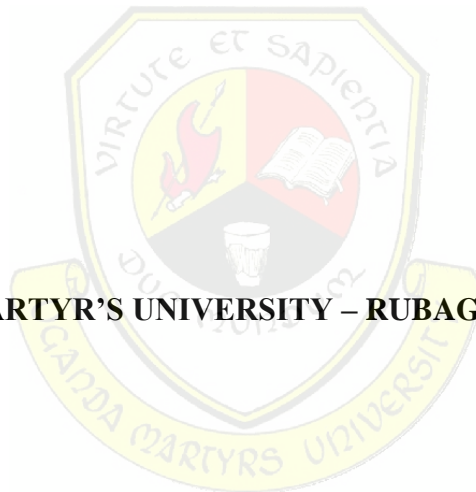


**IMPACT OF PERFORMANCE APPRAISAL ON EMPLOYEE'S PERFORMANCE  
IN INTERNATIONAL NON-GOVERNMENT ORGANIZATIONS  
CASE STUDY: HEIFER INTERNATIONAL UGANDA**

**BY**

**BAZIRA DAN  
REG NO: 2013-M102-20004**

**UGANDA MARTYR'S UNIVERSITY – RUBAGA PART TIME**



**SEPTEMBER, 2016**

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**A POSTGRADUATE DISSERTATION  
SUBMITTED TO  
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FOR THE AWARD OF THE DEGREE  
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**BAZIRA DAN  
REG NO: 2013-M102-20004**

**SEPTEMBER, 2016**

## **Dedication**

This research dissertation is dedicated to my dear wife Gertrude Bazira and our children for their love, support and patience needed for self-development and reflective thinking, without whose inspiration I would not be what I am today and achieved all that I have achieved. I ask God to bless you abundantly and always remain part of source for my joy and inspiration.

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## **List of Abbreviations**

CBOs	:	Community Based Organizations
HI	:	Heifer International
HIU	:	Heifer International Uganda
IT	:	Information Technology
M&E	:	Monitoring and Evaluation
NGO	:	Non-Government Organization
PA	:	Performance Appraisal
PAS	:	Performance Appraisal System

## **Abstract**

This study sought to establish the effect of staff appraisal on performance of employees in International Non-Government Organizations. To achieve the objectives of the study which included: to establish the influence of employee appraisal on teamwork, to establish the influence of employee appraisal on the achievement of performance targets, to determine the influence of performance appraisal on employee personal development and training, and to determine the relationship of performance appraisal on employee time management within Heifer International Uganda, a case study research design was adopted. The employees of Heifer International Uganda formed the target study population. The population of this study was 63 employees from Heifer International Uganda based across the country offices with a population sample size of 51 employees were selected using stratified random sampling where the employees were grouped into two strata based on their categories either as appraisers or appraisees. Both primary and secondary data were utilized for the purposes of this study. Primary data was collected through questionnaires which were administered using drop and pick later method. Secondary data was gathered through a review of published literature on the subject of study. Data analysis was done through SPSS 20.0 and presented in frequency tables and figures with descriptions. The study findings indicate that staff appraisal has a strong impact on the achievement of performance targets within Heifer International Uganda country office. The study found that the effect of staff appraisal on personal development within Heifer International Uganda country office was hardly felt; staff appraisal has a great impact on time management of the appraised employees in the Organization. Henceforth, the study proposes to Heifer International administrators' to critically reconsider several aspects of the existing staff appraisal process so as to reflect the unique elements of jobs performed by employees. The study also suggests that the appraisal system within Heifer International Uganda needs to incorporate aspects which will foster and promote teamwork. There is need to tie the staff appraisal process with rewards system. There is also need to hold consultation between appraisers and appraisees to allow clarification.

# **CHAPTER ONE**

## **GENERAL INTRODUCTION**

### **1.0 Introduction**

This study investigated the impact of performance appraisal on employee's performance in international non-government organizations, taking a case study of Heifer International Uganda (HIU).

In today's competitive business world, it is understood that organizations can only compete with their rivals by innovating. Organizations can only innovate by managing their human resources well. The human resource system can become more effective by having a valid and accurate appraisal system used for rating performances of the employees. Unfortunately, organizations using performance appraisal system effectively are limited (Yalcin, 2002). There have not been any previous studies undertaken on effect of staff performance appraisal and employee work performance in Heifer International. This study therefore investigated effect of performance appraisal on employee performance. The rationale for the study was based on need for urgency to improve performance with an effective performance appraisal for the employees.

Performance Appraisal (PA) which is a subset of performance management is key in human resource management function which is viewed as a subset of performance management. Rao (2005) opines that "performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. Competition for scarce quality, innovative human resources among organizations in Uganda is becoming stiffer. This therefore means that organizations can grow to the extent that people who work in such organization are supported to perform better and grow. However,

Banjoko (1982) asserts that there is probably no program in the arsenal of personnel management that is difficult to effectively implement and yet so fundamental to individual and organizational growth than performance appraisal. In business world whether in not-for-profit, public or profit making, effective results are crucial to survival since improved performance is a basic criterion for individual and organization growth.

Performance is defined as the accomplishment, execution, carrying out, working out of anything ordered or undertaken. This refers to outputs, outcomes (accomplishments), but also states that performance is about doing work as well as being about the results achieved (Armstrong, 2010).

Kane (1996) as cited in Armstrong (2010) argued that performance is something that the person leaves behind and that exists apart from the purpose. Employee performance is regarded as behaviour –the way in which teams and individuals get work done (Armstrong, 2010).

International Non-Government Organisations (INGOs) play a key role in the socio-economic development of the country and greatly supplement government efforts. Yet with the current trends, they are constantly experiencing challenges in the way in terms of their performance and management of their human resource.

This section covered background of the study, statement of the problem, objectives of the study, research questions, scope of study, significance of the study, justification of the study and definition of key terms.

## **1.1 Background of the Study**

Performance appraisal systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified. The process was firmly linked to material outcomes. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if their performance was better than the supervisor expected, a pay rise was in order. Little consideration, if any, was given to the developmental possibilities of appraisal (Wren, 1994).

It was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well. Sometimes this basic system succeeded in getting the results that were intended but more often than not, it failed. For example, early motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance (Yalcin, 2002).

In most organizations, appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions (Lawrie, 2001). Appraisal systems are also used to direct desired behaviour among employees. By the same token, appraisal results are used to identify the poorer performers who may require some form of counselling, or in extreme cases, demotion, dismissal or decreases in pay. Organizations need to be aware of labor laws in their country that might restrict their capacity to dismiss employees or decrease pay. Whether this is an appropriate use of

performance appraisal, the assignment and justification of rewards and penalties is a very uncertain and contentious matter (Wells, 2002).

Few issues in management stir up more controversy than performance appraisal. There are many reputable sources, researchers, management commentators, who have expressed doubts about the validity and reliability of the performance appraisal process. Some have even suggested that the process is so inherently flawed that it may be impossible to perfect it (Smith, 2005). Weiss, (2001) summed up staff appraisal as a dysfunctional hoax, a performance negative, an obstacle to straight-talk relationships and a prime cause of low morale. At the other extreme, there are many strong advocates of performance appraisal. Some view it as potentially "the most crucial aspect of organizational life" (Thomas and Bretz, 1994; Roberts and Reed, 1996 and Yager, 2000). Between these two extremes lie various schools of belief. While all endorse the use of performance appraisal, there are many different opinions on how and when to apply it (Clarkson, 2001).

There are those, for instance, who believe that performance appraisal has many important employee development uses, but scorn any attempt to link the process to reward outcomes such as pay rises and promotions. This group believes that the linkage to reward outcomes reduces or eliminates the developmental value of appraisals. Rather than an opportunity for constructive review and encouragement, the reward-linked process is perceived as judgmental, punitive and harrowing (Meyer, 1991; Nathan, et al., 1991 and Armstrong, 2010).

It is in view of these interesting arguments that this study sought to understand more about this field which has largely been criticized but yet, as evidenced in almost all organizations, at a particular time of the year, this age-honoured ritual of sitting down with a supervisor and going

through an employee performance takes centre stage in most organizations (Weiss, 2001). The performance appraisal system has been the focus of much research and practitioner attention. In spite of this attention, methods used in performance appraisal are generally ineffective in increasing the quality of performance appraisal process.

It goes without saying that an effective performance appraisal system can lead an organization to take strides towards success and growth by leaps and bounds (Long, 2006). Conversely, an ineffective performance appraisal system can seal the fate of an organization by creating chaos and confusion from top to bottom in the administrative hierarchy. This emphasizes the fact that views staff performance appraisal as the most crucial aspect of the organization's life (Keeping and Levy, 2000).

### **1.1.2 Background to the Case Study**

Heifer International Uganda is a non-government, international organization with its headquarters in the USA. The organization started its operations in Uganda in 1982 in response to a request by Church of Uganda to rehabilitate the country after the civil wars that had left the economy in ruins. Heifer International Uganda is dedicated to ending world hunger, poverty and saving the earth. The main goal of Heifer International Uganda is to alleviate human suffering by improving food security, increasing household incomes of the resource constrained families through sharing knowledge and livestock. Heifer International Uganda employs a holistic community development approach to poverty reduction, hunger elimination and environmental protection and works in almost all the districts in Uganda.

To date, Heifer International has assisted and works with 77 projects in 68 districts of Uganda with over 3.6 million families directly receiving support and over 5.8 million families reached



using a diversity of livestock and related training. Of recent, Heifer International Uganda has put into place various strategic objectives. These objectives include: closing income gaps; enabling achieving liveable incomes, etc. (Heifer International Strategic Plan 2012-2022). To achieve optimal utilization of human resources Heifer International Uganda, has put in place various human resource management strategies amongst which includes strengthening performance appraisal systems.

Performance appraisal system (PAS) is a critical component of the overall human resource management function in the NGO sector and indeed Heifer International Uganda. It is predicated upon the 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, 2013).

Heifer International Uganda is not exceptional in the area of staff appraisal. The employees in the organization are appraised every year in an attempt to improve and sustain performance. Staff are appraised in the months of May - June every year where they are expected to fill as already designed employee performance form which among other things has a section on personal particulars of an employee, a section on departmental objectives which is supposed to be completed by an employee as agreed with the supervisor. The form also has a section on performance targets where pre-agreed targets are recorded and the appraisee is assessed against the targets at the end of the appraisal period. The appraisal form has also a section on staff training and development plan where training needs are recorded.

Employee value and competency is also appraised where issues of integrity, respect and patriotism are assessed. Alongside, core competencies which include professionalism, technical

competency, and communication, teamwork as well as time management among others is also assessed. During the appraisal period employees are also appraised on their managerial and supervisory competencies for staff whose duties include managerial and supervisory responsibilities (Heifer International HR/Administration Manual, Revised 2014).

The appraisal process in Heifer International Uganda has other records (quarterly coaching logs) that referenced too during the annual appraisal where quarterly staff appraisal is recorded to capture employee achievements, milestones and any other constraints experienced over the reporting period. The appraisal is done face to face between the employees and their immediate supervisors and it is so critical that before an employee is promoted to the next level or even considered for salary increment, there must be a record of four consecutive appraisal quarterly coaching logs over the reporting year, showing how serious the appraisal system is taken in this organization.

## **1.2 Statement of the Problem**

Globally, billions of shillings are spent yearly by organizations on employee performance evaluation, yet employers often find it difficult to measure whether the evaluation has any real effect on employee performance (Kane, 2009). Due to the vast allocation of resources in terms of time, human and financial to performance evaluation, it is important to fully understand its impact on the overall performance of an individual or group of individuals in an organization (Smith, 2005).

Like any other international Non-Government Organizations, Heifer International Uganda carries out annual performance appraisal for its staff by use of an appraisal form (Heifer International Finance & Administration manual, 2014). This appraisal form has unstructured performance

parameters through which staff and their supervisors use to gauge performance and recommend actions which may be in terms of rewards or sanctions aimed to improve the performance of the appraisee. Heifer International spends a lot of resources in terms of financials, time, paperwork, filling space and associated workload to appraise close to two hundred workers in the organization globally and sixty-three particularly for Uganda every year in a move aimed at checking, improving or maintaining performance.

The appraisal reports are taken so seriously that for an employee to be promoted to the next level or even be considered for salary pay rise, there must be appraisal reports covering the past year. However, Heifer International Uganda does not seem to gain so much from the appraisal process (Heifer International Global Performance Management report, 2015). The overall performance of Heifer International Uganda country office fairly went down and this is further supported by a performance report on international non-government organizations survey (2014) which rated Heifer International globally at position ten as compared to the third position in the year 2014. Therefore, this study sought to establish whether the yearly staff performance appraisal has any effect on employee performance in Heifer International Uganda

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective of the Study**

The overall objective of this study was to determine the impact of staff appraisal on employee's performance in Heifer International Uganda

#### **1.3.2 Specific Objectives of the Study**

Based on the general objective of the study the following specific objectives were developed.

- I. To establish the influence of performance appraisal on teamwork within Heifer International Uganda.

- II. To establish the influence of performance appraisal on the achievement of performance targets within Heifer International Uganda.
- III. To determine the influence of performance appraisal on employee personal development and training within Heifer International Uganda.
- IV. To determine the relationship of time management on performance appraisal and employee performance within Heifer International Uganda.

## **1.4 Research Questions**

The study aimed at answering the following research questions: -

- I. To what extent does employee appraisal influence teamwork within Heifer International Uganda?
- II. To what extent does employee appraisal influence performance target within Heifer International Uganda?
- III. To what extent does employee appraisal influence competency and training within Heifer International Uganda?
- IV. What relationship does time management have on performance appraisal and performance within Heifer International Uganda?

## **1.5 Scope of Study**

### **1.5.1 Geographical Scope of Study**

The study was conducted in Heifer International Uganda situated on Plot 6 Clement Hill Road, Nakasero, along with the satellite offices located in Jinja, Mbarara and Amuria. The study investigated the effect of staff appraisal on employee performance in Heifer International Uganda. This geographical area was proposed because of its proximity and ease of access to the

researcher and henceforth, this study was limited to employee appraisal and performance appraisal activities.

### **1.5.2 Content Scope**

The research study was to determine the effect of staff appraisal on employee performance in Heifer International Uganda. The study scope was therefore limited to the study area and any attempts to apply the results in other areas should be approached with caution. The researcher critically looked at one independent variable of performance appraisal while the dependent variables were teamwork, performance targets, personal development and training. In addition, time management was considered as moderating variable during the research study.

### **1.5.3 Time Scope**

The field study was carried out during the period of Jan 2015 to September 2015 because this is time when performance appraisals were effectively conducted and reviews done. During this same period, key research activities involved writing and finalizing of the proposal; data collection; data analysis; dissertation compilation, presentations and final submission.

## **1.6 Significance of the Study**

The study findings will be of importance to various stakeholders: -

- I. This study will be important to the human resource managers in establishing what impact employee appraisal has on various attributes of employees. The findings and recommendations provided will help the management make better decisions as regards the issue of performance management in the organization.

- II. The study will also be invaluable to the other managers in various international NGOs in Uganda that carry out annual staff appraisal activities. The findings will help them have a grasp on what impact staff appraisal has on employees and their subsequent performance.
- III. The study will be beneficial to future researchers and other scholars. This is because the study will recommend areas that need further research.
- IV. The Study will be important to government ministries which practice staff appraisals every year. The findings and recommendations given in this study will aid them in ensuring better appraisals are held with the aim of improving performance.

### **1.7 Justification of the Study**

Performance Appraisal play a vital role in the human resource practices in many organizations. Increasingly, organizations are relying on their human assets - the knowledge, competence and capabilities of the workforce - as a source of competitive advantage and this therefore means that assessment of employees' performance is one of the most common practices in almost every organization, and so performance appraisal is an essential procedure for the better performance of employees and the organization itself.

Namuddu (2005) "carried out a study on appraisal systems and employee performance amongst employees of a profit making organization. The focus for this study aimed at establishing the relationship between employee-based evaluations on performance and the institution evaluation criteria on employee performance". It should be noted that it's one thing having an appraisal system in place and another thing to understand how this system affects employee performance.

These past studies have not shown effect of performance appraisal towards employee work performance. This study on the effect of performance appraisal will therefore provide an analysis of the psychological approach that are vital in understanding and redesigning of the appraisal

system and its challenges, and help managers in organizations such as Heifer International Uganda to alleviate emerging issues on appraisal subjectivity and biasness among others.

## **1.8 Definition of Key Terms**

**Appraise (Supervisee):** Individual being evaluated on job performance.

**Appraiser (Supervisor):** Individual responsible for evaluating an individual's job performance.

### **Employee Appraisal**

This is a periodical face-to-face discussion in which one employee's work is discussed, reviewed, and appraised by a supervisor, using an agreed and understood framework.

### **Employee Performance**

This refers to the quality, accuracy, speed and degree of completion of a task assigned to employees and which is measured against pre-set standards.

### **Performance Appraisal**

This is a personnel evaluation method seeking the measurement of employee work effectiveness using objective criteria. Performance appraisal systems hope to achieve higher productivity outcomes by delineating how employees meet job specifications.

## **1.9 Conceptual Framework**

The following **figure 1** shows the conceptual framework for the study. The framework shows the relationship between the variables of the study. The independent variable for the study was staff performance appraisal while the dependent variable was employee performance, focusing on the following dimensions: teamwork, performance targets, personal development and training. In addition, time management was considered as intervening variable during the research study.

The conceptual framework shows the possible effects of staff performance appraisal on the build-up of team work at the work place, its effect on the employees' ability to accomplish their work targets within the stipulated time and whether it has any contribution to the development of the individual worker in terms of training. The conceptual framework also depicts the relationship between performance appraisal and time management in the work place as moderating variable.

Performance appraisals are considered as one of the key contributing factors to the success of both an employee and organization. PA involves performance assessment of an individual in relation to the objectives, activities, outputs and targets of the job over a specific period of time. Performance appraisal often include formal review and feedback sessions, and may include procedures for establishing work objectives, conducting self-appraisals, and setting performance goals. The processes inherent in this system and the performance appraisal outcomes themselves can have an important influence on employees' work performance. Well-designed and well-executed performance appraisals have a strong motivational impact. Appraisals have the power to motivate employees because they provide a number of interconnected benefits, for instance, a pay increase morale of workers may also lead to an increase in productivity as they feel a sense of loyalty to the organization this gives an organizational competitive edge over their competitors.

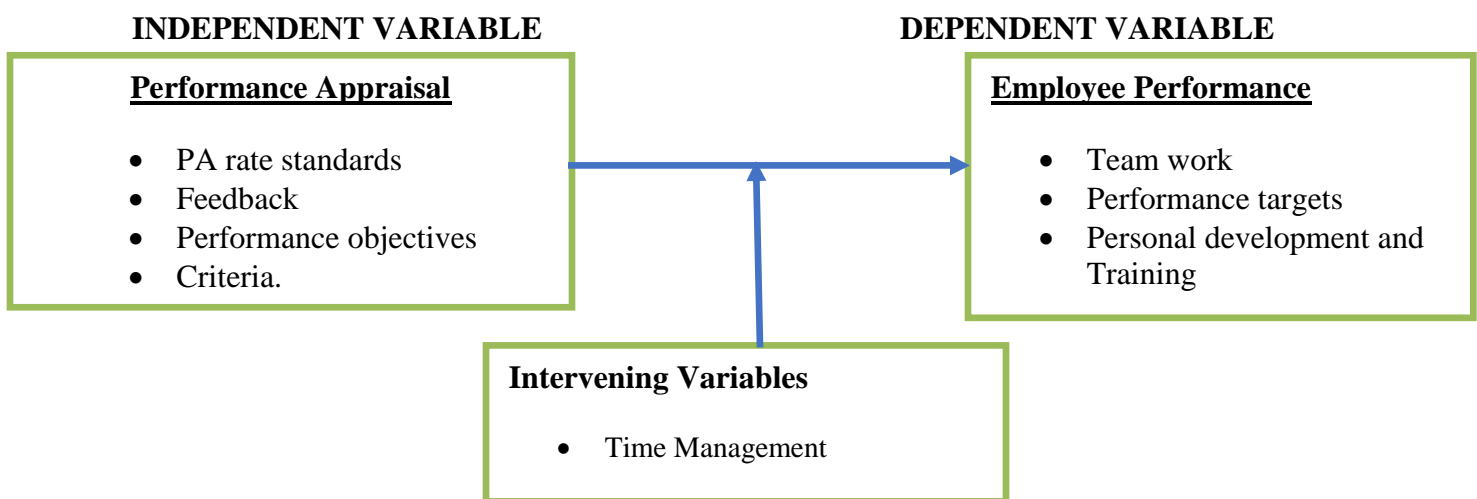
Different job should have different performance measurement criteria. Care must be taken not to use one system of criteria for measuring performance of different professions and skill like in the civil service where performance appraisal assessment form is used as a standard criterion to measure all jobs in the service whether applicable or not, assessment just have to be made.



A successful performance appraisal system is the ownership and leadership of senior management. When management owns the system instead of HR and when senior leaders support it, performance appraisal system is much more effective. What gets measured for effectiveness gets done effectively. Training should be undertaken by those who do appraisals as well as those who are appraised. Appraisal discussion seems uncomfortable for individuals to participate in and to conduct, and in the absence of training, they lack an understanding of what is supposed to happen and how the overall systems work.

An interaction of all the above variables is what was based on as the conceptual framework for the research study undertaken.

**Figure 1: Conceptual Framework**



**Source:** Adapted from Piggot-Irvine (2003) and modified by researcher (2015).

Conclusively, the parameters, the characteristics and the standard for evaluation may be different, but the fundamentals of performance appraisal are the same. Performance appraisal is therefore a part of the process of guiding and managing career development in both private and public sectors. It involves the task of obtaining, analysing and recording information about the relative worth of an employee to the organization. Performance appraisal is important for employees at all levels throughout the organization most especially if is more effectively used as the tools of managing employee work performance.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presents review of existing literature related to the study and this literature provide a brief discussion on historical foundations of the study area, theoretical framework of performance appraisal and where it's today.

It then reviews literatures that highlights the benefits of Performance Appraisal systems and how they can develop an organization's workforce into a high performing labor force. As this study focused on employees' perceptions, the literature reviews also looked at how effective Performance Appraisal can be of value to them, and also how ineffective Performance Appraisals occur.

#### **2.1 Concept of Performance Appraisal**

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 counselling), 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 (Bernardin and Klatt, 1985; Hall, Posner, and Hardner, 1989; Maroney and Buckley, 1992; 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.

Nearly two decades ago, Taylor and Zawacki (1976) published the first of two articles that documented trends in performance appraisal usage among United States organizations. When comparing the results of two surveys taken five years apart, the authors noted a remarkable shift away from what they called collaborative approaches (Management by Objectives and Behaviourally Anchored Rating Scale) and toward the more traditional performance appraisal techniques (graphic rating scales). Taylor and Zawacki (1984) hypothesized that managers, responding to the legal constraints prevalent in the 1980s, preferred techniques that were defensible in court. Accordingly, managers tended to be more satisfied with the objective traditional approaches, whereas their subordinates seemed to prefer the developmental collaborative methods.

Through the 1980s, researchers continued to document performance appraisal practice. Bernardin and Klatt (1985) noted that small firms tended to rely heavily on trait-based approaches, while larger firms relied on a combination of trait, behavioural, and results based techniques. They noted that one in five organizations did not give employees the opportunity to review the performance appraisal results. In another study, Locher and Teel (1988) identified

graphic rating scales (57.1 %), the open-ended essay (21.3%), and Management-by-Objectives (18.1%) as the most popular performance appraisal techniques. Unlike Taylor and Zawacki (1984) before them, Locher and Teel identified a trend toward the use of MBO as a popular technique.

## **2.2 History of Performance Appraisal**

‘Performance Appraisal became a widely used management tool in businesses around the 1980’s. Its modern uses had previously been restricted to Army Officers and Senior Management’ (Taylor, 2005). However, appraisal has been present throughout history and has advanced significantly over time.

Some of the earliest evidence of Performance Appraisal was seen in the 3<sup>rd</sup> century when a Chinese philosopher Sin Yu criticized a biased rater of the Wei Dynasty on the grounds that the Imperial Rater of Nine Grades rarely rates men by their merits but always rates them according to his likes and dislikes (Patten, 1977). Appraisal was seen further on, in 1648 when it was stated that the Dublin Evening Post evaluated legislators using a rating scale based on personal qualities (Hackett, cited in Wiese and Buckley, 1998). Appraisal then became a more formal process, firstly in the 1800’s when a General in the US Army submitted an assessment of his soldiers to the War Department. The Army General used a global rating, which defined his men as for example ‘a good-natured man’ or ‘a knave despised by all’ (Bellows and Estep, 1954).

The first recorded appraisal system in industry was by Robert Owen in New Lanark Mills, Scotland around 1800. He used character books and blocks to rate staff. The character book recorded each worker’s daily report. The blocks were colored differently on every side to represent an assessment of the worker rating them from strong to weak. These blocks were then

displayed in the employee's workplace. Owen was happy with the how the blocks improved the workers behaviour (Cardyand Dobbins, 1994).

Following the success of the appraisal system used in the Armed Forces, senior management of large US corporations wanted to test this technique within their organizations and so hired many of these people who were associated with the practice used in the Army. The tools for rating evolved over time from Global Rating towards Man-to-Man Rating and then to Trait based Rating. These appraisal tools tended to exclude top management and also used the same forms for all workers regardless of skills and duties. They tended to focus on past actions instead of future goals and were always conducted by the supervisor with little input from the employee (Wiese and Buckley, 1998). Because of this a change was brought about in the tools used and consequently the critical incident and forced choice methods were introduced. These methods were more advanced and substantive than previous approaches, but their intricacy meant that they are not readily used in today's world (Flanagan, 1954).

The popularity of performance appraisal in an industry setting was growing and by the early 1950s, 61% of organizations carried out performance appraisals frequently, compared to only 15 per cent immediately after the Second World War (Spriegel, 1962). Smith and Kendall (1963) created the Behaviorally Anchored Rating Scales (BARS) hypothesized to be superior to alternative evaluation methods in several. This replaced numerical or adjective ratings used in the graphic or trait rating scales, with behavioural examples of actual work behaviors. BARS meant supervisors could rate employees on observable behavioural elements, rather than on a scale. The major advantage of such measures is that the evaluator has to make fewer inferences about the employee. The evaluator is cast more in the role of observer and less in the role of

judge (Schwab, Heneman, and DeCotiis, 1975). ‘Numerous spin-offs to BARS have been developed since. The contribution of these developments has been an emphasis on the behavioural bases of performance ratings’ (Wiese and Buckley, 1998).

One of the most influential events in the evolution of performance appraisal was the legal requirements that changed how appraisals could be carried out. The enactment of the 1964 Civil Rights Act in the United States, which prohibited administrative action on the basis of colour, religious beliefs, sex, etc., led to a legal use for Performance Appraisal. This legal constraint was the final blow to subjective, trait-based approaches (Banner and Cooke, 1984). This meant that the use of personality traits in Performance Appraisal and the links between appraisal and human resource consequences had become strictly regulated. This change has played an enormous part in the shift towards performance appraisals as they are now, where there are numerous ethical concerns to take into consideration.

### **2.3 Theoretical Review**

The early approaches and theories to performance appraisal suggested that organizations could not be effective to improve work performance if they were constantly not effectively and efficiently not using appraisal systems (Clarkson, 2001). Human Capital of the organization is one of the most valuable assets of the organization. Human resource planning and performance management, both the functions of Human Resource Management are an important prerequisite in developing and retaining a quality workforce within the organization. Though performance appraisal is an important tool for the management of performance of employees, many Human Resource Management experts are now using Performance appraisals and work performance, as synonymous to each other as both deals with the evaluation of employee competence and

performance in the organization. There are various theories advanced that explain performance appraisal and work performance, variables that informed this research undertaking.

The study applied the goal orientated theory (Lathan and Locke, 1979). According to Armstrong (2009), this theory highlights four mechanisms that connect goals to performance outcomes. First, goals direct attention to priorities. Second, they stimulate effort. Third, they challenge people to bring their knowledge and skills to bear to increase their chances of success. Fourth, the more challenging the goal, the more people will draw on their full repertoire of skills.

### **2.2.1 Goal Orientation Theory**

Goal theory, as developed by Latham and Locke (1979), highlights four mechanisms that connect goals to performance outcomes: 1) they direct attention to priorities; 2) they stimulate effort; 3) they challenge people to bring their knowledge and skills to bear to increase their chances of success and 4) the more challenging the goal, the more people will draw on their full repertoire of skills. This theory supports the emphasis in performance appraisal on setting and agreeing objectives against which performance can be measured and managed.

By understanding goal setting theory, one can effectively apply the principles to objectives that an individual or team members set and achieve. Locke and Latham's (1979) research confirms the usefulness of SMART goal setting, and their theory continues to influence the way work individual performance is measured today. Using clear, challenging goals, commitment to achieving them have fundamental effect towards performance. This theory emphasizes that if one follows these simple rules, goal setting process will be much more successful, and overall employee performance will improve.



The goal orientation theory proposes that human beings are more motivated to act when there is a reward at the end of the performance of a task or behaviour. Goal Orientation theory is a theory brought forward in view of understanding what underlying goals determine which kind of behaviour. The goal theory proposes that a reward at the end of a task or behaviour acts as a motivation for the performance of that said task or behaviour. However, the reward should be clearly stated. The end state can be the reward in itself. It is proposed that an efficient goal must have four components: proximity, difficulty, specificity and feedback. An ideal goal is a goal where the time between the reaching out and the end state is close (Locke and Latham's, 1979).

## **2.2.2 Other related theories**

### **2.2.2.1 Control Theory**

Control theory has shown multiple applications in the workplace. To increase employee performance, managers need to ensure that employees have specific and challenging goals which result in better performance than ambiguous goals. Ambiguous goals such as “do your best” or “try harder” provide no good comparative standard and direct feedback (Campion and Lord, 1982). Without a specific standard and clear feedback, an employee will not be able to recognize errors and then will not engage in behaviour changes that improve performance. Theoretical statements by R. G. Lord and P. J. Hanges (1987) and by C. S. Carver and M. F. Scheier (1981) suggest that supervision in the workplace can be analyzed as a control system made up of supervisors and subordinates.

Control theory focuses attention on feedback as a means of shaping behaviour. As people receive feedback on their behaviour they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome the discrepancy. Feedback is recognized as a crucial part of performance appraisal. Control theory emphasizes that people

continually seek feedback (PSU, 2011). From this evidence, it can clearly be ascertained that control theory is applied in areas of evaluation, weekly check-ins, and team meetings. Workplace applications of control theory also arise when focusing on other control mechanisms that may factor into the “system” such as social control, social climate, and cultural changes. Control theory has also been used in human resource management where they use behaviour control, output controls, and input controls to affect behaviour and work performance. According to Snell (1992), a major benefit with output control provides for lower level consideration, but it still affords encouragement and obligation which enhance the employer.

#### **2.2.2.2 Social Cognitive Theory**

According to Armstrong (2009), social cognitive theory was developed by Albert Bandura in 1986. This theory is anchored on the concept of four processes of goal realization: -self-observation, self-evaluation, self-reaction and self-efficacy. This implies that what people believe that they can or cannot do powerfully impacts on their performance. Thus, developing positive thinking and self-confidence or belief in employees could act as a boost to their performance. In accordance to this theory, employees are self-organizing, proactive, self-reflecting, and self-regulating, not just reactive organisms shaped and shepherded by external events. Employees have the power to influence their own actions to produce certain results. The capacity to exercise control over one’s thought processes, motivation, affect, and action operates through mechanisms of personal agency.

The social cognitive theory is composed of four processes of goal realization: self-observation, self-evaluation, self-reaction and self-efficacy. These components are interrelated, each having an effect on motivation and goal attainment (Redmond, 2010).

- i. **Self-observation**– Observing oneself can inform and motivate. It can be used to assess one's progress toward goal attainment as well as motivate behavioral changes. There are two important factors with regards to self-observation: regularity and proximity. Regularity means the behavior should be continually observed, whereas proximity means the behavior should be observed while it occurs, or shortly after. Alone, self-observation is insufficient because motivation depends on one's expectations of outcomes and efficacy (Zimmerman & Schunk, 2001).
- ii. **Self-evaluation**– Self-evaluation compares an individual's current performance with a desired performance or goal. It is affected by the standards set and the importance of the goals. Goals must be specific and important; therefore, goals such as, "do your best" are vague and will not motivate. Schunk and Zimmerman (1994) state that "specific goals specify the amount of effort required for success and boost self-efficacy because progress is easy to gauge." If one has little regard for his goal, he will not evaluate performance. There are two types of self-evaluation standards: absolute and normative. For example, a grading scale would be an example of a fixed or absolute standard. A social comparison such as evaluating one's behavior or performance against other individuals is an example of a normative standard (Zimmerman & Schunk, 2001). People gain satisfaction when they achieve goals that they value. When individuals achieve these valued goals, they are more likely to continue to exert a high level of effort, since sub-standard performance will no longer provide satisfaction (Bandura, 1989).
- iii. **Self-reaction**– Reactions to one's performance can be motivating. If the progress made is deemed acceptable, then one will have a feeling of self-efficacy with regard to continuing, and will be motivated towards the achievement of their goal. A negative self-

evaluation might also be motivating in that one may desire to work harder provided that they consider the goal to be valuable. Self-reaction also allows a person to re-evaluate their goals in conjunction with their attainments (Bandura, 1989). If a person has achieved a goal, they are likely to re-evaluate and raise the standard (goal); whereas, if a person has not achieved the goal, they are likely to re-evaluate and lower the standard (goal) to an achievable goal.

- iv. **Self-efficacy**– One's belief in the likelihood of goal completion can be motivating in itself (Van der Bijl & Shortridge-Baggett, 2002). "Self-efficacy refers to people's judgments about their capability to perform particular tasks. Task-related self-efficacy increases the effort and persistence towards challenging tasks; therefore, increasing the likelihood that they will be completed" (Barling & Beattie, 1983, as cited in Axtell & Parker, 2003).

## **2.4 Uses of Performance Appraisal Reports**

Besides recording current trends in methods used, only a few researchers have clarified how performance appraisal data is used. Thomas and Bretz (1994) report that performance information is most likely to be used for employee development or to administer merit pay. They identified the main developmental uses as improving work performance, communicating expectations, determining employee potential and aiding employee counselling. Other common administrative uses included promotions, lay-offs, transfers, terminations, and validations of hiring decisions. In addition, Hall, et al (1989) identified common objectives of performance appraisal as reviewing past performance, rewarding past performance, goal setting for future performance, and employee development. Cleveland, Murphy, and Williams (1989) warned that

organizations should exercise caution when using the same performance appraisal methods for multiple applications (counselling versus. evaluation), since different performance appraisal methods may yield different types of data (qualitative versus. quantitative).

The performance appraisal is an integral part of a human resource management system. In addition to allocating rewards, organizations use appraisals to provide developmental advice to employees, as well as obtain their perspectives and justice perceptions about their jobs, departments, managers and organizations (Erdogan, 2002; Holbrook, 2002 and Longenecker, 1997). Ideally, appraisal discussions provide employees with useful feedback they can immediately apply to improve their performance. This feedback includes suggestions for change, as well as encouragement to continue with positive behaviour. Managers show employees how improving their overall performance and developing new skills will lead to additional responsibilities, promotions and increased monetary benefits. Employees appreciate this honest feedback and become motivated to improve their performance. In addition, managers benefit by receiving insightful input on ways to improve both their leadership styles and departmental operations. The relationship between the manager and employee is strengthened by this interchange of ideas and impressions.

Most would agree however, that organizations' performance appraisal processes operate in ways that are less than ideal (Holbrook, 2002; Murphy and Cleveland, 1995). Time pressures, complex appraisal forms, fear and defensiveness are all factors that may inhibit the usefulness and accuracy of the appraisal and its discussion (Buckley, 2001; Longenecker, 1997; Roberts, 1998). Managers often feel constrained by their simultaneous roles of evaluator and coach (Cederblom, 1982); usually, the role of evaluator takes precedence (Wilson and Western, 2001). In fact, employees report that, when conducting appraisals, their managers give too little attention to

career and development issues (Lawler et al., 1983). Thus, as individuals and organizations attempt to use appraisals to address many different needs, the process can become confusing and disjointed.

A persistent issue with performance appraisals is that they are being called to do more than they can deliver and are trying to address mutually incompatible needs (Wilson and Western, 2001). The literature reaches no consensus on the purpose of performance appraisal, although four general uses have been identified: to provide feedback about strengths and weaknesses; to distinguish between individuals to allocate rewards; to evaluate and maintain the human resource systems of the organization; and to create a paper trail of documentation (Milkovich and Boudreau, 2004).

From an organizational perspective, some argue that performance appraisals should be used for HR planning, legal documentation and validation of selection techniques (DeVries et al., 1986), while others argue the performance appraisal, as encompassed in "management by objectives" (MBO), is more useful for organizational planning and employee development (Wilson and Western, 2001).

## **2.4 Performance Appraisal Today**

Performance Appraisal still plays a huge part in organizations today. A report carried out by the Chartered Institute of Personnel and Development (CIPD) in 2009 found out that 81.3% of organizations surveyed were carrying out performance appraisal in their organization as part of their performance management.

In recent years, performance appraisals have been used in organizations for numerous reasons, as opposed to the historical method it was used for, making administrative decisions. According to

Cleveland, Murphy and Williams (1989) there are four main uses for Performance Appraisal in organizations today. These are Between Individual Comparisons, Within Individuals Comparisons, Systems Maintenance and Documentation.

Between individuals relates to comparison of individuals in terms of performance, Within Individuals concentrates on identifying and developing individuals' strengths and weaknesses. Systems Maintenance can mean using Performance Appraisal as a source to link company procedures and strategy with the performance of employees and the goals that they have achieved and are working toward. Linking Performance Appraisal to the business goals of the company has been seen as an innovative way of focusing employees' actions to the priorities of the business. The purpose of documentation is the use of performance appraisal to document or justify personnel decisions and ensure they are meeting legal requirements (Cleveland et al, 1989, Wiese and Buckley, 1998).

Throughout the vast amount of journal articles and research on performance appraisal, there is a substantial view that while performance appraisal seems like a great tool and should be of huge benefit to every organization, they can be moderately ineffective and so have taken a lot of criticism. Lawler (2012) discusses how a lot of literature poses the idea of dismissing performance appraisal completely, but he believes that Performance Appraisal is a vital procedure for effective talent management. He recommends that the way forward for Performance Appraisal is not to eliminate it but to work on making it an effective tool. 'The key is to make them part of a complete performance management system, which includes goal setting, development, compensation actions, performance feedback and a goals- based appraisal of performance' (Lawler, 2012).

## **2.5 Methods Used in Performance Appraisal**

There are numerous ways of measuring performance although, generally, methods are described as either comparative or non-comparative.

### **2.5.1 Comparative methods**

The former compares one individual's performance with that of others; the latter looks at each employee's performance individually, comparing their ability or productivity with previously defined targets. The most widely used way of comparing individuals is by using rating scales. Employees are assessed using different criteria and are marked on a scale of, for example, 1-10. An obvious problem with this is the purely subjective nature of the process. Rating scales can also suffer from central tendency theories or the halo and pitchfork effects; either everyone is rated as average because of a reluctance on the part of the manager to criticize, or the appraiser considers certain aspects of performance of vital importance and rates individuals as excellent or poor depending on their possession of that one attribute.

Any of these faults render the assessment pointless as one of the aims of rating scales is to achieve a meaningful discrimination of varying levels of performance among staff (Fletcher and Williams, 1992). Subjectivity can also become a problem when appraiser and appraisee are colleagues, as is frequently the case in government ministries. Working with and for people we know, their good and bad points become obvious and it is often impossible to detach an appraisal interview from all the other interactions which the staff have had over the past six months (Hannabuss, 1991).



### **2.5.2 Non-comparative methods**

Non-comparative methods of appraisal focus on the individual's performance with no reference to that of other employees. Instead, performance is measured against job requirements or predefined standards. Management by objectives (MBO) is the obvious example where goals are established, an action plan is drawn up to ensure the goals are met, and, at the end of the year, performance is reviewed to see if the goals have been accomplished. MBO has gained favor because it is more objective by nature, relying not on the opinion of the supervisor but on the evidence of whether or not targets have been reached. It also treats employees as individuals so that they each have their own goals to aim for and are not in direct competition with their colleagues. Another non-comparative method is to take a narrative approach, writing an account of some sort on each employee's performance over the appraisal period. This approach gives the appraiser more freedom to discuss certain aspects of an individual's performance and to focus on the particular strengths and weaknesses he/she displays.

## **2.6 The Dilemma between Appraisee and Appraiser in Performance Appraisal**

In addition to the organizational perspective, the performance appraisal literature has examined purpose from both the employee's and managers differing and often conflicting perspectives, as well as from conflicting pressures within the manager. First, conflicting employee and manager goals make effective appraisals a difficult challenge (Beer, 1981; Holbrook, 2002). The employee is seeking to confirm his or her positive self-image, while the manager wishes to provide both negative and positive information to improve performance and promotion. Second, the manager has conflicting needs; the two main purposes of the review: counselling and

development; and evaluation and discussion of administrative decisions, are in direct conflict (Meyer, 1991).

Forcing a manager into simultaneous roles of both counsellor and judge can cause an employee to act defensively (Meyer et al., 1965). Performance appraisals have many applications that arguably can become limitations to its different users. Some argue that to the degree organizations can ensure these issues are fairly and competently addressed in their systems, performance appraisals will be more effective at achieving their intended uses (Kane and Lawler, 1979). Others argue that effectiveness is not determined solely by the objective characteristics of the appraisal process but is ultimately a question of how satisfied the employee is with the outcome, including its associated rewards, and consequently, how motivated he or she feels to improve performance (Longenecker, 1997).

The performance appraisal literature has examined the role of feedback in appraisal discussions. Research demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self-efficacy, the establishment of behaviour reward contingencies and increased self-regulatory control processes (Ashford and Cummings, 1983; Waldersee and Luthans, 1994). One study examined the impact of communication used during the feedback process on employee satisfaction, self-reported motivation and ultimately performance (Bavetta, 1993). Results indicated that a positive relationship exists between supportiveness by the manager and employees' levels of self-efficacy, satisfaction and motivation. The more directive the feedback, the higher the employees' self-efficacy which in turn, leads to increased satisfaction and motivation. These results suggest that the manager's method of presenting feedback is critical to ways the information is internalized by employees and ultimately, manifested in their attitudes and performance.

Klein and Snell (1994) argued that there is "no best way" to conduct an appraisal interview, and that it depends on the situation, the relationship of the parties involved and their individual make-up. In a review of an individual psychological perspective on PA, Fletcher (2002) claimed that the notion that all appraisees are going to react the same way to appraisal is probably very unsafe, and Wells, (2002) noted that individual differences likely play a substantial role in how people interpret appraisal feedback and how they respond to these interpretations.

## **2.7 Actual Review according to Research Objectives**

### **2.7.1 Influence of performance appraisal on team work**

An employee's satisfaction with the appraisal process is determined by a number of factors, including if the manager provides supervisory support, positively evaluating aspects of an employee's performance, offers guidance and establishes a climate of trust (Metcalf, 1984; Meyer et al., 1965; Russell and Goode, 1988). The challenge is that managers and employees may have different perceptions of satisfaction with the appraisal process. Indeed, one study found that approximately half of the employees felt satisfied with their appraisal and its related discussion. In comparison, over 80 percent of their managers felt satisfied with the same event. Moreover, 53 percent of the managers reported that their employee's behaviour improved after the appraisal, whereas only 41 percent of employees felt this was the case (Lawler et al., 1983). Many managers were unaware of their employee's unmet needs. These results suggest that satisfaction with the appraisal process, whether it is managers' or employees' satisfaction, is not an adequate measure of effectiveness.

The true measure of the effectiveness of the appraisal process should be linked not to the five criteria mentioned or to changes in satisfaction and motivation, but rather, to direct changes in

performance (Nathan et al., 1991). One of the few studies to measure actual changes found that the appraisal discussion did not change job performance, measured one year later. Others did find changes in performance one to two months after a review but concluded that performance (and satisfaction) are more a factor of the overall manager-employee relationship, than of the once a year appraisal discussion (Yager, 2000).

Performance appraisals are important for staff motivation, attitude and behaviour development, communicating and aligning individual and organizational aims, and fostering positive relationships between management and staff. Performance appraisals also typically feed into organizational annual pay and grading reviews, which commonly also coincide with the business planning for the next trading year (Lindsey, 2005).

### **2.7.2 Influence of performance appraisal on achievement of performance targets**

Performance Appraisal plays a central role in Performance Management Systems; it is normally the vehicle behind which the organizational goals and objectives are translated into an individual's objective. It also remains the primary way of discussing and acting on the development of the individual (Fletcher, 2004). When a part of performance management, appraisal is much more tightly linked with the larger business environment. De Nisi and Griffen (2008, p.318) state that Performance management refers to 'a general set of activities which are carried out by the organization to improve employee performance'. Although performance management is typically reliant on performance appraisals, performance management is a broader and more encompassing process and is the ultimate goal of performance appraisal activities (De Nisi and Griffen, 2008). Performance appraisal has been seen to be more successful and brings a lot of benefits to an organization. A study carried out by Fletcher and

Williams (1996) in nine UK organizations showed that features of performance management lead to organizational commitment and in particular, job satisfaction.

Performance management systems are effective when they are based on goals that are jointly set and are driven by an organization's business strategy (Lawler, Benson and McDermott, 2012). Performance Appraisal from a social-psychological perspective as opposed to the traditional tool for measurement is becoming more popular, viewing Performance Appraisal as a communication and social process.

From reviewing the literature, there appears to be no one single best method of Performance Appraisal, although there are certain common elements throughout all effective methods. 'Effective performance appraisals are commonly associated with clear goals that are attached to specific performance criteria and are well-accepted by both appraiser and appraisee' (Mustapha and Daud). All effective performance appraisals include elements such as linking appraisal to rewards, the supervisor and employee working together to identify goals, performance goals clearly defined, feedback given to the appraiser on their effectiveness and compliance with legal requirements (Rankin and Kleiner, 1988).

One of the major causes of ineffective performance appraisal is the dislike that both the appraiser and appraisee have towards the process. Performance Appraisal is one of the most emotionally charged procedures in management (Swan, 1991). Almost every executive has dreaded performance appraisals at some time or other. They hate to give them and they hate to receive them (Sims, Gioia and Longenecker, 1987). Many managers and supervisors are unwilling to make accurate evaluations of subordinates because they do not want them to be hurt. Where the consequence of a low evaluation is termination, no pay increase, an unpleasant work assignment,

or no promotion, managers are reluctant to be precise (Kearney, 1978). Watling (1995) highlights the importance of giving appraisals based on facts, not just feelings and suggests the best way to do this is by measuring performance by surveys, on the job observation, peer group feedback and results against targets. This is important to consider in establishing what an effective performance appraisal is. The appraisal will not be accurate if the manager carrying out the appraisal is having difficulty in giving feedback honestly and truthfully. Because of the emotional variability involved in such processes, accuracy is something which will seldom be achieved. But is this a vital element for management, as it has been shown that executives giving appraisals have ulterior motives and purposes that surpass the mundane concern with rating accuracy (Sims et al, 1987). One manager surveyed by Sims et al (1987) felt that accurately describing an employee's performance is really not as important as generating ratings that keep things going. Some other reasons for managements manipulation of the feedback in an appraisal setting is that they have to work with these people and do not want to create tension or hostility, also the element of there being a physical document from the appraisal recorded permanently on the employees' record meant that the appraiser may soften the language used.

### **2.7.3 Influence of Performance Appraisal on employees' personal development and training**

Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. A staff appraisal system is one of the most effective tools for managing and developing employee skills. A good appraisal system is one that gives management a clear picture of the staffing areas that need more attention and improvement (Long, 2006). When undertaking a staff appraisal, it may be a good time to cover any training or developmental requirements of an employee. For instance, whilst conducting a review you may

have identified that a particular employee needs further training for them to carry out new duties or responsibilities you would like to assign to them. Fletcher and Williams, (1992) argues that staff appraisal should be considered as part of the overall training and development system. Such a process would usually integrate individual development and overall strategic performance requirements.

#### **2.7.4 Influence of Performance Appraisal on Employees' Time Management**

Staff appraisals also give employees the opportunity to ask any questions or go through any job queries they may have. This is important as again you can address their concerns and this will hopefully allow them to undertake their duties more efficiently and effectively. Such questions go a long way in enabling the employees to understand the processes and procedures of the tasks. This in turn enables them to manage their time as well as fostering teamwork within the organization (Smith, 2005). Time management is also enhanced by staff appraisal as there are set deadlines to be met for an employee to achieve his/her performance targets. This leads to employees setting personal deadlines which are realistic but demanding (Boyd, 2004). Staff appraisal also aid enhances time management when it is linked to the reward system. Those who accomplish their tasks and duties on time are rewarded when such a performance appraisal system is in place (Milkovich and Boudreau, 2004). Staff appraisal is also said to enhance time management as it requires employees to carefully plan for their activities. Setting up short or long term plans will help employees envision their long term goals and rationalize their current objectives. DeVries, et al. (1986), noted that staff appraisal can also lead to burnouts when the deadlines lead to employs straining themselves so as to meet the set deadlines.

A good appraisal system, following a thorough review of performance, should provide an employee with a set of objectives and individual targets for him or her to focus on over the following year. This should be a good way of motivating and inspiring the employees (Weiss, 2001). Performance appraisal systems hope to achieve higher productivity outcomes by delineating how employees meet job specifications. Staff appraisal helps ensure employees understand what is expected of them. Involving staff in agreeing objectives can ensure they are more motivated to meet their performance targets and can help identify better ways to carry out tasks.

Murphy and Cleveland, (2003) noted that if organizations wish to motivate teamwork, they must assess and reward teamwork by incorporating it into their appraisal systems. Even if their appraisals included a teamwork component in the past, the implementation of formal work teams should increase the prominence of teamwork in the appraisals. An organization-specific job analysis should be conducted to determine the precise nature of the behavioural and performance ramifications of the teamwork knowledge, skill and ability to be included in the appraisal form. This modification of performance appraisal systems would not only reward good team players, but it would punish poor ones. In the past, poor team players were often tolerated because teamwork contributions were not explicitly included in the appraisal. Modifying the appraisal will prevent the appraisers considering teamwork as extra-role behaviour but as an integral part of the organization (Yager, 2000).

## **2.8 Weaknesses and Biases of Performance Appraisal**

A substantial share of the literature focuses on instrumentality and psychometric properties of performance appraisal rating scales (Ferris et al., 1994). As examples, studies compare the



behavioural observational rating scale, the behavioural observational scale and the mixed standard scale (Blanz and Ghiselli, 1972; Smith and Kendall, 1963). So too, numerous studies have addressed rater cognition (Hogan, 1987; Mount and Thompson, 1987), focusing on defining the rater's information processing abilities and its impact on bias (Borman, 1987; DeNisi and Williams, 1988; Nathan and Alexander, 1985). Due to individuals' cognitive limitations, breakdowns can occur anywhere in the process of observing, integrating and evaluating behaviour (Wexley and Klimoski, 1984). Research on general cognition sequence focuses specifically on the rater's implicit personality features (Feldman, 1981). These features, which are formed through prior experiences, play key roles in the types of behavioral and trait expectations individuals form of others. In addition, selective memory may play an important role in activating a particular pre-existing belief or attitude and positioning it as a direct determinant of current judgment (Feldman and Lynch, 1988). In other words, this is where a breakdown in information processing can occur (Wexley and Klimoski, 1984). The net result of all this research is that managers will always be unable to completely and fairly rate an employee.

## **2.9 Critics of Performance Appraisal**

Both researchers and management have worked for many years to try to find better ways to improve performance in organizations, however managing and evaluating performance is still a major challenge for the majority of managers today (Armstrong, 1994).

Throughout the literature, there are many authors who feel that Performance Appraisal is a waste of time. Grint (1993) stated that 'Rarely in the history of business can such a system have promised so much and delivered so little'.

According to Redman and Wilkinson (2009) the critics of Performance Appraisal believe it is an expensive process, that it can cause conflict between the appraiser and appraisee, is not hugely valuable and might also be debilitating the development of employee performance. Carroll and Schneier's (1982) research established that Performance Appraisal ranks as the most unpopular managerial activity.

One thing that is common with the critics of Performance Appraisal is that they do not have a suggestion as to what should replace it or what can be introduced as an alternative.

Instead of eliminating Performance Appraisal, organizations need to work on improving their system and make sure that it is effective. They need to reinvent, update and renew their performance appraisal procedures so that they are more compatible with the organization and its environment.

Wiese and Buckley (1998) state that 'often, the goal of the rater is not to evaluate the performance of the employee, but to keep the employee satisfied and not to deleteriously influence employee morale'. This can lead to confusion as the goals of the manager and the organization are conflicting. If the manager is concerned with his own image and doesn't want to give negative rating, then this is differing from what the organization wants.

## **2.10 Summary of Literature Review**

The review of the literature of this study set out to show the evolution of performance Appraisal from when they first were introduced to the role they plays in today's organizations. From reviewing many authors research and their thoughts on Performance appraisal, the majority believe that they are here to stay, and the major focus is on improving them and making them fit in your organization. The authors who are critical of Performance appraisal systems do not offer

us any alternatives and so have not given us any new information. For the most part, the literature looks at Performance Appraisal from the organizations point of view but what this study sets out to do is to look at performance appraisal from the view of the employees and whether they feel it is a worthwhile and effective exercise and its subsequent effect towards their work performance.

Designing and implementing an effective performance management system has always been a serious issue among human resource (HR) managers. With an increase in competitive pressures, employers' interest in distinguishing employees' performance levels and improving poor performances by using performance appraisals in an efficient manner have become characteristic of effective organization management (Murphy and Margulies, 2004). Commonly identified issues which hinder the success of performance appraisals according to available literature include; employees' lack of understanding of the performance appraisal process, fear of unexpected results, concern for change in the relationship with the supervisor, threat of poor self-image and fear of change. The issues for managers while appraising the performance of their employees include: managers' discomfort while discussing performance results, fear of unexpected results, time consuming processes and concern for the fostering of poor relationships with employees (Egdorf, 2006).

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## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter describes the methodology that was used during the study. The description includes the research design, the study population, the sample size and selection, the data collection methods to be used and their corresponding data collection instruments, data management and analysis procedures as well as steps were taken to ensure validity and reliability during the study. It ends with describing how data was presented.

#### **3.1 Research Design**

Burns and Grove (2003) define a research design as “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings”. Polit et al (2001) further defines a research design as “the researcher’s overall for answering the research question or testing the research hypothesis”. To achieve the objectives of the study, the research was conducted through a case study of Heifer International Uganda. Case study enabled the researcher to have a critical analysis and evaluation of the subject under study with a holistic and an in-depth investigation. Also because of limited resources, it was very appropriate to select a particular case to investigate as it represented the majority of similar cases. In addition it helped in answering questions concerning the current state of the subject under study (Amin, 2005).

Quantitative research helped the researcher to study population samples that represented the general intended population, develop knowledge by collecting numerical data on observable behaviours of samples then subjecting these data to statistical analysis (ibid).

## **3.2 Area of Study**

The study was conducted in Heifer International Uganda. Heifer International Uganda head offices are situated on Plot 6, Clement Hill Road Kampala Nakasero. It has also three Regional Offices in Mbale, Mbarara and Gulu. The area was chosen by the researcher because of its proximity and ease of access to the researcher in terms of cost and access to information.

## **3.3 Study Population**

Sekaran (2004) defines a population as “the entire group of people or events or things that a researcher wishes to investigate. According to available data from the Department of Human Resources of Heifer International Uganda the organization currently employs 63 permanent employees all over the country.

## **3.4 Sampling Procedures**

The sampling procedures that were used included sample size and sampling techniques.

### **3.4.1 Sample size**

A sample size is a small subset of a population, said to be representative in some way of the population (Quinlan, 2011). Sampling can be a vital procedure when analysing data as it is a valid way of collecting data without using the entire population, in particular when both time and budget constraints exist for the researcher (Amin, 2005). Accordingly, in this study to make the sample more representatives, the sample size of the study was determined using the Sloven’s formula adopted from kreijcie and Morgan’s (1970). The researcher used formula to determine the sample size because of its simplicity to use during the research undertaking.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= sample size, e = the proportion of sampling error, N= population, the error is assumed to be 0.05 (5%)

Given that the target population is 63 respondents, using Sloven's formula, the size of the population was computed as follows;

$$n = 63 \frac{= 63}{1+63*(0.05)^2} = \frac{63}{1+0.1575} = \frac{63}{1.1575} = 54.42 = 54$$

Therefore the proposed sample consisted of 54 respondents of Heifer International Uganda from the largest population of 63. The 54 respondents were distributed according to the number of employees in the different department and only 51 questionnaires were returned to the researcher.

**Table 1: Sample Size against response rate of the sampled size**

<b>Category of employee departments</b>	<b>Total Population</b>	<b>Sampled Size (86% of the population)</b>	<b>Response rate of the sampled size</b>
Senior Management Team	05	04	04
Middle Level Employees	07	06	06
Technical Staff/Officers	39	34	32
Support Staff	12	10	09
<b>Grand Total</b>	<b>63</b>	<b>54</b>	<b>51</b>

*Source: Primary Data, 2015*

### 3.4.2 Sampling Techniques

According to Leary, (2004) as cited in Tuhaise, (2008) sampling is the process by which a researcher selects a sample of participants for the study from the population of interest. Stratified random sampling was used. The employees of Heifer International Uganda were divided based on their ranking in the organization and also based on their involvement in the appraisal process. As such, two strata were generated; employees who appraise and are appraised in addition to appraised employees who do not appraise others. Simple random sampling technique was then used to pick respondents from each stratum.

These techniques enabled the researcher to ensure an equal representation of each category in the sample. In addition, based on the assumption that some of the staff had much needed data that this study sought to find and were in position to give the data at convenient times so that their work engagement are not disrupted.

**Table 2: Stratified Sample Size**

<b>Category (Strata)</b>	<b>Target Sample Size Population</b>	<b>Percentage</b>	<b>Number of respondents</b>	<b>Response rate of the sampled size</b>
Employees who appraise and are appraised	10	18.5%	10	18.5%
Appraised Employees who do not appraise others	44	81.5%	41	75.9%
<b>TOTAL</b>	<b>54</b>	<b>100%</b>	<b>51</b>	<b>94.4%</b>

*Source: Primary Data, 2015*



### **3.5 Data Sources**

Primary data (both qualitative and quantitative data) were collected in two sets using self-administered questionnaires and face to face interviews. The data was collected through a structured questionnaire with both closed and open ended questions. The questionnaire was divided into three parts. Part A contained questions on the personal profile of the respondents while part B sought data in accordance to the research study objectives. The questionnaire was administered through drop and pick later method by the researcher. This was done so that the respondents remained anonymous to the researcher. A period of 2-3 weeks was given for response and an extra week for late respondents.

Secondary data sources was also considered during the research. Reference was made only to previous related studies made in relation to the study area. According to (Amin, 2005) secondary data can be used among other things to make relevant reference to the subject of study. This involved reviewing documents like textbooks, journals, newspapers, national and international policy documents, reports and bulletins containing information about performance appraisals and work performance in general and Heifer International in particular. The reviews also included legal frameworks especially those that concern Heifer International laws and reforms, statutes articles and Internet. In here; the researcher identified and interpreted information contained in the documents.

### **3.6 Data Collection Methods**

The two methods of data collection that were used included: Qualitative and Quantitative data collection methods because they complement each other (key informant interviews were conducted to enrich responses and findings obtained from the questionnaires). Both qualitative

and quantitative data collection methods were used to gather primary data, using two data collection instruments namely self-administered questionnaires and key informant interviews. The two methods of data collection were considered because they complement each other (interviews will enrich responses and findings obtained from the questionnaires). Each of these tools are attached in appendix iii and iv.

### **3.6.1 Qualitative Data Collection Method**

Data was collected by conducting structured face to face interviews using an interview guide. Interviews were scheduled through appointments and conducted on senior managers to collaborate responses from other staff and was used to obtain more information on performance appraisal and employees' performance. This method provided an advantage to the researcher because it offered an opportunity to adapt questions, clarify the questions by using the appropriate language, clear doubts, and establish a rapport and probe for more information (Sekaran, 2004). The researcher had better chances of ensuring that responses are understood by repeating or rephrasing the questions and can get more non-verbal expressions by observing body language. Also an interview guide provided in-depth data which may not be possible to obtain when using self-administered questionnaires (Mugenda, 2003).

The interviews were conducted using an interview guide that was developed with the guidance of the supervisor (s) and only key informants were interviewed. Interview guide was considered because it helped to avoid inconsistency and ensures reliability. Audio visual responses from the interviewees were recorded upon their consent but most particularly from the key informants and have been referred to by the researcher during the data analysis process to ensure accuracy and consistency.

### **3.6.2 Quantitative Data Collection Method**

The use of questionnaires in data collection as part of the quantitative data collection method in this study was important because respondents had to take more time to respond to these questionnaires at their convenient time thereby giving more genuine responses (Sekaran, 2004). Also according to (Amin, 2005) the use of questionnaire is less expensive compared to other methods. This is because the questionnaire can be mailed to the respondents to fill in, and also mailed back to the researcher for analysis. In addition, (Mugenda, 2003) questionnaires are used to obtain important information about a wide coverage of the population in a short period of time. This method has been sighted as more efficient in terms of researcher's time and energy. Also questionnaire is used to allow the respondents to have time to reflect on answers to avoid hasty responses (Kaburu, 1998). In addition, the questionnaires were used because it enabled the respondents to give independent opinions without fear since it does not require the respondents' names.

Closed ended questions were used to obtain questionnaire responses, in addition open ended questions were used to get individual perceptions on change management and employee performance. Closed ended questions were developed to help the respondents make quick decisions. In addition, closed ended questions helped the researcher to code the information easily for subsequent analysis and this narrowed down the error gap while analysing data as postulated.

### **3.6.3 Document Review**

This method was used to collect secondary data, it involved reviewing documents like textbooks, journals, newspapers, national and international policy documents, reports and bulletins

containing information about the change management strategies in general and Heifer International in particular. The reviews also included legal frameworks especially those that concern Heifer International policies and guidelines. In here; the researcher identified and interpreted information contained in the documents.

### **3.7 Quality Control Methods**

The research ensured that all questionnaires were properly filled and tried to avoid any manipulation of data. The researcher checked for quality and proof read them before pretesting administering and being processed into final outputs.

#### **3.7.1 Validity**

Validity refers to the extent to which a measurement procedure actually measures what it is intended to measure rather than measuring something else, or nothing at all (Amin, 2005). Yet according to Leary, (2004) validity refers to appropriateness of a research instrument to measure what it is supposed to measure and produce accurate results. Based on these two definitions, validity was ensured through test-retest procedure of the questionnaire. The questionnaires were administered to 3 employees from another organization called Techno-serve International, who did not take part in the actual study. A computer package (SPSS 20.0) was used to test the content validity. The results were reviewed and their findings used to redesign and improve the data collection tool. It is important because in order to measure the content validity, the questionnaire was constructed in such a way that it had adequate number of items and each item or question had a link to the objectives of the study. The researcher examined the validity or invalidity of the questionnaires by computing Content Validity Index (CVI) using the formula.

$$\text{CVI} = \frac{\text{number of items rated as relevant}}{\text{Total number of items in the question}}$$

The CVI of the instrument was calculated and the total number of items rated very relevant (VR) and relevant (R) were divided by the total number of items in the instrument.

$$\text{From the ratings, CVI} = \frac{\text{VR}}{\text{R}}$$

Number of items that were rated Very Relevant and Relevant = 65

Total number of items in the instrument = 76

By substitution:  $\text{CVI} = 65/76 = 0.85$

Therefore,  $\text{CVI} = 0.85$

### **3.7.2 Reliability**

Reliability refers to the degree to which an instrument consistently measures what it is supposed to measure. This is important because the data collection instruments must have the ability to consistently yield the same results when repeated measurements are taken of the same individuals under the same conditions (Koul, 2004).

In this study, a pretest study was conducted to determine the reliability of the questionnaire. The questionnaires were distributed to three (3) employees in a non-government international organization like Heifer International Uganda who were required to give their responses to all the items delineated in the research instrument. This provided an indication of the consistency of responses to all the items delineated in a measuring instrument.

## **3.8 Data Management and Processing**

### **3.8.1 Procedure of Data Collection**

The researcher, through the Heifer International Uganda Management was given permission to carry out research in the organization and the questionnaires were distributed to different employees. The researcher made vigorous follow ups to ensure adequate response rate. The respondents were given four days to return the questionnaires. Data was collected using the pre-designed questionnaire, and interviewing. The researcher also used observation in some cases to get some of the information/ data, using a check list.

### **3.8.2 Data Management**

Data was well managed with the aim of controlling the information generated during a research project. Data collected from the field was treated with confidentiality and the research ensured that all ethical considerations are maintained. Reports produced have been kept both in hard copy and soft copy and this will be maintained throughout the whole process of review by the supervisors. At a later date upon approval of the information, it will be published to different stakeholders.

### **3.8.3 Data Processing**

Qualitatively, data was processed by categorization, tallying with simple descriptive statistics. Coding which is an important technique in quantitative research has been employed during the processing of data to furthermore ensure validity and reliability of the data.

### **3.9 Data Analysis**

According to Leary (2004) as cited in Kyaligaba (2008) “statistical analyses are used to describe an account for observed variability in the behavioural data.” This involves the process of analysing the data that has been collected. Thus the purpose of statistics is to summarize and answer questions about the behavioural variability that will be obtained in the research. Statistical analyses will involve both descriptive and relational statistics. Statistical analyses were used to describe an account for observed variability in the behavioural data.” This involved the process of analysing the data that has been collected. Thus the purpose of statistics was to summarize and answer questions about the behavioural variability that were to be obtained in the research.

Statistical analyses involved both descriptive and inferential statistics. The statistical programme which was used for analyses and presentation of data in this research is the Statistical Package for Social Scientists (SPSS) version 20. Different statistical techniques were used namely; descriptive statistics, inferential statistics, regressions and correlations.

#### **3.9.1 Descriptive statistics**

These have been used to describe and summarize the employee performance in relation to performance appraisal system being used. The descriptive statistics utilized in this study has been based on frequency tables to provide information on key demographic variables such as age, sex, educational levels, experience, and job tenure.

### **3.10 Ethical Considerations**

All data was kept under key and lock and only accessible to the research group. Respondents were assured of confidentiality and all documents reviewed were cited correctly in the text and

the references. Informed consent was attained by explaining the objectives of the study, benefits and the right to withdraw from the study without any consequences to the participant at any time of the interview if the respondent felt so.

### **3.11 Limitations of the Study**

The researcher faced the following limitations in the process of the research:

Due to the sensitivity of the research topic to the organization, some of respondents were unwilling to answer the questionnaires thus may be leading to delay in data collection. To cope with this, researcher used the introductory letter from the university to show that the information got was to be kept with utmost confidentiality.

There was a problem of information access by the researcher. The management of Heifer International Uganda invokes confidentiality and internal use only clauses and the regulations and thus the researcher was bound to follow the necessary clauses and the regulations before final access was get most especially during the documentary review.

Respondents did not act in time due to unfavourable timing, especially during times they were busy with office work thus lead to delay of data collection and therefore the researcher had to avail himself to them during usually their free time.

Some of the questionnaires were not returned by the respondents and this partly accounts as to why out of the 54 anticipated questionnaires, only 51 tools were returned. This caused delays in data processing to finalize the research dissertation since an anticipated 100% response rate was being expected by the researcher.



## **CHAPTER FOUR:**

### **PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS**

#### **4.0 Introduction**

The researcher sought to establish the effect of staff appraisal on employee performance in Heifer International Uganda in reference to team building, ability to achieve performance targets, effect on personal development, training and time management as the objectives of the study.

This chapter presents the findings of the study, analyses the findings and discusses them according to the objectives of the study.

The results presented are findings of the analysed questionnaire data which was drawn from responses of 51 staff of Heifer International Uganda as discussed in chapter three (research methodology).

#### **4.1 Response Rate**

The response rate of the study was 94.4% (51 respondents out of the planned 54), 100% response rate was not realised because three (03) did not respond because they were far off in the field without internet access, a provision that the researcher had provided for in cases where the respondents would not fill and submit in hard copies of the questionnaires. Mugenda and Mugenda suggest that a response rate of 50% is adequate when quantitative data is collected. Therefore 94.4% was a good response for the study and also suggests that the survey results are representative of the survey population (Mugenda,1999).

## 4.2 Demographics of Respondents

This section presents and examines the personal information of the respondents. This information was given in terms of gender, age, duration of service and academic levels.

### 4.2.1 Gender Disaggregation

The researcher sought to establish the gender distribution among the respondents. The results were tabulated as follows:

**Table 3: Gender of the Respondents**

Gender	Frequency	Percent	Valid Percent
Female	25	49.0	49.0
Male	26	51.0	51.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>100.0</b>

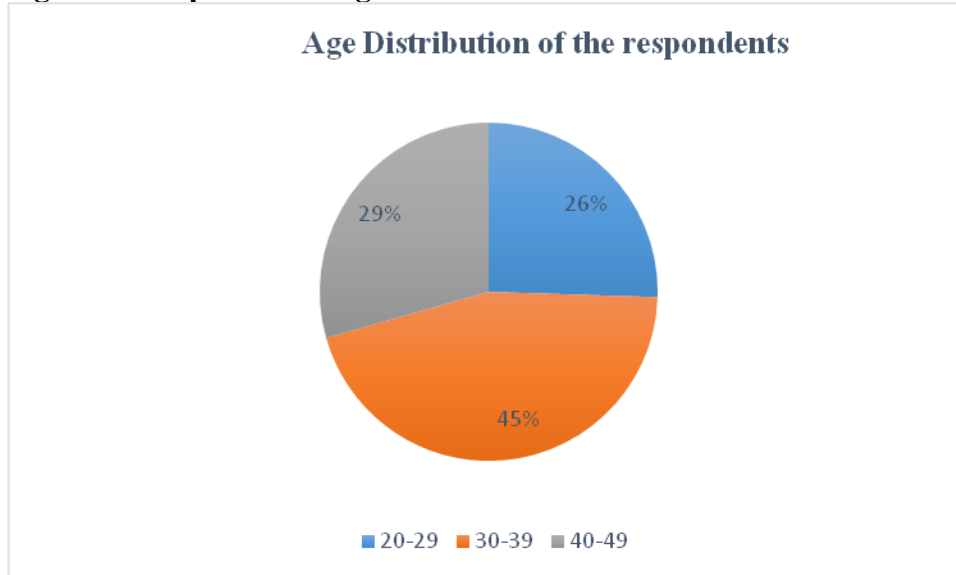
*Source: Primary Data, 2015*

From table 3 above, the respondents were reasonably distributed across both genders as the majority 51.0% of the staff are male, while 49.0% are female. This implies that the study findings have a gender balance and are not biased toward one gender at Heifer International Uganda, henceforth HR policies can be considered to be gender sensitive.

## 4.2.2 Respondents' Age

The researcher also sought to establish the age of distribution of the respondents.

**Figure 2: Respondents' Age**



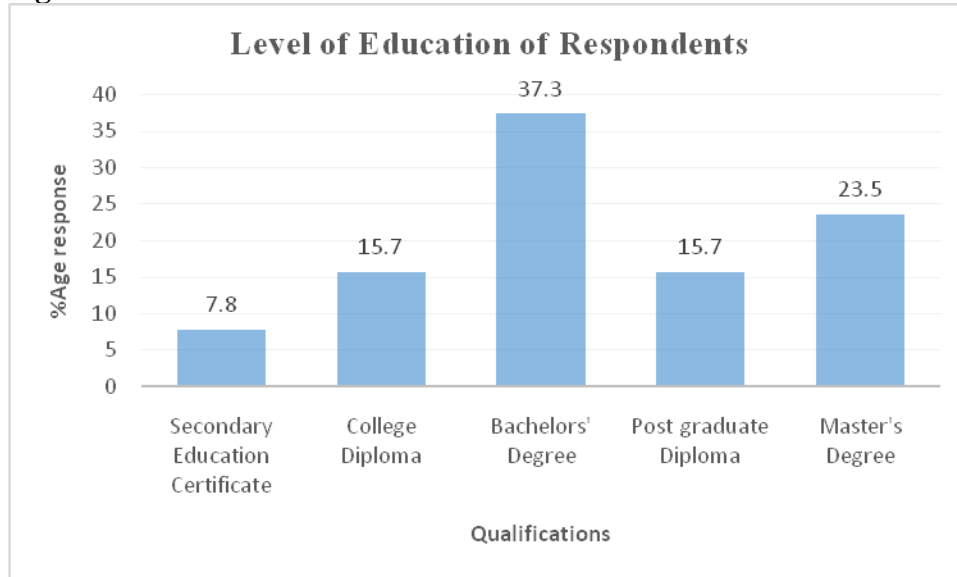
*Source: Primary Data, 2015*

From figure 3 above, the majority (45.0%) of respondents were in between the ages of 30– 39 years and the second majority (29.0%) of the respondents were in between 40 -49 years, a few of them (26%) were in between 20-29 years. This distribution of age implies that the findings obtained do not have any age bias.

### 4.2.3 Level of Education

The researcher sought to establish the academic levels of the respondents.

**Figure 3: Level of Education**



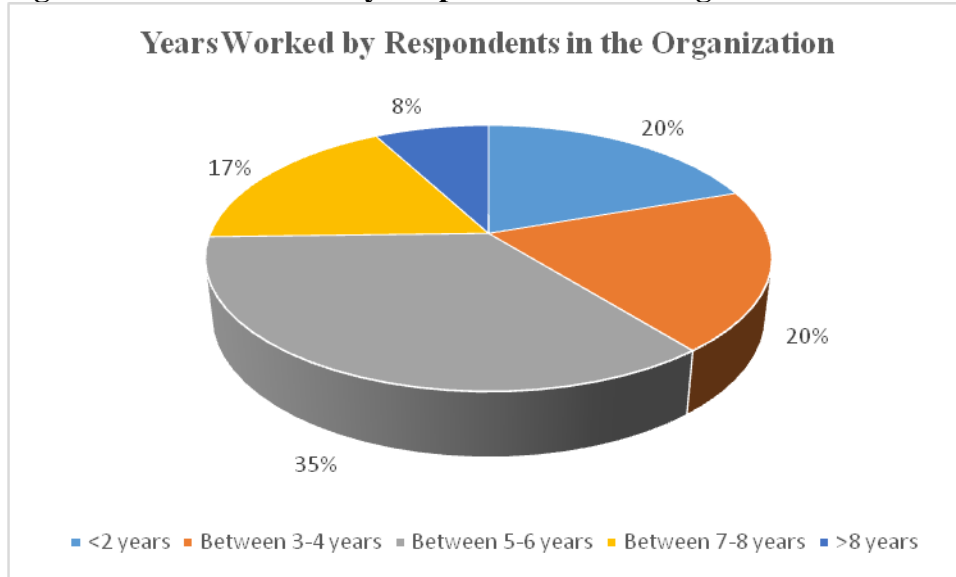
*Source: Primary Data, 2015*

From figure 3 above, majority of the respondents (37.3%) are graduates, (23.5%) were holders of master's degree. 31.4% are holders of post graduate diplomas, 15.7% respondents were holders of college diploma holders as their maximum qualifications, with only (7.8%) as secondary education certificate holders. This means that the majority of the employees have at least degrees henceforth, there is a general notion that highly educated and trained people perform tasks within their professional competence. They tend to support established procedures and standards of performance.

#### 4.2.4 Duration of Service

The researcher also sought to establish the duration that respondents had been working in Heifer International Uganda. The results from this investigation are shown in the figure below:

**Figure 4: Years Worked by Respondents in the Organization**



*Source: Primary Data, 2015*

From figure 4 above, majority of the respondents (35%) have worked for the organization between 5-6 years, 20% have worked for years between 3-4, 25% of the respondents have worked in this organization for more than 7 years. These findings implies that the respondents are well informed on the topic of study. Therefore their responses enhanced reliability and credibility of the findings.

### 4.3 Nature of Appraisal in Heifer International Uganda

The researcher also sought to establish the frequency of staff appraisal in Heifer International Uganda from who appraise other employees

**Table 4: Appraisal Frequency for Appraisers**

Frequency	Distribution	
	Frequency	Percentage
Quarterly	0	0%
Twice a year	2	20%
Yearly	8	80%
In 2 years	0	0%
<b>Total</b>	<b>10</b>	<b>100%</b>

*Source: Primary Data, 2015*

Table 4 above shows that majority of the respondents, 80% appraise their juniors yearly, while 20% of the respondents indicated that they undertake appraisal twice a year and the rest, indicating that staff appraisal is frequent in Heifer International Uganda.

### 4.3.1 Frequency of Staff Appraisal for Support Employees

The researcher also sought to establish the frequency of staff appraisal from employees who are appraised but do not appraise others within Heifer International Uganda.

**Table 5: Appraisal Frequency for Appraisers**

Frequency	Distribution	
	Frequency	Percentage
Quarterly	2	3.9%
Twice a year	14	27.5%
Yearly	35	68.6%
In 2 years	0	0%
<b>Total</b>	<b>51</b>	<b>100%</b>

*Source: Primary Data, 2015*

From table 5 above, the majority of the respondents (68.6%) are appraised annually, while 27.5% of the respondents indicated that they are appraised twice a year and 3.9% indicated that they are appraised quarterly meaning that staff appraisal is frequent among the support (junior) staff.

#### **4.4 Influence of Performance Appraisal on Employee Performance**

The researcher sought the views of the appraisers regarding the impact of staff appraisal at Heifer International Uganda. Table 6 below shows the results based on the Likert scale. The 5-point scale used the following measures. A mean of 1-1.5 meant that the statement was totally inaccurate; a score of 1.6-2.5 meant that the statement was slightly inaccurate; a score of 2.6-3.5 meant that the statement was quite accurate; a score of 3.6-4.5 meant that the statement was accurate and a score of 4.6-5 indicated that a statement was absolutely accurate.



**Table 6: Influence of Performance Appraisal on Employee Performance**

Statement	Totally Inaccurate	Slightly Inaccurate	Quite Accurate	Accurate	Absolutely Accurate	Mean Score
Appraisal provides an opportunity for both appraisers and appraisees to clarify each other's point of view on the scope of work and expectations.	4	5	3	26	13	3.82
When an employee and supervisor talk about organizational goals during an appraisal, the employee gains a greater sense of team belonging thus boosting his morale	7	9	4	21	10	3.25
Appraisal allows staff to see their own strength and weaknesses	0	2	0	39	10	4.15
Appraisal provides an opportunity to identify staff training needs	3	4	3	14	27	4.02
Poor performers are offered chance to improve	2	4	6	22	17	4.03
Staff appraisal helps employees in time management through planning and setting deadlines	3	5	9	11	23	4.13
Staff performance helps employees meet performance targets	5	6	3	22	15	4.10
If staff's overall performance in the appraisal is consistently poor, the organization may terminate employment	5	4	2	17	23	3.74

*Source: Primary Data, 2015*

The respondents indicated that appraisal provides an opportunity for both appraisers and appraisees to clarify each other's point of view on the scope of work and expectations. The employees were said to gain sense of team belonging during discussions in appraisal process, thus boosting morale. Respondents indicated that appraisal allows staff to see their own strength and weaknesses, with this statement posting a mean score of 4.15. the respondents indicated that it was evident that appraisal provides an opportunity to identify staff training needs as this item posted a mean score of 4.02. The respondents also indicated that poor performers are offered a

chance to improve within Heifer International with this item posting a mean score of 4.03. The respondents indicated that staff appraisal helps employees in time management through planning and setting deadlines with a mean score of 4.13. The issue of whether staff appraisal helps employees meet performance targets received a mean score of 4.10 implying that this statement was accurate in regard to Heifer International Uganda.

The researcher also sought the views of the employees, who are appraised but do not appraise others, on the effects of staff appraisal on various components of employee performance like team work building, ability to meet targets personal development and training and time management. The following sections discuss the results obtained.

#### 4.4.1 Influence of Performance Appraisal on Teamwork

The researcher wanted to establish the effect of performance appraisal on teamwork in Heifer International Uganda.

**Table 7: Influence of Employee Appraisal on Teamwork**

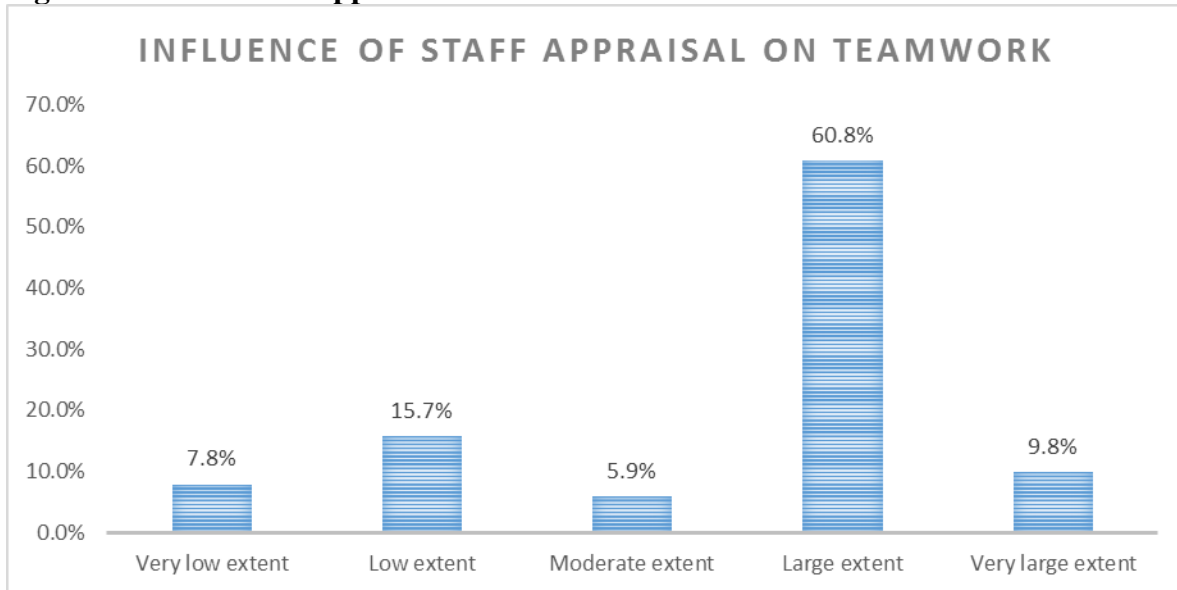
Teamwork has improved due to staff appraisal	Distribution	
	Frequency	Percentage
Very low extent	4	7.8%
Low extent	8	15.7%
Moderate extent	3	5.9%
Large extent	31	60.8%
Very large extent	5	9.8%
<b>Total</b>	<b>51</b>	<b>100%</b>

*Source: Primary Data, 2015*

From table 7 above, 60.8% of the respondents indicated that teamwork improved to a large extent due to staff appraisal, 15.7% of the respondents indicated that teamwork improved to a low extent due to staff appraisal, 5.9% of the respondents indicated that teamwork improved to a moderate extent as a result of staff appraisal, 9.8% of the respondents pointed that teamwork improved to a very large extent due to staff appraisal and the rest 7.8% of the respondents indicated that teamwork improved to a very low extent due to staff appraisal. The study therefore

established that 92.2% of the respondents agreed that staff appraisal had some impact on teamwork in the organization.

**Figure 5: Influence of Appraisal on Teamwork**



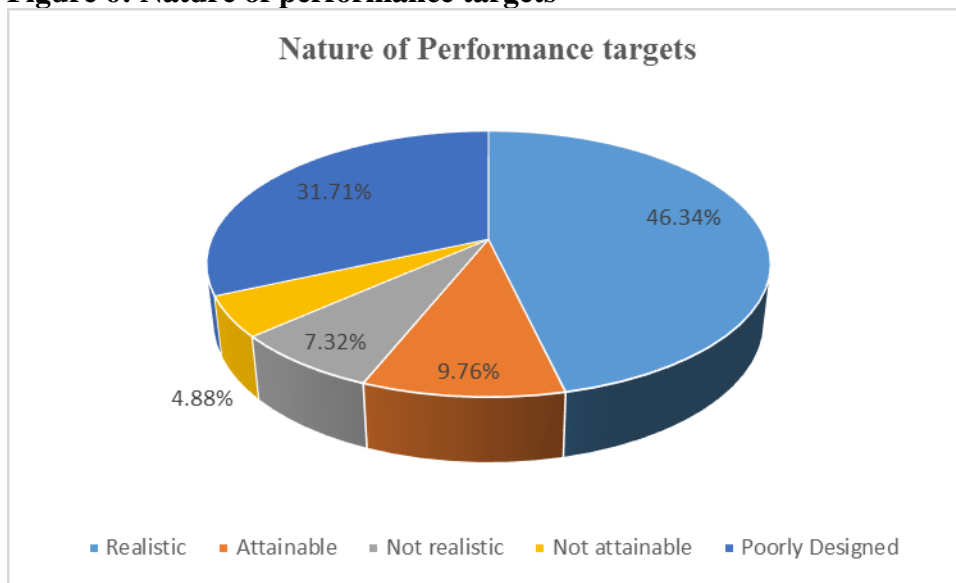
*Source: Primary Data, 2015*

From figure 5 above, the respondents had mixed reactions towards this issue. The respondents indicated that there was improvement in teamwork as a result of staff appraisal as majority of the respondents, 92.2% indicated that staff appraisal helps contribute to team work in Heifer International Uganda.

#### 4.4.2 Nature of performance targets

The researcher sought to establish the nature of performance targets in Heifer International Uganda.

**Figure 6: Nature of performance targets**



*Source: Primary Data, 2015*

Figure 6 above indicate that majority of the respondents indicated that the targets were realistic (46.3%) and attainable (9.8%). 4.88% indicated that the targets were not attainable while 7.3% indicated that the targets were not realistic and 31.7% indicated that the performance targets were poorly designed.

**Table 8: Nature of performance targets**

<b>Contribution of employee Appraisal towards achieve</b>	<b>Distribution</b>	
	<b>Frequency</b>	<b>Percentage</b>
Very low extent	0	0.00%
Low extent	0	0.00%
Moderate extent	6	14.6%
Large extent	35	85.4%
Very large extent	10	24.4%
<b>Total</b>	<b>51</b>	<b>100%</b>
<b>Mean Score</b>	<b>4.09</b>	

*Source: Primary Data, 2015*

From table 8 above, 85.4% of the respondents indicated that staff appraisal contributed towards achievement of targets to a large extent; 24.4% of the respondents pointed that staff appraisal contributed towards achievement of targets to a very large extent and 14.6% of the respondents indicated that staff appraisal contributed towards achievement of targets to a moderate extent. The overall results indicate that staff appraisal greatly influences achievement of performance targets with a mean score of 4.09.

**Table 9: Influence of employee appraisal on performance targets**

Influence of employee appraisal on performance targets	Distribution	
	Frequency	Percentage
Very low extent	0	0.00%
Low extent	0	0.00%
Moderate extent	0	0.00%
Large extent	39	76.5%
Very large extent	12	23.5%
Total	51	100%
<b>Mean Score</b>	<b>4.29</b>	

*Source: Primary Data, 2015*

Table 9 above, shows that 76.5% of the respondents indicated that staff appraisal influenced performance targets to a large extent and 23.5% of the respondents pointed that staff appraisal influenced performance targets to a very large extent. In terms of the mean score, this influence scored a mean of 4.29. Thus performance appraisal helps the workers to meet their targets in Heifer International Uganda.

#### **4.4.3 Influence of Employee Appraisal on Training and Personal Development**

The researcher thought to establish the contribution of staff appraisal on training and personal development in Heifer International Uganda.

**Table 10: Influence of Employee Appraisal on Training**

Influence of employee appraisal on training	Distribution	
	Frequency	Percentage
Very low extent	5	9.8%
Low extent	6	11.8%
Moderate extent	6	11.8%
Large extent	11	21.6%
Very large extent	23	45.1%
Total	51	100%
<b>Mean Score</b>	<b>3.09</b>	

Source: Primary Data, 2015

From table 10 above, 45.1% of the respondents indicated that staff appraisal influences training in Heifer International Uganda to a very large extent, 21.6% reported that staff appraisal influences training to a large extent, 23.6% indicated that staff appraisal influences training to both low and moderate extent while 9.8% of the respondents indicated that staff appraisal influences training in Heifer International Uganda to a very low extent. The effect of staff appraisal on training in Heifer International Uganda is moderate as it scored a mean score of 3.09.

**Table 11: Influence of Employee Appraisal on Personal Development**

Influence of employee appraisal on Personal Development	Distribution	
	Frequency	Percentage
Very low extent	3	5.9%
Low extent	7	13.7%
Moderate extent	0	0.0%
Large extent	29	56.9%
Very large extent	12	23.5%
Total	51	100%
<b>Mean Score</b>	<b>3.32</b>	

Source: Primary Data, 2015



From table 11 above, results show that 56.9% of the respondents indicated that staff appraisal influences personal development in Heifer International Uganda to a large extent; 23.5% of the respondents indicated that staff appraisal influences personal development in the organization to a very large extent; 13.7% of the respondents indicated that staff appraisal influences personal development to a low extent while 5.9% of the respondents indicated that staff appraisal influences personal development in the organization to a very low extent. The effect of staff appraisal on personal development is moderate as it scored a mean of 3.32.

#### 4.4.4 Influence of time management on Employee Appraisal and Performance

The researcher thought to establish the influence of time management on performance appraisal and employee performance.

**Table 11: Influence of time management on Employee Appraisal and Performance**

Influence of time management on employee performance	Distribution	
	Frequency	Percentage
Very low extent	0	0.00%
Low extent	0	0.00%
Moderate extent	6	11.8%
Large extent	31	60.8%
Very large extent	14	27.5%
Total	51	100%
<b>Mean Score</b>	<b>4.2</b>	

*Source: Primary Data, 2015*

From table 11 above, 60.8% of the respondents indicated that staff appraisal influences time management in Heifer International to a large extent, 27.5% of the respondents indicated that staff appraisal influences time management in the organization to a very large extent and 11.8% of the respondents reported that staff appraisal influences time management in Heifer

International to a moderate extent. The effect of staff appraisal on time management in the organization is high as it scored a mean of 4.2.

**Table 12: Regression of relationship between performance appraisal and employee performance**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.409 <sup>a</sup>	.167	.146	.33053

a. Predictors: (Constant)

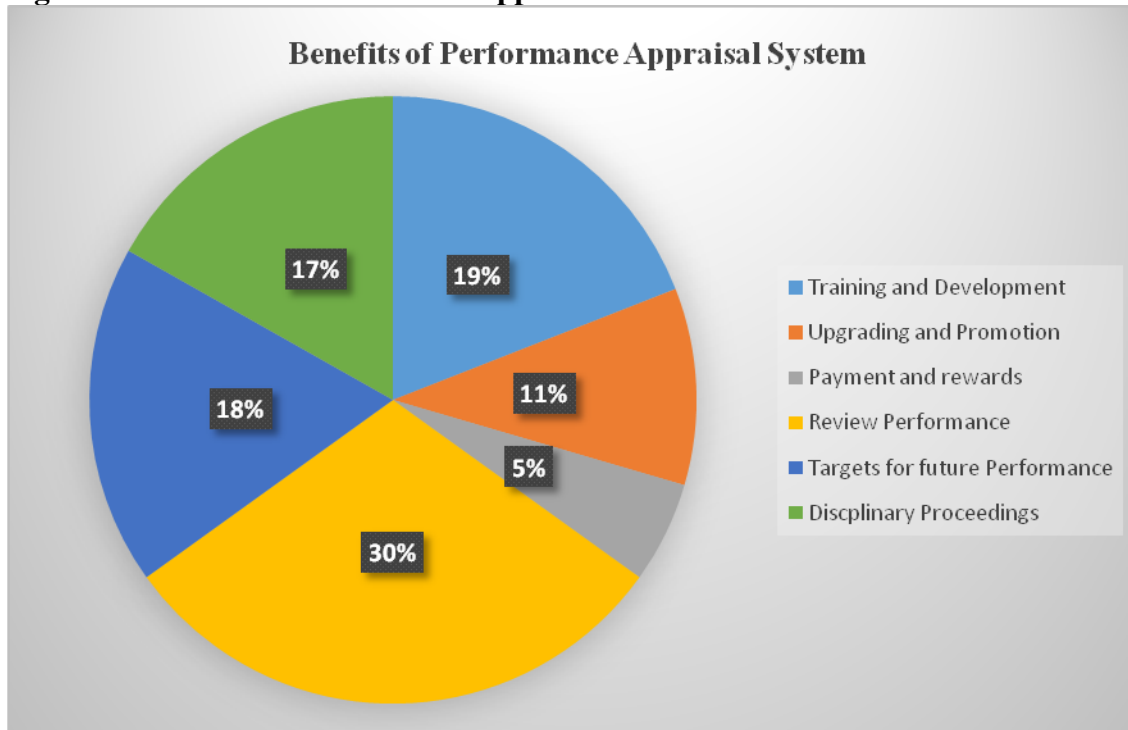
*Source: Primary data*

The *R* value represents the simple correlation between implementation of effective performance appraisal and employee performance and is 0.409. From this analysis, it is noted that performance appraisal is positively and significantly correlated towards effective performance appraisal ( $r = .409, p < 0.01$ ).

#### **4.4.5 Overall benefit of Staff Appraisal**

The researcher also sought the respondents view on the overall benefits of staff appraisal within Heifer International Uganda.

**Figure 7: Overall benefits of Staff Appraisal**



*Source: Primary Data, 2015*

Figure 7 above, a total of 30% of employees' surveys selected to Review Performance as what the organization aims to achieve from the performance appraisal system. The next highest answer selected was to determine training and development needs, with 19% of respondents agreeing that this is what the organization are striving to achieve. 18% of employees, selected that their organization used performance appraisal to set targets for future performance while 17%, selected that the organization's objective for Performance Appraisal was as a basis for disciplinary proceedings. The next most popular aim selected by respondents was that Performance Appraisal is used to determine upgrading and promotion. Exactly one third of all respondents selected this.

The least popular selection by respondents was that Performance Appraisal was used to determine payments and rewards as only 5% of respondents indicated that that appraisals are used to determine payments and rewards.

*“Staff appraisal process needs to define performance and also put in place performance measures which reflect the unique roles in various departments as there can be no single harmonised measure of performance”, non-supervisory staff.*

It can be concluded that performance appraisal help organizations in decision making, enhancing of productivity and effectiveness within the organization. Awosanya and Ademola (2008), have suggested that the lack of a comprehensive performance appraisal process creates a gap when evaluating employees’ performance in terms of their work productivity. To overcome the effects of prejudice, McNamara (2000), suggested that institutions must train appraisers to avoid biases. Moats (1999), suggests that when conducted properly, appraisals serve several purposes such as: (1) showing employees how to improve their performance, (2) setting goals for employees, and (3) helping managers to assess subordinates' effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations.

## **CHAPTER FIVE:**

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

#### **5.1 Introduction**

The researcher set out to find the effect of staff appraisal on employee performance on teamwork, performance targets, training and personal development and time management in Heifer International Uganda.

This chapter presents the summary, conclusions and recommendations of the findings of this study. This chapter is organized as follows. First, a summary of the key findings in chapter four is provided. Then the conclusions of the study based on the objectives of the study follows. The study then makes recommendations to the stakeholders regarding the findings. Areas for further research are then proposed for scholars wishing to do research in international NGOs on the subject of staff performance appraisal.

#### **5.2 Summary of Key Findings**

##### **5.2.1 Influence of Performance Appraisal on Teamwork**

The study found that staff appraisal effect on teamwork is weak and is felt only to moderate extent. The respondents indicated that appraisal provides a rare opportunity for both appraisers and appraisees to clarify each other's point of view on the scope of work and expectations thus bottlenecking communication within the organization. Since communication is vital for building teamwork and given that appraisal is held yearly in the Heifer International Uganda, this may explain the weak relationship between staff appraisal and teamwork. The teamwork aspect in this organization is also not addressed by the staff appraisal system in place as required by Murphy

and Cleveland, (2003) who noted that if organizations wish to motivate teamwork, they must assess and reward teamwork by incorporating it into their appraisal systems.

### **5.2.2 Influence of Performance Appraisal on Achievement of Targets**

The study findings indicate that employee appraisal has a strong effect on the achievement of performance targets within Heifer International Uganda as 73% of the respondents indicated that staff performance appraisal helps them to meet their targets. The study found that employee appraisal enables clarification of employees' scope of work and expectations. As pointed out by Weiss, (2001) a good appraisal system, provides employees with a set of performance targets to focus on throughout the year. This is said to be a good way of enhancing the performance of employees as they strive to meet these targets to attract better rating.

### **5.2.3 Performance Appraisal on Training and personal development**

The study found out that the effect of employee appraisal on training in Heifer International is high and is strongly felt by the employees appraised. The respondents indicated that staff appraisal provides an opportunity to identify employees' individual needs and to provide them with the necessary training. This is in line with Long, (2006) who contended that a good appraisal system is one that gives management a clear picture of the staffing areas that need more attention and improvement. On the issue of personal development, the study found that the effect of staff appraisal on personal development within the organization was moderate as it had a mean of 3.09 of the respondents indicated it contributed to a large extent. This is against the views of Fletcher and Williams, (1992) that staff appraisal should be considered as part of the overall training and development system.

## **5.2.4 Influence of time management on Performance Appraisal and Employee Performance**

There is a moderate correlation between implementation of performance appraisal and employee performance with a correlation coefficient of 0.409. Further still, the study found that staff appraisal has a great impact on time management of the appraised employees in Heifer International Uganda. The respondents indicated that staff appraisal led them to develop personal plans as well as deadlines and also to adhere to them as 46.34% indicated that performance appraisal influenced time management to a large extent. As observed by Boyd (2004), employee appraisal leads to employees. setting personal deadlines which are realistic but demanding and these help them in managing time to complete their tasks.

## **5.3 Conclusion**

The study's findings are encouraging as regards the implementation of staff appraisal in the international NGO sector in Uganda. Not only has Heifer International Uganda implemented the staff appraisal system as per the requirements in the global operating HR manual, but the staff appraisal has borne positive fruits as found by the study. Staff appraisal has been found to have a strong impact on the achievement of performance targets, training and time management in the organization both at country and global level for Heifer International. The areas where the effect of staff appraisal was not strongly felt were fostering teamwork and in personal development. With strategic alignments and adjustments in the staff appraisal system the desired results can be achieved.

## 5.4 Recommendations

The study based on the findings and conclusion proposes that the administrators' in Heifer International Uganda need to critically reconsider several aspect of the existing staff appraisal process. There is need to be regularly reviewing the process to suit various job specifications within the various departments in the organization. The appraisal system should reflect the unique aspect of jobs performed by employees in different departments instead of the current standardized system. The administrators should check on the areas where there exists ambiguity in the staff appraisal process to ensure that positive effects are strongly felt in all areas of employee performance to enhance productivity and the quality of services delivered to the public. There is also need to provide employees with training and career developmental opportunities to strengthen job-related skills and competencies. The staff appraisal within the organization should be used as a basis for identifying training needs for the employees. This will help the employees to keep up pace with emerging challenges in the workplace, such as the utilization of new technology to improve service delivery.

The study also suggests that the appraisal system within Heifer International Uganda needs to incorporate aspects which will foster and promote teamwork. An organization-specific job analysis should be conducted to determine the precise nature of the behavioural and performance indicators of teamwork to be included in the appraisal form. This modification of performance appraisal systems would allow for rewarding good team players.

There is need to tie the staff appraisal process with rewards system. The study recommends that the administrators should be honest and "walk the talk" on issues of staff appraisal. If the rewards are made part and parcel of the performance appraisal system, then there is a big chance



of success and sustenance of the system. There is also need to hold consultation between appraisers and appraisees to allow clarification and shedding light on the unclear areas in the staff appraisal process. The input of the appraisees should be incorporated in making the system better.

## **5.5 Suggestion for Further Research**

Further research should be conducted to investigate the effect of staff appraisal in organizations which fall under international NGOs with global presence across several countries such as World Vision, Compassion International, World Food Program, etc. This would go a long way in finding out whether the findings of this study can be generalized to whole international NGOs or there are deviations.

Future research can also be undertaken to investigate the effects of staff appraisal in locally registered NGOs as well as regional based NGOs. Such findings would allow for comparisons to be made on the implementation and success of staff appraisal in NGO sector.

Future research should also be conducted to find out why staff appraisal is not having the desired effect on various components of employee performance. Such a study would explore the factors hindering the success of staff appraisal.

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## Appendices

### Appendix I: Research Study Questionnaire Tool

Dear respondent,

My name is **Dan Bazira**; I am pursuing a Master's Degree in Business Administration (MBA - Management) from Uganda Martyrs' University Nkozi. The award of this degree partially requires presenting a dissertation. It is for this reason that I have designed a questionnaire to help me gather data about "Performance Appraisal and Employee Performance in International NGOs". The information given is purely for academic purposes and will be treated with utmost confidentiality. Any additional information you might consider necessary for this study will be highly appreciated.

Thank you for your consideration.

#### Questionnaire Tool (For Appraisers Only)

Please tick the appropriate box where applicable

##### 1.1 Gender of respondent

a) Female

b) Male

##### 1.2 Age group (in years)

a) 20-29

b) 30-39

c) 40-49

d) 50-59

e) 60 and above

1.3 Qualification (Tick the highest level of formal education)

Secondary Education Certificate

College Diploma

Bachelors' Degree

Post Graduate Diploma

Master's Degree

Doctorate Degree

1.4 What is your current designation in the organization?

- a) Supervisor
- b) Non-supervisory staff

1.5 How long have you spent working for the organization?

- a) Between 1-2years
- b) Between 3-4 years
- c) Between 5-6 years
- d) Between 7 -8years
- e) Above 8 years

1.6 What performance measures does Heifer International Uganda utilize?

- a) Organizational Goals
- b) Time Management
- c) Accomplishments
- d) Targets.
- e) Team Efficiency



1.7 Listed below are some of the probable results of performance appraisal in Heifer International Uganda. Please indicate whether it's accurate or not according to given Likert scale.

Statement	Totally Inaccurate	Slightly Inaccurate	Quite Accurate	Accurate	Absolutely Accurate	Mean Score
Appraisal provides an opportunity for both appraisers and appraisees to clarify each other's point of view on the scope of work and expectations.						
When an employee and supervisor talk about organizational goals during an appraisal, the employee gains a greater sense of team belonging thus boosting his morale						
Appraisal allows staff to see their own strength and weaknesses						
Appraisal provides an opportunity to identify staff training needs						
Poor performers are offered chance to improve						
Staff appraisal helps employees in time management through planning and setting deadlines						
Staff performance helps employees meet performance targets						
If staff's overall performance in the appraisal is consistently poor, the organization may terminate employment						

1.8 Any other comment on effect of staff performance appraisal on employee performance?-----

-----

*Thanks a lot for your time and cooperation.*

## Questionnaire tool (For Appraisee Only)

Please tick the appropriate box where applicable

### 1.1 Gender of respondent

a. Female

b. Male

### 1.2 Age group (in years)

a) 20-29

b) 30-39

c) 40-49

d) 50-59

e) 60 and above

### 1.3 Qualification (Tick the highest level of formal education)

Secondary Education Certificate

College Diploma

Bachelors' Degree

Post Graduate Diploma

Master's Degree

Doctorate Degree

### 1.4 How long have you spent working for the organization?

a) Between 1-2years

b) Between 3-4 years

c) Between 5-6 years

d) Between 7 -8years

- e) Above 8 years

1.5 How often are you appraised?

- a) Quarterly
- b) Twice a Year
- c) Yearly
- d) In 2 years

### **Section 2: Employee Appraisal on Team Work**

- 2) To what extent do you think that teamwork has improved as a result of performance appraisal?
  - a) Very large extent
  - b) Large extent
  - c) Moderate extent
  - d) Low extent
  - e) Very low extent

### **Section 3: Employee Appraisal on Performance Target**

- 3) What is your general opinion on performance targets in your department?
  - f) Realistic
  - g) Attainable
  - h) Not Realistic
  - i) Not Attainable
  - j) Poorly Designed

- 4) To what extent can you attribute your achievements of performance targets to staff appraisal in your department?
- a) Very large extent
  - b) Large extent
  - c) Moderate extent
  - d) Low extent
  - e) Very low extent
- 5) To what extent do you think that performance appraisal influences performance targets in Heifer International Uganda?
- a) Very large extent
  - b) Large extent
  - c) Moderate extent
  - d) Low extent
  - e) Very low extent

**Section 4: Employee Appraisal on Personal Development and Training**

- 6) Which are the main areas covered by Heifer International's training programs to its employees

ICT	<input type="checkbox"/>
Management	<input type="checkbox"/>
Project Planning	<input type="checkbox"/>
Technical	<input type="checkbox"/>

- 7) How often does the trainings above take place within Heifer International Uganda?
- a) Continuous
  - b) Quarterly
  - c) Twice a year
  - d) Yearly
  - e) After 2 years
- 8) To what extent has performance appraisal influenced your training in the organization?
- a) Very large extent
  - b) Large extent
  - c) Moderate extent
  - d) Low extent
  - e) Very low extent
- 9) To what extent has performance appraisal contributed to your personal development within the organization?
- a) Very large extent
  - b) Large extent
  - c) Moderate extent
  - d) Low extent
  - e) Very low extent

## **Section 5: Performance Appraisal on Time Management**

10) How would you describe the nature of time management at your work place by employees?

- a) Very punctual
- b) Fairly punctual
- c) Normal
- d) Slightly late
- e) Very late

11) To what extent do you think staff appraisal has affected time management in the organization?

- a) Very large extent
- b) Large extent
- c) Moderate extent
- d) Low extent
- e) Very low extent

12) In your opinion, to what extent has staff appraisal been beneficial to you?

- a) Very large extent
- b) Large extent
- c) Moderate extent
- d) Low extent
- e) Very low extent

Kindly explain:.....  
.....

13) How do you rate the effect of staff appraisal on employee performance in Heifer International Uganda?

- a) Very High
- b) High
- c) Moderate
- d) Low
- e) Very low

14) What are your suggestions on employee appraisal with in Heifer International and more specifically international NGO sector in general?

.....  
.....

*Thank you for your time and cooperation.*

**Appendix II: Heifer International Performance Rating Form**

	<b>Performance Rating Form</b>
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**Supervisor's Evaluation**

**Instructions:** *Prior to providing a Performance Rating, review the Performance Coaching Log maintained by the supervisor over the course of the past rating period. Then, using the Performance Rating scale below, select the appropriate rating for the employee.*

<b>Employee Name</b>	
<b>Job Title</b>	
<b>Supervisor Name</b>	
<b>Evaluation Period</b>	

**Rating:**

- Eligible for Merit Increase AND Top Performer Bonus
- Eligible for Merit Increase ONLY
- NOT eligible for Merit Increase and NOT eligible for Top Performer Bonus

<b>Performance Rating</b>	Choose an item.
---------------------------	-----------------

**Supervisor's Comments**



*Please provide specific comments related to objectives, competencies and behavior achieved by our employee.*

Click here to enter text.

**Employee Comments (optional)**

Click here to enter text.

**Signatures**

*By signing this form, both the employee and the supervisor acknowledge that the employee's performance review has been discussed, reviewed and completed.*

\_\_\_\_\_

Signature of Employee

\_\_\_\_\_

Signature of Supervisor

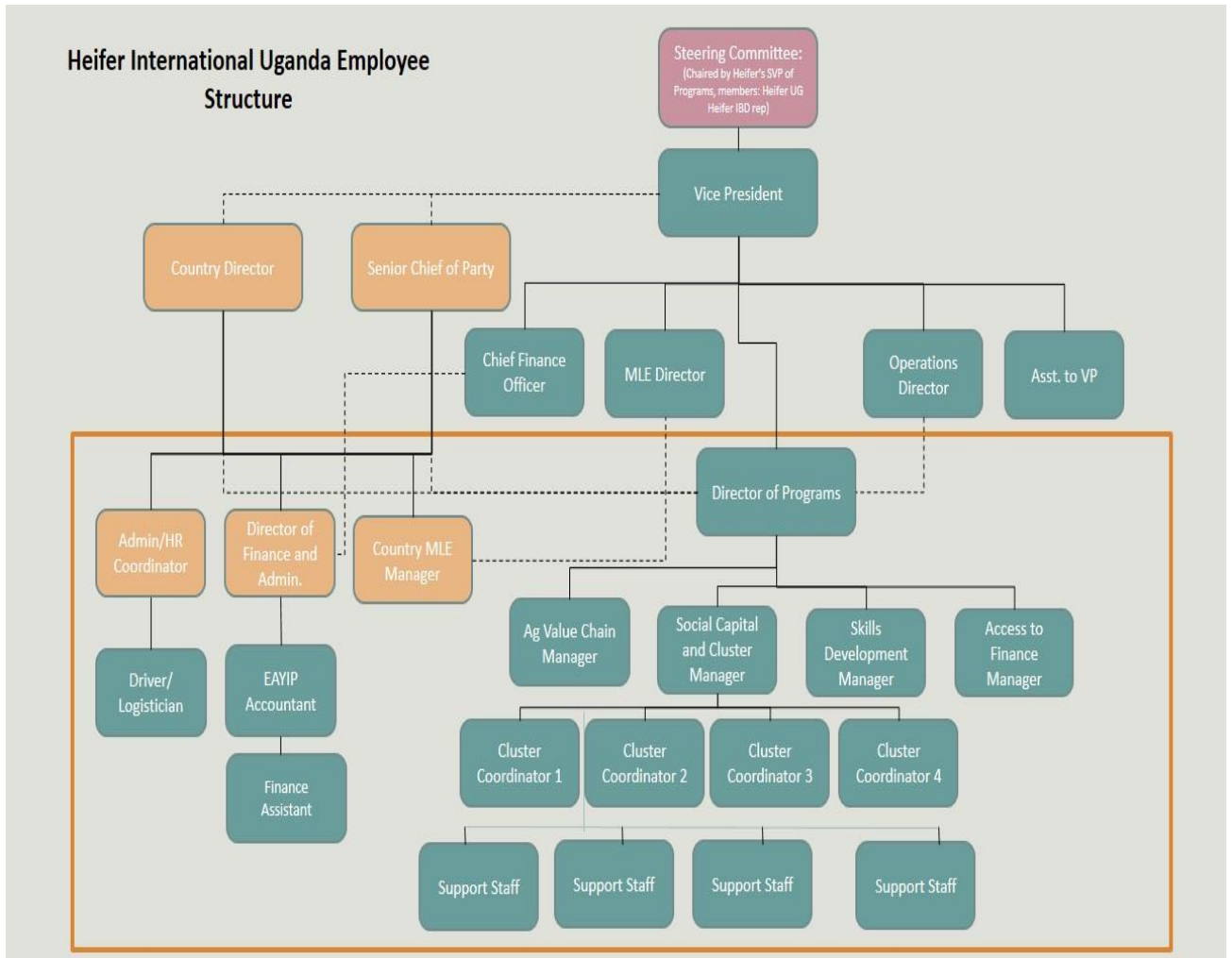
\_\_\_\_\_

Date signed

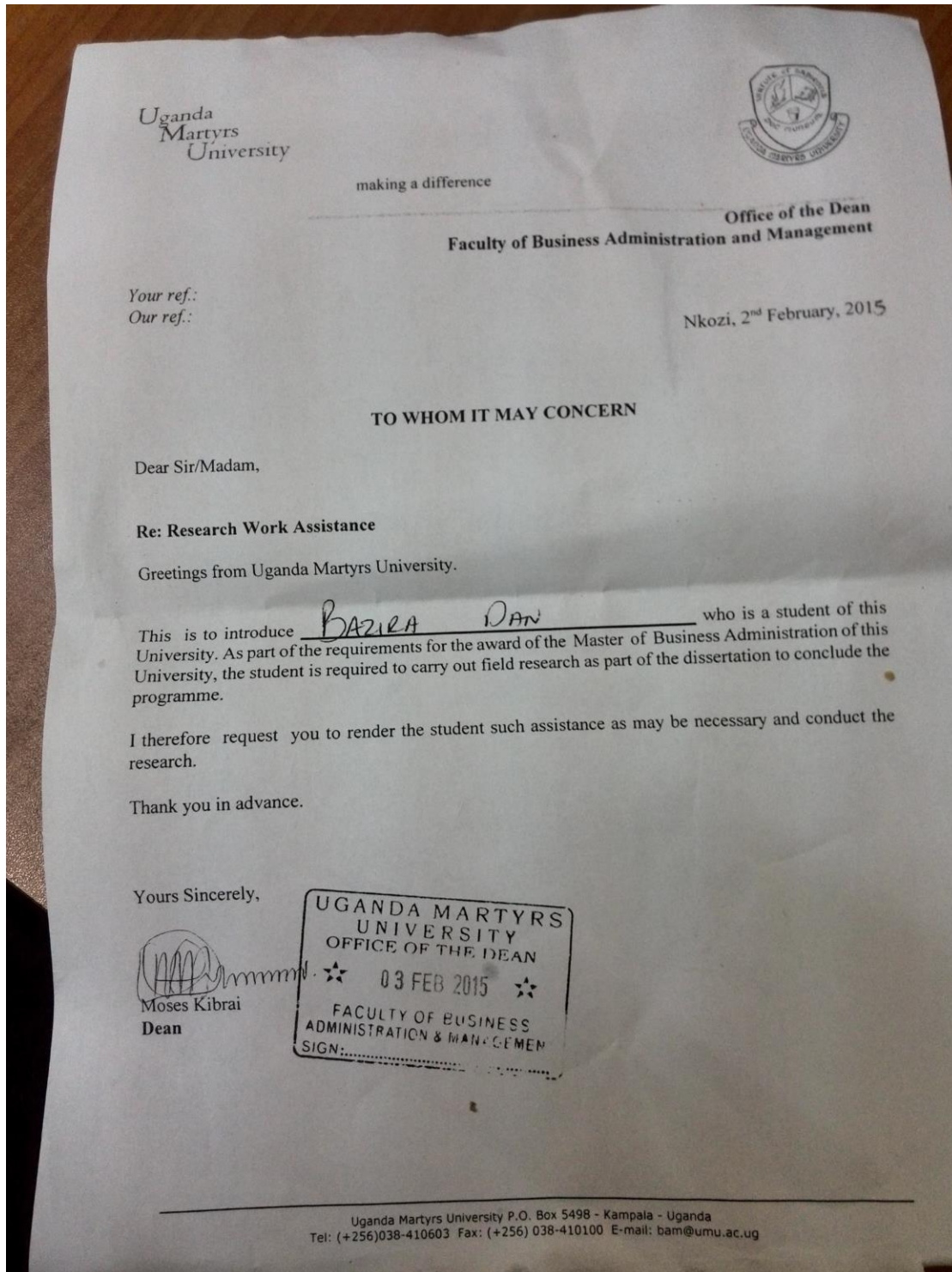
\_\_\_\_\_

Date signed

### Appendix III: HEIFER INTERNATIONAL ORGANISATIONAL STRUCTURE



**Appendix IV: Field Introduction Letter from Uganda Martyrs' University**



## Appendix V: Authorization Letter from Heifer International Uganda



Date: May 15th, 2015

Dan Bazira  
MBA—Student  
Uganda Martyrs University—Nkozi

Dear Sir/Madam

### Authorization to undertake research within Heifer International Uganda

This is to approve your request to undertake your academic research within our organization. Please note that your research is purely academic and you will be required to share your research findings with our offices.

Should there be any need for support you require to accomplish your academic research, please be free to contact my office. Your research will last for only 2.5 months

Yours faithfully,

William Matovu  
Country Director  
Email: [heiferuganda@heifer.org](mailto:heiferuganda@heifer.org)

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UGANDA OFFICE: Plot 6, Clement Hill Rd. Nakasero, P.O. Box 28491 Kampala Uganda

Heifer International Headquarters: P. O. Box 808 1614 South Louisiana Little Rock AR 72202 Tel: (501) 901 2600 Fax: (501) 901 2602/2606 U.S.A