

**FACTORS AFFECTING THE IMPLEMENTATION OF STAFF PERFORMANCE  
APPRAISAL SYSTEMS IN PARASTATAL ORGANIZATIONS:  
A CASE OF KENYA WINE AGENCIES LTD (KWAL)**



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## DEDICATION

I dedicate this work to my wife Nancy, children: Marlon Ntinai, Brian Kibos, and Sereti Samantha for bearing with me during the many times I was not able to be with them while writing this project.

I also dedicate this to my colleagues at KWAL for their encouragement and prayers. I also appreciate their efforts especially when there was too much on my hands.

May God bless them in a special way.



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Tribute to all my children for making time for me to attend to assignments, while they encouraged and did their homework with me.

Thank you all and May God bless you.

## DECLARATION

This project is my original work and has not been presented for a degree in any other university

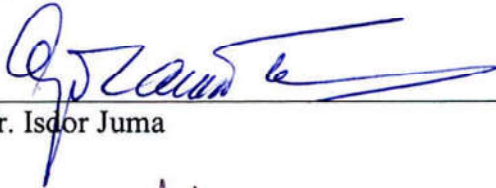


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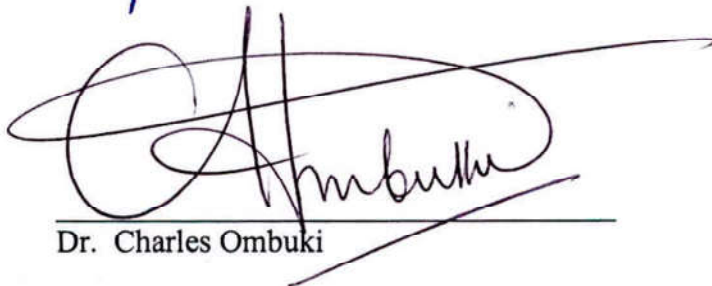


This project has been submitted for examination with our approval as university Supervisors



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## ABSTRACT

Kenya Wine Agencies Ltd (KWAL), being a state parastatal, has implemented the corporate performance contracting system in compliance with Legal Notice No. 93, *the State Corporations and Performance Contracting Guidelines Regulations, 2004*. It is however noted that cascading the same under Performance Appraisal System (PAS) throughout the organization has not been fully realized. It is with this in mind that the researcher has undertaken to conduct a research study to establish the factors affecting the implementation of staff performance appraisal at KWAL. The research objectives seek to determine whether employee attitude, communication process, training or appraisal standards, hold the key to effective implementation of staff performance appraisal system at KWAL. The target population for this study was 173 employees and a sample size of 52 selected using stratified proportion sampling technique on the basis of three levels namely: top level management-4, middle level management-22 and lower level management-26 based at the Nairobi Head office. The data collection technique and instruments used were questionnaires; the data analysis tool was the use of Statistical Package for the Social Sciences (SPSS) software. The researcher received a total of 40 questionnaires out of the 52 that had been randomly distributed representing 77% of the sample size and 23% of the target population. The results of this research are found in chapter four while the conclusions and recommendations are in chapter five. So as to provide an effective solution to the factors affecting the implementation of staff performance appraisal in Kenya Wine Agencies Ltd, the researcher recommends the following to improve the current status of the performance appraisal systems: The Management should enlighten the employees on the importance of the employee's performance appraisal system so as to change the attitude of the employees; performance appraisal system should be made an all inclusive process, transparent, and a two way feedback mechanism be put in place to ensure that employees understand the purpose and meaning of the performance process. The process should be consistent and fair to help improve its effectiveness. An effective communication channel should be applied and be maintained when passing information relating to employees performance appraisal. Training programs which are continuous should be introduced so as to equip the employees with the required skills to handle factors relating to the implementation of staff performance appraisal. Appraisal standards for performance appraisal system should meet the expectations of the organization both from Management and shareholders strategic perspective; performance appraisal system should be able to bring out the best out of employee and suggest ways that needs improvement. Factors affecting the implementation performance appraisal system in KWAL keep on changing; this therefore makes it difficult to identify all the factors affecting performance appraisal system in parastatal organizations. The study findings narrowed into the four variables which were addressed by the research objectives, these factors cannot be fully relied upon to address future factors affecting performance appraisal system. Suggestion for further study is therefore advisable to contribute towards identification of other variables that will have great impact on the implementation of staff appraisal at Kenya Wine Agencies Ltd which that will go a long way to improve service delivery through staff appraisal systems and reward the hardworking employees.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

This chapter covers the background of the study, statement of the problem, objectives of the study, research questions, significance and scope of the study.

### 1.2 Background of the Study

Performance appraisal is one of the most controversial human resources management processes generating a range of views and emotions that run the gamut from blind advocacy to outright vilification. In the organization everyone hates the entire appraisal process. The employee that gets a good performance appraisal thinks that the system is wonderful; the employee that gets a bad one thinks that the system is unfair (Hill 2000).

According to the Ministry of Public service (2009), Performance Appraisal System (PAS) GP 247 (Revised 2006), was rolled out in the Public Service from 1st July, 2006. In the roll-out year 2006/2007, the implementation process went through various phases which included; (i) Sensitization of officers at Kenya Institute of Administration on the new Appraisal System Staff sensitization programs in Ministries/Departments (ii) Eligible officers on job group 'H' and above and their equivalent grades in the Public Service completing the Staff Performance Appraisal Report with their supervisors (iii) Fast-tracking the implementation process through holding of consultative meetings between technical teams on PAS from the Ministry of State for Public Service (MSPS) with senior officers in Ministries/Departments.

The purpose of the meetings was to address emerging concerns and factors for successful implementation of PAS. The action plans developed by each Ministry/Department during these meetings were fundamental in facilitating the implementation process (iv) Quarterly consultative meetings at MSPS involving officers responsible for implementation of PAS



in Ministries/Departments (v) Release of circular letters to give guidance on activities in the implementation process (vi) Submission of progress reports to MSPS by Ministries/Departments In the third and fourth quarter of the appraisal year, focus was on conducting mid-year staff performance appraisal. The fourth phase ending June 30th, 2007 culminated in appraising of officers using the new PAS GP 247A report.

Kenya Wine agencies ltd, being a state parastatal was invited to the sensitization programs as part of the Ministries, Departments and Agencies (MDA's) preparation for Performance Appraisal System implementation at the organization.

The organization's culture is performance-driven, staff take individual responsibility for their role in achievement of organizational goals within the set parameters. This is fundamental in driving the organization's business forward in achieving its mission and vision. In this regard, Performance Appraisal System is a critical component of the overall human resource management function in the organization. It is predicated upon the principle of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource management systems and processes including recruitment, placement, staff development, career progression, incentives and sanctions.

One of the most important functions of management at KWAL is to evaluate the performance of the organizations' employees; therefore performance appraisals serve four primary purposes: they include letting subordinates know formally how their current performance is being rated, identifying subordinates who deserve merit raises, identifying individuals who need additional training and identifying candidates for promotion.

The science of performance appraisal is directed toward two fundamental goals: to create a measure that accurately assesses the level of an individual's job performance and to

create an evaluation system that will advance one or more operational functions in an organization. Although all performance appraisal systems encompass both goals, they are reflected differently in two major research orientations, one that grows out of the measurement tradition, the other from human resources management and other fields that focus on the organizational purposes of performance appraisal (Milkovich, et al, 1991).

For nearly 50 years, the federal government has operated with some performance appraisal procedures whose purposes have been to strengthen the link between pay and performance.

Since 1978, specific pay for performance programs have been in place for mid and upper-level federal managers. There is general agreement that these programs have not attained the desired objectives; their troubled history has included a series of adjustments and changes, differing levels of financial support, and little evidence of success. The ability to demonstrate a link between performance and pay— to both the employee and the public— remains problematic for the federal government (Milkovich et al, 1991).

Many of the questions raised in the debate about the 1978 reforms are being raised again. Why is this so? (Milkovich et al, 1991). What accounts for the intransigence of problems surrounding effective pay for performance systems in the federal government? Is there evidence to support the validity of the effort, despite its problems? In the federal government, the answers to these questions are made more difficult by the nature of the federal personnel system, by the intermingling of issues of political responsiveness with issues of effective management, and by the need to marshal very scarce resources for a policy activity that never ranks very high on the national agenda. It is our intent in this chapter to provide the historical and contextual information necessary to understand these constraints and their implications for performance-based pay schemes in the federal government (Milkovich et al, 1991).

Grote (2002), states that in sophisticated, well-managed organizations, performance appraisal is the single most important management tool. No other management process has as much influence over individuals' careers and work lives. Used well, performance appraisal is the most powerful instrument that organizations have to mobilize the energy of every employee of the enterprise toward the achievement of strategic goals. Used well, performance appraisal can focus every person's attention on the company's mission, vision, and values. But used poorly, the procedure quickly becomes the butt of jokes and the target of Dilbert lampoons.

According to Berry (1996), dynamic organization requires to continually focusing on the most important asset, the human Resource, in order to obtain optimum results. Performance appraisal is a fundamental activity in the management of human resources. An ample appraisal system can provide the basis for key managerial decisions such as those relating to allocation of duties, promotion, development needs and termination where necessary.

According to Buodha (2000), there are two categories of appraisal, which are informal and formal. Informal appraisal is the continuing assessment of an individual performance by a manager in the normal course of work. This kind of assessment is of an unplanned nature. And as such is determined by instinctive feeling as by factual evidence of results. It is a natural by-product of day-to-day relationship between a manager and the subordinate. On the other hand, formal appraisal is altogether coherent and orderly than informal appraisal.

Hill (2000), states that the performance appraisal is an evaluation of employee's job performance and contribution to their organization. Performance appraisal is a systematic and planned way through which an organization evaluates its employees in order to gauge their performance against the stated objectives of their job description and as a

result reward good performance, rectifies performance deficiencies, and maintains and uses information concerning their performance.

Many appraisal systems inadvertently force the mixing of the roles of judge and helper. The open problem-solving dialogue required for building a relationship and developing subordinates should be scheduled at a different time than the meeting in which the supervisor informs the subordinate about his/her overall evaluation and its implications for important rewards (Garcia 2005).

Creating a new performance appraisal system is a difficult undertaking. It's even more difficult if the organization doesn't have a logical, well-tested, step-by-step process to follow in developing their new procedure based on experience in helping dozens of companies create performance appraisal systems that actually work (Garcia 2005).

### **1.2.1 Profile of Kenya Wines Agencies Ltd (KWAL)**

Kenya Wine Agencies limited, herein after referred to as KWAL was established in July 1969. It is a State parastatal established under the state corporation Act, Cap 446 the Laws of Kenya. The parent ministry is the Ministry of Trade (author, 2011)

Kenya Wine Agencies Ltd (KWAL) objective of is to consolidate importation and distribution of Wines and Spirits from foreign owned companies and to enable indigenous Kenyans take control of the importation and distribution of Wines and Spirits in the country.

Through incorporation of KWAL, the first commercial winery (1982) was established in Kenya. This role was effectively discharged and KWAL retained a monopoly status in manufacturing and distribution of Wines and Spirits until liberalization of the economy in 1992/1993.

In the period between 1993 and the early 2000s, KWAL faced stiff competition and business challenges that threatened its existence. Despite these challenges, KWAL was

able to maintain its place as the lead manufacturer and distributor of Wines and Spirits in Kenya without shutting down its operations. Our operations are not only in Kenya, but also in Uganda, where KWAL has an established branch in Kampala to serve the Uganda and Southern Sudan market as well as a subsidiary in Kigali to serve the Rwanda and Democratic Republic of Congo market. To sustain this leadership position, the Board of Directors and the Management of KWAL have continually reviewed the organizational structure and operational policies to pave way for concerted efforts meant to exploit the expanding market and advances in technology. (KWAL's corporate information available at [www.kwal.co.ke/home](http://www.kwal.co.ke/home))

At Kenya Wine Agencies Ltd, the employees' work performance objective is stated in the human resource policy and other work instructions. The performance targets have been clearly defined and partly implemented in some departments. Performance appraisal that has been rolled out in some sections has not had significant impact on employee individual performance. This has been noted occasionally when issues of performance have cropped up during staff meetings (departmental) where staff raise questions on pay rise and promotion related matters. In fact, the interactive phase that is meant to allow discussion of their performance is not yet feasible across the company. The above trend could lead to decline in performance, poor working relations, companies' negative image, and low productivity. It is on this premise that the researcher is interested in finding out the factors that may be inherent in the implementation process by conducting a research study on the same

### **1.3 Statement of the Problem**

Despite having embraced performance appraisal system as performance evaluation tool, KWAL'S staff performance appraisal system is yet to be implemented across all departments as it ought to be. It is because of this that the researcher finds it necessary to carry out a research study on the possible factors affecting the implementation of staff performance appraisal system at KWAL and why employees have not embraced the appraisal system exercise fully.

### **1.4 General Objective**

The main objective of the study was to assess the factors affecting the implementation of staff performance appraisal systems in parastatal organizations with reference to KWAL.

#### **1.4.1 Specific Objectives**

- 1) To determine how employee attitudes affects the implementation of staff performance appraisal systems in parastatal organizations with reference to KWAL.
- 2) To assess how communication process affects the implementation of staff performance appraisal systems in parastatal organizations with reference to KWAL
- 3) To establish how training affects on the implementation of performance appraisal systems in parastatal organizations with reference to KWAL
- 4) To evaluate how appraisal standards affect the implementation of staff performance appraisal systems in parastatal organizations with reference to KWAL

## **1.5 Research Questions**

The study was based on the following research questions:

- 1) To what extent do employee attitudes affect the implementation of staff performance appraisal system at KWAL?
- 2) To what extent does communication process affects the implementation of performance appraisal system at KWAL?
- 3) What is the effect of training on the implementation of staff performance appraisal system in at KWAL?
- 4) How do appraisal standards affect the implementation of staff performance appraisal system at KWAL?

## **1.6 Justification of the Study**

The study will help the KWAL's Board and management to recognize the possible gaps of the existing performance appraisal system or tools with a view of seeking better ways of enhancing the management of employees' performance; hence encourage them to improve performance appraisal system in their organization. The study findings will be of assistance in identifying the extent to which various factors affect the implementation of staff performance appraisal system and hence will facilitate the formulation of remedial policies. To the stakeholders of KWAL including the shareholders, the study will provide insights of areas that will require additional resources in order to gain market share and increase the organization's returns on investment ratio. To academicians and scholars, the findings of this study will be used to form the basis for future research on the subject.

## **1.7 The Scope of the Study.**

The scope of the study was limited to the Head office staff and stratified at top, middle and at lower levels of management. The study focused on activities within the scope of the issues being addressed by the research objectives, to ensure that, all the study findings

contribute towards the achievement of the main objective of the study. The study review was through the literature review. The study was framed by four research questions which were answered by the research findings.

### **1.8 Limitations of the Study**

The study was limited to KWAL, therefore may not be comprehensive; there may have been bias from the researcher because of insider information- being an employee of the organization; the target population may not have been supportive and this may have made the collection of data difficult that could be of high validity or probate value towards identification of the major factors affecting the implementation of staff performance appraisal system at KWAL.

The study was guided by four objectives which may have ignored or failed to include other factors, which were addressed by the specific objectives. Though the researcher was familiar with the study environment, factors concerning data validity may have been experienced as some of the respondents may have given biased information that led to difficulty in identification of the factors affecting the implementation of staff performance appraisal systems at KWAL. Lack of skills may have also made the understanding of the nature of questions difficult, leading to low response rate.

To reduce the impact of the above limitations and enable a collection of reliable data, the researcher wrote to each respondent an introductory letter detailing the purpose of the study. The respondents were informed that the confidentiality of the data collected was assured. Confidentiality was assured by ensuring that the respondents did not write their names on the questionnaire.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter gives a review of the existing literature on factors affecting the implementation of staff performance appraisal system at KWAL, a government parastatal and related studies with a view to expose the existing research gaps and need to offer an insight into the current study.

Several evaluations carried out since its introduction has sought how appraisal may be part of a process of increasing organizational effectiveness while illustrating how appraisal can be beneficial in terms of whole organization outcomes. These studies have also pointed out rather patchy by nature of its instruction worldwide. Others have been much stronger in criticizing the lack of concrete outcomes from the earlier experiences of appraisal (Abelson, 1996).

According to Anne (2005) searching for market collection self appraisal, teacher perception of searching for marker collection self appraisal, on teacher perception of the purpose of staff appraisal. This article explains the views and experience of 50 staff from three comprehensive schools, concerning teacher appraisal. This introduction of appraisal varied from school to school, as did its effect upon the teacher involved. It is argued here that a different production emerges when the views of all staff involved in appraisal process are considered. A fuller evaluation of appraisal emerges when it is analyzed from the respective position of all the stakeholders. I.e. the senior managers and appraisers as well as the appraised

According to Blare(2001),some kind of staff appraisal activity goes on in all organization ranging from intermittent informal and often ill informed discussion between managers

about individual of staff to high formed appraisal procedures based on extensive sets of forms, and established times rules and frequency assessments.

Normally performance appraisals focus on the inability of the managers to make consistent and accurate assessments. Appraisal is seen as a way of identifying training needs of an individual, which teach to occupational needs Ball (2003) found that appraiser viewed appraisal as of value to both appraiser and the appraised.

Performance appraisal varies greatly from organization to organization depending upon circumstances. A realistic evaluation of Appraisal needs to examine the process from the standpoints of all the principal actions. The senior managers' appraiser and appraised will perceive appraisal in different ways. The appraisal process is used by individuals to meet their own ends and as a significant part of the means whereby some gain power over others in the daily political life of organization (Decker, 2005).

## **2.2 Theoretical review**

Literature review aims to maximize the accuracy of determining that there is need to thoroughly and critically select the most appropriate past activities. There is a broad spectrum of events that explained the factors affecting the implementation of performance appraisal system. The study will select the past activities that fall within the objectives of the study; this will give a clear account of all past theoretical undertakings that tried to identify the factors affecting implementation of performance appraisal system.

## **2.3 Employee Attitudes**

Attitude is a way of thinking or behaving (Oxford dictionary). Webster describes attitude as a posture, one's mental state of mind or ones dispositions (good or bad). A positive attitude will give as a great future. A negative attitude keeps as close to the present with very little progress (Decker, 2005). There are a number of possible methods for

measuring employee attitudes, such as conducting focus groups, interviewing employees, or carrying out employee surveys. Of these methods, the most accurate measure is a well-constructed employee attitude survey. In the research literature, the two most extensively validated employee attitude survey measures are the Job Descriptive Index (JDI; Smith, Kendall, & Hulin, 1969) and the Minnesota Satisfaction Questionnaire (MSQ; Weiss, Dawis, England, & Lofquist, 1967). The JDI assesses satisfaction with five different job areas: pay, promotion, coworkers, supervision, and the work itself. In practice, organizations often wish to obtain a more detailed assessment of employee attitudes and/or customize their surveys to assess issues unique to their firm.

In keeping with research in applied psychology and communication (Hovland *et al*, 1953; Zand, 1971; Landy *et al*, 1978; Dipboye and Pontbriand, 1981; Nathan *et al*, 1991), Bowman (1999) concludes that the technique used in the appraisal process is not particularly important. He suggests that we acknowledge the essentially human nature of the appraisal process—a process shaped by human cognitive processes, and one, therefore, subject to bias. Murphy and Cleveland (1991) argue that an obsession with validity and reliability issues has led researchers away from examining other more important issues in the performance appraisal process. They propose that “reaction criteria” (*e.g.*, the perceived fairness or accuracy of the system) limit the effectiveness of any appraisal system. Second, “practicality criteria” include widely recognized issues of time commitment, cost, and political acceptability. A third set of criteria, “decision process criteria” concern the level of acceptance of the system by organizational members and the system’s ability to facilitate organizational decisions. Taken together, these three sets of criteria significantly influence the success or failure of any performance appraisal process.

In keeping with this argument, a new line of research has emerged acknowledging the importance of employee and supervisor acceptance of the performance appraisal process. In a nationwide survey of municipal government personnel managers, Roberts and Pavlak (1996) found that human resource professionals understand the importance of acceptance to the success

of the appraisal process. In their study, 89 percent of respondents recognized that employee acceptance of the appraisal process was either very important or essential, and 98 percent of respondents felt that supervisor commitment was very important or essential. Lawler (1967) was the first to propose that attitudes about the fairness and acceptability of the rating system are influenced not just by the rating form, but by both organizational and individual characteristics. Landy, Barnes and Murphy (1978) found that the perceived accuracy and fairness of an appraisal was predicted by the frequency of appraisal, the supervisor's knowledge of the ratee's duties and level of performance, and the amount of mutual goal setting.

Dipboye and Pontbriand (1981) found that employee opinions of the appraisal system were shaped by the favorability of the appraisal, the amount of two-way communication in the appraisal interview, and the perceived job relevance of appraisal factors.

The attitude the employee exhibits towards the organization performance appraisal greatly influences the participation and implementation in the exercise. If employees perceive that management is not sensitive to their problems; their reaction could lead to a breakdown of communication and decrease in employee commitment and loyalty to the organization. Such outcomes in the end could develop into a feeling of resentment or disgruntlement on the part of employees toward the management (Florence, 2005).

Attitude can also damage overall performance. For example if an employee has an unfriendly attitude that is displayed when he/she interacts with co-workers it can

adversely affect work flow in the department. In contrast arriving late to work being inconsiderate of others or being careless with the organization property may not only directly affect the employee's work, but may be disruptive to the rest of the department and can definitely damage the morale of the employee's co-workers. Discussing an attitude problem with an employee can be more uncomfortable experience for a supervisor than citing inadequate performance (Garcia, 2005).

When it comes to performance appraisal exercise where the employee is expected to contribute, it will be of much importance for those concerned to get in touch with the employee at all stages of the exercise for him to give his views and also be part of the decision making concerning the exercise. The employee should exhibit a positive attitude and contribute willingly otherwise the exercise might not go on smoothly as intended (Gilbert, 2003).

More recent research has introduced additional factors. For example, training in the system has been linked with attitudes toward the appraisal process (Martin and Bartol, 1998; Roberts and Pavlak, 1996; Roberts, 1992). Participation, two-way communication, and goal setting have also been found to be significant in predicting attitudes towards performance appraisal (Nathan *et al*, 1991; Roberts, 1992; Bobko and Colella, 1994; Roberts and Pavlak, 1996). Supervisors' attitudes toward the appraisal system are also influenced by practical issues, such as the ease of administration and the length and complexity of the form (Roberts, 1992; Longenecker and Fink, 1999). Similarly, employees expect to be rated on items that are actually related to the work they do; hence, relevance is important (Roberts, 1992; Gabris and Ihrke, 2000).

#### **2.4 Communication Process**

Communication therefore may be aptly described as the life blood of business; every organization has a culture on how they communicate. No business can develop in the

absence of effective communication since favorable dealings with outside company contacts and effective relationships within an organization depend upon communication without timely communication of accurate information, management cannot effectively conduct its function of organizing, directing, controlling and coordinating the activities of an enterprises nor can it maintain its external agreement that the main purpose of all communication in the organization is the general welfare of the organization. Thus effective communication is needed at all stages in order to cultivate good corporate image for a company and to build mutual long term relationship with outside publics. Administrative communication is a process which involves the transmission and accurate replication of ideas ensured by feedback for purpose of eliciting actions which accomplish organization goals (Michael, 1992).

Joyte (2003) found out that, the process of communication involves the communication of ideas. The ideas should be accurately replicated (reproduced) in the receiver's mind that is the receiver should get exactly the same ideas as were transmitted. The transmitter is assured of the accurate replication of the ideas by feedback. The response of communication is to elicit action. The purposes of communication are: establish and disseminate the purpose of an enterprise; develop plans for their achievements; organize human and other resources in the most effective and efficient way; select, develop and apprise members of the organization; lead, direct, motivate and create a climate in which people want to contribute.

Decker (2005) found out that through Communication:-Managers become aware of needs of customers, the availability of suppliers, and the claim of stockholders regulations of the government. The need to communicate among staff is what triggers off the communication process.

Further communication is enhanced by effective feedback. The process of communication is complex because one person's message stimulates a response that in turn provides a reason for further communication.

According to John (1997), a factor contributing to effective organizational communication is the ability to use and adapt to technology. To succeed business people today should make sure they can understand, use and adapt to technological tools of communication. As we move on to the next century technology is determining whom we communicate with, how often we communicate and what sort of devices we use to communicate. Both employees and organizations are becoming increasingly accessible through fax, car phone, cellular phone, electronic mail and voice mail.

Many authors and researchers divide communication by what they sometimes called contexts or "levels", but which more often represent institutional histories. The study of communication in the US, while occurring within departments of psychology, sociology, linguistics, and anthropology among others, generally developed from schools of rhetoric and from schools of journalism. While many of these have become "departments of communication, they often retain their historical roots, adhering largely to theories from speech communication in the former case, and from mass media in the latter (Blare, 2001).

The great divide between speech communication and mass communication becomes complicated by a number of smaller sub-areas of communication research, including intercultural and international communication, small group communication, communication technology, policy and legal studies of communication, telecommunication and work done under a variety of other labels. Some of these departments take a largely social-scientific perspective, others tend more heavily toward

the humanities, and still others gear themselves more toward production and professional preparation (Bell, 2003).

These levels of communication provide some way of grouping communication theories, but inevitably, some theories and concepts leak from one area to another, or fail to find a home at all. Below is a list with explanations of effective communication strategies. Adaptive Innovation - building or improving products, services, and processes while working with a customer versus building products or services outside a customer engagement relates to service companies working with large enterprises. Entrepreneurial Management describes a business where the employees are expected to work and relate to each other as self driven business partners versus expecting to be mentored by a command and control management structure (Joseph, 2004).

The outcome of any performance appraisal if not communicated to the appraisee will impact negatively on their perception and attitude towards the exercise. They will not see the need to participate fully in the exercise. Feedback is again delayed; the employees will not associate it with a particular year's performance but with the correct period hence defeating the reason for the whole exercise. The opposite of this standard is true i.e. timely feedback impacts positively on the employees' attitude towards performance appraisal. Bell (2003) suggested that performance has its roots in three substantial psychological principles. People learn, work and achieve work when they are given, (Ball, 2003).

Records have it that, performance appraisal has generally been employed for administrative purpose, such as promotions and salary increases as well as for individual development and motivation. A study by Handy way back in 1974 confirmed this of the 403 companies responding to the survey of fortunes 500 largest industries corporations



316 (78 %) reported the use of some type of formal performance appraisal plan meant for both administrative and development purposes (Decker,2005).

## **2.5 Training**

Luthans (2000), describes training as a major investment. It is the business needs that must derive the training activity and that all training must clearly be linked to identifiable business needs. Training is often seen as the process of equipping people for improved or better performance towards achieving original objectives. Anne (2005) identifies training priorities as original goals and corporate plans which guides the trainer as to the direction in which the organization is moving and future training is developed (Anne, 2005).

Training commands a sizeable portion of organizations budgets including trainer's salaries, expenditures, facilities and other overheads. Classic human capital theory states that firms should pay only for the development of skills and knowledge that directly benefit the organization. Organizations therefore tend to offer training only if it is needed by the workers to help the organizations achieve their objectives and gain competitive advantage. Due to scarcity of resources, organizations only offer training to employees with needs that will help them in their work and improve their performance in relation to the organizations objectives. Designing and implementing an effective training and development systems is often challenging to organizations because it involves costs that are borne in the present but whose benefits accrue in the future (Gilbert, 2003).

According to Florence (2005), the business views training not as an off investment but as a continuous investment not only is it needed to create the skilled workforce, but never before have the changes been so expensive. The things people do and the way they do them, and their importance to the business are all changing rapidly. He attributed the change to vast expansion in the development of application of computer automation in the factory and in the offices and disappearance of many traditional traders. In his

conclusion, he said that the environment employee training is also effective depends on people wanting to learn, change nature, and encourage that desire and will to learn (Garcia, 2005).

According to Joyte (2003), the ability to utilize previous learning in the service of new learning (transfer of learning) is an important factor in any learning but especially so when basic principles are being learned or basic skills acquired. Transfer can be either positive or negative Broverman and Samwel, (2004). Positive transfer occurs when something learned is helpful in a subsequent situation e.g. if a manager has received training in a basic interviewing skills and is asked to conduct a more complex interview such as grievance interviews, it could be expected that the earlier training will help him/her in this task. Negative transfer occurs when something learned previously hinders performance in a new situation e.g. if a machinist has operated a machine in one particular fashion but is then required to use a different method, it is likely to be doubly difficult for that person to learn the new method because he/she has to learn a previously acquired pattern of behavior (Gilbert, 2003).

The purpose of training is to improve knowledge, skills and to change the attitudes of the employees. This can lead to many potential benefits for both individuals and the organization. Training can therefore, increase the confidence, motivation and commitment of employees, as well as provide recognition. Enhanced responsibility and the possibility of increased pay and promotion give a feeling of personal satisfaction and achievement and broaden opportunity for career progression; help to improve the availability as well as quality of staff hence, increase the level of individual and organizational competence (Garcia, 2005).

Systematic training as pointed out by Anne (2005), is based on four simple methods of models which include: Defining training needs if it is based on training or learning new opportunities and decide what sort of training is required in satisfying needs.

In order for training to be effective he stressed the need to use experienced and trainers to plan and implement training. He also emphasized to management to follow up and evaluate training to ensure that it is effective.

Various methods are used to offer training which include on-the-job. This method involves induction of newly hired employees in organizations. It trains them in areas that are related to their jobs. It helps to familiarize them with operations that they will fill in the organization. On-the-job training is done through verbal instructions, and demonstration on what they are expected to do. Also another method used is off-the-job training; this kind of training is done through instruction, conferences and even seminars. This enables employees to be effective in their work and more so, will have confidence in what they are supposed to do. The final method involves hall training in some areas it tends to duplicate on-the-job training. This kind of training takes place in classrooms with the help of equipment and those at work. This will enable them to cope up with work in the organization since the person is already familiar with work. As a result training will provide the individual with personal growth by providing wider knowledge, skills awareness and experience. This will make them focused responsible and have confidence in their work (Gilbert, 2003).

In his study Adams (2001) detected a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when workers are trained to be multi-skilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere. The literature on the link between lower turnover and

training has found that off-the-job training is associated with higher turnover presumably because this type of training imparts more general skills (John, 1997).

According to Abelson (1996) they reviewed some of the literature on the relationship between turnover and training. In a British study examining the impact of training on mobility, Florence (2005) concluded that, in aggregate, training has on average no impact on mobility. However, training that is wholly sponsored by the individual (or their families) is on balance likely to be a prelude to job search. In contrast, when employers pay for training the downward effect on mobility is more likely.

In a research carried out by Adams (2001) he concluded that both on-the-job and off-the-job training have a significant effect on job mobility. While formal on-the-job training reduces the likelihood of mobility, particularly for young women, off-the-job training increases the likelihood of mobility. In a study of six local labour markets in Britain, Adams (2001) found that women who received employer-provided and job-related training had a lower probability of changing employer or making the transition to non-employment, but for men training made no significant difference to this type of turnover.

In a study examining the effect of apprenticeships on male school leavers in the United Kingdom, Ball (2003) found that completed apprenticeships reduced voluntary job-to-job, voluntary job-to-unemployment and involuntary job termination rates. In contrast, incomplete apprenticeships tended to increase the exit rate to these destinations relative to those who did not receive any training. With reference to John (1997) he reported that in Germany apprenticeships and all other types of vocational training reduce labour mobility in spite of the fact that the German apprenticeship training is intended to provide general and thus more transferable training.

## **2.6 Appraisal Standards**

Performance appraisal is the process of evaluating how well employees perform their jobs when compared to a set of standards and then communicating the information to employees. Soft – spot syndrome - This is the tendency on the part of the superior to overcome certain employees. It is frequently the product of soft-spot the manager has developed for particular employees because of his/her personal relationship with them. Leniency generosity - This involves being too lenient to the extent that nearly every employee get high rating. The lenience may be as a result of inexperience or poor supervision on the part of the manager, hence the need to cover up through generous rating (John, 1997).

Over strictness - Manager should not be strict to award deserved scores to employees. This may be as a result of setting very high performance standards beyond the reach of the employees and rating them as either average or poor. Performance standards –Lack of clearly defined objective and standard which are specific reasonable realistic staff appraisal tools,(Michael,1992).

Performance appraisal is the process of evaluating how well employees perform their jobs when compared to a set of standards and then communicating the information to employees. An informal appraisal is a day-to-day contact, largely documented while a systematic appraisal is a formal contact at regular time interval usually documented. It allows an organization to have written records of the employee's performance get more productivity from workers through goal-setting and have an objective means of determining compensation. It is a method of evaluating the behavior of employees in the workplace normally including both the quantitative and qualitative aspects of job performance. According to Burton and Manab (2002), it is the formal assessment of the employee performance (Gilbert, 2003).

Performance appraisal tools are the documents or forms used in assessing the performance of an employee over a given period of time. These forms obtain key attributes which employees' performance is evaluated. The key attributes are such as personal attributes initiative judgment and decision making ability. Performance management and review form should be completed jointly by the manager and individuals and should clearly stipulate what is to be done and how it is done. At the Nova South Eastern University, the process of performance appraisal is an on-going process requiring continued communication throughout the year and fostering two-way communication. There should be nothing on an employee performance appraisal that an employee has not either heard or seen before. By providing honest feedback during the year the employee will not be surprised by the review (Michael, 1992).

These are used during the year to write down notes on performance, both positive and negative, give employee verbal feedback at that time and then file the card in the departmental file to be used when writing the review. Writing the review will take less time and be more accurate since it will become a summation of what the employee and supervisor are aware of already (Joyte, 2003).

The self-evaluation should include a list of what they believe they accomplished during the year. This gives the supervisor information on where the employee sees himself / herself and may be helpful in case the supervisor overlooked some goals he/she accomplished during the year. It is a behavior - based tool that objectively measures behavior, identified by both employee and their supervisor.

Management by objective (MBO) is a result – oriented appraisal system that emphasizes goal setting, action planning and interim checkpoints on employee performance. Organizational goals are first determined and then individually, therefore linking the two. MBO objectively measure individual effectiveness but is limited by the inability to

measure employee behavior. A 360° feedback which is also known as a balance score card, is performance appraisal tool designed to collect input on individual behavior from multiple sources, 360 ° feedbacks extends beyond the traditional up-down approach to include subordinates peers and customer. This tool can be used to gather behavioral information not readily observable to the manager director (Decker, 2005).

## **2.7 Critical review**

Kenya wines Agencies ltd uses management by objectives and results appraisal type of appraisal tool. The type of appraisal is meant to focus on key areas of jobs (key result areas), where results really matter. This research study will provide the much need answers to the factors on the adequacy or otherwise of the tools in use and the factors that may be inherent in the process.

It has been noted that the value and beliefs of the individuals in relation to the appraisal standards needed should be in line with what the organization needs. Staff should be asked to write down their mind and long term career goals, what they aspire to achieve and what they felt they had achieved at the end of every year. The appraiser other than setting their mind on what they thought the individual really achieved did not take this seriously.

Employee performance and productivity data are becoming more important as more government agencies, state, and local engage in strategic planning and try to meet accountability standards of statutes like the Government Performance Contracts. Governments at all levels are trying to verify that their agencies and departments are doing more with less. If a smaller number of employees will be expected to accomplish more, then it is critical to use all available tools and techniques for maximizing each employee's productivity. Effective performance management systems are among the tools for measuring and improving productivity.

The costs of failing to develop and implement adequate performance appraisal systems, though difficult to measure, would surely exceed the benefits of developing and implementing an effective system. Organizations lacking performance appraisal systems risk costly litigation when they are unable to support decisions to terminate or lay off employees. In the absence of a valid system for assessing the performance of all employees, managers risk suboptimum promotion decisions--they may promote one employee and increase his or her pay when another employee's performance would be superior and give a higher return on the salary investment. Employees who excel and who do not receive positive feedback may become frustrated and leave, resulting in recruitment costs for the employer. The performance gap between desired performance and actual performance also increases costs. Some organizations overspend, trying to close the performance gap by investing in advanced technology, by redesigning the workplace, and by improving job efficiency rather than focusing on human performance systems that determine productivity levels.

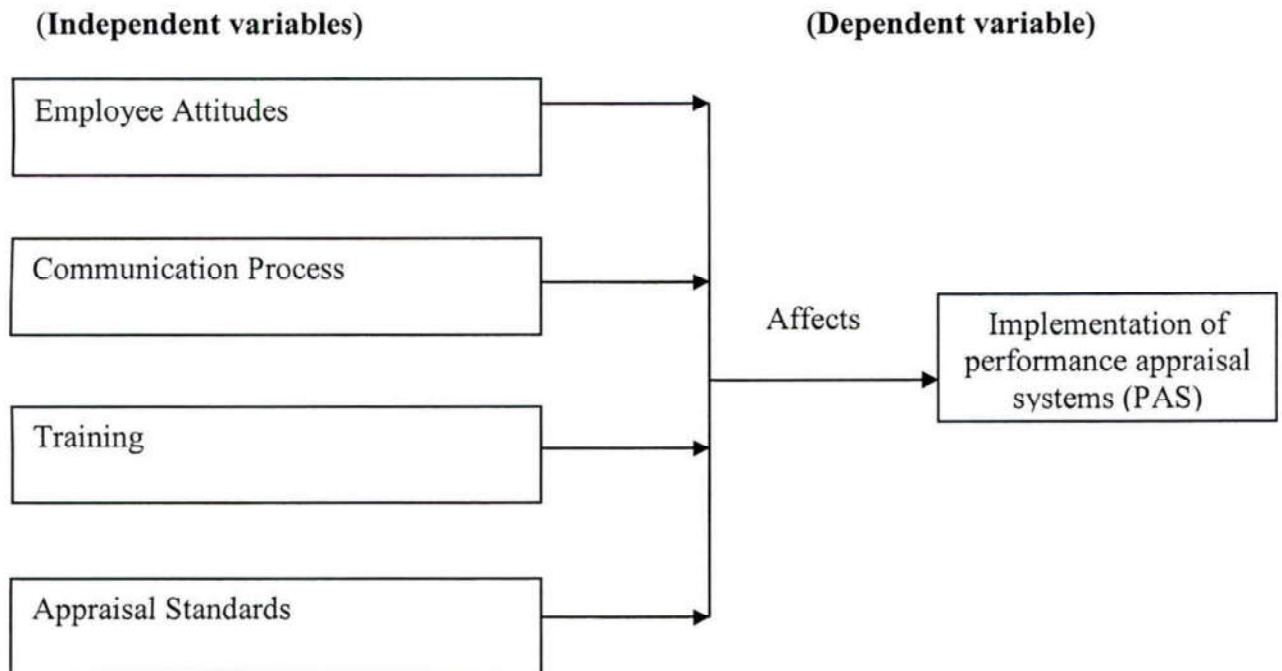
Many elected officials believe pay for performance, based on appraisal ratings, will give employees incentives to improve productivity. One problem in government is insufficient funding for such systems. Even when appropriations are adequate, a successful pay-for-performance system must be carefully designed and implemented by well-trained managers in an organization with sound management practices and policies.

## **2.8 Conceptual frame work**

Several factors may affect performance appraisal system from the HR's 's point of view for instance; constraints of resources, management perception of employee expectations and the organizational service quality specifications. Discrepancies or, gaps may also exist on how management perceives the quality of performance and the tasks associated



with delivering the services. The magnitude of this gaps may determined by the following inter related variables; the difference between the management perception of expectations, and the translation of those perceptions into service quality specifications. This study findings is expected to reinforce clearly reinforce theoretical conceptual framework.



**Figure 2.1 the Conceptual Framework**

**Source: Author (2012)**

In figure 2.1 above, Attitude is may affect the implementation of staff appraisal systems through lack of understanding of the process; communication may affect implementation due to lack of feedback while training may affect the implementation due to lack of knowledge on the purpose. Appraisal standards may affect the implementation of staff appraisal systems due to unclear guidelines and inconsistent criteria used.

## **2.9 Summary**

As performance appraisal provides a major potential for employee feedback that could link strongly to increasing motivation, an opportunity to clarify goals and achieve long-term individual performance and career development; why does it still suffers from what Randell (1994) describes as a muddle and confusion which still surrounds the theory and practice ? There are key issues that require resolution and a great deal depends on the extent to which one has a good relationship with one's line managers. Barlow (1989) argued: "if you get off badly with your first two managers, you may just as well forget it" The evidence on the continued practice of appraisals is that they are still institutionally elaborated systems of management appraisal and their development is a significant rhetoric in the apparatus of bureaucratic control by managers (Barlow, 1989). In reality companies create, review, change and even abolish appraisals if they fail to develop and enhance organizational performance (Kessler, 2000). Despite all the criticism and evidence, the critics have failed to suggest an alternative for a process that can provide feedback, develop motivation, identify training needs and potential and evidence that can justify potential career development and justify reward.

## **2.10 Research Gaps**

The relationship between variables is such that the independent variables stand alone factors which jointly are deemed to affect the existence of a scenario under investigation – Cooper and Schidler (2000). The research study will employ the conceptual frame work in **figure 2.1** above. The research findings of this study will thus demonstrate whether the implementation of staff performance appraisal systems is influenced by employee attitude, communication, training and organization standards that are mechanisms put in place by KWAL.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter outlines the research methodology used to achieve the objectives of the study. It also outlines research design, target population, sampling design, data collection method and research procedures, validity and reliability, outcomes and data analysis techniques that were applied throughout the study.

#### 3.2 Research Design

The research was descriptive in nature and took a case of Kenya Wine Agencies Ltd (KWAL) which is a state parastatal under the Ministry of Trade. This research was not an in-depth investigation that resulted in a complete well organized feature for the factors studied. The purpose of the research was to investigate certain aspects and to identify the current gaps for further studies.

This idea was borrowed from Mugenda and Mugenda, (2003) which defined a case study as an in-depth investigation of an individual, group, institution or phenomenon. This definition is based on the premise that a case can be located and that it is typical of many other cases. The study is viewed as an example of a class of events or group of individuals or institution. The purpose according to these authors is to determine factors and relationships among the factors that have resulted in the observed behavior under study. Thus the use of qualitative mode of inquiry (Glenné and peshin) takes the case study as an example.

The above definition and explanations are also reinforced by Kothari ( 2008), and Borg, Gall and Gall (1996) this study will therefore be an in-depth qualitative mode

investigation. Mugenda and Mugenda (2003), suggests that the descriptive design method is appropriate for studies that have specific issues where problems have been defined. The issues in the study being factors affecting the implementation of staff performance appraisal systems at KWAL, were thus geared to address the essentials: why, who, when, what, and how questions in the research. The study sought to describe a situation through the study of variable relationships.

### 3.3 Target Population

The selected target population for the headquarters staff only was due to the fact that organization policies on performance appraisal systems have been developed with the participation of staff at the headquarters before any roll-out to other branches. Secondly, the majority of employees at all levels were based at the Headquarters in Nairobi which gave reliability and validity of the sample size as representative of the whole population.

The target population of this study was 173 employees at all levels and was selected on the basis of three categories across the company– top level management, middle level management and lower level management. The number of employees targeted by the study formed the sample frame for the study and is shown in the table 3.1 below.

**Table 3.1 Target Population**

<b>Category</b>	<b>Target population</b>	<b>Sample size</b>	<b>Percentage</b>
Top Management	14	4	30
Middle management	73	22	30
Lower level management	86	26	30
<b>Total</b>	<b>173</b>	<b>52</b>	<b>30</b>

### **3.4 Sampling Frame**

The sampling frame for the research was detailed and clearly showed the three categories of management under study. The sample frame had been randomized: subjects the most representative of the target population and comparable in many characteristics that are important to the study.

### **3.5 Sample and Sampling Technique**

A sample is defined as subject of a population that has been selected to reflect or represent characteristics of a population. A stratified proportion sampling technique was employed to obtain a suitable unit representative of analysis. This was because of the heterogeneity of the population and respondents had an equal opportunity of participation. Kothari (2003) argues that a stratified proportional sample increases a sample statistical efficiency and provides adequate data for analyzing the various populations. This method was cost effective, fast tracked data collection and access to the unit of analysis and elements of the study.

Mugenda and Mugenda (2003) suggests that for descriptive studies, 10% of target population is enough for sample size design and is considered therefore a reasonable representative sample of the population. For the current study, the researcher picked 30% of the target population for the sample design to minimize sampling error value while improving validity and reliability of the sample population.

### **3.6 Research Instruments**

Suitably designed questionnaires were used for the purpose of this research study. Questionnaires are commonly used to obtain important information about the population (Mugenda and Mugenda,2003) and as such, the researcher opted to use the instrument for the study. The researcher applied the use of Likert scale as the rating scale to the self reporting questionnaire. This instrument was deemed to be appropriate for the study.

### **3.7 Data Collection Procedure**

Primary data was collected through questionnaires, interviews, observations and brainstorming as outlined by (Kothari, 2005). Secondary data was collected from documented sources such as library books, magazines and newspapers and internet literature. For the main purpose of this research, the study used primary data and relied on the secondary data for the purposes of literature review. The questionnaire sought general information about the interviewee while other parts were used to solicit the information on factors affecting the implementation of staff performance appraisal systems at KWAL as well as document the findings, making the recommendations and releasing the study.

### **3.8 Validity and Reliability**

Authority to carry out the research was sought from the student's employer, KWAL and a copy of the granting authority was provided to the EMBA office, a copy is attached as part of appendices. The sampling validity of the questionnaires was designed to represent the properties that were investigated as argued by Nachiamias (1996). Validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda and Mugenda 2003).

### **3.9 Pilot Testing**

To ensure the validity and reliability-the degree to which the research instrument yields consistent results or data after repeated trials, a pilot testing was conducted to assess the effectiveness and consistency of the research tools and where appropriate, amendments were made to ensure validity and reliability. To ensure ethical standards are maintained, all respondents were assured of confidentiality and anonymity.

Researcher's contacts were furnished to all respondents for ease of communications regarding clarity and deadlines of questionnaires.

### **3.10 Data Processing and Analysis**

The data was analyzed by use of descriptive statistics. Specifically, means, averages and percentages was be employed by the researcher. The data analysis tools were simple tabulations and presentations of the report using Microsoft office suite and statistical packages for social sciences (SPSS) Software. The data was then be presented using tables, graphs and charts.

## CHAPTER FOUR

### RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

#### 4.1 Introduction

This chapter presents findings and interpretation of the study carried out to examine factors affecting the implementation of performance appraisal system as performance evaluation tool at Kenya Wine Agencies Ltd. The respondents of the study were drawn from the organization, with a representative sample from each department.

To acquire data relevant to inform the objectives under study, a questionnaire was developed and circulated to the respondents. The response from the returned questionnaires were analyzed using quantitative techniques for summarizing quantifiable data in form of tables and charts; and qualitative techniques for textual representation of data particularly expected to discover the underlying factors faced by staff. The chapter covers discussions on data analysis, presentation and interpretation of the research findings, the procedures and techniques applied to analyze and present the data.

#### 4.2 Characteristics of the Study Sample

##### 4.2.1 Response Rate Analysis

As outlined in the target population section, the researcher targeted: senior managers, middle level managers and lower management level of staff of KWAL. A total of 52 questionnaires were administered to the targeted group, of which 40 questionnaires were filled and returned, representing a response rate of 77%.





Babbie (1995) suggested that, response rate of 70% is satisfactory for data analysis. Thus, this response is considered good and adequate for research analysis. The table 4.1 below shows the actual response under each category.

**Table 4.1 Response Rate**

<b>Staff Category</b>	<b>Sample Target</b>	<b>Respondents</b>	<b>Did not Respond</b>
<b>Senior Managers</b>	4	4 (100%)	0
<b>Middle Level Managers</b>	22	19 (86%)	3
<b>Lower Cadre Staff</b>	26	17 (65%)	9
<b>Total</b>	<b>52</b>	<b>40</b>	<b>12</b>
<b>Percentage</b>	<b>100%</b>	<b>77%</b>	<b>23%</b>

The total response rate was 77%, among which 100% responded in the category of senior managers, 86% responded in the category of middle level managers; and 65% in the level of lower management staff while 23% of the study sample did not respond.

The response rate from 90% of the respondents was lower for middle management level compared to top level management which suggests that there exists factors in the implementation of performance appraisal systems at Kenya Wine Agencies Ltd.

#### **4.2.2 Gender**

The findings on gender at all levels of management, was as shown in table 4.2

**Table 4.2 Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Female	19	48
Male	21	52
Total	40	100

The table above shows the gender of the respondents of which 52% were male and 48% female which shows that the sample size was evenly distributed between male and female. This would mean that implementation of the performance appraisal would be regarded as having a gender parity that is even, making it easier for the system to be accepted.

#### **4.2.3 Age**

The age of the respondents was analyzed and the results are as shown in table 4.3

**Table 4.3 Age of respondents**

<b>Age</b>	<b>Response Frequency</b>	<b>Percent</b>
26-35	17	43
36-45	15	37
Above 46	8	20
<b>Total</b>	<b>40</b>	<b>100</b>

The table above shows the age of the respondents, majority who were 43% were in the age bracket of 26-35, (37%) 36-45, and 20% above 46. These findings indicate that KWAL sample population is young and that this would enable the implementation of the performance appraisal systems to progress with ease of adaptability.

#### 4.2.3 Education level of respondents

The analyzed questionnaire on the level of education characteristic produced the following results as shown in table 4.4 below

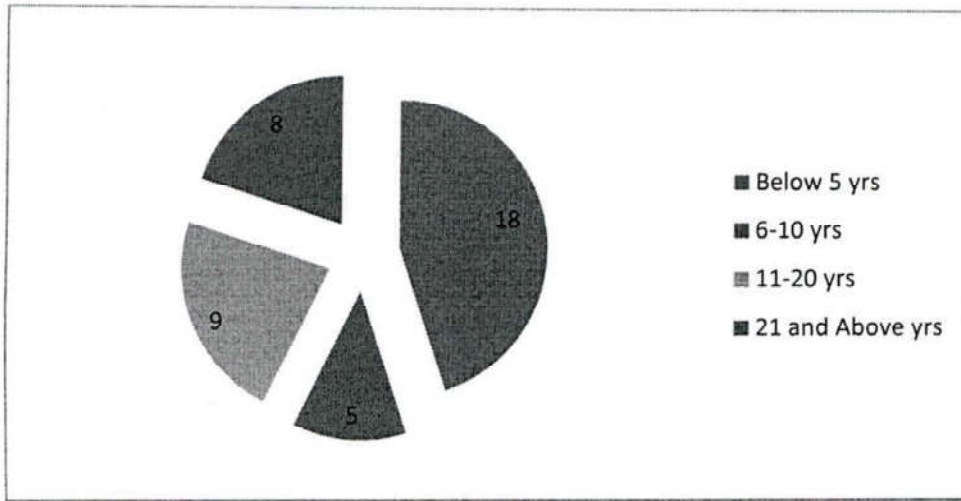
**Table 4.4 Highest Level of Education**

Education Level	Frequency	Percent
Secondary	9	23
College	9	22
University	22	55
<b>Total</b>	<b>40</b>	<b>100</b>

The above table shows the education level of respondents, of whom those with Secondary education level constitute 23%, those with College education level being 22%, and the majority (55%) is of university education level. These findings imply that employees of KWAL are learned people and it will be easier to understand the variables under the study.

#### 4.2.4 Working Experience.

The working experience of the employees was analyzed and the results are as shown in figure 4.1 below.



**Figure 4.1 Working experience**

The above figure shows the working experience of the respondents whose majority (18); had a working experience below 5yrs, (5) had the working experience of between 6-10 yrs, (9) had a working experience of between 11-20 yrs, (8) had working experience of 21 and above yrs. This findings suggest that majority of the employees have a short working experience at KWAL. The short time at the organization may impact negatively on the implementation of staff performance appraisal due to inadequate acclimatized environment.

### **4.3 Empirical Findings.**

The following are the findings that answer the research questions.

#### **4.3.1 Employee Attitudes and the implementation of performance appraisal systems**

The first research objective was to find out the extent to which the employee attitudes affected the implementation of staff performance appraisal at KWAL. The findings are as shown in table 4.5

**Table 4.5 Effects of employee attitudes**

<b>Attitude on implementation</b>	<b>of Frequency</b>	<b>Percent</b>
<b>PAS</b>		
Not at all	1	2
less Extent	5	13
Moderate Extent	1	2
Great Extent	18	45
Greater Extent	15	38
<b>Total</b>	<b>40</b>	<b>100</b>

The above table shows the effect of employee's attitude on the implementation of appraisal system. 2% of the respondents shows that attitude does not affect implementation of performance appraisal at all, 13% shows that attitude did affect implementation to a lesser extent, 2% shows attitude affected implementation moderately while 33 (83%) of respondents shows that employee attitudes had an effect on the implementation of performance appraisal at KWAL to a greater extent. This results are consistent with research findings previously done by scholars.

The literature review on attitude variable provides a wide range of perspectives on its effects on performance appraisal practice. Primarily, though, perspectives on performance appraisal can be separated into two general categories: (a) those articles and studies that assume there is an inherent value in the performance appraisal process, and (b) those that question the validity and usefulness of the performance appraisal process itself.

Smither (1998) in his book, *Performance Appraisal: State of the Art in Practice*, provides a comprehensive overview of the practices and key components (feedback,

improvement, learning, compensation, and teamwork) in the performance appraisal process.

#### **4.3.2 Communication process and the implementation of performance appraisal systems**

The second objective of the research was to find out the extent to which the communication process affects the implementation of performance appraisal at KWAL.

The table 4.6 below shows the findings of the research.

**Table 4.6 Communication process effects on the implementation of performance appraisal systems**

Communication Process	Frequency	Percent
less Extent	7	18
Moderate Extent	15	37
Great Extent	13	33
Greater Extent	5	12
Total	40	100

The table above indicates that 18% of the respondents indicated that communication did not affect the implementation of performance appraisal, 37% showed that communication affected the implementation moderately, and 33 indicated it affected the implementation to a great extent. The percentages for moderate extent and great extent account for 70% of the respondents indicating that the communication variable affects the implementation of the staff performance appraisal systems at KWAL. The results are consistent with those of previous studies such as that by Mani (2002) at East Carolina University (ECU), which described the impact of state mandated performance appraisals at the university. According to Hanna, there were concerns about inadequate training for supervisors, merit

pay without adequate funding, and poor communication among employees. Furthermore, 40% of the employees evaluated were dissatisfied with the ECU performance appraisal system.

#### **4.3.3 Training and the implementation of performance appraisal systems**

The third objective of the study was to find out the extent to which training affects the implementation of performance appraisal.

The findings of the study are as shown in table 4.7

**Table 4.7 Impact of training on implementation of performance appraisal systems**

Impact of training	Frequency	Percent
Not at all	3	8
less Extent	9	22
Moderate Extent	7	18
Great Extent	12	30
Greater Extent	9	22
Total	40	100

The table above shows that 8% of the respondents indicated that training had no impact at all, 22% indicated that the impact of training was less, 18% indicated training had a moderate impact, 30% indicated training had a great impact while 22% indicated training had a great impact on implementation on performance appraisal system.

The cumulative percentage (53%) of those who indicated that training had a great or greater effect, clearly demonstrated that training affects the implementation of performance appraisal in the organization.

Roberts (1998) studied the responses of public service supervisors and personnel managers regarding the effectiveness of the performance appraisal process. In general, these two groups supported the use of performance appraisals, although they were not satisfied with the process. They cited problem areas in establishing clear criteria for

performance, inadequate rater training, and the lack of organizational commitment. Nonetheless, they supported the idea behind the use of a performance appraisal system.

#### **4.3.4 Appraisal Standards and the implementation of performance appraisal systems**

The fourth objective of the research was to find out to what extent the appraisal standards affect the implementations of performance appraisal systems at KWAL. The findings on this variable are shown in Table 4.8

**Table 4.8 The extent to which appraisal standards affects the implementation of performance appraisal**

Effect of Appraisal standards on PAS	Frequency	Percent
Not at all	1	2
less Extent	7	18
Moderate Extent	9	22
Great Extent	16	40
Greater Extent	7	18
<b>Total</b>	<b>40</b>	<b>100</b>

The research shows that 2% of the respondents indicated that the appraisal standards does not affect the implementation at all; 18% indicated that the effect of appraisal standards on the implementation was to a lesser extent; 22% indicated that the appraisal standards moderately affected the implementation while the majority (58%) of employees indicated that appraisal standards affected implementation to a great extent. This results show that appraisal standards affects the implementation of the staff performance appraisal systems



at KWAL. While supervisors may support performance appraisal systems, many subordinates do not. George (1994) studied the perceptions of two performance appraisal models in a university library setting: a supervisor-directed model and a new self-assessment model. The supervisor-directed model had been in place for some time at the university, while the new model being implemented featured a greater emphasis upon employee self-assessment. The results of the study showed that employees clearly preferred the self-assessment model.

#### **4.4 Qualitative Analysis**

The data obtained from the questionnaires was critically examined to detect errors and the questions that were not answered properly, all the mistakes were corrected and poorly answered questionnaires were exempted from the analysis process. This increased accuracy, consistence and reliability of the gathered facts.

Data completeness and uniformity was maintained and this facilitated application of other data analysis techniques like coding, data organization, data classification and tabulation.

Coding was the second step of qualitative analysis; this involved assigning the collected data in the questionnaires numerical values where the response rate of each respondent's category was determined, the respective response rates in each category were added together to present the total response rate, the percentage of each respective category response rate was calculated out of the total response rate which was 40 respondents. Coding ensured efficient analysis since it reduced the gathered data into small number of classes which contained the most important information. The coded data provided systematic information that easily passed a message to the reader.

Data classification was applied and this involved grouping of data into to five classes, this involved the respondents who answered not at all, less extent, moderate extent, great extent and greater extent. The response rate from each respondent category was grouped in each class. The relevant information was put together to help the researcher get a solution to the research problems. Tables were used to present the analyzed data and charts were used to give a visual presentation of the study findings in some cases where there was need to emphasize the results.

Most of the respondents who responded indicated that employees felt that attitude affected the implementation of the staff performance appraisal system to a great extent. Employees who gave additional information on attitude captured from the questionnaire (28%) indicated that the organization needs to appraise all staff consistently, create awareness across functions, inculcate fairness in the process and tie the reward and promotion systems to the appraisal systems.

Other respondents (20%) viewed the staff appraisal process as serving no purpose because its outcomes are unknown, lacking in feedback and not a two way process. The rest of the respondents provided no-comments. This could be attributed to other factors that need further research.

To analyze how communication affected the staff implementation of appraisal system, employees answered that lack of awareness and feedback, that the tool was new and that they feared its effects on their jobs. These comments suggest that they are indeed the major obstacles to implementation of the staff appraisal system as it sets individual mindsets to a pre-determined conclusion.

In analyzing the comments on training, 35% of the respondents cited lack of training provision on the tool and process, lack of feedback, and non-clarity of the tool in use as the main issues affecting the implementation of the staff appraisal system. Poor

communication erodes employee confidence in performing their duties as well as tasks that they may be required to undertake like the performance appraisal implementation. This will affect the process negatively. The data analyzed on this variable was grouped separately and presented on tables and charts. This approach increased accuracy, consistence, validity and reliability of the gathered facts. Data completeness and uniformity was maintained and tables and figures were used to present the analyzed data.

#### **4.5 Discussions and Summary**

This chapter discussed the data analysis and presentation of the research findings, this involved the methods, procedures and techniques that were used to analyze and present data, which was obtained from the questionnaires; the analysis of the response rate was made where the actual respondents who participated in the research study were determined. The data collected through the use of questionnaires was analyzed using quantitative techniques such as tables and charts to present the study findings while qualitative analysis was applied to provide data validity and reliability, and this assisted in the interpretation of the analyzed data in a meaningful way.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter discusses the summary of findings, conclusions and recommendations of the study; this entailed a detailed explanation of the factors affecting the implementation of staff appraisal system. The answers to the research questions were discussed from the study findings and in an effort to provide solutions to the factors affecting the implementation of staff appraisal systems, recommendations of the study are herein discussed and suggestion for further studies are made.

#### **5.2 SUMMARY OF FINDINGS**

There are various factors affecting the implementation of staff appraisal system. Appraisal system is mostly affected by various factors which were investigated by the research, these factors were addressed by the study objectives where data collected under each variable stated was analyzed and presented through the use of tables to clearly depict how each business category in the target population was being affected by the investigated variables.

Employee attitude was found to affect the implementation of staff appraisal system which was due to poor attitude towards employee's appraisal system. This poor attitude towards staff performance appraisal system was largely due to the perception that appraisal processes was inconsistent and unfair, the employees felt insecure and threatened through appraisal process, and general skepticisms. The outcome of the staff appraisal process was felt that it served no purpose to some respondents and that the tool was only being used to appraise a few staff for confirmation purpose only. Information obtained from the appraisal process was not being put into consideration when rewarding or promoting employees. Majority of employees expressed negative impact of the present performance

appraisal system. Factors affecting appraisal system was demonstrated on Table 4.5 where a cumulative percentage (83%) of the respondents who answered 'great extent' and 'greater extent' on the impact of attitude on staff performance appraisal system as compared to 17% of the respondents.

Communication was found to affect the implementation of staff performance appraisal system; the level of communication employed by the institution has been largely to a less extent and moderate measurement criteria as depicted on table 4.6. Communication affected the implementation of the staff appraisal. Employees' responses indicated that clear guidelines and inadequate explanation of the performance appraisal tool, and to openly discuss the performance difficulties during the appraisal process between appraisee and the appraiser, had a negative impact on performance appraisal system. Majority of those conducting employees appraisal lacked the required communication skills which made appraisal system largely ineffective. Training was found to affect the implementation of the staff performance appraisal system; majority of employees indicated that there was not enough training, to implement the staff appraisal system across all the organization functions. The management lacks the required training to implement an effective performance appraisal resulting to a delayed implementation timelines.. The effect of training on performance appraisal system was indicated on table 4.7 where 52% of the respondents who indicated that training had a great or greater impact on the implementation of the performance appraisal systems.

Appraisal standards were found to affect the implementation of the appraisal system, majority of respondents indicated the methods and tools were not clearly understood and there was need for training and awareness on the same. Majority of employees who were 58% indicted the effect of appraisal standards on the implementation of performance

appraisal systems. This shows that the majority that appraisal standards affects the implementation of the staff performance appraisal to great extent.

### **5.3 Answers to the Research Questions**

This section analyses the answers received by the researcher from the research questions relating to each variable under study.

#### **5.4 Employee attitudes**

83% of the respondents indicated employee attitudes do affect performance appraisal to a great extent on the criteria rating. Qualitative analysis of this majority indicated that the appraisal system was not tied to reward or promotion, did not serve any other purpose except for staff confirmation, was not consistent and fair, and it was not a two way process. The results also showed that the employees are fearful of the reasons behind the implementation of staff appraisal system. The negative indicators revealed by this research question shows that the implementation of the staff appraisal systems at KWAL had challenges that lead to it being ineffective across the organization.

#### **5.5 Communication process**

Majority of those conducting employees appraisal lacked the required communication skills which made implementation of the staff appraisal system largely ineffective. The extent to which communication process affects the implementation of staff performance appraisal system showed that 82% of the respondents indicated that communication process affected the implementation of performance appraisal systems. Further analysis of the data, the respondents (80%) indicated that the implementation of staff appraisal was largely affected by lack of awareness; constant feedback, the performance tool being new to them, and an overall sensitization across the organization was required to increase the acceptability of the process.

## **5.6 Training**

Majority of the staff (52%) indicated that training provided for the implementation of the staff performance systems was not simply understood as compared to 48% who indicated that it was simple to be understood by all. Content analysis showed that employees' concerns as far as training is concerned are: the implementation of appraisal process was selective, the purpose for appraisal was unclear, and that the training had not been provided. This qualitative analysis showed that then training variable is critical in the implementation of the performance appraisal and it affects the ability of the employees to deal with factors relating to performance appraisal.

## **5.7 Appraisal standards**

The majority of the respondents (58%) indicated that the appraisal rating criteria was not adequate which meant that the applied rating system was ineffective. The respondent's content analysis indicated that: there were no standards; that a policy on appraisals was required; that training was required; that a strategic direction was needed on the appraisal process; and that the objectives of the appraisal had not been communicated clearly. This meant that the majority of respondents believe that the organization appraisal standards affected the implementation performance appraisal systems.

## **5.8 CONCLUSIONS**

Employee's attitude greatly affects employee's performance appraisal, most employees feel that performance appraisal system is not consistent and fair when rewarding or promoting employees. Most employees have negative attitude towards performance appraisal which affects the effectiveness of performance appraisal system.

Communication process greatly affects the implementation of staff appraisal system. Awareness and sensitization should be undertaken to improve the effectiveness of the process across the organization. Constant feedback on the appraisal process is required to

enhance understanding and the purpose of the staff appraisal. Low rate of understanding of the appraisal process makes it difficult to implement same and improve staff performance.

Training has great influence on the implementation of staff performance of appraisal system; the effectiveness of performance appraisal system is determined by how both the top management and the lower management understand the performance of the appraisal system. Continuous training is important so as to ensure the success of performance appraisal system.

Organization's appraisal standards affect the effectiveness of the staff performance appraisal system; clear policy standards on the implementation of performance appraisal system should meet the required set standards so as to produce the best out of employees.

The foregoing outcomes from the research suggest that factors affecting the implementation of staff performance appraisal system at Kenya Wine Agencies Ltd are: employees' attitude, communication process, training, and appraisal standards. These variables were indicated to affect the implementation of performance appraisal systems at an overall rating of 74% by all the respondents during the study. Managers in the organization should consider these factors when implementing staff performance appraisal systems.

## **5.9 RECOMMENDATIONS**

So as to provide an effective solution to the factors affecting the implementation of staff performance appraisal in Kenya Wine Agencies Ltd, the researcher recommends the following in line with each objective and variable in the conceptual framework to improve the current status of the performance appraisal systems:



On Employee Attitudes, the research findings showed that attitudes affected the implementation of staff appraisal systems at KWAL. This was evident in the way the respondents answered to the research questions. The employees responses pointed out that the appraisal was not an all inclusive process, transparent, and was not two way feedback process. The researcher recommends that management should enlighten the employees on the importance of the employee's performance appraisal system so as to change the attitude of the employees. Secondly, a performance feedback a mechanism should be put in place to ensure that employees understand the purpose and meaning of the performance process. The process should also be consistent and fair to help improve its effectiveness.

On Communication process, the research findings on this variable indicated that respondents attributed to lack of effective discussions on the performance appraisal tool between the appraisee and the appraiser. This led to the performance appraisal process being seen as non-meaningful event. The researcher recommends that for effective communication during the appraisal process, discussions between the supervisors and their subordinates be held. High level of courtesy should be observed with very clear information that is free from distortion maintained. The appraisee should receive feedback on the results of the appraisal process from the appraiser.

On the Training variable, programs which are skill based and competency based activities should be introduced so as to equip the employees with the required skills to handle factors relating to the implementation of staff performance appraisal. Training should be based on the emerging factors on performance appraisal and as frequent as possible.

Appraisal standards, the research findings on this variable showed that majority of the employees felt that the appraisal criteria and tools where not clearly understood, therefore there was need to ensure that the same be provided to all employees prior to appraisal.

The researcher recommends that a clear policy on appraisal systems including the rating criteria be provided to employees in an effort to improve acceptance of the system and reduce implementation challenges, meet the expectations of the organization both from management and shareholders strategic perspective, and bring out the best out of the employees' performance.

#### **5.10 SUGGESTION FOR FURTHER STUDY**

Factors affecting the implementation performance appraisal system in KWAL keep on changing; this therefore makes it difficult to identify all the factors affecting performance appraisal system in parastatal organizations. The study findings narrowed into the four variables which were addressed by the research objectives, these factors cannot be fully relied upon to address future factors affecting performance appraisal system. Suggestion for further studies is therefore advisable to contribute towards identification of other variables that will have great impact on the implementation of staff appraisal at Kenya Wine Agencies Ltd which that will go a long way to improve service delivery through staff appraisal systems and reward the hardworking employees.

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## APPENDICES

### APPENDIX I: RESEARCH QUESTIONNAIRE

#### **Background Information**

The information being requested through this questionnaire is purely for research purposes only. Your name should **NOT** be written or appear on this questionnaire for confidentiality reasons. You are informed that the information provided therein will not be used for other purposes that are not intended by the researcher

#### **Instructions on how to fill the questionnaire**

*Please mark the appropriate answer with [X] and where you are required to explain, briefly explain by writing on the space provided.*

Once again, note that your contribution will be highly appreciated and will be used to accomplish the objectives of the study.

#### **Part One**

##### **General information required**

1. Gender:    Male [ ]    Female [ ]
2. Age: years 18-25 [ ]                          26-35 [ ]                          36-45 [ ]                          above 46 [ ]
3. Education level: secondary [ ]    college [ ]  
University [ ]                          other [ ]
4. working experience in your current employment  
Below 5 years [ ]                          6-10 years [ ]                          11-20 years [ ]                          21-and above [ ]

**Part Two**

In the following table, respond to the questions by marking with letter [X] where appropriate for each of the elements stated on column one headings.

**1) Employee Attitudes**

Question/Statement	RATING				
	1	2	3	4	5
	Not at all	To a less extent	To a moderate extent	To a great extent	To a very great extent
In your opinion, do employee attitudes affect the performance appraisal in KWAL?					
Do you think that performance appraisal is consistent and fair?					
Do you think that employees' attitude have an impact on performance appraisal?					
Do you think that employees feel insecure or threatened as a result of being appraised?					

Any additional information you would like to share on any of the above:

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**2) Communication process**

Question/Statement	RATING				
	1	2	3	4	5
	Not at all	To a less extent	To a moderate extent	To a great extent	To a very great extent
Has the organization successfully explained and the main purposes of performance management?					
Does the company provide clear guidelines for performance appraisal?					
Do employees discuss their performance difficulties openly during performance appraisal?					
Do Supervisors give feedback for development after a performance appraisal exercise?					

Any additional information you would like to share on any of the above:

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**Training**

Question/Statement	RATING				
	1	2	3	4	5
	Not at all	To a less extent	To a moderate extent	To a great extent	To a very great extent
Do you think KWAL has the required human capacity to implement staff appraisal system?					
Does KWAL provide enough training and support to implement the performance appraisal system across all Functions/ departments?					
Is the training provided simple enough to make everyone understand?					
Are the methods/tools used during implementation of the performance appraisal system clearly understood ?					

Additional information to improve training and to make the implementation effective

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 .....  
 .....

**Appraisal Standards**

Question/Statement	RATING				
	1	2	3	4	5
	Not at all	To a less extent	To a moderate extent	To a great extent	To a very great extent
Did management explain to you the purpose for performance appraisal in the organization?					
Are you conversant with KWAL's performance appraisal policy?					
Does the organization appraisal policy standard provide adequate criteria in assigning ratings in the performance appraisal process?					
Does the company policy provide clear guidelines for implementation of performance appraisal?					

Kindly provide additional information on what you would do to improve the performance appraisal process at Kenya Wine Agencies Ltd.

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THANK YOU FOR YOUR TIME IN FILLING THIS QUESTIONNAIRE!

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## ACRONYMS

- JDI – Job Descriptive Index
- KWAL – Kenya Wine Agencies Ltd
- MBO – Management By Objectives
- MDA's – Ministries, Departments and Agencies'
- MSQ – Minnesota Satisfaction Questionnaire
- MSPS – Ministry of State for Public Service
- PAS – Performance Appraisal System
- SPSS – Statistical Package for the Social Sciences



## **DEFINITION OF TERMS**

- Appraisal system** A component or tool that is used as a personnel development instrument to evaluate members of an organization in a planned, formalized and standardized manner
- Data** Data refers to all the information a researcher gathers for his or her
- Descriptive Statistics** are the indices that describe a given sample
- Implementation-** is the realization of an application, or execution of a plan, idea, model, design, specification, standard, algorithm, or policy.
- Inferential Statistics** are a branch of statistics which researchers use to inference about a phenomenon in the population.
- Literature review** involves locating, reading and evaluating reports of previous studies, observations and opinions related to a planned study
- Performance Appraisal** is a systematic and planned way through which an organization evaluates its employees in order to gauge their performance against the stated objectives of their job description and as a result reward good performance, rectifies performance deficiencies, and maintains and uses information concerning their performance.
- Performance management** - the organization of work to achieve the best possible results.
- Problem statement** is a specific statement that clearly conveys the purpose of the research study



<b>Sample</b>	A sample is a smaller group of population with relevant characteristics of the whole population.
<b>Sampling</b>	Sampling is the process of selecting a number of individuals for a study in such a way that the individuals selected represent the larger group from which they were selected.
<b>State Parastatal</b>	is a legal entity created by a government to undertake commercial activities on behalf of an owner government. Their legal status varies from being a part of government into stock companies with a state as a regular stockholder.
<b>Unit of analysis</b>	also called the unit of statistical analysis, refers to those units that are initially described for the purpose of aggregating their characteristics in order to describe or abstract phenomenon
<b>Variable</b>	a variable is a measurable characteristic that assumes different values among the subjects

