

**EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE  
PRODUCTIVITY IN THE MINISTRY OF AGRICULTURE  
HOMA BAY COUNTY, KENYA**

**OTIENO BOB KEPHAS\***

**I. ABSTRACT:**

Globally, governments and companies spend billions of Shillings yearly on employee performance evaluation as it has become a critical component of the overall human resource management function in the civil service. The Ministry of Agriculture Homa Bay County has implemented performance appraisal policy to enhance employee productivity. However, reports generated from their Human Resource Information Systems revealed mixed results about employee productivity due to the improper implementation of the performance appraisal system. The study targeted 256 employees in the Ministry of Agriculture, Homa Bay County out of which a sample size of 156 respondents determined using Yamane (1967) formula for sample size determination were selected using stratified random sampling technique. A calculated coefficient of at least 0.70 indicated that the instrument was reliable. The researcher calculated reliability co-efficient of 0.87. Findings of the study revealed that performance appraisal criteria, feedback and reward were all adopted to great extents by the Ministry of Agriculture, Homa Bay County as shown by their weighted mean of 3.65, 3.83 and 4.15 respectively. The regression results revealed that when independent variables (appraisal criteria, feedback and reward) are controlled for or held constant, there is a probability that employee performance would be affected positively by a coefficient of ( $r= 1.217$ ), this effect being significant at ( $p=.0342$ ). This study would help in building progress towards organizational goals. Human Resource Specialists and managers who would be interested in knowing how staff appraisal systems affect employee performance and increased employee's performance in organizations as a result of effective evaluation tools in place, might rely on findings of this study.

**Key words:** performance appraisal, employee productivity

\* **Jaramogi Oginga Odinga University of Science and Technology**

## II. INTRODUCTION

Performance appraisal system is used as a technique to manage the individual performance of employees in all institutions. It helps in the identification of individual's current level of job performance, helps employers in identifying training and development needs, provides information for succession planning, enables coaching and counseling of employees, controls the behavior of both employees and employers, improves internal communication and thus helping in setting performance goals and assessing potential for promotion of employees among many others. A performance appraisal system is a good instrument that can be used to improve the quality of an organization's work force performance of which it is considered as an important aspect in human resources management and as part of the control process in administration (Shal,1999). In order for an organisation to achieve its objectives, planning of the appraisal process is an important subject which should be undertaken to enable it achieve the objectives like work force development, including improvements, promotions and assignments in managerial positions, persuasion and punishment, salary increase, personnel's performance feedback and determining their educational needs. Therefore, an appraisal can be considered as an important factor in identifying the people's talents and capacities and its results can make them aware of advancements, plans and goals. An organization, itself, needs to detect the employees efficiency to improve the manpower's status, for the purpose of increasing the volume of the production and services and making positive changes in its trend (Shal, 1999).

Appraising performance is important because since it helps to ensure that the organization system will be easily understood by employees and effectively put into action by managers.

Appraisal structures that are complex or impractical tend to result in confusion, frustration, and nonuse. Likewise, systems that are not specifically relevant to the job may result in wasted time and resources. Indeed, most successful appraisal programs identify and evaluate only the critical behaviours that contribute to job success. Systems that miss those behaviours are often invalid, inaccurate, and result in discrimination based on nonrelated factors.

### Statement of the Problem

There is no known study that has focused on effects of performance appraisal on employee's productivity in the County Government. This study therefore seeks to fill this knowledge gap by

determining the influence of performance appraisal on employee productivity in the Ministry of Agriculture, Homa Bay County..

### Objectives of the Study

The Specific objectives to operationalize the broad objective were to:

- i) to establish the extent of appraisal criteria adoption in the Ministry of Agriculture, Homa Bay County.
- ii) to assess the extent of appraisal feedback in the Ministry of Agriculture, Homa Bay County.
- iii) to determine the extent of appraisal rewards in the Ministry of Agriculture, Homa Bay County.
- iv) to determine the relationship between performance appraisal and productivity in the Ministry of Agriculture and employee productivity.

### Research Questions

- i) What is the extent of appraisal criteria adoption in the Ministry of Agriculture, Homa Bay County?
- ii) What is the extent of appraisal feedback in the Ministry of Agriculture, Homa Bay County?
- iii) What is the extent of appraisal rewards in the Ministry of Agriculture, Homa Bay County?

### Significance of the Study

This study would help in building progress towards organizational goals. Human Resource Specialists and managers who would be interested in knowing how staff appraisal systems affect employee performance and increased employee's performance in organizations as a result of effective evaluation tools in place, might rely on findings of this study. The study might also contribute knowledge to the field of staff appraisal. Finally, other academicians and future researchers might carry out further research on aspects of the study findings.

### Limitations of the Study

The study was faced with the following limitations: Analysis of influence of performance appraisal on employees' productivity solely depended on responses of respondents to the

research questions. Respondents were reluctant to provide their true feelings for personal reasons. It was anticipated that this could affect the conclusion drawn from the study. This was dealt with by explaining to respondents the purpose of the study before data collection. Respondents were not willing to give information due to perceptions that they could be victimized for disclosing the organizations' secrets. The researcher overcame this by assuring respondents of non-disclosure of information to unauthorized persons.

### III. LITERATURE REVIEW

Humble (1967) saw a performance standard as a statement of the conditions which exist when required result is satisfactorily achieved. He suggested then that in setting standards it may help to look for standards which relate to quantity, quality, time, and cost. Fisher *et al.*, (1996) report a trait-based appraisal system that assesses the abilities or other personal characteristics of an employee. These included traits such as resourcefulness, enthusiasm, drive, application and intelligence. However, one difficulty with this is that everyone defines them differently and is subject to bias. Raters, therefore, are often unsure of what they are rating. Moreover, ill-defined scales are more susceptible to bias and prejudice (Torrington and Hall, 1998). For an effective performance appraisal system, focus of appraisers' should be on performance variables as opposed to personal traits (Smither, 1998).

Jankowicz (2004) notes that the validity and reliability of trait-based performance appraisals is highly suspect because the rater's perceptions of the traits being assessed are affected by his/her opinions, biases, and experiences that may have little to do with the particular employee. Another important factor that can be used as performance criteria is employee relationship with management.

Gortner et al (2007) pointed out that one troubling aspect of performance appraisal to employees is that, in all too many instances, employees are rated more on their ability to get along with the supervisor than they are on actual performance. He also pointed to another common problem in the performance evaluation of employees where the supervisor rates every employee as superior. Scott & Finch (2005) contend that, performance appraisal systems utilize standard assessment criteria, dimensional ratings, structured rating scales and explicit individual-peer appraisal.

These components help to minimize subjective impressions and conscious or intentional biases. Sophisticated technologies for performance evaluations (for example on line ratings and development plans, 360 degree feedback) are well developed and increasingly common in both large and small institutions.

Singh et al., (2010) conducted an empirical study on the efficiency of performance appraisal system in Oil and natural Gas Commission (ONGC) in Iraq and found that all organizations relied on the impression of supervisors and management for giving rewards and punishments for employees. Unlike the latter which was interested mainly on determining the efficiency of performance appraisal the current study is interested in investigating the effect of performance appraisal on employee's productivity. The latter study was also done in a different sector that is oil and gas which has different challenges to the sector being studied by the current study.

Mallaiah (2009) conducted a study in Kenyatta University Library and identified specific performance indicators used in appraisal. He found that majority of the respondents felt that the performance appraisal system followed in the library is based on work performance and ability to take responsibility. He also found out that the pragmatic suggestions given by respondents to improve the existing performance appraisal system included changing the criteria used. In some cases, performance criteria should be based on employee traits. The latter study was done only to identify performance indicators used in appraising employees, the current study hopes to investigate not only the indicators but go further to and identify which indicator is mostly employed and why.

Oshionebo, 2000 concluded that most modern organizations rely on some forms of performance appraisal system to provide employees with feedback about their performance and to help the organization make decisions about such things as pay increases and promotions. Research on performance appraisal dates back at least as far as the early 1920's, and has continued to the present day. Nevertheless, practitioners continue to complain about how academic research on performance appraisal has been of limited usefulness, and how academic continues to bemoan the state of affairs on the practice front (Smither and Walker, 2004). Furthermore, as reported by Pulakos (2004), a recent survey indicated that only one in ten employees believes that their

firm's appraisal system helps them to improve performance. This is indeed a problem which needs to be addressed. The gap between research and practice has been documented by many writers; therefore, there exist a gap in the area of performance appraisal. The possible explanations for the gap is that academic research has provided answers but practitioners are simply not aware of the relevant findings and much of the research mainly focused on measurement issues which has not really been helpful to practitioners who must find ways to improve performance.

According to Taylor (2003), the performance appraisal process offers employees the opportunity to receive structured, constructively framed feedback about their work and growth potential. According to Berman (2005), appraisal and improvement are critical to developing and maintaining a strong capable workforce. Structured performance incorporates the institutions vision and mission into the overall evaluation of the employee. Optimum organizational performance is dependent upon the performance of the individuals that make up the organization. When clear and reasonable performance appraisal metrics, standards and practices are used to develop goals and provide relevant feedback, it can be useful both for the individual being evaluated and for the organization. Poorly executed performance appraisals, however, can be detrimental to organizational performance. Successful performance appraisals are contingent upon employees and managers working together (Larson, 1989).

Carroll and Schneier, 1982; Ilgenet *al.*, 1979; Larson, 1984 One of the most important conditions is to provide clear, performance-based feedback to employees Almost 50 years ago, Maier (1958) highlighted the crucial role of appraisal feedback in the performance appraisal process. Levy and Williams (2004) report that if participants do not perceive the system to be fair, the feedback to be accurate, or the sources to be credible then they are more likely to ignore and not use the feedback they receive. Indeed, the significance of feedback to the appraisal process as well as to the broader management process has been widely acknowledged (Bernardin and Beatty, 1984; Ilgenet *al.*, 1979; Lawler, 1994; Murphy and Cleveland, 1995). First, from the organization's point of view, feedback keeps both its member's behavior directed towards desired goals and stimulates and maintains high levels of effort (Lawler, 1994; Vroom, 1964).

According to Carroll and Schneier, 2002, One of the most important conditions in appraisal is to provide clear, performance based feedback to employees. There should be a workflow for tracking of feedback sessions. When a mistake is detected, immediately remedial steps are taken, with minimum loss to the company. This should be measured in terms of the extent to which he meets the performance criteria set by the management in fulfilling the organization objectives. Providing an employee with feedback is widely recognized as a crucial activity that may encourage and enable self-development which is instrumental for the success of the whole organization (Baruch, 1996). Therefore the frequency of feedback is important and can influence future performance of the employee (Denisi, 1996).

An empirical study conducted by Fletcher (2002) on the effect of staff appraisal on employee performance in the Ministry of Energy in Kenya established that through performance appraisal, staff get motivated and improve on their productivity; employees are able to get feedback of their duties and seek ways to improve on them. This study comes very close to the current study except that the former study used descriptive analysis while the current study opted to use regression analysis to determine if the outcome will be similar to the formers.

Important to note is that Latham *et al* (2000), recommended the need to evaluate the appraisal process. In reference to their recommendations, if staff is to have positive attitude towards the appraisal system, the performance appraisal should undergo regular review and improvement. For example, focus groups or surveys could be conducted to gauge staffs' perceptions of the appraisal process. This confirms Roberts (2002) recommendations that; a successful performance appraisal process should demonstrate a change in both the ratings of staff performance and aspects of the work environment that impact upon work performance.

Emojong (2004) in his work on in-Service Training Programs and their effects on the performance of staff at the Uganda Revenue Authority, emphasized the need for on-job training, short seminars and team building workshops as programs that increase the employee's performance. The former study was interested on effect of in-service training programs on performance of employees however the current study examines a different dependent variable that is performance appraisal and its effects on employee's productivity.

Kamwine (2004) in his study on management of appraisal schemes and teachers performance in government aided schools in Kampala District, discussed a number of issues like the culture of evaluation, managing work processes, planning for training needs and many others. He recommended that organizations should emphasize on assessment mechanism. While Kamwine in his study focused on appraisal schemes and performance this study looked at performance appraisal generally and its effects mainly on employees productivity and not the organizations overall performance.

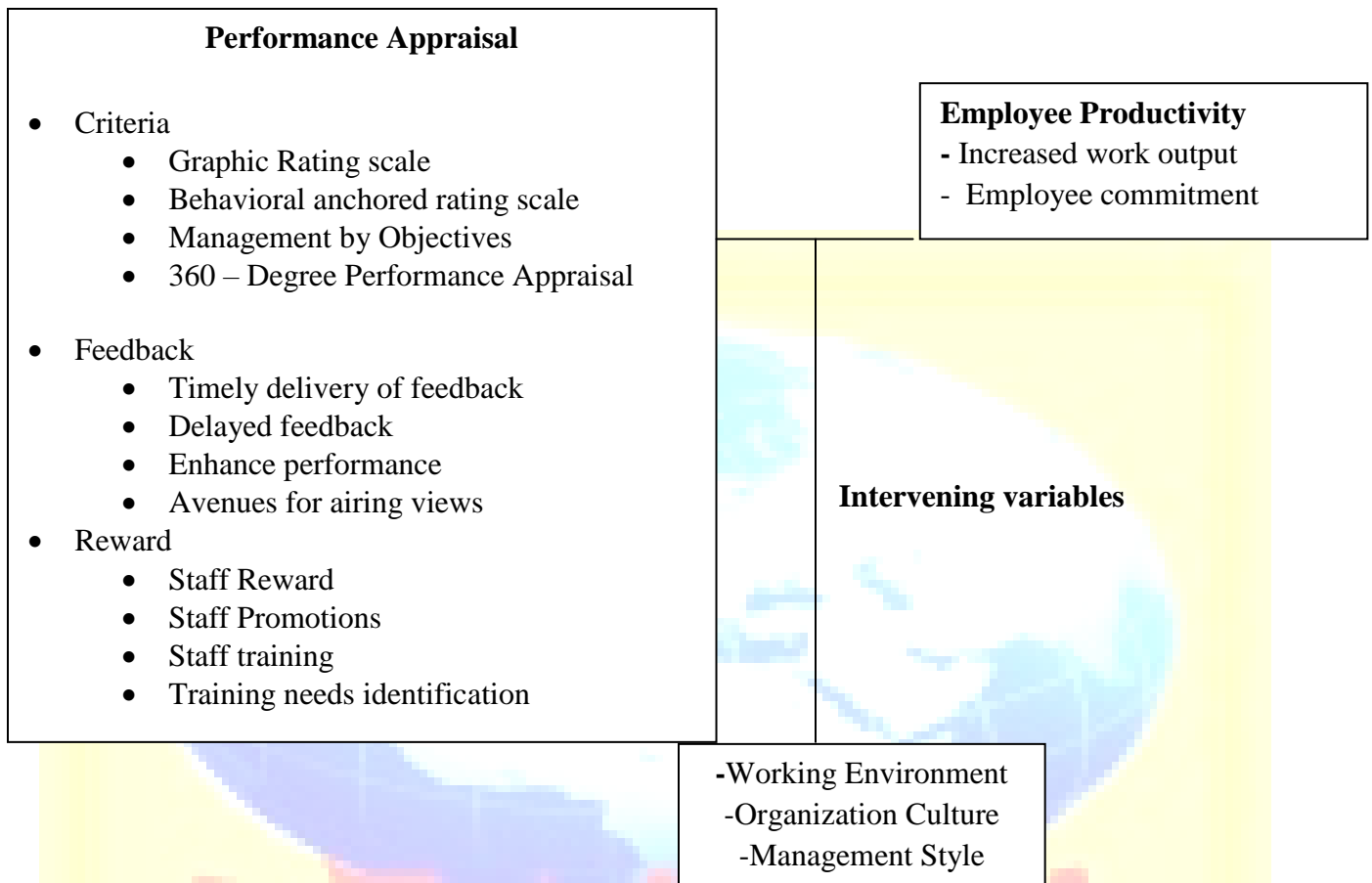
Najeeb (2011) studied Performance Appraisal in Habib Bank Limited in Pakistan and concluded that transparent appraisal system is vital to an organization and the rewards of the appraisal affect the performance of any employee heavily. Saeed and Nosheen (2011) investigated employees' perception about the outcomes of Performance appraisal and identified factors which can harm the successful implementation of performance appraisal. The sample of 120 employees at management level was selected on the basis of simple random sampling from the plastic furniture manufacturing organization located in the province of Punjab in Pakistan. The findings suggest that the employees are aware of the usefulness of the performance appraisal but they lack knowledge in implementing an effective performance appraisal. It is worthy to note that a significant difference in perceptions regarding the outcomes of the performance appraisal was found among the respondents. While the formers study only concentrated on detailed understanding of performance appraisal and not in relation to some other variable. This study opts to determine performance appraisal in relation to employee's productivity.

A local research which comes close to this study is an empirical study conducted by Fletcher (2002) on the effect of staff appraisal on employee performance in the Ministry of Energy established that through performance appraisal, staff get motivated and improve on their productivity; employees are able to get feedback of their duties and seek ways to improve on them. Although his study found a positive relationship between staff appraisal and employee performance. The kind of data he collected was mainly concerned on the employee performance, while this study focuses on employee's productivity. Fletcher also chose to use only correlation analysis. This study proposes to employ not just correlation analysis but also regression analysis.



**INDEPENDENT VARIABLES**

**DEPENDENT VARIABLE**



Source: Author (2015)

**IV. RESEARCH METHODOLOGY**

**Research Design**

In this study, the researcher used the Survey method which involved literature survey that is a thorough survey of data which had already been published to look for relevant information (Olivier, 2009). This research by its nature seeks together data from a large population in order to make generalizations. The key constructs to be researched on were derived from the literature and were clearly stated in Chapter Two. As a result a survey done to get large amounts of data assisted in making the generalizations about the relationship between performance appraisal and job performance.

### Target Population

The target population of this study consisted of all employees working in the Ministry of Agriculture, Homa Bay County which comprised of 256 employees; 200 employees working for the department of Agriculture, whereas 56 employees working in the department of Livestock (Ministry of Agriculture, Homa Bay County, 2013).

### Sample Size

An appropriate sample size was selected from the target population to ascertain that findings of the study were accurate and recommendations made relevant to the subject of the study. Using Yamane (1967) formula, the appropriate sample size for the study was 156 employees.

### V. DATA ANALYSIS

		Employees Productivity	Appraisal Criteria	Appraisal Feedback	Appraisal Reward
Employees Productivity	Pearson Correlation	1			
	Sig. (2-tailed)	0.02			
	N	50			
Appraisal Criteria	Pearson Correlation	.869	1		
	Sig. (2-tailed)	.001			
	N	50	50		
Appraisal Feedback	Pearson Correlation	.736	.574	1	
	Sig. (2-tailed)	.001	.004		
	N	50	50	50	
Appraisal Reward	Pearson Correlation	.334	.685	.670	1
	Sig. (2-tailed)	.003	.001	.003	
	N	50	50	50	50
	Sig. (2-tailed)	.002	.002	.001	0.001

Source: Survey Data (2015)

Results from the Pearson’s correlation analysis in table 4.8 show that there existed a positive and significant correlation between employee productivity and performance appraisal in the Ministry of Agriculture, Homa Bay County at 95% confidence level. The study established that the correlation between appraisal criteria and employees productivity is highly positive and significant with a coefficient of ( $r=0.869$  at significance level  $.05$ ,  $P=0.002<.05$ ). This results implies that according to the respondents increased adoption of the use of appraisal criteria has a probability of affecting the employee’s productivity of the Ministry of Agriculture Homa Bay County positively.

The results between appraisal feedback and employees productivity was as well highly positive and significant with a coefficient of ( $r=0.736$ ) significant at  $0.05$  ( $P=.001<0.5$ ). This suggests that increased adoption of appraisal feedback has a probability of affecting the employee’s productivity of the Ministry of Agriculture, Homa Bay County positively.

The results also show that there is a positive and significant relationship between appraisal reward and employees productivity with a correlation coefficients of ( $r=.0334$ ) at significance level  $0.05$ , ( $P=.002<.05$ ). This observation alludes that according to the respondents increased adoption of appraisal rewards has a probability of positively affecting employee productivity.

**Regression Analysis**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	0.913	0.834	0.751		0.4538

**Source:** Survey Data (2015)

The coefficient of determination was carried out to measure how well the statistical model was likely to predict future outcomes. The coefficient of determination,  $R^2$  is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the contribution of the three independent variables that were studied (Appraisal criteria, Appraisal feedback and Appraisal rewards). All the three independent variables that were studied, explain only 83.4% of the employees productivity as represented by the adjusted  $R^2$ . This therefore means that other factors not studied in this research contribute 16.6% of the employee

productivity. Therefore, further research should be conducted to investigate the other (16.6%) effects of performance appraisal on employees' productivity.

**ANOVA**

**Table 4.1: Analysis of Variance**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.1359	13	0.245	1.217	0.03(a)
	Residual	5.4474	57	0.239		
	Total	7.5833	70			
a.	Predictors: (Constant), Appraisal Criteria, Appraisal feedback, Appraisal reward					
b.	Dependent: Employees productivity					
c.						

**Source: Research Data (2015)**

Table 4.7 is the ANOVA summary table that tests the null hypothesis that stated that there is no influence of performance appraisal on employee productivity in the Ministry of Agriculture, Homa Bay County. In this case the null hypothesis will be rejected because the pvalue which is 0.03 is less than 0.05 that was used as the significance level.

The Total variance (7.5833) was the difference in to the variance which can be explained by the independent variables (Model) and the variance which was not explained by the independent variables (Error). The study established that there existed a significant goodness of fit between variables as F-test( $F=2.5504$ ,  $P=0.01 < 0.05$ ). The calculated  $F=2.5504$  far exceeds the F-critical of 1.5622. This implied there the level of variation between independence and dependent variable was significant at 95% confidence level. This indicated that the model formed between effects of outsourcing and performance was a good fit for the data.

**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	
	B	Std. Error	Beta	Sig.

(Constant)	1.217	0.342		.0342
<b>Appraisal Criteria</b>	0.646	0.310	0.162	.0207
<b>Appraisal Feedback</b>	0.528	0.156	0.209	.0278
<b>Appraisal Rewards</b>	0.625	0.322	0.059	.0231

### Dependent Variable: Employee Performance

Source: Survey Data (2015)

### Summary of findings

The Pearson correlation analysis used to establish the direction of the relation between the variables showed that there existed significant correlation between performance appraisal and employees productivity at the Ministry of Agriculture, Homa Bay County at 95% confidence level. The study established that the correlation between appraisal criteria and employee productivity is highly positive and significant. This results implies that according to the respondents increased adoption of appraisal criteria has a probability of affecting the employee's productivity of the Ministry of Agriculture, Homa Bay County positively.

The results between appraisal feedback and employees productivity was as well highly positive and significant. This implies that increased adoption of appraisal feedback has a probability of affecting the employee's productivity of the Ministry of Agriculture, Homa Bay County positively.

The results also showed that there is a positive and significant relationship between appraisal reward and employees productivity. This observation implies that according to the respondents increased adoption of appraisal reward has a probability of positively affecting employee's productivity of the Ministry of Agriculture, Homa Bay County.

A regression analysis was then used to establish the strength of the association between the variable under study and it revealed that when independent variables (appraisal criteria, appraisal feedback and appraisal reward) are controlled for or held constant, there is a probability that employees productivity would be affected positively by a coefficient of ( $r = 1.217$ ).

## Conclusion

Based on the findings of objective one it was concluded that the Ministry of Agriculture, Homa Bay have adopted Appraisal criteria to appreciable levels. Graphic rating was established to be the most employed, the behavior anchored rating followed by management by objectives and lastly 360 - Degree. These practices on adoption tended to have variable effects on performance of the company according to the regression analysis used.

Based on the findings of objective two it was concluded that the ministry adopted appraisal feedback to a large extent.

Based on the findings of objective three it was concluded that appraisal reward was adopted to a large extent.

Based on the findings of objective four where employee productivity was found to be dependent on adopting of appraisal criteria, appraisal feedback and appraisal reward. These performance appraisal were found to affect employee's productivity of the Ministry of Agriculture, Homa Bay County positively and significantly. It was therefore concluded that performance appraisal enhances employee's productivity of the Ministry of Agriculture, Homa Bay County.

## Recommendations

Based on the study findings, the researcher recommends that;

- The appraisal criteria used in the Ministry of Agriculture, Homa Bay County to appraise employees should be sustained since they impacted positively on employee's productivity.
- The appraisal feedback used in the Ministry of Agriculture, Homa Bay County to appraise employees should be sustained since they impacted positively on the employee's productivity.
- Supervisors should provide appraisal feedback after the appraisal process to enable those being appraised to identify eminent gaps so as to improve on their performance.
- Supervisors should as much as possible directly link the results of the appraisal process to the rewards given to employees. This may act as an impetus to hard working employees to sustain their good work.

- Even though performance appraisal (appraisal criteria. Appraisal feedback and appraisal reward) all impact positively on employees productivity. Appraisal criteria should be considered more followed by appraisal reward and then appraisal feedback as they impact positively with varying extent to employee's productivity.

## VI. REFERENCES

- Baruch, Y. (1996). 'Self Performance Appraisal Vs Direct-management Appraisal: a case of congruence,' Journal of Psychology, Vol II.. Research in Personnel and Human Resources Management, 10,
- Bernardin, H.J. and Beatty, R. (1984), "Performance Appraisal: Assessing Human Behavior at Work", Kent-Wadsworth, Boston, MA.
- Cleveland J. N., & Murphy, K.R. (1992).Analyzing performance appraisal as goal-directed behavior.Research in Personnel and Human Resources Management, 10, pg 121- 185.
- Cleveland, J.N., Murphy, K.R. and Williams, R. E(1989)., "Multiple Uses Of Performance Appraisal: Prevalence And Correlates", Journal of Applied Psychology, 74, , 130-135.
- DeNisi, A.S. (1996). *CognitiveProcesses in Performance Appraisal: A Research. Agenda with Implications for Practice*. London: Routledge Publishing, Ltd.
- Humble J.W. (1967).*Improving Business Results*, McGraw Hill.
- Ishaq H. M., Iqbal, M.Z. and Zaheer, A. (2009). Effectiveness of performance appraisal: Its outcomes and detriments in Pakistani Organizations. *European Journal of Social Sciences*, 10(3): 479-85.
- Smither J. W. (1998).*Performance appraisals: A state of the art in practice* (pp. 132-162). San Francisco: Josey-Bass.
- Jankowicz, A.D. (2004), *the Easy Guide to Repertory Grids*, John Wiley & Sons, Chiche
- Joinson C. (2001). Making sure employees measure up. *HR magazine*.
- Levy, P. E. and Williams, J. R. (2004), "The social context of performance appraisal: A review and framework for the future", *Journal of Management*, 30, 881–905.
- Levy, P. E., & Williams, J. R. (2004).*The social context of performance appraisal: A review and framework for Longman Publishers USA*.

- Mallaiah T. Y. (2009). Management of employee expectations, performance and satisfaction in university library: an empirical study. *Annals of library and information studies*. Vol 56 .
- Saeed, K. M. and Shahbaz, N.(2011). *Employees' Perceptions about the Effectiveness of Performance Appraisals: The Case of Pakistan*. SIU Journal of Management,
- Scott, S. G.,&Einstein,W. O. (2001). *Satisfaction on Subsequent Overall Job Satisfaction, Human Relations* 52 (August): 1099–113
- Strategic performance appraisal in team-based organizations: One size does not fit all. *Academy of Management Executive*, 15(2), 107-116.
- Singh, V.K., Kochar, B. and YÜKSEL, S.(2010).An Empirical Study on the Efficiency of Performance Appraisal System in Oil and Natural Gas Commission (ONGC), India *İşletmeAraştırmalarıDergisi* 2/2 65-78
- Smither, J. W. and Walker, A. G. (2004), "Are the characteristics of narrative comments related to improvement in multirater feedback ratings over time?", *Journal of Applied Psychology*, 89, 575–81. The future.*Journal of Management*, 30(6), 881– 905.
- Torrington, D. and Hall, L. (1998), *Human Resource Management*, 4th ed. Prentice Hall.
- Vroom, Victor H., (1964), "Work and Motivation", New York: Wiley.
- Waal, A.A. de (2004), Stimulating performance-driven behavior to obtain better results,