table 9 was further presented as in figure 7 to provide clarity and more visual appeal.

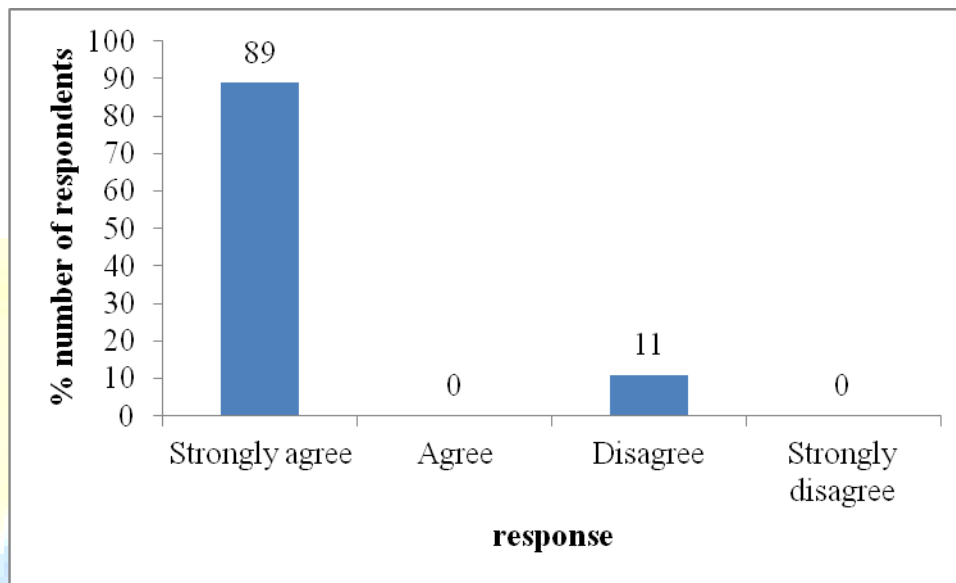**Figure 7:  Using action plan on service delivery**



Table 9 and figure 7 shows that of the 44 respondents that were interviewed 89% (39) strongly agreed that using action plan had improved service delivery at the National Hospital Insurance Fund, while the remaining 11% (5) disagreed. In order to understand the proportion of improvement, the study further sought for data on the extent using action had improved service delivery. The responses were shown in table 10.

**Table 10: Extent use of action plan improved service delivery**

| Response level | Frequency | percentage frequency |
|---|---|---|
| **Large extent** | 36 | 82 |
| **Moderate extent** | 0 | 0 |
| **Small extent** | 3 | 7 |
| **Has not improved** | 5 | 11 |
| **Total** | **44** | **100** |

**Source: Research Data (2013)**

In order to provide for clarity and visual appeal at a glance, the results in table 10 was presented using a bar graph as shown in figure 8.

**Table 8: Extent use of action plan improved service delivery**
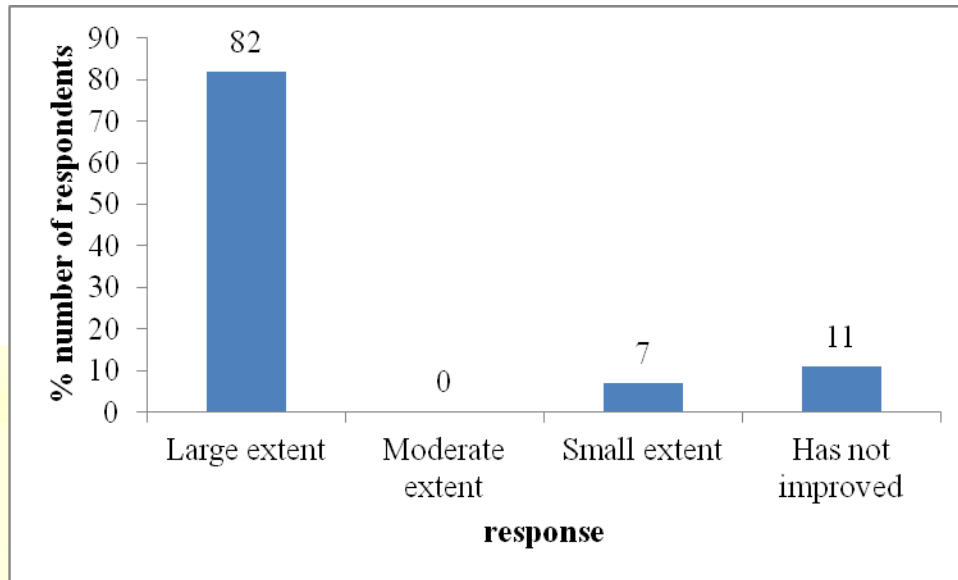
Table 10 and figure 8 shows that of the 44 employees interviewed 82% (36) agreed that using action plan had improved service delivery at National Hospital Insurance Fund to a large extent, 7% (3) agreed that it had improved to a small extent, while the remaining 11% (5) had agreed that it did not improve. In view of the data in this section, it is evident that use of action plan had improved service delivery at National Hospital Insurance Fund.

## 11. Discussion of the results

The sample had an excellent rate of response in this study. This was because of the 44 respondents interviewed; there was 100% response. Though the responses were based on opinion of the respondents, there was however a feeling that this could not negatively influence the data on the ground. This was assumed so because of reasonably high level of the respondents' education and professional training, which had 65% having college and university education. The sample size of 88% was also large enough and precision level was thus so high. The research instrument used was also a watertight questionnaire, which was rigidly pre-tested for reliability and validity. It was checked for content-related validity as a way of ensuring the relevance of the instrument to the construct being measured. Construct of interest was then operationalized by defining the construct and then attempting to develop item content that accurately captured it. The research instrument was thereafter administered in a standardized form by ensuring that all measurements conducted in the most consistent manner possible across all of the participants that took part in the study. All participants were made to understand the

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instructions and content of the research instrument by thoroughly training them before the actual exercise. Finally, an effort was made to ensure that data was recorded, compiled, and analyzed accurately by closely monitoring and auditing of the participants on a regular basis.

In the study, it was found that clear employee appraisal processes had improved service delivery at the parastatal. This view was supported by 80% of the respondents. 95% of the respondents argued that clear employee appraisal processes had motivated them in their work and thus had made them more effective and efficient in delivering services to the organization. (Coates, G., 1994) in his analysis had the same view that performance appraisal processes does not only benefit the employees but the organizations that use the results of performance appraisal processes also benefits by identifying its areas of strengths and opportunities. To the organization, it provides an indication of areas of training needs as well as direction for leadership development, performance improvement and succession planning. (Beardwell, I, and Holden, L., 1997) said that evaluating results of performance appraisals processes can also provide managers, human resources departments and organizations with an indication of where additional training and development may be necessary. For instance, results may indicate that employees collectively are scoring low on items related to use of technology or customer service. These may become target areas for the creation and implementation of training programs designed to boost employee competence and performance.

The view that providing employee feedback as an important factor of improving service delivery was supported by 80% of the respondents. They said that feedback makes them learn about areas of their weaknesses and therefore provides a means for correcting mistakes. It functions as a way of providing counseling to employees, developing employees, and conveying and discussing compensation, job status, or disciplinary decisions. It is one way performance appraisal helps is giving individual workers feedback about their job performance. (Buzzota, V .R., 1998) noted that giving appraisal results to employees may relay several potential benefits that motivate individual workers to become more productive.

A large percentage of the respondents of up to 89% agreed that preparation of employee action plan had dramatically improved service delivery at the organization. In their view, it provides sequential steps and activity channels that must be followed for effective service delivery. According to them the knowledge of these essential action plan steps has been a motivator for

employees and as such, it had made them improve their service delivery. (Cole, G.A., 2006) also asserts that strategic thinking and planning can help keep one to be focused on value creation, and not on management tools or practices for their own sake. According to (Dulewicz, V. 1989), it has been found that planning effectively and strategically requires only a handful of essential procedures. Any system of planning that is used, or corporate planning process that are followed must be formal, well documented, clearly communicated, and simple for effectiveness in service delivery.

## 12. Conclusion & recommendation

In conclusion, clear employee appraisal processes, review of employee appraisal results, providing employee feedback, and using employee action plan are effective indicators of employee performance appraisal, which are important for improving service delivery in any organization.

The study therefore recommends that National Hospital Insurance Fund, Kisumu office should strengthen performance appraisal programmes in order to motivate employees for competency and effective delivery of services.

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