

**A SURVEY OF PREFERRED METHODS, RATERS AND USES OF
PERFORMANCE APPRAISALS BY EMPLOYEES IN SELECTED
TERTIARY PUBLIC INSTITUTIONS IN NAIROBI**



BY

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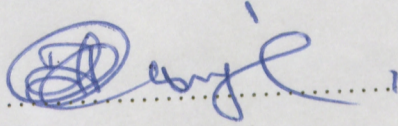
**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
MASTER IN BUSINESS AND ADMINISTRATION (MBA) DEGREE
OF UNIVERSITY OF NAIROBI.**

September 2002

DECLARATION

This project is my original work and has not been submitted for a degree in any other University.

Signed:.....



John Isaac Obiye

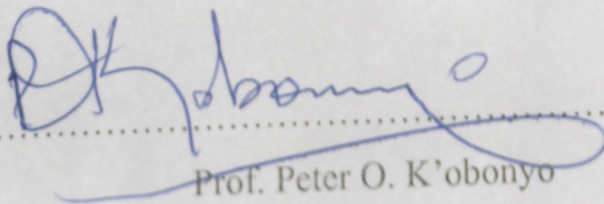
Date:

28.10.2002

To my wife Hellen and dear children Catherine, Lillian, Ian and Victoria for their love, patience and moral support.

This project has been submitted for examination with my approval as the University Supervisor.

Signed:.....



Prof. Peter O. K'obonyo

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28/10/02

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DEDICATION

To my wife Hellen, and dear children Calorine, Lilian, Ian and Victoria for their love, patience and moral support.

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ACKNOWLEDGEMENT

Many individuals have in different ways positively contributed to the development of this project. My special thanks go to Prof. P. O. K'Obonyo, University of Nairobi, without whose guidance and timely advice this work would not have been completed. His willingness and dedicated efforts helped make this study better than it would otherwise have been.

My deepest gratitude is extended to my family – especially my wife Hellen, who gave me a lot of encouragement with each passing semester of this program. Thanks to my children, Caroline, Lillian, Ian and Victoria, the latter too for all the laughs and jokes in the late hours of study each day.

I also want to thank the Management of the Kenya Medical Training College - in particular Mr. W.K.A. Boit (Director) and Mr. Paul Tuukuo (Deputy Director), for facilitating availability of sponsorship to me for the programme, and being a source of encouragement and useful advice.

My appreciation is also extended to all the lecturers who taught me and more so, those who provided valuable assistance in shaping this project to what it has become. I would further like to sincerely thank all the people who took the time to fill out the questionnaire, without which I would not have gained the required information to successfully carry out this project.

ABSTRACT

Last but not least, I would like to specially thank Mr. Onsambo, a colleague, for helping me, in a very real way, work through this program. All the hours spent together while studying, completing assignments, preparing for tutorials, presentations, examinations and researching, will always be remembered. His devotion and commitment was a true inspiration.

Above all, thanks be to God for graciously granting me this wonderful milestone in my life – to Him Who is able to do MORE than all we ask or imagine – to Him be glory forever.

ABSTRACT

While other studies have looked at Performance Appraisal, this is the first to do so in relation to employees' preferences in Kenya to the best of my knowledge. This research aimed at determining the preferred Methods, Raters and Uses of Performance Appraisal by employees in selected Tertiary Public Institutions in Nairobi. The rationale of the study arose from the fact that Performance Appraisal is central to effective management. However, there are many difficulties that are associated with its assessment, subsequent application of appraisal results as well as who should do the rating itself.

The study required collecting information from Tertiary Public Institutions in Nairobi and 470 employees responded positively. Data was collected using structured and unstructured questionnaires, which were dropped and picked up later at an agreed date. The data was analysed using descriptive statistics and through the use of the Statistical Package for Social Sciences (SPSS) Computer programme.

Results following the analysis indicated that:

- Most employees are currently rated by their supervisors (83.4%), which incidentally they also prefer. They however, least prefer to be rated by subordinates (4.3%).
- The respondents surveyed most preferred that the appraisal results be used for training (97.4%) and promotion (95.3%) decisions but not for transfer (28.9%) or discharge (27.7%).

- Such methods of appraisal as goal-setting (MBO) are more in use (71.1%) while Comparative Methods are used the least (57.9%).
- Employees most prefer Category Rating Methods (48.9%) followed by those of Narrative (45.9%), Comparative (45.1%) and Other Methods (24.5%).

Generally, the findings obtainable in this study are in agreement with those of other studies already done elsewhere, though in rather different conditions.

Even then, however, it is suggested that further research may be undertaken to determine:-

- whether employees are aware of what level of performance is expected of them.
- whether organizations are genuinely interested in using the performance appraisal results.
- why appraisals conducted by subordinates tend to be highly detested by other employees.

CHAPTER 1

INTRODUCTION

1.1 Background

Performance Appraisal concept is central to effective management (Mobley, 1977).

It is the process of evaluating how well employees to their jobs compared with a set of standards and communicating that information to them. Performance appraisal is a control system that serves as an audit of the effectiveness of each employee. It is the combination of performance feedback and the setting of specific goals based on this feedback that enables the performance appraisal to fulfill its two most important functions, namely the counseling (motivation) and development (training) (Latham, 1981; Bernardin, 1985).

There is a “basic human tendency to make judgments about those one is working with, as well as about oneself” (Dulewics, 1989; Mc Gregor, 1957). Appraisal, it seems, is both inevitable and universal. **The human inclination to judge can create serious motivational, ethical and legal problems in the work place.** In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate.

Performance appraisal involves defining the job, appraising performance and providing feedback. Problems may arise in each case of these aspects and cause some appraisals fail to achieve their intended purpose.

There are many respected sources who have expressed doubts about the validity and reliability of the performance appraisal. Some have even suggested that the process is so inherently flawed that it may be impossible to perfect it (Derven, 1990). However, there are many strong advocates of performance appraisal. Some view it as potentially "the most crucial aspect of organizational life" (Lawrie, 1990). Between these two extremes lie various schools of belief. While all endorse the use of appraisal, there are many different opinions on how and when to apply it.

A successful performance appraisal system should establish a regular dialogue and lead to an improvement in manager-staff relationships. Weitzel (1987) sees performance appraisal as a power-sharing exercise. To succeed it must be a cooperative, constructive endeavour with input by both staff and the manager. The system should focus on the strengths and accomplishments of staff, rather than their faults and failures, and it should lead to a plan for the future development and progress of the individual. Organizations would want to determine the quality and the quantity of performance of their members in assessing the potential they demonstrate for future development, and in identifying areas of weakness that may require assistance and training.

James (1988) suggests that performance appraisal has its roots in three well-substantiated psychological principles. People work, learn and achieve more when they are given adequate feedback as to how they are performing; involved in the setting of tasks and goals; and when they are given clear, attainable goals.

Performance evaluation requires **performance standards**. These are the benchmarks against which performance is measured. To be effective, they should relate to the desired results of each job. Knowledge of these standards is collected through job analysis. It also requires dependable **performance measures**. These are the ratings used to evaluate performance. To be useful, they must be easy to use, reliable and report on the critical behaviours that determine performance.

The process of appraising employees is made difficult by the fact that the criteria of effective and ineffective performance are frequently hard to define, the areas of performance for which a single individual is responsible are often unclear, and evaluations tend often to be based not on measurements of actual performance but on the perceptions and judgments of an individual's immediate supervisor. It is assumed that the performance appraisal system has been designed so that it is legally defensible and not discriminatory in any way (Bernardin et.al., 1987; Cascio et.al., 1981).

The importance of performance evaluations has led academics and practitioners to create many methods to appraise past performance. Studies on the use of these methods give conflicting results (Zippo et.al., 1984; Lotcher and Teel, 1977; Jordan and Nasis, 1992). Most of these techniques are a direct attempt to minimize some particular problem found in other approaches. None is perfect; each has advantages and disadvantages. It is also important that the appraiser be well informed and credible. Appraisers should feel comfortable with the techniques of appraisal, and should be knowledgeable about the employee's job and performance. When these conditions exist, **employees are more likely to view the appraisal process as accurate and fair. They also express more acceptance of the appraiser's feedback and a greater willingness to change** (Bannister, 1986).

Gabris and Mitchell (2001) have reported a disruptive bias in performance appraisal known as the Matthew Effect. It is named after the Matthew of Biblical fame who wrote, "To him who has shall be given, and he shall have abundance; but for him who does not have, even that which he has shall be taken away" (Matthew 25:29). In performance appraisal the **Matthew Effect is said to occur where employees tend to keep receiving the same appraisal results, year in and year out.** That is, their appraisal results tend to become self-fulfilling; if they have done poorly, they will continue to do poorly. **The Matthew Effect suggests that no matter how hard an employee strives, their past appraisal records will prejudice their future attempts to improve.**

There is other research (Heneman et.al., 1989) to support the theory that **poor performers might not be given a fair chance to improve.** In a study of supervisors in nearly 40 different organizations, it was found that subordinates tend to be divided into two groups; in-groupers and out-groupers. This study reported that in-groupers are subordinates who seem to be favoured by their supervisors. In their relationship with the boss, they enjoy "a high degree of trust, interaction, support and rewards". On the other hand, out-groupers do not do as well. They appear to be permanently out of favour and are likely to bear the brunt of supervisory distrust and criticism. The effect is that **supervisors tend to judge employees as either good or bad, and then seek evidence that support that opinion.** It was found that when an in-grouper did poorly on a task, supervisors tended to overlook the failure or attribute it to causes such as bad luck or bad timing; when they did well, their success was attributed to their effort and ability. But when an out-grouper performed poorly, there was little hesitation in citing the cause as laziness or incompetence. **This bias must inevitably lead to a distortion of the appraisal process. It must also be a source of frustration for those employees who are discriminated against.**

Further, Longenecker (1989) argues that **accuracy in performance appraisal is impossible to achieve, since people play social and political games, and they protect their own interests.** He asserts that "no savvy manager..... is going to use the appraisal process to shoot himself or herself in the foot". Williams(1972) comments: "Despite the many apparent advantages of what should be an intrinsic and critical part of management control, there is such evidence to suggest that many appraisals are largely a

waste of time". Thus, the appraisers will, for all sorts of reasons, deliberately distort the evaluations that they give to employees. Larson (1989) has also described a social game played by poor performers. The game is called feedback-seeking. It occurs where a poor performing employee regularly seeks informal praise from his or her supervisor at inappropriate moments. The supervisor may feel 'put on the spot', but will often provide encouraging words of support. The game seems innocent enough until appraisal time comes around. Then the supervisor will find that the employee recalls, with perfect clarity, every casual word of praise ever spoken. This places the supervisor in a difficult position; since he could appear as either he lied when giving the praise, or he misled the employee into thinking that his performance was acceptable.

To make effective performance appraisals a reality, four criteria need be present (Baker, 1984). These are; **employees should be actively involved in the evaluation and development process; supervisors need to enter performance appraisals with a constructive and helpful attitude; realistic goals must be mutually set; and, supervisors must be aware and have knowledge of the employee's job performance.** According to Krein (1990), appraisers should not confront employees directly with criticism. Rather, they should aim to let the evidence of poor performance emerge "naturally" during the course of the appraisal interview.

This, then, is the performance appraisal dilemma:- **Performance appraisal is widely accepted as a potentially useful tool but various barriers often thwart its successful implementation.**

1.2 Statement of the Problem

Many treatment of performance appraisal scarcely contain a hint of the human problems so intimately bound up with it. Primary emphasis is placed on technical issues (such as the advantages and disadvantages of various rating systems, sources of error, and problems of unreliability in performance, observation and measurement). These are vitally important concerns. No less important, however, are the human issues involved, for performance appraisal is not merely a technique, rather, it is a process, a dialogue involving people and data. **Supervisors and subordinates who periodically encounter appraisal systems, either as raters or ratees, are, often mistrustful of the uses of such information.** They are intensely aware of the implications of the ratings and in many cases are not at ease during performance appraisal interviews.

Although adequate time and attention must be given to the selection and design of a rating system, **even more time and effort must be expended in deciding who should do the rating itself as this has a profound effect on the ratees.** Various people evaluate performance but **hardly do they consider the performance appraisal preferences of the ratees.** There is likely to be a positive effect on employees performance when they prefer someone to evaluate them. Whatever method of performance appraisal an organization uses, it must be job related.

Although a study by Ngolovoi (2001) shows that there are various social and psychological effects of performance appraisal on employees in Donor Organizations, it

however, does not capture the employees' preferences on methods, raters and uses of performance appraisal. In addition, the studies already done outside Kenya do not provide conclusive evidence on these preferences since such studies give conflicting results. Further, these studies do not give a clear picture of the issues being studied.

Besides, conditions obtainable in other countries are different from those in Kenya in terms of the levels of corruption, tribalism, unemployment or nepotism and performance appraisal could impact differently on employees. One could therefore expect different methods, raters or uses of performance appraisal in Kenya.

Studies by Nemeroff and Wexley (1979) show that **employees are likely to feel more satisfied with their appraisal results if they have the chance to talk freely and discuss their performance. It is also more likely that such employees will be better able to meet future performance goals.** Employees are also more likely to feel that the appraisal process is fair if they are given a chance to talk about their performance. This is especially so when they are permitted to challenge and appeal against their evaluation (Greenberg, 1986).

So then, which performance appraisal method do employees prefer, who should do their rating, and how do they prefer the ratings to be used? The purpose of the proposed study therefore is to address these issues in order to provide a more complete picture of these phenomena.

1.3 Objectives of the Study

- To determine employees' preferred methods of performance appraisals,
- To determine employees' preferred raters of performance,
- To determine employees' preferred uses of performance appraisals.

1.4 Significance of the Study

It is hoped that the findings of this study will be of benefit to the management of the tertiary and other institutions of learning in Kenya; that is, it will provide them with information on the basis of which they can improve performance appraisals. It is also expected that the study would establish ground for further research by academics, and thus make performance appraisal as meaningful and workable as possible.

1.5 Organization of the Study

This study, which is based on exploratory research design, is concerned with a Survey of Preferred Methods, Ratets and Uses of Performance Appraisals by employees in selected Tertiary Public Institutions in Nairobi. It is divided into five (5) Chapters.

Chapter 1 is the Introduction. It deals with the general background of the Study, Statement of the Problem, Objectives of the study as well as its significance.

The Literature Review is covered in Chapter 2 and it focuses on the Methods of Appraising Performance, the Raters and Uses of Performance Appraisals while Chapter 3 is on Research Methodology. The latter covers the Population of Study, Sample and Sampling Technique, Data Collection and its Analysis.

On the other hand, Chapter 4 is concerned with the Research Findings and Discussion. It deals with Descriptive Statistics and Analysis.

Finally, Chapter 5 covers the Summary and Conclusions. It also includes Limitations and Recommendations of the Study as well as the References and Appendices.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In order for any appraisal system to be used successfully, it must satisfy certain basic requirements, which include the following:-

- It must be **relevant** to the job in question,
- It must be **acceptable** both to the raters and ratees. The raters must accept the importance of performance appraisal and feedback as an organizational goal; they must accept the appraisal system as an effective means for achieving that goal; and they must accept accurate performance appraisal as a personal goal (Ilgen and Barnes-Farrell, 1984). Achieving acceptability and appraisal system should be seen as an integral part of the rater's job. Acceptability is a two-way street, though. From the perspective of employees, one study (Landy et.al., 1978) indicated that employees are more likely to accept an appraisal system and to believe that their performance was rated fairly and accurately if performance was evaluated frequently, employees felt their supervisors were familiar with their work performance, employees felt they had the opportunity to express their own feelings during appraisal interviews and, new performance goals, based on the appraisals, were set during appraisal interviews.
- It must be **sensitive** (that is, being capable of discriminating effective from ineffective performers),

- It must be **reliable and practical** (Casio, 1982).

However, there are many difficulties that are associated with the assessment of performance. These include the following:-

- The inherent subjectivity of the assessment process may lead to **claims of favoritism, bias and arbitrariness**. For example, one of the employees' studied by Geary (1992) exclaimed, "**Your appraisal depends on your supervisor. If you are liked or socialize with him you are more likely to get a good review**".
- Line managers (supervisors) **may lack technical and human skills** to be able to conduct an effective evaluation.
- If there is along time span between appraisals, managers **may place greater importance on more recent performance**, thereby possibly ignoring incidences that had occurred earlier.
- **A lack of time and resources** may hinder line managers in providing comprehensive and effective performance reviews and objective settings. They may, also, perceive the appraisal process as a bureaucratic nuisance and form-filling exercise (Long, 1986).
- An appraisal outcome which labels an employee as simply "average" or determines that he is not a "higher flier" may lead to demotivation. According to Margersion (1976), "**when one person begins to make a judgment on another, unless that judgment is favourable, reaction and resistance begin to set in**".
- The 'cascading' approach of progressive levels of management setting objectives for the level below and consequently being assessed themselves by the attainment

of these objectives can result in the manipulation and 'fudging' of standards (Kane and Freeman, 1987).

- There are deliberate attempts by raters to **enhance or to protect their self-interests** when conflicting courses of action are possible. Many managers will not allow excessively accurate ratings to cause problems for themselves, and they attempt to use the appraisal process to their own advantage (Longenecker et.al., 1987). For instance, unfairly low ratings may be given to highly valued subordinates so they will not be promoted out of a rater's department. Personal bias may lead to favoured treatment for other employees. In this type of climate, personal values and bias can replace organizational standards.
- Other barriers may rise from the **actual face-to-face encounter between subordinate and superior** (Longenecker et. al., 1987). This may hinder appraisal process as follows:-
 - Because of a lack of communication, employees may think they are being judged according to one set of standards, when their superiors actually use different standards.
 - Supervisors often delay or resist making face-to-face appraisals. **Such resistance can reduce appreciably the validity of the ratings;** because rather than confront substandard performers with low ratings, negative feedback and below average salary increases, supervisors often find it easier to "damn with faint praise" by giving average or above average ratings to inferior performers (Benedicts and Levine, 1988).

- Some managers complain that formal performance appraisal interviews tend to interfere with the more constructive coaching relationship that should exist between supervisors and subordinates. They claim that appraisal interviews emphasize the superior position of the supervisor by placing him or her in the role of judge, thus conflicting with the supervisor's equally important roles of teacher and coach.

2.2 Methods for Appraising Performance

Performance can be appraised by a number of methods. One study (Zippo et. al., 1984) conducted for the American Management Association (AMA) of 588 organizations belonging to AMA's human resources, finance, marketing and information systems divisions explored the frequency of use of the various appraisal methods. The results were as follows: goal-setting or MBO (85.9%), written essay statements (81.5%), description of critical incidents (79.4%), graphic rating scales (64.8%), weighted checklists (56.4%), behaviourally anchored rating scales (35%), paired comparisons (16.3%) forced-choice (22.8%) and forced-distribution (26.4%).

In another study by Locher and Teel (1977), it was found that the three most common appraisal methods in general use are rating scales (56%), essay methods (25%) and results-oriented or MBO methods (13%). Certain techniques in performance appraisal have been thoroughly investigated, and some have been found to yield better results than others. Yet still, another study by Jordan and Nasis (1992) asked 52 Registered Nurses

which performance appraisal method they preferred, who should do their rating, and how they preferred the ratings to be used. The findings were that the nurses generally preferred numerical scales that did not compare individuals to each other. Also, scales that relied on external criteria and applied to all workers were preferred. The nurses were indifferent to the ratings performed by peers, supervisors or employees themselves. The least preferred method by nurses was the rating by subordinates. They further preferred that the evaluations be used for promotion or pay decisions, but not for assigning shift work or determining layoffs.

The various methods for appraising performance include Category Rating, Comparative and Narrative methods, among others.

2.2.1.0 Category Rating Methods

These methods require a supervisor to mark an employee's level of performance on a specific form. They are the simplest methods for appraising performance and include the graphic rating scale, checklist and forced choice methods.

2.2.1.1 The Graphic Rating Scale

This allows the rater to mark an employee's performance on a continuum (scale) from low to high. Because of its simplicity, this is the most frequently used method.

This is because it is less time-consuming to develop and administer, it permit quantitative analysis and comparison; and, in contrast to the checklist, there is greater standardization of items so comparability with other individuals in diverse job categories is possible (Henderson, 1984). The raters need little training or time to complete the form and it can be applied to a large number of employees.

However, the drawbacks to the graphic rating scale include the following:-

- Often separate traits or factors are grouped together and the rater is given only one box to check.
- The descriptive words sometimes used in such scales may have different meanings to different raters. For instance, factors such as **initiative** and **cooperation** are subject to many interpretations, especially in conjunction with such words such as **outstanding, average or poor**.
- The evaluation is based solely on the opinions of the rater. A rater's biases are likely to be reflected in such a subjective instrument.
- In many cases, the criteria are not directly related to job performance, but on irrelevant personality variables that dilute the meaning of the evaluation.
- Because they are easy to develop, they encourage errors on the part of the raters, who may depend too heavily on them.

The rating scale or form is completed by checking the most appropriate response for each performance factor. Responses may be given numerical values to enable an average score to be computed and compared for each employee.

2.2.1.3 The Checklist

2.2.1.2 Single Global Evaluations

The checklist uses a list of statements or words that are checked by raters to describe the

Graphic rating scales require superiors to rate subordinates on a variety of different dimensions. An alternative approach to appraisal is the single global evaluation which requires the superior to make only a single rating of the overall work effectiveness of each subordinate. Such single global evaluations have the following advantages to recommend them (Porter et. al., 1975):

- There is evidence that such global ratings are highly reliable. The ratings by a superior tend to be quite stable over time and there also tends to be a relatively high degree of agreement when different raters are asked to rate the same subordinate.
- Since such ratings are based upon the rater's observations of all of the ratee's behaviour and activities, the ratings tend to be quite inclusive.
- Single global evaluations facilitate comparisons of employees relative to one another.
- Supervisors tend to be quite willing to make such overall global evaluations of performance.

However, a single global rating is judgment by a ratee's superior and is not directly tied to the concrete behaviour of the person being rated.

2.2.1.3 The Checklist

The checklist uses a list of statements or words that are checked by raters to describe the employee's performance and characteristics. Raters check statements most representative of the characteristics and performance of employees. The rater is usually the immediate supervisor. The checklist can be modified so that varying weights are assigned to the statements or words. This yields a weighted checklist. The results can then be quantified. Usually, the weights are not known by the rating supervisor and are tabulated by someone else, such as a member of the Human Resource unit. The weights allow the rating to be quantified so that total scores can be determined (Anastasi, 1988).

In this approach, raters are not so much of evaluators as they are reporters of job behaviour. Moreover, ratings that are descriptive are likely to be higher in reliability than ratings that are evaluative (Stockford and Bissell, 1949). However, there are several difficulties with the checklist namely:-

- The words or statements may have different meanings to different raters, leading to misinterpretation of checklist items,
- The raters cannot readily discern the rating results if a weighted checklist is used,
- Raters do not assign the weights to each factor, which may also be improperly assigned,
- There is susceptibility to rater biases, and
- There is use of personality criteria instead of performance criteria.

These difficulties limit the use of the information when a rater discusses the checklist with the employee, placing a barrier to effective development counseling. On the other hand, the advantages of a checklist are economy, ease of administration, limited training of raters, and standardization.

2.2.2.0 Comparative Methods

Comparative methods require that managers directly compare the performances of their employees against one another. Thus, the performance of an employee is compared with that of co-workers. For example, a secretary's performance would be compared with that of other secretaries by the computing supervisor. These methods are relative rather than absolute measuring devices. Comparative techniques include ranking, paired comparisons and forced distribution.

Employee comparison methods are easy to explain and are helpful in making personnel decisions (Siegel, 1982). They are useful for deciding merit pay increases, promotions and organizational rewards because they can result in a ranking of employees from best to worst. They also provide useful criterion data in validation studies, for they effectively control leniency, severity and central tendency biases. Arguments for a comparative approach are simple and powerful (Graves, 1982). The simple part of it is that organizations do it anyway, all the time. Whenever personnel decisions are made, the performance of the individuals being considered is ranked and compared. People are not promoted because they achieve their objectives, but rather because they achieve their

objectives **better** than others. The second reason for using comparative as opposed to non-comparative methods is that they are far more reliable. This is because reliability is controlled by the rating process itself, not by rules, policies, and other external constraints.

However, employee comparison methods suffer from several weaknesses. For one, employees usually are compared only in terms of a single overall suitability category. The rankings, therefore, lack behavioural specificity and may be subject to legal challenge. In addition, employee comparisons yield only ordinal data; that is, data that give no indication of the relative distance between individuals. Moreover, it is often impossible to compare ranking across work groups, department or locations.

2.2.2.1 Ranking

Ranking can be simple ranking or alternation ranking. Simple ranking require only that a rater order (lists) all ratees from highest to lowest, from "best" employee to "worst" employee. Alternation ranking requires that the rater initially list all ratees. From this list, the rater first chooses the best ratee, then the second worst and so forth, alternating from the top to the bottom of the list until all ratees have been ranked.

The primary drawback of the ranking method is that the size of the differences among individuals is not well defined. For instance, there may be little difference in performance between individuals ranked second and third but a big difference in

performance between those ranked third and fourth. All that is known is that certain employees are better than others. This drawback can be overcome to some extent by assigning points to indicate the size of the gaps existing among employees. Ranking also means that someone must be last, it is possible that the last-ranked individual in one group would be the top employee in a different group. Further, ranking becomes very unwieldy if the group to be ranked is very large.

2.2.2.2 Paired Comparisons

The rater using the paired comparison method formally compares each employee with every other employee in the rating group one at a time. The number of comparisons can be calculated using the following formula:-

$$n(n-1)/2, \quad \text{where } n = \text{number of people rated.}$$

For example, a manager with 15 employees would compare one person's performance with that of each of the other 14 employees. Each employee, in turn, would be compared in a similar fashion. The manager doing the ratings would have to make 105 different comparisons on each rating factor.

Use of the paired comparisons method gives more information about individual employees than the straight ranking method does. However, the major drawback of this method is the large number of comparisons that must be made.

2.2.2.3 Forced Distribution

The forced distribution method rates employees from highest to lowest performance and assumes results in a bell shaped curve. It is a comparative technique. It requires the rater to choose the most descriptive statement in each pair of statements about the employee being rated. The drawbacks of forced distribution method are:-

- A supervisor may resist placing any individual in the lowest (or the highest) group,
- Difficulties can arise when the rater must explain to the employee why he or she was placed in one grouping and others were placed in higher groupings.
- With small groups, there may be no reason to assume that bell-shaped distribution of performance really exist,
- In some cases, the manager may feel forced to make distinctions among employees that may not exist.

Generally, the distribution of performance appraisal ratings does not approximate the normal distribution of the bell-shaped curve. It is common for 60% to 70% of the organization's workforce to be rated in the top two performance levels. This could reflect outstanding performance by a lot of employees, or it could reflect leniency bias.

2.2.3.0 Narrative Methods

Some managers are required to provide written appraisal information. Documentation and description are the essence of these methods, which include the critical incident, essay and the field review. These records (methods) describe an employee's actions rather than indicating an actual rating.

2.2.3.1 Critical Incident Method

In this method, the manager keeps a written record of the highly favourable and unfavourable actions in an employee's performance. When something happens (that is, a "critical incident") involving an employee, the manager writes it down. A list of critical incidents is kept during the entire rating period for each employee.

The critical requirements of a job are those behaviours that make a crucial difference between doing a job effectively and doing it ineffectively (Flanagan, 1954). It is based upon specific examples, not subjective assessments (Drummond, 1993). The critical incident method enables supervisors to focus on actual job behaviour rather than on vaguely defined traits. Performance, not personality, is being judged; ratees receive meaningful feed back, and they can see what changes in their job behaviour will be necessary in order for them to improve. In addition, when a large number of critical incidents are collected, they can provide information about job and organizational

problems in general and are particularly well suited for establishing objectives for training programmes (Flanagan and Burns, 1955).

The unfavourable aspects of the critical incident method include the following:

- What constitutes a critical incident is not defined in the same way by all supervisors.
- Producing daily or weekly written remarks about each employee's performance can take considerable time and is burdensome. Feedback may, therefore, be delayed.
- Employees may become overly concerned about what the supervisors write and begin to fear the manager's "black-book".
- In their narrative form, incidents do not readily lend themselves to quantification, which poses problems in between individuals and between group comparisons as well as in statistical analyses. For these reasons, two variations of the original idea have been suggested. Kirchner and Dunnette (1957 b) used the method to develop a behavioural checklist. A second modification has been the development of behaviourally anchored rating scales (BARS).

2.2.3.2 The Essay Method

The essay or "free-form" appraisal method requires the manager to write a short essay describing each employee's performance during the rating period. It covers the individual's strengths, weaknesses, potential and suggestions for improvement. The

intent is to allow the rater more flexibility than other methods do. The assumption underlying this approach is that a candid statement from a rater who is knowledgeable of a ratee's performance is just as valid as more formal and more complicated appraisal methods. The major advantage of narrative essays is that they can provide detailed feedback to ratees regarding their performance.

However, essays are almost totally unstructured, and they vary widely in length and content. Comparisons across individuals, groups or departments are virtually impossible since different essays touch on different aspects of ratee performance or personal qualifications. Finally, essays provide only qualitative information; yet in order for the appraisals to serve as criteria or to be compared objectively or ranked for the purpose of personnel decision, some form of rating that can be quantified is essential. Behavioural checklists provide one such scheme.

2.2.3.3 Field Review Method

In the field review, the Human Resource (HR) unit becomes an active partner in the rating process. A member of the unit interviews the manager about each employee's performance. The HR representative then compiles the notes of each interview into a rating for each employee. Then the rating is reviewed by the supervisor for needed changes. This method assumes that the representative of the HR unit knows enough about the job setting to help supervisors give more accurate and thorough appraisals. The limitations of the field review are:-

- The HR representative has a large amount of control over the rating, supervisors may see this as a challenge to their managerial authority although it may be desirable, and
- It can be time consuming, particularly, if a supervisor has to rate a large number of employees.

2.2.4.0 Other Appraisal Systems

Other appraisal methods include the following:

2.2.4.1 Behaviourally Anchored Rating Scale (BARS)

This method describes examples of good or bad behaviour. These examples are “anchored” or measured, against a scale of performance levels. What constitutes various levels of performance is clearly defined in the BARS. This helps minimize some of the problems noted in other methods of performance appraisal. The use of BARS is an attempt to provide measurement scales that are directly related to the job being rated. A sample group of managers (supervisors) are asked to identify, independently, several key behavioural aspects of the job in question. The responses are then collated and returned to the same or different group to agree on examples of good, average or poor performance and to allocate a scale point for each example. Those examples that are consistently rated at the same point on the scale can then act as “anchors” and provide behavioural examples for each point on the scale (Fletcher et. al., 1985).

critical incidents of work behaviour as does the BARS. However, for each performance

Behaviourally anchored rating scales require extensive time and effort to develop and maintain. Further, several appraisal forms are necessary to accommodate different types of jobs in an organization. Besides, BARS are primarily applicable to jobs whose major components consist of physically observable behaviour. Also, it is necessary to determine the degree of similarity between the behaviour of the employee that they have observed and the particular critical incidents employed as anchors of the BARS (Borman, 1979).

However, research does not indicate that BARS are clearly superior in accuracy and validity to other appraisal techniques that have been carefully designed, researched and tested (Bernardin, 1977; Jacobs et. al., 1980; Kingstrom et. al., 1981; Landy et. al., 1980; Schwab et. al., 1975). Even then, BARS should still be considered as useful in an organization's appraisal system. Recent research has begun to clarify some of the problems in the development and use of BARS (Bernadin et. al., 1981), and new results indicate a number of positive spin-offs to the organization from the implementation of BARS in terms of improved attitudes and reduced tension regarding appraisals (Ivancevich, 1980).

As does the BARS, BOS are relatively time consuming and expensive to develop and are

2.2.4.2 Behavioural Observation Scales (BOS)

Unfortunately, no empirical comparisons of BARS and BOS have been conducted in

Behavioural observation scales (BOS) are an approach to performance appraisal developed in attempt to capitalize on some of the strengths of the BARS approach while avoiding some of its weaknesses (Latham et. al., 1977). The BOS approach employs

critical incidents of work behaviour as does the BARS. However, for each performance dimension evaluated by a BOS, a **number** of critical incidents are listed, and the appraiser **rates** the extent to which he has actually **observed** the person being rated engaging in that behaviour on a 5-point scale varying from **almost never** to **almost always**.

Since BOS focus attention on **actual observed** job behaviour rather than expected behaviour, the behavioural items included in a BOS help focus a manager's attention on what to look for during an appraisal period and also help facilitate the manager's recall of employee behaviour during the appraisal process (Latham et. al., 1981). Other advantages that BOS shares with BARS include its relevant reliability and validity as a result of being based upon actual employee **behaviour**; generation of high levels of employee acceptance and understanding as a result of employee involvement in their development; and its provision of employees with **useful feedback** on their job behaviour that can be employed for the design of plans for development and performance improvement.

As does the BARS, BOS are relatively time-consuming and expensive to develop and are difficult to apply to jobs whose primary components may not be physically observable. Unfortunately, no empirical comparisons of BARS and BOS have been conducted in industrial settings. Comparisons carried out in University settings have found BOS to be as good as, or better than, BARS in reducing rating errors and biases (Bernardin, 1977; Bernardin et. al., 1976). BOS appear to be an interesting and promising development on

the appraisal scene, although some disagreement exists regarding whether they are superior or inferior to BARS as an appraisal technique (Bernadin et. al., 1980; Latham et. al., 1980).

2.2.4.3 Management By Objectives (MBO)

This is a “guided self-appraisal” system. It is also referred to as appraisal by results, targeting – coaching, work planning and review, performance objectives and mutual goal setting. Odiorne (1979) describes Management by Objectives as a process whereby the superior and subordinate of an organization jointly identify its common goals, define each individual’s major areas of responsibility in terms of the results expected of him, and uses these measures as guides for operating the unit and assessing the contribution of each of its members.

MBO specifies the performance goals that an individual hopes to attain within an appropriate length of time. The objectives that each manager sets are derived from the overall goals and objectives of the organization. Although MBO programmes have the potential to increase motivation and performance and to provide a sound results-based appraisal system, their track record in organizations is decidedly mixed (Tosi et. al., 1970). The primary factor that appears to distinguish effective and ineffective MBO programs seems to be the extent to which the implementation of MBO recognizes the need for special skills on the part of managers conducting MBO goal-setting and performance appraisal meetings (Jamieson, 1973).

Three key assumptions underlie an MBO appraisal system. First, if an employee is involved in planning and setting the objectives and determining the measure, a higher level of commitment and performance may result. Secondly, if what an employee is to accomplish is defined clearly and precisely, the employee will do a better job of achieving the desired results. Ambiguity and confusion and therefore less effective performance, may result when a superior determines the objectives, the individual gains an accurate understanding of what is expected. Third, performance objectives should be measurable and should define results. Vague generalities, such as "initiative" or "cooperation" should be avoided. Objectives are composed of specific actions to be taken or work to be accomplished.

2.3.0 **Raters of Performance**

The essence of MBO involves employee participation in goal-setting. The importance of employee participation was stressed by early behavioral scientists (Cock et. al., 1948; Follet, 1942; Mayo, 1945). They emphasized employee participation in decision making as a means of gaining greater commitment to organizational goals and to enhance employees' intrinsic motivation. It has been shown in numerous studies (e.g. Locke, et. al., 1981) that goal setting is an important element in employee motivation. Goals can stimulate employee effort, focus attention, increase persistence, and encourage employees to find new and better ways to work. The usefulness of goals as a stimulus to human motivation is one of the best supported theories in management. It is also quite clear that goals which are "..... specific, difficult and accepted by employees

will lead to higher levels of performance than easy vague goals (such as do your best) or no goals at all” (Harris and Disimone, 1994).

MBO is not appropriate for all employees or all organizations. Jobs with little or no flexibility are not compatible with MBO. The MBO process seems to be most useful with managerial personnel and employees who have a fairly wide range of flexibility and control over their jobs. When imposed on a rigid and autocratic management system, MBO may fail. Extreme emphasis on penalties for not meeting objectives defeats the development and participative nature of MBO. MBO is used by supervisors to rate subordinates, for self-rating or in combination with several raters.

2.3.0 Raters of Performance

Performance rating can be done by anyone familiar with a person's performance, among whom include peers, self, subordinates, supervisors, outside experts, panel of superiors, and computers.

2.3.1 Supervisor Appraisals

The rating of employees by supervisors is based on the assumption that the supervisor is the most qualified person to evaluate the employee's performance realistically, objectively and fairly. The unity of command notion underlies this approach. In many organizations, performance appraisals are conducted by the immediate superior of

the person being evaluated (Bureau of National Affairs (BNA) Survey, 1975). This practice is common that individuals and organizations assume that it is the only feasible way to conduct performance appraisal. Even then however, there are a number of factors indicating its desirability; namely:

- A supervisor is in a position best to observe the employee's performance over the evaluation period;
- He is well-positioned to analyse and interpret the performance of the subordinate in the light of the goals and plans of the organization;
- He is able to link rewards to evaluations he assigns to subordinates.

The supervisor's judgment should be objective and based on actual performance. To achieve this, supervisors should keep logs (diaries) of what their employees have done to make them remember during the time of their performance appraisals. Such an appraisal should also be reviewed by the superior of the supervisor to ensure validity and fairness.

2.3.2 Peer Appraisals

Another form of performance appraisal is peer evaluation. This requires individuals to be evaluated by a group of their work peers from the same hierarchical level in the organization. In order for this to be successful:-

- The peers doing the evaluations must be in a position that permits them frequent opportunities to observe each other's behaviour and effectiveness.
- There must be a high level of trust among the peers evaluating one another.

- The peers must not be in a position where they are in direct competition for the same raises or promotions (Glueck, 1978).

The appraisal of an employee by his peers has proven to be effective in predicting future management success. From a study of military officers, peer ratings were quite accurate in predicting which officers would be promoted and which would not (Downey, et. al. 1976). In another study that involved more than 200 industrial managers peer ratings were similarly useful in predicting who would be promoted (Krant, 1975). Also, a study of middle level managers at International Business Machines Corporation revealed that those receiving the higher ratings were definitely more likely to be promoted (Roadman, 1904).

There are certain advantages when peers rate themselves. For instance, such appraisals should:-

- Result in a superior upward flow of information;
- Force the subordinates to become more personally involved and to do some systematic thinking about self and work; and
- Improve communication between superior and subordinate, in that each is given more information by the other when disagreements are discovered.

However, a major disadvantage of peer ratings is that they have excessive high ratings. In one study, ninety-two (92) technical employees rated themselves more favourably than did their supervisors (Kirchner, 1965). This is the problem of "logrolling", in which all the peers simply get together to rate each other high. Therefore, the peer rating approach

is best done if individual's ratings are done separately and then summarized. Although research indicates that peer evaluations can have a variety of positive outcomes for the organization (Lewin and Zwany, 1976), their use is extremely rare (BNA Survery, 1975), primarily because of resistance to their use from organization members (Love, 1981; Cederblom and Lounsbury, 1980) **since it can damage relationships, affect team work and participative – management efforts.** Peers' ratings are especially useful when supervisors do not have the opportunity to observe each employee's performance but other group members do.

2.3.3 Self-Appraisals

Self-appraisals occur when employees rate themselves. They tend to be used more for purposes of development than for evaluation itself. They can be particularly helpful in stimulating an individual to think realistically about his areas of personal strength and weaknesses and set goals for improvements (Levine, 1980; Levine et. al.; 1977). However, studies have shown that **employees consistently rate themselves higher than they are rated by supervisors or peers** (Thornton, 1980). Thus, self-appraisals are more prone to leniency error. For example, in one study, it was found that when asked to rate their own job performance, 40% of the employees in jobs of all types placed themselves in the top 10% while virtually all remaining employees rated themselves either in the top 25% or at least in the top 50%.

Another study of eight-one (81) subordinates in General Electric Company resulted in multiple values to the organization when self-ratings were requested (Bassett and Meyer, 1968). Forty (40) subordinates were asked for self-ratings, 41 were rated in the usual manner by their managers. The more defensiveness was noted among those rated by superiors, 8 of the 41 feeling that the criticism brought up in the interview were unwarranted. Only 2 of the 40 interviewed after self-ratings felt that ensuring criticism was unwarranted. In a 3-month follow-up after the appraisal interviews, superiors reported that 16 of the 41 managers – appraised subordinates were not measuring up to the job, as compared with only 8 of the 40 self rated subordinates. Twenty-three (23) of the 35 managers involved believed that the self-rating approach was clearly superior. In most instances where self-appraisal is used, the ratees are managerial and professional personnel. Further, if the subordinates know that the superiors are also preparing ratings, they are more likely to do a realistic job. As such, a self-rating can be a valuable and credible source of performance information.

2.3.4 Outside Raters

Rating may also be done by outsiders, which is sometimes referred to as Field Review. The outsiders (experts), who include customers and clients, would be employed to observe and evaluate the performance of employees. They may furnish managers with professional assistance in making appraisals. The disadvantages of this approach include the following:-

- It is costly;

- It forces evaluations to be based upon observations of extremely small sample of an individual's behaviour.
- By removing the superior from the evaluation process, the likelihood of the superior becoming actively involved in the development and coaching of his subordinates is greatly diminished.

These shortcomings make this approach to be infrequently used. However, its potential advantage is that the outside experts evaluate individuals in a standardized and unbiased fashion.

2.3.5 Employee Rating of Superiors (Subordinate Appraisal)

Subordinates can also be involved in the appraisal process. They are often well placed to observe a great deal of their superior's performance. A prime example of these types of rating takes place in colleges where students evaluate a lecturer's performance in the classroom. Industry has also used employee rating of superiors for development

purposes; such as to help managers improve themselves or to help organizations assess managerial leadership potential.

Even then, however, subordinate evaluation are infrequently used; and when they are, they tend to focus upon providing useful development feedback to the superior rather than being used as the primary basis for the superior's evaluation (Ghorpade and Lackertz, 1981).

The advantages of having the employees rate their superiors are as follows:-

- It can help **make the superior more responsive to employees;**
- **It can be the basis for coaching** as part of a career development effort; and
- In situations where superior – employee relationships are critical, employee rating can be quite **useful in identifying competent superiors.**

A major disadvantage of this is the **negative reaction superiors have to being evaluated by employees.** Similarly, **employees may fear reprisals** to give realistic ratings. The principles of ‘proper’ manager-employee relations may be violated by having workers rate managers. Employees may resist rating their superiors because they do not perceive it as part of their jobs. This may make workers rate their supervisor the way he treats them, and not on critical job requirements.

2.3.6 The Uses of Performance Appraisals

2.3.6 Committee (Panel) Rating

Another approach to performance appraisal involves having evaluation conducted by a group (or panel) of superiors. These are composed of the employee’s immediate supervisor and other supervisors. Everyone on the committee should be able to observe and intelligently evaluate the employee’s performance. This would result to an evaluation, which has the potential for greater reliability and validity of ratings as a result of pooling of the perceptions, and opinions of a variety of observers (Cummings and

Schwab, 1973). However, such group evaluations are almost never used (BNA Survey, 1975).

2.3.7 Multi-Rater Assessment

This is also called the 360-degree feedback. It is designed to provide information that a person can use to become a better manager (O'Reilly, 1994). With this method, managers, peers, customers, suppliers or colleagues assesses an employee. It therefore requires, a wide range of people to give feedback on an individual's performance.

Combined with the traditional source of information from the direct superior and the individual themselves, the 360-degree feedback schemes are designed to give a more complete and comprehensive picture of the individual's performance and contribution (Dugdill, 1994; Ward, 1995; Jacobs and Floyd, 1995).

2.4.0 The Uses of Performance Appraisals

The primary purpose of a performance appraisal system is to generate accurate and valid information regarding the behaviour and performance of employees. The more accurate and valid the information generated by the system the greater its potential value to the organization. Specifically, performance appraisals are used to provide information for individual evaluation and motivation, individual development and organizational planning.

2.4.1 Individual evaluation and motivation

This involves using performance appraisal information for **compensation, promotion, transfer, discharge or layoff of employees.**

- **Compensation Adjustments:** Performance evaluations help decision makers determine who should receive pay rises. Many firms grant part or all of their pay increases and bonuses on the basis of merit, which is determined mostly through performance appraisals. It has been suggested that performance pay “is one of the most dynamic issues in human resource management and arguably the most topical component of reward policy today” (Brady and Wright, 1900). Performance pay is the explicit link of financial reward to individual, group or company performance (Armstrong and Murliss, 1991; Wright, 1991).
- **Placement Decisions:** Promotions, transfers, demotions and layoffs are usually based on past or anticipated performance. Often, promotions are a reward for past performance.

Self-assessment is mainly used to identify training and development requirements. But Margerison (1976) has argued that self-assessment appraisals system are the only way to give a complete picture of performance of the employee and avoid a “criticize-defend” scenario. Furthermore, it can be argued that it is the appraisee who “knows, or can learn, more than anyone else about his own capabilities, needs, strengths and weaknesses, and goals, (Mc Gregory, 1975). There is evidence that appraisees appreciate the existence of a link between appraisal and reward results. Bannister &

Balkin (1990) reported that “discussions of pay at the time of performance appraisal” increases employee acceptance of appraisal and their satisfaction with the process. Pay increases and promotion send powerful messages to employees. If these messages do not match up with the appraisal results, employees are likely to dismiss the whole process as a farce. This is a direct challenge to those who feel that appraisal results and reward outcomes must be isolated from each other.

In addition, organizations attempt to influence the motivation and the future performance of their employees by tying the various rewards, such as salary increases and promotions, to the rating generated by the appraisals. For instance, pay for performance plans can have a positive impact on motivation and performance. Such plans are based on information and ratings provided by performance appraisals.

2.4.2 Individual development

The information generated by performance appraisal system can be used to facilitate the personal development of employees. This involves **performance improvement, feedback and training.**

- **Performance Improvement:** Accurate performance evaluations show employees where they are deficient and allows the employee and the supervisor to intervene with appropriate actions to improve performance. It is very important that employees recognize that negative appraisal feedback is provided with a constructive intention, that is, to help them overcome present difficulties and to

improve their future performance. Employees will be less anxious about criticism, and more likely to find it useful, when they believe that the appraiser's intentions are helpful and constructive (Fedor et. al.; 1989). In contrast, other studies (Baron, 1988) have reported that "destructive criticism" – which is vague, ill-informed, unfair or harshly presented – will lead to problems such as anger, resentment, tension and workplace conflict, as well as increased resistance to improvement, denial of problems, and poorer performance.

- **Training and Development Needs:** Poor performance may indicate the need for retraining. Likewise, good performance may indicate untapped potential that should be developed.
- **Career Planning and Development:** Performance feedback guides career decisions about specific career paths one should investigate. A sound appraisal system can generate valid information regarding the areas of personal strength and weakness of individual employees. It also provides a means of monitoring and assessing the results and improvements arising from a program of personal training and development. Further performance appraisal provides an opportunity for supervisor and subordinates to review the subordinate's work-related behaviour.

2.4.3 Organizational Planning

An effective performance appraisal system generates information that is used by the organization in planning its future human resource needs and policies. This is in terms

of **documentation, manpower planning and research**. A performance appraisal system generates information that permits the organization to assess its human capital and plan its recruiting, staffing and development policies in an informed, systematic and rational manner. Specifically, performance appraisals may also be used for or in the identification of deficiencies in staffing process, informational accuracies, job design errors, avoidance of discrimination and external challenges.

As noted, performance appraisals have many uses. While their initial thrust is focused on evaluating an employee's performance, the instrument also serves as a means of conducting further analysis. One study (Ibid, P.465) concluded that a performance appraisal had various uses. These uses and their percentage of use are compensation (86%), counseling (65%), training and development (64%), promotion (45%), planning (45%), retention and discharge (30%) and validation (17%).

In sum, accurate performance evaluations show employees where they are deficient. For the Human Resource Department, appraisals make compensation, placement, training, development and career guidance decisions more effective. At the same time, the department obtains feedback on its development activities, staffing process, job designs and external challenge. In short, performance appraisals serve as a quality control check on employee and personnel department performance.

Without an effective appraisal system, promotions, transfers and other employee – related decisions become subject to trial and error. Career planning and human resource

development suffer because there is no systematic performance feedback. Also, the personnel department lacks adequate information to evaluate its performance objectively. This lack of feedback can cause the organization to miss its objectives. Thus, performance appraisal is significant in human resource management. Its application to other areas and its usefulness warrants an instrument that is free from bias, one that is objective.

The population of interest for this study comprised all employees in the Tertiary Public Institutions which conduct performance appraisal in Nairobi. The sources of the list of such institutions are the Yellow Pages of the Kenya Telephone Directory and the Commission of Higher Education. These (tertiary institutions) are post-secondary institutions that are Government Sponsored and exclude universities. The focus on only tertiary public institutions in this study was due to the inability to obtain a complete telephone frame for those that are private considering the high rate at which the latter have been increasing.

3.3 The Sample and Sampling Technique

A modified random sampling technique was used in this study in order to select the respondents from each institution. The employees were divided into two categories, namely:

1. Management: This included employees who were in positions of responsibility and included Heads of Institutions, Heads of Departments or Sections as well as other senior, senior officers.

CHAPTER 3

RESEARCH METHODOLOGY

This research was based on exploratory research design.

3.1 The Population

The population of interest for this study comprised all employees in the Tertiary Public Institutions which conduct performance appraisal in Nairobi. The sources of the list of such institutions are the Yellow Pages of the Kenya Telephone Directory and the Commission of Higher Education. These (tertiary institutions) are post-secondary institutions that are Government Sponsored and exclude universities. The focus on only tertiary Public Institutions in this study was due to the inability to obtain a complete sampling frame for those that are private considering the high rate at which the latter have been increasing.

3.2 The Sample and Sampling Technique

A stratified random sampling technique was used in this study in order to select the respondents from each institution. The employees were divided into two categories, namely:

- **Management:** This involved employees who were in positions of responsibility and included Heads of Institutions, Heads of Departments or Sections as well as their deputies, among others.

- **General Workers:** These involved all employees in each institution excluding management such as lecturers, drivers, cooks and secretaries.

It was desirable to classify the population into these two distinctive classes (or strata) because Management and General Workers are heterogeneous. The higher level of management sets objectives for the levels below and consequently being assessed themselves by the attainment of these objectives, and as such their preferences regarding performance appraisal may not be the same as those of other workers. These classes taken separately were therefore meant to be more homogeneous than the total population, and thereby improved the efficiency of sampling through stratification.

The population of interest for this study was large that a census was prohibitive in terms of time, monetary costs and efforts expended. Thus, since it was not possible to reach out to all the employees in such institutions, there was need to take a sample for the study purpose. A random sample of thirty (30) employees was drawn from each institution that represented one-third ($1/3$) and two-thirds ($2/3$) for Management and General Workers respectively. Such a sample so selected was to ensure adequacy to yield a much more accurate result than would have been with a hastily conducted census.

3.3 Data Collection

The study required primary data. This was collected using a structured questionnaire that was completed by both the management and other employees. A letter to them was annexed to the questionnaire explaining the intentions of the survey. The administration

of the questionnaire was through the “drop and pick later” method. The concern in this study was the individual employee and not the organization, which only provided the framework for getting the individuals to be studied.

The questionnaire had two sections. Section A consisted of questions aimed at obtaining general information about the respondents. Section B focused on the key dimensions that were to be used to determine the employees’ Performance Appraisal preferences. The questions, which were both of multiple-choice and unstructured type, were framed in the light of the revelations in the literature review.

Follow up on the respondents was done through telephone calls. The questionnaires were then collected upon completion and subsequently analyzed.

	Frequency	Percent
male	308	65.5
female	162	34.5

3.4 Data Analysis

The data that was collected was analyzed using descriptive statistics, since the study was mainly descriptive in nature. This established the frequencies, and percentages of data. Some of these measures are displayed in Tables for a visual effect as to the meaning of the data. Also, the Statistical Package for Social Sciences (SPSS) Computer Programme was used in analyzing the data.

The key variables in this study were gender, age, educational level, managerial rank and length of service.

CHAPTER 4

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

A population of 780 employees were to be surveyed but 470 (60.3%) of them responded to the questionnaire. Their responses were then analyzed to give meaning to the research. The results are discussed in the following sections.

4.2 Descriptive Statistics

Table 4.1: Gender of Respondents

Gender	Frequency	Percent
Male	308	65.5
Female	162	34.5
Total	470	100.0

From Table 4.1 above, it was found that 65.5% of the respondents were male while 34.5% were female. This is explainable by the fact that in the Kenyan society, men tend to have more opportunities in employment than women.

Table 4.2: Age of Respondents

Age (Years)	Frequency	Percent
Below 30	8	1.7
30-40	150	31.9
Above 40	298	63.4
No Response	14	3.0
Total	470	100.0

The majority of respondents (63.4%) were aged above 40 years as shown from Table 4.2 above. Those aged between 30-40 years were 31.9% while those below 30 years were negligible (1.7%). Only 3.0% did not respond. This meant that the majority of the respondents were people who were advanced in age as opposed to the young employees. People at this age bracket tend to have specific careers and do take their work more seriously, hence the significance of the appraisal to them and their readiness to respond to the questionnaire.

Table 4.3: Educational Level of Respondents

Academic Level	Frequency	Percent
O level	124	26.4
A level	18	3.8
Diploma	136	28.9
University	66	14.0
Other	126	26.8
Total	470	100.0

Table 4.3 shows that many of the respondents (55.3%) had O-level and Diploma level qualifications. This meant that they were of average academic standard and therefore understood the questionnaire.

Table 4.4: Length of Service of Respondents

Length of Service	Frequency	Percent
Less than 5 Years	28	6.0
5-10 Years	78	16.6
Above 10 Years	364	77.4
Total	470	100.0

From the length of service of the respondents' data given in Table 4.4 above, it was noted that 77.4% of employees had over 10 years' service. Those who had less than 5 years were 6.0% while those with 5 to 10 years were 16.6%. This is explainable by the fact that the study was conducted at the time when the Government had suspended recruitment of employees.

Table 4.5: Managerial Level of Respondents

Level in Organization	Frequency	Percent
Head of Institution	6	1.3
Head of Department	76	16.2
Ordinary Employee	170	36.2
Other	218	46.4
Total	470	100.0

From data in Table 4.5 above, 63.9% of the respondents held various positions of responsibility in their organizations while 36.2% had none. This may be so as the administration of the questionnaire was through the "drop and pick later" method and such employees were therefore more accessible to them. These included Heads of Institutions, Departments, Sections, supervisors and class masters, among others. These respondents were knowledgeable about appraisals as they were involved in appraising others.

Table 4.6: Frequency of Using Category Rating Methods

Use of Method	Frequency	Percent
No Response	14	3.0
Yes	328	69.8
No	128	27.2
Total	470	100.0

Table 4.6 above shows that the Category Rating Methods are used 69.8%. This may be so because such methods are easy to use.

Table 4.7: Frequency of Using Comparative Methods

Use of Method	Frequency	Percent
No Response	14	3.0
Yes	272	57.9
No	184	39.1
Total	470	100.0

These methods are used 57.9% by respondents as shown in Table 4.7 above.

Table 4.8: Frequency of Using Narrative Methods

Use of Method	Frequency	Percent
No Response	14	3.0
Yes	274	58.3
No	182	38.7
Total	470	100.0

From data obtainable in Tables 4.8, the respondents use the Narrative Methods 58.3% in appraising performance. However, Other Appraisal Methods such as Management by Objectives (MBO) is used 71.1%, as shown in Table 4.9 below. The former methods

tend to take more time and are therefore more involving while the latter involves employee participation in goal setting. This emphasizes employee participation in decision making as a means of gaining greater commitment to the institutional goals and enhances employees' intrinsic motivation.

Table 4.9: Frequency of Using Other Methods

Use of Method	Frequency	Percent
No Response	14	3.0
Yes	334	71.1
No	122	26.0
Total	470	100.0

Table 4.10: Employees' Preference for Category Rating Methods

Level of Preference	Frequency	Percent
No Response	98	20.9
Most Preferred	156	33.2
Preferred	74	15.7
Less preferred	76	16.2
Least preferred	66	14.0
Total	470	100.0

Table 4.10 above shows that 48.9% (that is, 33.2% and 15.7%) of the respondents prefer the category Rating Methods while 30.2% do not. 20.9% of them gave no response.

Table 4.11: Employees' Preference for Comparative Methods

Level of Preference	Frequency	Percent
No Response	78	16.6
Most preferred	122	26.0
Preferred	90	19.1
Less preferred	72	15.3
Least preferred	108	23.0
Total	470	100.0

From data in Table 4.11, the majority of respondents (45.1%) prefer Comparative Methods of Performance Appraisal. This constitutes 26.0% (most preferred) and 19.1% (preferred) 38.3% of them do not, while the rest of them (16.6%) gave no response.

Table 4.12: Employees' Preference for Narrative Methods

Level of Preference	Frequency	Percent
No Response	98	20.9
Most preferred	40	8.5
Preferred	176	37.4
Less preferred	80	17.0
Least preferred	76	16.2
Total	470	100.0

Table 4.12 above shows that 45.9% (that is, 8.5% and 37.4%) of the respondents prefer the Narrative Methods and 33.2% do not. However, 20.9% of them did not respond.

Table 4.13: Employees' Preference for Other Methods

Level of Preference	Frequency	Percent
No Response	106	22.6
Most preferred	56	11.9
Preferred	58	12.3
Less preferred	124	26.4
Least preferred	126	26.8
Total	470	100.0

From the data in Table 4.13 above, 24.2% (that is 11.9% and 12.3%) of the respondents prefer Other Methods of Performance Appraisal. These include Behaviourally Anchored Rating Scales, and Management by Objectives. 53.2% of them do not prefer such methods while 22.6% declined to respond.

Table 4.14: Raters of Performance

Rater of Performance	% Use	% Not Using it	% No Response
Supervisor	83.4	11.9	4.7
Peer	4.7	83.4	11.9
Self	12.8	75.3	11.9
Subordinate	4.3	83.8	11.9
Outside Expert	4.7	84.7	10.6
Panel of Supervisors	26.4	67.7	6.0
Other	10.6	75.7	13.6

Table 4.14 above shows that various people appraise the work performance of employees. Those who are mainly used to appraise employees are supervisors (83.4%) while subordinates are used the least (4.3%).

Table 4.15: Employees Preferences of Rater(s)

Ratees' Preference	% Response	% Preference	% Dislike
Supervisor	6.8	80.0	13.2
Peer	21.7	15.3	63.0
Self	20.4	27.2	52.3
Subordinate	21.7	11.9	66.4
Outside Expert	18.7	23.0	58.3
Panel of Supervisors	21.7	27.7	50.6
Other	24.7	10.2	65.1

From the data in Table 4.15 above, 80% of the respondents prefer their supervisors to appraise their work performance, it also shows that the least preferred raters of performance are subordinates (11.9%) and Others (10.2%).

Table 4.16: Employees' Preference for Performance Appraisal Uses

Use of Appraisal Results	% Preference	% Dislike
Compensation	47.2	52.8
Promotion	95.3	4.7
Transfer	28.9	71.1
Discharge	27.7	72.3
Training	97.4	2.6
Counseling	43.3	56.2
Planning	60.9	38.7
Other	6.4	83.0

Table 4.16 above shows that employees most prefer performance appraisal results to be used for training (97.4%) and promotion (95.3%) decisions. However, employees seem to detest the appraisals' use in arriving at decisions related to their discharge (72.3%) or transfer (71.1%).

CHAPTER 5

SUMMARY AND CONCLUSIONS

5.1 Summary

The objectives of the study were to determine employee's preferred methods and uses of performance appraisals as well as raters of performance in selected tertiary public institutions in Nairobi. In order to achieve these objectives, a survey was carried out.

Data was collected using questionnaires.

Of the 780 employees to be surveyed, 470 (60.3%) responded and returned their questionnaires. The data was thereafter analyzed using tables for frequency distribution and percentages as well as Statistical Package for Social Sciences (SPSS) Computer Programme.

The majority of the respondents surveyed were male (65.5%) and above 40 years of age, (63.4%). Many of them (28.9%), held Diploma or Higher Diploma standard of education followed by those who held other qualifications (26.8%), O-level (26.4%), University degree (14.0%) and A-level (3.8%).

The study revealed that many of the respondents had above 10 years of service (77.4%), 5 to 10 years (16.6%) and less than 5 years (6.0%). Many of them held positions of responsibility (63.9) as follows:- Head of Institution (1.3%), Head of Department (16.2%), other positions (46.4%) while those who held no responsibility were (36.2%).

5.2 Conclusions

It was further revealed that "Other Methods" of Performance Appraisal (e.g. MBO) are used more frequently (71.1%) to appraise performance in tertiary public institutions while Comparative Methods are used the least (57.9%). Besides, all various methods of appraising performance are used well above average. However, employees preferred these methods as follows: Category Rating (48.9%), Comparative (45.1%), Narrative (45.9%) and Other (24.5%).

On the other hand, supervisors were more used as ratees of performance (83.4%) while subordinates were used the least (4.3%). Similarly, it was noted from the study findings that most employees (80.0%) prefer that supervisors rate them while they least preferred subordinates (11.9%) and other raters (10.2%) to do it. This could be because supervisors tend to control the instruments of the reward system in these institutions and were therefore better placed to use these appraisals to the benefit of the employees.

As regards, the use of performance appraisal results, the study revealed that employees prefer them to be used most for training (97.4%) and promotion (95.3%) purposes. They least prefer their use for transfer (28.9%) or discharge (27.7%) decisions.

5.2 Conclusions

The objectives of the study were to determine the preferred methods, raters and uses of performance appraisals in tertiary public institutions in Nairobi. From the analysis, it can be concluded that the most common method of appraising performance included Management by Objectives, among others, which accounted for (71.1%), while Comparative Methods are used the least (57.9%).

It can also be concluded that employees preferred Category Rating Methods (48.9%) while they least preferred Comparative Methods (45.1%) and Other Methods (24.5%). They, therefore, generally preferred numerical scales that did not compare individuals to each other.

Further, most employees (83.4%) preferred supervisors to rate them. They, however, preferred least to be rated by their subordinates (4.3%). Since this study was carried out in training institutions, management would need to consider if the appraisals by students on their lecturers is worth it as they are likely to be counter-productive, no matter how such appraisals may appear to be helpful.

Similarly, it can be concluded from the study that evaluations should be used for staff training (97.4%) and promotion of employees (95.3%), but not for transfer (28.9%) or discharge (27.7%) decisions, the latter being the least preferred.

Since most of the respondents held various positions of responsibility (63.9%), it can be concluded that they had been involved in appraising performance of other employees. They therefore were knowledgeable about performance appraisal. This, thus, increased the reliability of the study findings.

Most of the employees surveyed have more than 10 years service, hence experience did not appear to influence their preferences. Such employees tend to have rather stable careers and therefore the significance they attach to the appraisal system to them.

Generally, the findings in this study tend to be in agreement with those already done outside Kenya, although conditions obtaining here may be quite different. This shows that such studies may be replicated in Kenya or vice versa.

Finally, the Government, being the sponsor of these institutions, should strengthen and provide assistance in the management of appraisal systems in order to make the appraisal as meaningful and workable as possible. Further, the management of these institutions should put in place measures that consider employees' preferences and help reduce the barriers that often thwart the appraisals' successful implementation in their organizations.

5.3 Limitations of the Study

A total population of 780 employees were to be surveyed. However, in the process of issuing out questionnaires, it was discovered that some of them were either on leave,

absent or in practical/clinical areas with students. This made it difficult to obtain respondents in good time even after sending out many reminders.

Besides, among those who were present, some of them declined to fill the questionnaire for various reasons such as being too busy, others had filled too many questionnaires in the past without any feedback, while others were generally unwilling to do so.

Further, budgetary and time constraints led the sample to be determined from Nairobi. Other demographic regions outside of Nairobi were therefore not sampled.

5.4 Recommendations for Further Research

Further research can look at the following important areas in performance appraisal.

- A study to determine whether **employees are aware of what level of performance is expected of them.** This is especially so since the criteria of effective and ineffective performance are frequently, hard to define, the areas of performance for which a single individual is responsible are often unclear, and evaluations tend often to be based not on measurement of actual performance but on the perceptions and judgments of an individual immediate supervisor.
- An investigation to determine whether **organizations are genuinely interested in using the performance appraisal results** as "there is evidence to suggest that many appraisals are largely a waste of time" (Williams, 1970).

- A study to determine why appraisals done by subordinates tend to be highly detested by other employees, yet most employees prefer to be rated by their supervisors.

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APPENDICES

APPENDICES

Telegrams: "EDUCATION", Nairobi

Telephone: Nairobi 334411

When replying please quote

Ref. No. MOEST 13/001/32C 195/2
and date



JOGOO HOUSE "B"

HARAMBEE AVENUE

P.O. Box 30040

NAIROBI

16th September....., 20.02.

John Isaac Obiye
C/O KMTC
P.O. BOX 30195
NAIROBI

Dear Sir

RE: RESEARCH AUTHORISATION

On the basis of your application for authority to conduct research on 'A survey of preferred methods, Raters and uses of performance appraisals by employees in selected Tertiary Public Institutions in Nairobi, I am pleased to inform you that you have been authorised to conduct research in Nairobi for a period ending 31st December, 2002.

You are advised to report to the Provincial Commissioner, the Provincial Director of Education and the Heads of the Institutions you will visit before commencing your research project.

Upon completion of your research project, you are expected to deposit two copies of your research findings to this Office.

Yours faithfully


A. G. KAARIA

FOR: PERMANENT SECRETARY/EDUCATION

CC

The Provincial Commissioner
Nairobi

The Provincial Director of Education
Nairobi

Appendix II: Letter of Introduction



UNIVERSITY OF NAIROBI FACULTY OF COMMERCE MBA PROGRAMME - LOWER KABETE CAMPUS

Telephone: 732160 Ext. 208
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE: 21.8.02

TO WHOM IT MAY CONCERN

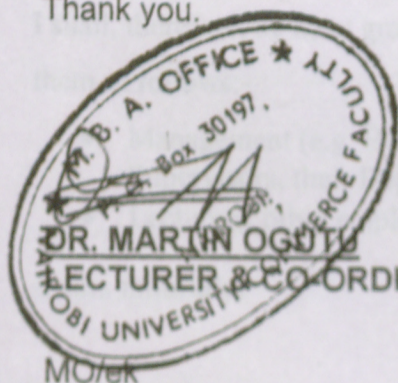
The bearer of this letter: OBITE JOHN ISAAC

Registration No: D.161/7205/2000

is a Master of Business & Administration student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

Thank you.



MO/ek

Appendix III: Letter of Introduction to Institutions

Obiye John Isaac
c/o University of Nairobi
P. O. Box 30197
NAIROBI

August 2002

The Director/Principal

.....
.....
.....

Dear

RE: QUESTIONNAIRE ON PERFORMANCE APPRAISAL

I am carrying out a Survey on the Preferred Methods, Raters and Uses of Performance Appraisals by Employees in Selected Tertiary Public Institutions in Nairobi.

I would like to request employees at your institution to spare sometime to fill in the attached questionnaire to enable me share their experiences.

I shall, therefore, be most grateful if you would help me to distribute the questionnaire to them as follows:-

- Management (e.g. Head of Institution, Head of Departments/Sections, Supervisors, their Deputies etc)..... at least 10 questionnaires.
- Lecturers, other employees..... at least 20 questionnaires.

Yours faithfully,

Obiye John Isaac

Appendix IV: Letter of Introduction to Respondents

University of Nairobi

P. O. Box 30197

NAIROBI

August 2002

To

The Respondent,

Institution.....

NAIROBI

Dear Sir/Madam,

I am a postgraduate student at the University of Nairobi, pursuing a Masters' degree in Business Administration. I am required to undertake a research project as part fulfillment of this programme. The title of my research is "A Survey of Preferred Methods, Raters and Uses of Performance Appraisals by Employees in selected Tertiary Public Institutions in Nairobi".

I have prepared a questionnaire to help in my data collection. I am therefore, kindly requesting you to complete it to the best of your knowledge. The information requested is purely for academic purposes and will be treated in strict confidence.

Thank you in advance for your cooperation.

OBIYE, J. I.

(Researcher)

Appendix V: The Questionnaire

Section A

1. Please indicate your gender (tick in the appropriate bracket)
☐ Male ☐ Female
2. Please tick against one of the following spaces to show your age bracket:-
☐ Below 30 years ☐ 30-40 years ☐ Above 40 years
3. Please tick against one of the spaces provided to indicate your highest academic qualifications achieved.
☐ 'O' Level
☐ 'A' Level
☐ Diploma
☐ University Degree
☐ Other (please specify).....
.....
4. Please show how long you have been working with your current employer by ticking one of the spaces provided below:-
☐ Less than 5 years ☐ 5-10 years ☐ Above 10 years
5. Please tick in the space provided below to indicate the position of responsibility you hold in your organization.
☐ Head (CEO) of Institution
☐ Head of Department
☐ None
☐ Other (please specify).....
.....

Section B

6 (a) Please tick as many as are relevant the method(s) that are used to appraise your work performance:

- () **Category Rating Methods** (e.g. Graphic Rating, Scales, Checklists, Single Global Evaluations, Forced Choice Methods): These requires a rater to mark an employee's level of performance on a specific form.
- () **Comparative Methods** (e.g. Ranking, Paired Comparison, forced Distribution): These requires that raters directly compare the performance of employees against one another.
- () **Narrative Methods** (e.g. Critical Incident, the Essay, Field Review): these involve raters providing written appraisal information on employees.
- () **Other Appraisal Methods** (e.g. Behaviourally Anchored Rating Scales, Behavioural Observation Scales, Management by Objectives).

(b) Please list in order of preference the method(s) you would prefer to be appraised by:-

.....

.....

.....

.....

7 (a) Please tick against the following to indicate who appraises your performance.

- | | |
|------------------|---------------------------------|
| () Supervisor | () Outside Experts |
| () Peers | () Panel of Supervisors |
| () Self | () Other (please specify)..... |
| () Subordinates | |

(b) Who would you prefer to do it? Please specify in order of preference in the space provided below

.....

8.(a) Please tick as many as are relevant to indicate what you would prefer your performance appraisal to be used for:-

- | | |
|--|--------------------------------------|
| ☐ Compensation | ☐ Training |
| ☐ Promotion | ☐ Counselling |
| ☐ Transfer | ☐ Planning |
| ☐ Discharge | |
| ☐ Other (please specify)..... | |

.....

.....

b) Please rank your preference in Question 8(a) above in the space provided below from the most to the least preferred use of performance appraisal,.....

.....

.....

9. (a) Is there anything else you would like to tell me about your performance appraisal?

- ☐ Yes ☐ No

(b) If yes, please use the space provided below to indicate it or any other comment or suggestion that is relevant to this subject that you may wish to include.....

.....

.....

.....

.....

THANK YOU FOR YOUR CO-OPERATION

Appendix VI : List of Selected Tertiary Public Institutions in Nairobi

1. C I D Training School
2. Defence Staff College, Karen
3. G.S.U. Training School, Embakasi
4. East African School of Aviation
5. Karen College
6. Administration Police Training College
7. Kenya College of Communications Technology
8. Kenya Institute of Mass Communication
9. Kenya Institute of Surveying and Mapping, Ruaraka
10. Kenya Medical Training College
11. Kenya Meteorological Institute
12. Kenya Polytechnic
13. Kenya Science Teachers College
14. Kenya Technical Teachers College
15. Highridge Teachers College
16. Kenya Utalii College
17. Kenya Water Institute
18. Kenyatta National Hospital
19. Mathare School of Nursing
20. Ministry of Works Staff Training
21. Co-operative College of Kenya
22. Nairobi Training School (for Income Tax Department)
23. National Industrial Vocational Training Centre
24. National Youth Service Engineering Institute
25. National Youth Service Secretarial College
26. Pumwani Maternity Hospital