THE INFLUENCE OF PERFORMANCE APPRAISAL ON EMPLOYEE PRODUCTIVITY IN ORGANIZATIONS: A CASE STUDY OF SELECTED WHO OFFICES IN EAST AFRICA

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ABSTRACT

Globally, governments and companies spend billions of Shillings yearly on employee performance evaluation. This study sought to establish the effects of performance appraisal on employee productivity focusing on a case study of World Health Organization. The main objective of this study was to establish the effects of performance appraisal on employee productivity in the World Health Organization focusing on Kenya Country Office, Garissa sub-office, Somalia and Sudan offices based in Kenya. Descriptive design was adopted in this study. Regression analysis was done to establish the effects of performance appraisal on employee productivity. From the findings, the study concluded that organizations should appraise their employees often through utilized targets, accomplishments, organization goals, time management and efficiency for performance measure purposes as it would lead to increased in employee’s productivity. The study concludes that organizations should establish and adopt performance appraisal systems to aid in providing opportunities to the management in identifying staff training needs, help employees meet performance targets, offer poor performers a chance to improve, help employees on time management through planning and setting of deadlines, enable managers to make informed decisions about promotions and assignments based on applicable facts, improve employee’s synergies. The study recommends that organizations should appraise the staff to enhance employees’ productivity.

Key Words: employee performance, performance appraisal, employee productivity, organization goals and performance measure
Introduction

Organizations are established to perform certain tasks and use different cadre of staff to achieve their objectives. To maintain standards and anticipated outputs organizations have to keep abreast with both new knowledge and technological advances. This fast growing challenge requires that organisations engage or update their staff so that they can cope with the rate of generation of new changes in these areas. Some of the coping mechanisms applied by organizations are recruitment of trainable staff, reproofing of present staff, in service training in certain disciplines and on the job training including exchange programmes.

A performance appraisal system is a good instrument that can be used to improve the quality of an organization’s work force performance of which it is considered as an important aspect in human resources management and as part of the control process in administration (Kavussi Shal, 1999). In order for an organisation to achieve its objectives, planning of the appraisal process is an important subject who should be undertaken to enable it achieves the objectives like work force development, including improvements, promotions and assignments in managerial positions, persuasion and punishment, salary increase, personnel's performance feed back and determining their educational needs.

Therefore, an appraisal can be considered as an important factor in identifying the people's talents and capacities and its results can make them aware of advancements, plans and goals. An organization, it self, needs to detect the employees efficiency to improve the manpower's status, for the purpose of increasing the volume of the production and services and making positive changes in its trend (Kavussi Shal, 1999).

Appraising performance is important because since it helps to ensure that the organization system will be easily understood by employees and effectively put into action by managers. Appraisal structures that are complex or impractical tend to result in confusion, frustration, and nonuse. Likewise, systems that are not specifically relevant to the job may result in wasted time and resources. Indeed, most successful appraisal programs identify and evaluate only the critical behaviors that contribute to job success. Systems that miss those behaviors are often invalid, inaccurate, and result in discrimination based on nonrelated factors.

Performance appraisal should be conducted periodically to evaluate an employee’s performance measured against the job’s stated or presumed requirements. It is important that members of the organization know exactly what is expected of them, and the yardsticks by which their performance and results will be measured. Laurie J. Mullins substantiated the necessity of an effective appraisal scheme by saying that it can identify an individual’s strengths and weaknesses and indicate how such strengths may best be utilized and weaknesses overcome.

The appraisal system should be formalized especially in supporting decisions on salary and wage increases, transfers, promotions and dismissals, as well as communicating information to
appraise through a review of their progress. Results of performance appraisal are used to discuss performance and progress of personnel in relation to goals. Performance strengths are recognized and weaknesses identified so that individual action plans can be developed to make the necessary corrections. The performance appraisal method applied should be valid. There must be a clear link between the performance standard for a particular job and an organization’s goals and this should be measured accurately by the method. Appraisers should be thoroughly trained in purpose and utilization of the performance appraisal system. (Wolf, C. 2005). The performance appraisal method applied must be sensitive in distinguishing effective performers from ineffective performers/ the performance appraisal method should be reliable in that different raters using the same method will rate the same employee similarly. The performance appraisal method should be easily understood by both raters and the employees. (Fletcher, C. (2004)).

Problem Statement

Performance appraisal system (PAS) is a critical component of the overall human resource management function in the civil service and indeed the World Health Organization There is an increasing use being made of the performance appraisal process ((Meyer, 2001), generally motivated by an organizational desire to affect employee behaviors and attitudes and, ultimately, organizational performance (Boyd, 2004). This occurs because of the establishment of goals at the beginning of the evaluation cycle, which provides employees with clear performance targets, the monitoring of performance during the evaluation cycle (which can be used to assist poor performers) and the reinforcement provided for good performance through the provision of rewards, usually in the form of higher pay.

The capacity to achieve these positive outcomes will be a function of the quality of the performance appraisal (PA) experience. PA is a complex process and there is scope for variation, particularly when the supervisor is required to make subjective judgments of employee performance; principles of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource management systems and processes including staff development, career progression, recruitment, placement, incentives and sanctions (Milkovich and Boudreau, 2004).

Much of the previous study had focus on employee motivation and staff appraisal in the government. Oluoch P. (2007) conducted A Survey of the Relationship between Performance Appraisal Practices, Motivation and Job Satisfaction of Commercial Banks in Nairobi; Fletcher, (2002) conducted a study on the effect of staff appraisal on employee performance in the Ministry Of Energy. There is no known study that has focused on effects of performance appraisal on employee’s productivity in the World Health Organization; This study therefore seeks to fill this knowledge gap by determining the influence of performance appraisal on employee productivity in the World Health Organization focusing on Kenya Country Office, Sudan, Somalia and Garissa.
Literature Review

The evolution of performance Appraisal can be traced back to the reign of second caliph of Islam, Hazrat Umar (634- 644 A.D /13-23 AH) who laid the foundations of many State institutions and enunciated several administrative laws that are being followed and adopted by many nations of the world till today as a role model of true administration. Hazrat Umar, before appointing an officer for any duty, would thoroughly investigate his potentials and capabilities for the assignment. Prime importance would be given to the honesty and integrity of the officer/official. But, when an officer of any status, was found to have demonstrated any kind of negligence or dereliction from his duty, or if his unsuitability for the job in question would come to light, no expediency could forestall / prevent his removal from the post assigned to him. Optimum organizational performance is dependent upon the performance of the individuals that make up the organization. When clear and reasonable performance appraisal metrics, standards and practices are used to develop goals and provide relevant feedback, it can be useful both for the individual being evaluated and for the organization. Poorly executed performance appraisals, however, can be detrimental to organizational performance. Successful performance appraisals are contingent upon employees and managers working together (Larson, 1989).

Weiss, (2001) indicated that to be productive, the performance appraisal process must contain general three steps: evaluation and job analysis, appraisal interview, and post-appraisal interview. During the first step, both the appraiser and the appraise should prepare for the interview by considering job performance, job responsibilities, and employee career goals, goals for improving performance, and problems and concerns about the job. Sometimes both the appraiser and the appraisee will fill out forms with questions addressing the previously mentioned topics. Next, managers and employees meet to discuss what they have prepared and to establish goals for the period before the next performance appraisal. It is important that the appraisal interview be an exchange, not a speech. Both parties must be able to share their perceptions of the appraisee's performance. The third step, the post-appraisal interview, gives managers the opportunity to discuss salaries and promotions with employees. By not addressing this issue during the appraisal interview, both managers and employees can focus on performance and goal setting, instead of money. The post-appraisal meeting also can serve as a time for reiterating employee goals. After appraising the performance of employees, an organization must evaluate the system itself to determine if it is helping to achieve designated organizational objectives (Ryan and Deci, 2000).

Performance appraisal can be defined as a periodic evaluation of the output of an individual measured against certain expectations (Yong, 1996). The process involves observing and evaluating staff members' performance in the workplace with relation to pre-set standards. Conventional approaches to performance appraisal treated it as a measurement exercise, while more contemporary approaches were more concerned with information processing within the performance appraisal decision-making process. In this context, Armstrong and Baron (1998)
stress the importance of looking at performance appraisal as a participative process (coaching and counseling), rather than a judgmental review. Performance appraisal is done for various purposes, such as for professional and career development, accountability check, to be linked with recognition and compensation, references to disciplinary procedure and most commonly, is as a mechanism to determine salary increment and promotion exercise (Abdul, 1999).

Performance appraisal continues to be a subject of interest and importance to human resource specialists. For decades, performance appraisal has received considerable attention in the literature, from both researchers and practitioners alike. Many authors (Thomas and Bretz, 1994) maintain that there is a considerable gap between theory and practice, and that human resource specialists are not making full use of the psychometric tools available. To support their claim, these authors cite surveys of practitioners concerning current performance appraisal methods and use.

Organizations that use the results of performance appraisal to identify areas of strength and opportunity can benefit as well. Performance appraisal can provide an indication of areas of training need as well as direction for leadership development, performance improvement and succession planning. The results of performance appraisal can be assessed to identify areas of strong performance across all employees, by department or by demographics. Standardized performance assessments allow companies to aggregate, calculate and analyze results to show where performance is strong. These areas of strength then can serve as benchmarks and opportunities for sharing of best practices for other areas of the organization (Roberts and Reed, 1996).

**Effects of Performance Appraisal on Employee Productivity**

Competent appraisal of individual performance in an organization or company serves to improve the overall effectiveness of the entity. Kane and Lawler, 2009, indicated that, the three main functional areas of performance appraisal systems are administrative, informative, and motivational. Appraisals affects the administrative in that it serves the role of facilitating an orderly means of determining salary increases and other rewards, and of delegating authority and responsibility to the most capable individuals. The informative function is fulfilled when the appraisal system supplies data to managers and appraises about individual strengths and weaknesses. Finally, the motivational role entails creating a learning experience that motivates workers to improve their performance. When effectively used, performance appraisals help employees and managers establish goals for the period before the next appraisal.

Appraises, appraisers (managers), and companies all reap benefits from effective performance appraisals. Appraises benefit in a number of ways; for example, they discover what is expected of them and are able to set goals. They also gain a better understanding of their faults and strengths and can adjust behavior accordingly. In addition, appraisals create a constructive forum for providing feedback to workers about individual behavior, and for allowing workers to
provide input to their managers. Finally, appraisers are (ideally) given assistance in creating plans to improve behavior, and are able to get a better grasp on the goals and priorities of the company.

Performance Appraisal Systems

Graphic rating scale (GRS)

A graphic rating scale (GRS) presents appraisers with a list of dimensions, which are aspects of performance that determine an employee's effectiveness. Examples of performance dimensions are cooperativeness, adaptability, maturity, and motivation. Each dimension is accompanied by a multi-point (3, 5, or 7) rating scale. The points along the scale are defined by numbers and/or descriptive words or phrases that indicate the level of performance. The midpoint of the scale is usually anchored by such words as “average,” “adequate,” “satisfactory,” or “meets standards.” (Kane and Lawler, 2009).

Many organizations use graphic rating scales because they are easy to use and cost little to develop. HR professionals can develop such forms quickly, and because the dimensions and anchors are written at a general level, a single form is applicable to all or most jobs within an organization. Graphic rating scales do present a number of problems, however. Such scales may not effectively direct behavior; that is, the rating scale does not clearly indicate what a person must do to achieve a given rating, thus employees are left in the dark as to what is expected of them. For instance, an employee given a rating of 2 on “attitude” may have a difficult time figuring out how to improve (Meyer, 2001).

Graphic rating scales also fail to provide a good mechanism for providing specific, non-threatening feedback. Negative feedback should focus on specific behaviors rather than on the vaguely defined dimensions the GRSs describe. For example, if told that they are not dependable, most employees would become angered and defensive; they would become less angry and defensive if such feedback were given in behavioral terms: “Six customers complained to me last week that you did not return their phone calls (Long, 2006).

Behaviorally Anchored rating scales (BARS)

Behaviorally Anchored Rating Scales (BARS) is a relatively new technique, which combines the graphic rating scale and critical incidents method. It consists of predetermined critical areas of job performance or sets of behavioral statements describing important job performance qualities as good or bad (for the qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). These statements are developed from critical incidents. In this method, an employee’s actual job behaviour is judged against the desired behaviour by recording and comparing the behaviour with BARS. Developing and practicing BARS requires expert knowledge.
The specific purpose of the Behaviorally Anchored Rating Scale is to use behavioral procedures
to design an instrument that can identify and measure the critical components that constitute
effective performance in an occupation. The instrument has been used to identify
performance competencies in such occupations as Nurses (Smith and Kendall, 1963), store
managers (Campbell, et. al., 2003), college professors and for identifying the professional and
career development activities needed by teachers (Latham and Kenneth, 1999). The instrument allows researchers to "capture performance in multidimensional, behaviour-specific terms" (Holbrook, 2002).

Management by Objective

Management by objectives (MBO) is a management system designed to achieve organizational
effectiveness by steering each employee's behavior toward the organization's mission. MBO is
often used in place of traditional performance appraisals. The MBO process includes goal
setting, planning, and evaluation. Goal setting starts at the top of the organization with the
establishment of the organization's mission statement and strategic goals. The goal-setting
process then cascades down through the organizational hierarchy to the level of the individual
employee. An individual's goals should represent outcomes that, if achieved, would most
contribute to the attainment of the organization's strategic goals. In most instances, individual
goals are mutually set by employees and their supervisors, at which time they also set specific
performance standards and determine how goal attainment will be measured (Lindsey, 2005).

As they plan, employees and supervisors work together to identify potential obstacles to reaching
goals and devise strategies to overcome these obstacles. The two parties periodically meet to
discuss the employee's progress to date and to identify any changes in goals necessitated by
organizational circumstances. In the evaluation phase, the employee's success at meeting goals is
evaluated against the agreed-on performance standards. The final evaluation, occurring annually
in most cases, serves as a measure of the employee's performance effectiveness (Hannabuss,

Research Methodology

For the purpose of this study, descriptive design was adopted. The study population was the 410
employees of the World Health Organization of Kenya and Sudan Country Offices and Garissa
sub-offices. Stratified sampling was used to select the sample of the study. Sample size of 105
was used in this study. The data was gathered through the use questionnaires to collect both
quantitative and qualitative information while the top management was interviewed. Secondary
data was collected from the WHO website and manuals. The data collected was analyzed using a
statistical package, the Statistical Package for Social Sciences (SPSS). The data was sorted and
coded into the SPSS and analyzed using descriptive statistics. After the analysis and computation
of data, the results were summarized and presented in tables and charts.
Research Results

The study found that performance appraisal system influence employee’s performance and that performance appraisal systems act as a motivation tool that enhances employee’s performance and ultimately organizational performance. From the findings, WHO must determine for each job titles the skills and behaviors that are necessary to achieve effective performance and that the organization identify dimensions, which are broad aspects of performance for example “quality of work” is a dimension required in many jobs to determine which dimensions are important to job performance, the organization should rely on an accurate and up-to-date job analysis. The study found that graphic rating scale (GRS), behaviorally anchored, management by objective and 360-degree feedback were various performance appraisal systems that when adopted would influence employees performance. The study found that there existed a positive relationship between appraisal systems and employee’s performance and that competently selection of appraisal systems would lead to effective appraisal of the employees for the purpose of enhancing employee productivity and ultimately organizational performance.

Summary of the findings

Appraising performance plays a vital role in the organization performance. From the findings, it was established that the appraisal of the supervised staff in the organization was done quite often that is semi annually, yearly, quarterly or even once in every 2 years. The study established that organization utilized targets, accomplishments, organization goals, time management and efficiency for performance measure purposes.

The study established that performance appraisal provides an opportunity to identify staff training needs therefore providing them the necessary training, helps employees meet performance targets in the organization, offers poor performers are chance to improve, helps employees on time management through planning and setting of deadlines, managers to make informed decisions about promotions and assignments based on applicable facts, improves employee’s synergies. The study further established that performance appraisal allows employee and administrator/supervisor to share Organizational goals during an appraisal, enables employee gains a greater sense of team belonging. The study established that graphic rating scale was used by the organization appraisal influencing the work performance largely.

From the findings, improving cooperativeness among the staff in the organization and the ability of change in employee behavior in the organization was important.

From the findings, 79% of the respondents recommended the use of GRS appraisal while 29% of the respondent did not recommend and therefore the study established that used of GRS performance appraisal system is easy and less expensive to develop therefore HR professionals could develop such forms quickly. The study further found that most of the respondents indicated that through Graphic Rating Scale, employees in WHO are able to attain performance
as expected and that Staff performance helps employees meet performance targets therefore affecting the employees’ productivity to a great extent as indicated by a mean of 4.47. However the study found that Graphic rating scales fail to provide a good mechanism for providing specific, non threatening feedback and those accurate ratings are not likely to be achieved because the points on the rating scale are not clearly defined.

From the findings, the study fund that through performance appraisal staff gets motivated and improves on their productivity, because of managing their time, management indentity accurate needs and expectations of staff and improves, employees are able to get feedback of their duties and seek way to improve on them. The study established that management by objective was an effective performance appraisal as majority 52% of the respondents medicated those employees achieve their goals after receiving feedback on performance appraisal to a great extent while most 48% (41) of the respondents indicated that the employees achieve their goals after receiving feedback on performance appraisal to a very great extent. This clearly indicated that employee’s performance appraisals systems are critical in enhancing employees performance. This concurred with Krattenmaker, (2009) who suggested that the MBO improves job performance by monitoring and directing behavior

From the findings behavioural performance appraisal was used in the organization and influences employee's relationship in the organization as it lead to increase in inter-personal relationships, fosters Integration and Team Work, reliable employees who may work without much supervision, enables the employees to adopt to changing environment and that through individual staff development plan, staff are able to plan for their career development hence affecting the employees productivity to a very great extent, employees enhance job knowledge improving their performance, ensures the effective use of resources, able to produce and deliver quality results to the clients and Create an empowering and motivating environment thus affecting the productivity of the employees in the organization

Performance appraisals help in identifying employees rewards, provides an opportunity to set individual development plan, contribute to individual work planning and achieving of targets, helps managers to make informed decisions about promotions and assignments based on applicable facts, helps set SMART work objectives at the beginning of the appraisal thus affecting the productivity of the employees in the World Health Organization.

It was established that organization uses 360-performance appraisal system of which it influences work performance in an organization to a very great extent as it was were very comprehensive, very costly and required high employee involvement and credibility. The study established that 68% of the respondents indicated that 360 performance appraisal influences work performance in an organization to a very great extent while 22% of the respondents indicated that Extent clearly indicating that 360 performance appraisal influence work
performance in an organization to a great extent when adopted as an employee’s appraisal systems.

From the findings it was established that performance appraisal feedback affected the productivity of employees in the firm in that it enables the Reviewing of employee’s performance improves cooperation with people outside their department, enables the staff to identify their skills and style and improve communications in the organization, enables the Supervisors/appraisers to take into account feedback provided by subordinates, enables the Supervisors/appraisers to assess feedback that comes from all around

The study found out that adoption of performance appraisal on employees has positive effects on employee’s productivity as indicated in the model:

\[ Y = 5.000 + 0.971X_1 + 0.817X_2 + 0.728X_3 + 0.571X_4 \]

The study further established that more emphasize should be put on using behaviorally anchored and Management by objective performance appraisals systems at World Health Organization as the appraisal systems were statistically significant with a P-Value of 0.004 and 0.002 at 95% confidence level.

**Conclusions**

From the findings, the study concluded that organizations should appraise their employees often through utilized targets, accomplishments, organization goals, time management and efficiency for performance measure purposes as it would lead to increased in employee’s productivity.

From the findings, the study concludes that organizations should establish and adopt performance appraisal systems to aid in providing opportunities to the management in identify staff training needs, help employees meet performance targets, offer poor performers are chance to improve, help employees on time management through planning and setting of deadlines, enable the managers to make informed decisions about promotions and assignments based on applicable facts, improve employee’s synergies.

From the findings the study concluded that firms should use the behavioural performance appraisal system as it was statistically significant in influencing employee's relationship through increased inter-personal relationships, fostered Integration and team work, reliability of the employees who may work without much supervision, adaptation of employees to changing environment and through individual staff development plan which would enable the staff to plan for their career development hence.

The study concluded that using performance appraisals systems in order to indentify employees rewards and provide an opportunity to set individual development plan, encourage the individual
work planning and achievement of targets and making management make informed decisions in on how to promote their employees. 

The study finally concludes that adoption of Management by objective as performance appraisals systems was statistically significant in apprising employee’s performance.

**Recommendations**

From the findings and conclusion, the study recommend that organizations should appraise their employees to enhance employees’ productivity. The management should therefore utilized targets, accomplishments, organization goals, time management and efficiency for performance measure purposes and the appraisal process as this would lead to increased in employee’s productivity.

From the findings, the study recommend that organizations should establish and adopt performance appraisal systems that would enable effectively appraisal of the employees and therefore providing opportunities to the management in identifying staff training needs, identify performance targets, improve employees performance and helping employees on time management through planning and setting of deadlines. From the findings the study recommends that firms should adopt behavioural performance appraisal system and management by objectives as the appraisal systems were found to be statistically significant in influencing employee’s relationship and improving employee’s productivity.

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