

# Eastern African Multidisciplinary Annual Research Conference (EAMARC3)

CONFERENCE

TITLE

EVALUATION OF PERFORMANCE  
APPRAISAL ON EMPLOYEE  
PERFORMANCE

CASE OF NATIONAL BANK OF KENYA

PRESENTER

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# **ABSTRACT**

- **Performance appraisal is one of the major bundles in Human Resource Management.**
- **Successful performance appraisal system is one that has resulted from hard work, careful thinking, planning and integrated with the strategy and needs of the organisation.**
- **Due to many challenges within the economy, more demand is put on employees to perform and make profits.**

# **ABSTRACT CONT.**

- **At National Bank Kenya Limited (NBK), performance appraisal as a tool is utilised.**
- **However the quality of performance appraisal and its effect on employee performance cannot be ascertained**
- **The purpose of the study was to analyse the various performance appraisals on employee performance case of NBK.**

# **ABSTRACT CONT.**

- **It was deduced that the 360-degree appraisal method and management by objectives (MBO) among others greatly influenced employee performance at National Bank.**
- **It was also noted that the appraisal forms should capture more data such as;**
  - **evaluation of the employees**
  - **communication and interpersonal skills**
  - **teamwork,**
  - **adaptability of the employee to work**
  - **dependability clause**
  - **space for short and long-term goals.**

# **BACKGROUND**

- **Performance Appraisal is used to measure the abilities and resources of employees and to let an employee know where he/she stands so that he/she will be stimulated to improve his performance.**
- **According to DeNisi and Pritchard (2006), performance appraisal is a discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year**
- **It clearly states performance dimensions and/or criteria that are used in the evaluation process**

# BACKGROUND CONT.

- One of the critical objectives of performance appraisal is to provide feedback to foster employee growth.
- Squires and [Adler \(2008\)](#) suggest that an appraisal system must not only evaluate what has been accomplished, but also guide future development, leverage existing strengths, and address skill deficiencies.
- A third important component of effective performance appraisal relates to the frequency and nature of supervisor feedback.
- To be most effective, a continuous performance-based feedback process should exist between superiors and subordinates and should include two-way communication and negotiation between the supervisor and employee.

# **BACKGROUND CONT.**

- **Kane (2005) suggests that, in providing feedback, supervisors should allow employees the opportunity to share their insights and evaluations concerning their own performance.**
- **Thus, effective performance feedback should involve, inform, and motivate employees and also create improved supervisor-employee communications.**
- **organisations are implementing or planning to implement, reward and/or recognition programmes believing that these will help bring about the desired cultural change**

# **NATIONAL BANK OF KENYA**

- **The bank aims to excel in the banking industry and like all organizations it is well aware that its success mainly depends on the performance of its employees to enable it to achieve its goals and objectives.**
- **Since every organization depends on employees, the most powerful control mechanisms are those that motivate them to direct their own behavior; (Burstein 1983).**
- **By aligning individual and team objectives with departmental goals, employees will have greater ownership of departmental goals.**
- **According to Seldon, Ingraham and Jacobson (2001), the management must manage employee performance in an attempt to direct organizational behavior toward task or goal accomplishment.**

# **STATEMENT OF THE PROBLEM**

- **Performance appraisal is one of the most problematic components of Human Resource Management (Allen & Mayfield, 2003).**
- **All involved parties (supervisors, employees, and HR administrators) typically are dissatisfied with their organization's performance appraisal system and view the appraisal process as either a futile bureaucratic exercise or, worse, a destructive influence on the employee-supervisor relationship (Momeyer, 2006).**

# **STATEMENT OF THE PROBLEM CONT.**

- **Caruth and Humphreys (2006) suggest that a successful performance appraisal system is one that has resulted from hard work, careful thinking, planning and integrated with the strategy and needs of the organisation.**
- **According to Coens and Jenkins (2002), inaccuracies in appraisal can de-motivate employees forcing them to leave organizations.**
- **it is of essence that performance appraisal is of quality so as to function as a tool of employee motivation.**

# **OBJECTIVES OF THE STUDY**

- **To determine the influence of '360-degrees' appraisal on the performance of employees at NBK Ltd**
- **To assess the effect of MBO appraisal on the performance of employees at NBK Ltd**

# **SIGNIFICANCE OF THE STUDY**

- **Productivity and employee performance can be increased through appraising the employees (Brown & Benson, 2003).**
- **Performance appraisals are known to have a dual capacity of motivating and de-motivating employees based on how they are designed and implemented.**
- **The study will help the financial sector to identify areas of intervention in performance appraisal to enhance employee performance in organisations, retain staff and improve service delivery.**

# LITERATURE

- **Appraisal is an effective instrument in HRM, which if performance is correctly and logically reviewed, organizations will receive personnel who will then achieve goals.**
- **The act of motivating employees is in the heart of organizations. Employee performance is one of the policies of managers to increase effectual job management amongst employees in organizations.**
- **Performance Appraisal process can also be a bitter process which can create emotional pressures, stress and sometimes can adversely affect the morale and lead to de-motivation, (Zachary, 2010).**

# LITERATURE CONT.

- **'360-Degree' Appraisal**
- As Brown and Heywood (2005) posited, '360 degree' feedback is the most comprehensive and costly type of appraisal.
- It includes self-ratings, peer review, and upward assessments where feedback is sought from everyone.
- It gives people a chance to know how they are seen by others; to see their skills and style; and may improve communications between people.
- 360 degree feedback helps by bringing out every aspect of an employee's life.

# LITERATURE CONT.

- **360 degree feedback has high employee involvement and credibility, has strongest impact on behaviour and performance; and may greatly increase communication and shared goals.**
- **It provides people with a good all-around perspective.**
- **It gets feedback from peers, managers, subordinates, and the ratees themselves.**
- **According to Marsden, (2007), the results are better working relations; better communications; more information on management performance and style; increased effectiveness and productivity of individuals and the organization as a whole; knowledge of training needs; a better grasp of organizational priorities; and greater employee input in designing self-development plans.**

# LITERATURE CONT.

- **Management By Objectives (MBO)**
- **Staff appraisal can be a contentious issue in organizations. This may be particularly so in professional and public sector organizations where the presentation of appraisal by management, as being about development and growth, can be thought by staff to be a cover for less noble intentions (Rees and Porter, 2001).**
- **They further state that the spirit of achievement, is based on the integration of organization and employee goals-- that is, congruence between the organization's objectives and the individual interests and talents. Such congruence engenders a closer identification of the employee with the system.**

# LITERATURE CONT.

- **MBO is a systematic and organized approach that allows management to focus on achievable goals and to attain the best possible results from available resources (Armstrong and Baron, 2010).**
- **It aims to increase organizational performance by aligning goals and subordinate objectives throughout the organization.**
- **Ideally, employees get strong input to identify their objectives, time lines for completion**
- **MBO includes ongoing tracking and feedback in the process to reach objectives.**

# LITERATURE CONT.

- **The guiding principle of the MBO approach is that direct results can be observed, whereas the traits and attributes of employees (which may or may not contribute to performance) must be guessed at or inferred (Storey, 2007).**
- **The MBO method recognizes the fact that it is difficult to neatly dissect all the complex and varied elements that go to make up employee performance.**
- **MBO advocates claim that the performance of employees cannot be broken up into so many constituent parts - as one might take apart an engine to study it. But put all the parts together and the performance may be directly observed and measured.**

# RESEARCH METHODOLOGY

- According to Malhotra (2007), research design is an overall framework of a research that explains the direction and method to be used in the study to gather the information needed, either from primary or secondary sources.
- This research adopted a descriptive research design. It is used in cases where a researcher expects to have target group explain or describe certain issues about important variables of the study.
- According to Mugenda and Mugenda (2003) it is important and appropriate to use data where subjects are observed in either natural set ups without manipulating the environment.
- It can be used when collecting information about people's attitudes and opinions.

# RESEARCH METHODOLOGY CONT.

## Sampling Frame

Category	Target Population,	Sample Size	Percentage %
Top management	7	2	7
Middle level management	22	8	27
Lower level management	71	20	66
<b>Total</b>	<b>100</b>	<b>30</b>	<b>100</b>

**Source: national Bank of Kenya Ltd sources 2015**

# RESPONSE RATE

## Response Rate

Category	Sample	Response Rate	%
Top management	2	2	7.14
Middle level management	8	7	25
Lower level management	20	19	67.86
<b>Total</b>	<b>30</b>	<b>28</b>	<b>100</b>

Source: Author 2016

## Regression Analysis

A multivariate regression model was applied to determine the form of relationship between Performance Appraisal and employee performance at NBK.

**Table 1.8 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.792 (a)	0.627	0.554	0.289

a Predictors: (Constant), 360 -Degrees, MBO

# REGRESSION ANALYSIS

- **The Adjusted  $R^2$  is the coefficient of determination and tells how the dependent variable varies with the independent variables.**
- **The model summary results show an adjusted  $R^2$  value of 0.554. This implies that there was a variation of 55.4% between the employee performance at NBK and the predictors.**
- **This means that the predictors: 360-Degrees, MBO, explain 55.4% of the employee performance at NBK.**

# CONCLUSION AND RECOMMENDATIONS

- **Conclusion**
- From the findings, the study concludes that performance appraisal is very important in influencing successful job performance.
- 360-degree appraisal method affect the performance of employees at National Bank limited by enabling people see their skills and style of work ethics and conformity.
- The study noted that MBO enhance employee performance at National Bank limited and that a climate of achievement is generated by mutual trust and goal setting between the employee and his immediate manager at the bank and
- employees are judged according to real outcomes and not on their potential for success or on someone's subjective opinion of their abilities.

# CONCLUSION AND RECOMMENDATIONS CONT.

- **Recommendations**
- The study recommend that the human resource management at the bank should ensure that the 360-degree appraisal method help bring out every aspect of an employee's life and gives workers a chance to know how they are seen by others.
- The management should put in place strategies that enhance cooperation among the employees.
- This could take the form of holding frequent interdepartmental meetings and allowing employees to air their views frequently.

# **CONCLUSION AND RECOMMENDATIONS CONT.**

- **The study recommends that MBO should be adopted by organizations in employee appraisal programs because when the employee and organization integrate their goals results to a positive productivity and efficiency in the organization.**

# **SUGGESTIONS FOR FURTHER RESEARCH**

- **Research can never be said to be mastered.**
- **A similar study could be done on the same after a period of five years to compare the results.**
- **Other related studies could also be done in other institutions to allow for comparison since each organization has a different strategic appraisal approach.**
- **Further study should also be done on the factors that influence performance appraisal effectiveness.**

**END**

**THANK YOU**