

PERFORMANCE APPRAISAL FEEDBACK AND EMPLOYEE PRODUCTIVITY IN WATER AND SEWARAGE COMPANIES IN KIAMBU COUNTY, KENYA

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ABSTRACT

Performance appraisal acts an important factor in the overall functions of human resource management in both private and public sectors. Performance appraisal has great implications on employee motivation. For instance, staffs are unlikely to want to be open about job difficulties, or to admit that they need more training to do the job, if they feel this will directly affect their next pay increase. This study sought to determine the effect of performance appraisal system on employee productivity in Water and sewerage companies within Kiambu County Kenya. The objective of the study was to determine the influence of appraisal feedback on employee productivity, to assess the influence of appraisal methods on employee productivity, and to assess the influence of appraisal standards on employee productivity. The study was anchored on resource based view theory, Goal setting theory and expectancy theory. The study targeted 972 workers selected from the following departments: human resource, finance, information technology, technical support and customer service. The respondents included heads of departments, section heads and supervisors. The study used structural questionnaire for data collection. Stratified random sampling was used to determine a sample size of 300 respondents. The study used descriptive research design. Data collected was coded, entered and analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive and Inferential statistics was used to generalize the population. In order to test reliability of the instruments, internal

consistency techniques were employed using the Cronbach Alpha Coefficient of 0.7. The study established that managers provided appraisal feedback to their employees. The study also revealed that organizations found it easy to share positive appraisal feedback as compared to criticizing poor performance. Organizations provided adequate feedback on employees' performance while freedom and independence of employees acted as a motivation tool. Feedback provided by supervisors regarding productivity helped employees to strengthen individual development for superior performance and measuring employee's actual performance on established standards. The study indicated that all the independent variables had a positive influence on the employee's productivity. The study also identified that there are other factors other than appraisal standard, appraisal feedback, appraisal method which affect employee's performance. The study concluded that managers should provide appraisal feedback to their employees and those organizations found it easy to share positive appraisal feedback as compared to criticizing poor performance. Freedom and independence of employees acted as a motivation tool and setting of objectives helped the employees to be focused. The level of employee productivity in the company was high as compared to the beginning. The study recommended that organizations should have well laid down procedures to be followed in dealing with employees' feedback and responding to the feedback from the organization surroundings. Organizations appraisal method is known by each members of the organization and

ensured that this method does not infringe the employees' rights and the organizations policies. Organizations should formulate procedures and policies to be used in identification of employees' standards.

Key Words: *performance appraisal feedback, employee productivity, water and sewerage companies, Kiambu County, Kenya*

INTRODUCTION

The degree at which an organization appraises and evaluates its employees determines the overall output and thus; productivity. The term productivity is defined as volume or quality of key products (goods and services) provided by an organization on a given period of time. Productivity is the end results of a production process in an organization. In an organization, managers are responsible for motivating employees at all levels to raise the levels of their production which ultimately determines the overall success of an organization. Employee productivity estimates the individual contribution of each employee in an organization. According to Dzinkowski (2000), employee productivity is one factor used to evaluate human capital in an organization.

Appraisal of performance was observed as a key factor in modern human resource practices (Bujang & Ahmad, 2013) and a crucial factor in performance leadership. Employee inspiration, job performance, intrinsic awards, outward benefits, worker performance, worker training and development, internal correspondence, as well as workplace and hierarchical accountability are factors on which performance examination is based. Human resource management has a central position in organizational performance management in the social insurance sector. On the other side, medicinal services facilities have a double authoritative framework consisting of clinical administrators and wellness managers who control two unmistakable meetings of staff with different responsibilities and training needs (Hartzell, 2008). The medicinal services industry's goal is to offer the most notable consideration and therapy to the patient.

An imperative vocation advancement device for the administrator and worker is the employee performance exam. The administrator can assist regulate the employee on the manner to corporate progress, while the employee receives a better understanding of what is normal in their day-to-day duties. As stated by Stonner, Freeman and Gilbert (2009) on effect of performance appraisal on the performance in United States, the fundamental goal of performance assessment is to improve individual employee efficiency, thereby prompting improvement of the organization's general performance. Three characteristics that include the viability of a successful evaluation system are: appropriate notice, fair listening (two-way correspondence) and evidence-based assessment (reporting performance problems using verifiable evidence) rather than genuine performance rating convictions (Dattner, 2010).

Performance assessments have a broad range of effects on staff that must be distinguished by administrators. For example, Scott and Einstein (2008) conducted an investigation into the assessor-appraisee relationship view of instructors and discovered that the appraiser-appraisee mix made a huge contrast to the educator's impression of the reasons and suitability of the exam. An inquiry led by Cunneen (2011) found that the perceived decency and accuracy of performance examination identified activity commitments.

Additionally, in Kenya, performance evaluations are crucial for improving vocation and advancement. Armstrong (2001) acknowledged three factors that are particularly important in choosing whether the employee is involved in the process to assist fulfill examination objectives. These are the employee's understanding of the assessment as sensible, the nature of the present connection of the worker with the individual / people making the assessment, and the impact that the assessment has on workers' compensation and their own prosperity. Evaluation therefore has both a "specialized element" as to how performance is estimated and is also an extremely "social method." Mintzberg (1987) inquiry into the effect of performance examination on the motivation of civil servants found that a performance examination structure is a critical factor in the inspiration of workers. Due to rapid innovations and modifications in the current organizations in order to adapt to the vibrant political, social and economic circumstances in which they work, employees are required to adapt their objectives to those of the association.

Employee performance plays an important role as far as success and overall direction of an organization is concerned. Hence, performance appraisal is the basis of success of most businesses today. Organizations today use performance appraisal to increase efficiency and effectiveness of employees at the work place. Through performance appraisal, management is able to identify need to motivate, establish goals and targets, train employees and provide feedback on performance. Human Resource managers are charged with this important responsibility of maintaining a sound performance appraisal system. Employees in an organization should show their commitment to attaining of the required goals and standards of performance so as to sustain the growth, profitability and maximization of the value of the firm (Singh et al, 2010). To achieve required performance through performance appraisal, an organization should optimally utilize the level of skills, abilities and knowledge available to increase the overall productivity of employees.

STATEMENT OF THE PROBLEM

Performance appraisal acts an important factor in the overall functions of human resource management in both private and public sectors (Jackson & Schuller, 2012). Performance appraisal has great implications on employee motivation. For instance, staffs are unlikely to want to be open about job difficulties, or to admit that they need more training to do the job, if they feel this will directly affect their next pay increase (Aguinis, 2009). According to Solmon and Podgursky (2010), inaccuracies in appraisal can demotivate employees, forcing them to either

consider looking for other job opportunities or become less productive. The water and sewerage companies play a crucial role for national development and realization of Kenya vision 2030. Employee's productivity is an important denominator of any organization. A lot of organization has not effectively motivated their employees to ensure that they work to attain the organization goals and objectives. According to WASREB report for the period 2015/2016 - 2016/2017 the performance of water and sewerage companies in Kenya has experienced stagnation as a result of uncommitted employees. Three key goals guide the water service sector which includes ensuring accessibility, making sure the initial outlay is recovered and strengthening performance through loss reduction. However, since the year 2015, there has been no significant improvement in any of these indicators. The foregoing situation is partly driven by the low productivity among employees in the sector. Employee productivity is one of the key performance indicators of the overall performance of the water sector, however according to the report staff productivity has been stagnant for the periods 2014/2015, 2015/2016 and 2016/2017. In Kiambu County, most of the water and sewerage companies performed below the country's average of 7 employees per 1000 connections as per WASREB 2018 impact report. According to Kiambu water and sewerage services sector policy 2017, there is a need to improve water and sewerage services since the County has a high population growth rate due mainly due the influx of people working in Nairobi city who prefer to stay in the County and its environs where there is less congestion and well developed infrastructure. Mwema and Gachunga (2014) did a study to determine the link between performance appraisal and productivity. The study used a case of selected officers under WHO. It was revealed that organizations should often apprise their staff as a way of increasing their productivity. Hangeior, Oravee and Zayum (2017) did a study on how performance appraisal affected productivity of staff in Nigerian context. The findings of the study indicated that regular feedback and management by objectives resulted into better productivity of employees in an organization. Omusebe, Kimanichege and Musiega (2013) carried a study to determine how systems of appraising employees affected their productivity where the results indicated that performance appraisal had direct and significant influence on efficiency of employees. The above studies show that although there have been many studies in the effect of performance appraisal on employee productivity none has been done in the water sector in Kenya. Studies focusing on appraisal feedback and appraisal standards and employee productivity have been limited. Therefore this study sought to fill this knowledge gap by examining the influence of performance appraisal feedback on employee productivity in water and sewage companies within Kiambu County Kenya.

GENERAL OBJECTIVE

To determine the influence of appraisal feedback on employee productivity at water and sewerage companies within Kiambu County.

THEORETICAL REVIEW

Resource-Based View

The theory was formulated and developed by Penrose (1959). The traditional models of this school of thought were developed in the year 1991 though its acknowledgement as the most capable school in explaining the role of organizational resources in performance is still among the leading in analyzing resource strategy (Barney et al., 2011). This school of thought identifies the important role played by internal resources within an enterprise in its quest to achieve a sustainable performance position in a given industry. The theory holds that organizations holding or controlling a certain resource can easily achieve and maintain a relative position as compared to the competitors provided they act rationally (Evers, 2011).

Helfat and Winter (2011) supported the application of this school of thought by arguing that organizations operating in a given industry have a possibility of having heterogeneous resources. However, since resources are not perfectly transferrable from one enterprise to another, the existing heterogeneity and subsequent sustainable outcomes realized by an organization has the possibility of persisting over a period of time. This therefore means that the resources existing within an organization are fundamental in explanation of sustained enterprise performance (Barney et al., 2011). Various resources capable of providing competitive advantage to organizations such as skilled and experienced human capital, physical resources among other resources controlled by an enterprise avail various benefits which aid in the achievement of sustainable performance. However, the level of sustainable competitive achieved will depend on how well the resources are utilized and organized. The underlying concept of capability in the RBV theory heavily relies on the skills available within an organization to allow for optimal allocation of resources (Helfat & Winter, 2011). The capabilities enable organizations in developing sets of actions by deploying the resources optimally thereby aiding in timely achievement of desired targets.

Helfat and Winter (2011) perceived capabilities as being made of bundles of skills possessed by employees which have been accumulated over a long period of time to build into knowledge which when applied enable an enterprise to manage and coordinate its activities in a manner that allows for optimal utilization of its assets. These capabilities simply refer to the skills that enable an organization to optimally allocate resources so as to deliver on set goals within the set period of time. To attain preset organization's sustainable performance, the capabilities need to possess certain qualities like being valuable, difficult to imitate, scarce, not easily transferred without losing their worthy, and not easily to compete up with substitutable resources or replicate them (James, 2013). A number of criticisms have however been leveled against this theory including its inability to address the ability of the firm to sustain its competitive advantage.

Second, it is regarded as a static theory because it fails to address the fundamental issue as to how future resources can be created. Third, RBV like Porter's competitive forces model could not account for organization's sustainable performance for enterprises in highly dynamic markets.

Goal Setting Theory

This school of thought was first developed by Locke (1968) to bring into focus the way individual goals developed by staff motivate them to go an extra mile in achieving superior performance. The explanation advanced for this relationship is the desire by employees to follow their goals. It is argued that failure to achieve personal goals set by employees motivate them to put in extra effort to ensure that they improve their personal performance or modify the goals to ensure that they are realistic and achievable (Salaman et al., 2005). Implementation of appraisal standards depends on the goals set by an organization. Latham (2008) argues that coming up with goals to direct the unfolding of activities in an organization has a direct relationship with the actual results achieved. This School of thought assumes that employees who develop specific and somehow challenging goals stand higher chances of posting outstanding performance as compared to their colleagues who come up with vague goals or those with no goals at all. This helps in explaining the observed direct relationship between identification and determination of specific and measurable goals, actual staff performance and the expected outcomes. In cases where managers clearly know what they are aiming at, they become more motivated to support their employees to ensure improved performance is realized (Locke & Latham, 2002). The goals need to be more challenging to push managers and their subordinates to go an extra mile in achieving stated outputs (Rodgers & Hunter, 1991). Clearly developed goals which can be measured with certainty have a direct relationship with performance outcomes for each employee. However, task difficulty in terms of not being able to measure the developed goals has been found to reduce the impact of clearly developed goals on performance (Locke & Latham, 1990).

This school of thought has however, been criticised for promoting development of goals that are either too specific which may lead to narrow scope narrow (Ordoñez, et al., 2004). Development of such goals have higher chances of causing individual employees to use too much time in coming up with them to the detriment of other important parameters in the enterprise. For instance, they may inhibit or negatively influence the ability to be innovative, flexible and creative so as to come up with better ways of performing tasks which would lead to improved processes. This therefore calls for more research to identify the degree of specific goals on the level of performance. According to Staw and Boettger (1990) established narrow goals reduces the level of performance. The theory has been criticized on ground that ignored that challenge arising from multiple goals being given to perform given tasks (Ordoñez, et al., 2009).

Expectancy Theory

The theory was formulated by Vroom in the year 1964. The theory argues that people make adjustment to their set of behavior based on the required level of goals. In order to attain these goals, individuals are forced to change their behavior. The underlying key concept behind this theory is the performance management idea (Salaman et al., 2005).

The theory is premised on the assumption and belief that efforts of staff in an organization will result into performance which would transpire into reward. Rewards may be negative or positive. Positive rewards show that employees are highly motivated while negative reward show staff is less motivated. The underlying concepts in this theory are expectancy, instrumentality and valence. Valence is the value in the results, expectancy or instrumentality is the one's point of views. Expectancy refers to differences in expectations. This theory is relevant to the study as it emphasizes on how different individuals behave. It assumes that every person is motivated by how they prefer and perceive rewards and prospects.

EMPIRICAL REVIEW

Aguinis (2016) conducted a study on how organization manages their performance. The study was conducted on Kenya health care center. The study sampled 345 respondents from health care sector in Nairobi County. The study used primary to collect data. The data collected was analyzed using descriptive and inferential statistics. The study identified that performance feedback is normally meant to improve the performance of individual employees and their group performance in teams. They help in improving the level of employee engagement and motivating them to put in extra effort to ensure that preset targets are attained. It also helps in improving the level of job satisfaction thereby reducing the level of employee turnover. It is an effective method applied by managers in changing the behavior of employees and improving their level of satisfaction. Proper management of the feedback process between managers and their subordinates is significant in bringing about improved organizational performance.

Salau, Oludayo and Omoniy (2014) conducted a study on the factors that are used by organization to manage effectively their employee. The study concentrated on the management practices. The study was conducted in Ghana Rural Water Project. The study used structure questionnaire to collect data. The data collected was analyzed using both regression and inferential statistics. The study established that there needs to be regular feedback to employees is important in enabling them focus their duties and tasks in given strategic business units to ensure that preset organizational goals are achieved. Performance appraisal feedback helps in building higher levels of accountability among employees and their seniors since the development of goals bring together both of them to agree on targets. They both discuss issues to do with competencies, how to advance and develop the career of the subordinates and the manager to ensure that adequate support is availed to motivate the employee to deliver on the

goals. The study concluded that there are some organizations that fail to provide feedback. Although a few managers may intentionally hold back employee feedback which may be due to a number of factors including overwhelming management duties which consume most of their time.

Ahmad and Bujang (2013) assessed how performance in an organization could be made perfect. The study concentrated on hundreds of ready-to-use phrases that can be used to increase performance. The study was conducted on New York telecommunication sector. The study used both primary and secondary data. SPSS were used to analyze data where inferential and descriptive statistics were determined. The finding indicated that feedback provides direction for employees in an organization so as to refocus their efforts in ensuring that organizational mission and objectives are attained. It is meant to inform employees on the areas they are performing well and those where deficiencies have been identified so as to inform development of performance improvement programs. The study also established that performance feedback can serve as a way of knowing the employee's strength and weaknesses.

Zachary (2010) conducted a study the effect that accrues to the organization as a result of employing effective performance appraisal. The study concentrated on the relationship between employer satisfaction and performance of the organization. The study was conducted in the UK universities. The study conducted interview on 234 respondents that were management staff of the university and the student leaders. The study identified that the ideal situations allow employees to receive feedback on their performance in terms of areas of strength and deficiency identifying areas that they can improve. The study also revealed that supervisors who may be managers or not identify specific areas of weaknesses for each employee and come up with a plan on how to reduce them for improved future performance through employee development. Employees are also required to bear a positive attitude and receive the feedback well so that they can follow the proposed improvement path. The acceptance process of the feedback is important because it determines the willingness among staff to support the programs developed for improving performance. It communicates the employee's acceptance of the evaluation process and the level of faith they hold with the process in terms of fairness and transparency.

RESEARCH METHODOLOGY

Research Design

The researcher adopted a descriptive design. This is because according to Sekaran (2007) descriptive research is concerned with collection of data that helps in building a profile concerning a given phenomenon under study. It concerns itself with collection of data on aspects relating to what, when, where, whom and how so as to help in understanding of the phenomenon. This design was considered most appropriate because it does not tamper with the situation instead, it reports as things are. This design was most appropriate in collecting information

necessary for the study on determining the influence of performance appraisal feedback on employee productivity of Water and Sewerage companies in Kiambu County Kenya.

Target Population

A population refers to the entirety of subjects or elements that the researcher wishes to generalize the findings on (Cooper & Schindler, 2008). The target population on the other hand refers to the key target group of elements of subjects from the whole that the researcher wishes to select a sample. It is a large collection of individuals that have been identified for study. The entire population of employees in Kiambu water and Sewerage companies is 972 but the study targeted only management and supervisory cadre. The study targeted 972 Kiambu water and Sewerage companies staff which was drawn from human resource department, finance, information technology department, and technical and customer care department.

Sampling Techniques and Sample Size

This study made use of stratified sampling technique. This is because different categories of employees were involved, that is, Chief Officers, Directors, human resource officers, finance officers, technicians, Administrators and heads of departments. A sample refers to a subset of elements forming the population of interest to the researcher. To sample is to select representative elements from the whole population for inclusion in the study (Mugenda & Mugenda, 2003). When well selected, the sample should be made up of 10-30% of the population. For this study, 30% was adopted.

Data Collection Instrument

The study used primary data collected by use of closed ended questionnaires. Questionnaires according to Gilham (2008) are beneficial since they facilitate standardization and efficiency. The questionnaire contained two sections; Section A of demographic questions about the respondent and section B that contained questions on performance appraisal system and employee productivity. The questions were semi structured and allowed a general comment from the participant regarding his/her opinion. Questionnaires were piloted to determine how reliable and valid they were. To achieve this, 30 members of staff were used. The staff was drawn from Kiambu water and Sewerage Company from human resource, finance, information technology, technical support and customer service.

Data Collection Procedures

In order to ensure that majority of the respondents provided appropriate information on a timely basis, this study employed a personalized instrument distribution so as to accord the respondents an opportunity to seek for additional information as necessary. The researcher allowed duration

of one week for the respondents to fill in the instrument at their convenience time after which follow up phone calls and emails was done to remind them to complete and return the questionnaires.

Data Analysis

Data analysis refers to the process of manipulating data collected from the field with the purpose of obtaining responses to research questions (Kothari (2004). It is mainly used to obtain meaning from collected data. When data was collected from the field, the researcher examined the completeness in filling the questionnaires and then gave them unique codes to allow the capturing in Statistical Package for Social Sciences (SPSS version 23.0). Descriptive statistics including calculating the mean, standard deviation, frequency distribution tables and percentages and analysis of variance. Regression and correlation analysis to estimate the extent to which independent variables explain the changes occurring in the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where: Y= Employee Productivity; β_0 = Constant; β_1 = Regression coefficient relating to Change components; X_1 = Appraisal Feedback; ε = Error term

RESEARCH RESULTS

The study established that managers provide appraisal feedback for their employees. The organization finds it easy to share positive and adequate appraisal feedback on employee's performance as compared to criticizing poor performance. It was also established that feedback given to employees on appraisal did not conform to the actual performance since the employees did not discuss their performance on the job regularly with their managers. The findings also revealed that feedback was not adequate in proving duties execution and employees did not enjoy discussing their performance with other people.

INFERENCE STATISTICS

The study conducted inferential statistics including correlation and regression analysis. Correlation analysis was carried out to determine the relationship between performance appraisal systems and employee productivity.

Correlation Analysis

The study conducted Pearson correlation analysis to determine relationship between performance appraisal systems and employee productivity. The findings are reported in

Table 1: Correlation Analysis

		Employees productivity	Appraisal feedback
Employees productivity	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	242	
Appraisal feedback	Pearson Correlation	.664**	1
	Sig. (2-tailed)	.000	
	N	242	242

** Correlation is significant at the 0.01 level (2-tailed).

From Table 1, appraisal feedback has the following Pearson correlation and p value (r=0.664, p=0.000<0.05). This shows that appraisal feedback has a positive and significant relationship with employee productivity. According to Aguinis (2009), appraisal feedback helps in improving the level of job satisfaction thereby reducing the level of employee turnover.

Regression Analysis

The study used regression analysis to determine the influence the independent variables have on the productivity of the employees. Table 2 gives the model summary of the study.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840 ^a	.705	.702	3.95509

a. Predictors: (Constant), appraisal standard, appraisal feedback, appraisal method

From the findings, the value of coefficient of R is 0.840 representing 84.0%, this shows that there is a strong coefficient between the study variables. The value of R² is 0.705 which represent 70.5% indicating that there are other factors other than appraisal feedback, appraisal method and appraisal standard that affect employees productive. This finding is in line with Svishcheva, (2019) who indicated that R-square of above 70 % is adequate for relevant conclusion.

Table 3: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.651	.986		1.674	.095
Appraisal feedback	.234	.061	.045	3.811	.008

a. Dependent Variable: employees' productivity

From Table 3, the following model is extracted;

$$Y = 1.651 + 0.234X_1$$

Where: Y= Employee Productivity; B1= Regression coefficient relating to Change components;
X₁= Appraisal Feedback

At 5% level of significance, the study documents that appraisal feedback ($p < 0.05$) with a positive beta coefficient. This shows that appraisal feedback has a positive and significant effect on employee performance. Therefore, an improvement in appraisal feedback is more likely to result into an increase in employee productivity. The finding is consistent with Schraeder, Becton and Portis (2009) who suggest that performance feedback can serve as a way of knowing the employee's strength and weaknesses.

CONCLUSION

Appraisal feedback was provided to employees by their managers. The organization found it easy to share positive and adequate feedback regarding performance as compared to criticizing poor performance. The feedback given to employees on appraisal did not conform to actual performance since there was no regular discussion between the employees and the managers on the job performance.

Freedom and independence of employees acted as a motivation tool. The setting and communicating of objectives helped the employees to be focused and motivated them to achieve those objectives. Individual employee's self-appraisal helped them to identify their areas of strength and weaknesses for standard productivity. The feedback provided by supervisors, customers and colleagues regarding productivity helped employees to strengthen individual development for superior performance. Most organization use 360-degree feedback to provide appraisal information.

Measuring employee's actual performance and communicating performance expectations on established standards can have an impact on overall performance of employees in an organization. Employee's performance appraisal should be discussed and feedback provided. Employee's performance appraisal leads to better performance therefore establishing performance standards in the organization which help employees to be better administrative staff. Appraisal standards have positive influence on employee productivity of an organization.

RECOMMENDATIONS

The study recommends that water and sewerage companies should have well laid down procedures to be followed in dealing with employees' feedback and responding to the feedback from its surrounding. The feedback appraisal policy should also be in line with the water and sewerage company's objectives and ensure that all the employees are appraised according to their performance.

The study recommends that organization appraisal method is known by each members of the organization and ensure that this method does not infringe the employees' right and the organization policies. Organization should ensure this method is formulated to improve staff environment.

The study recommends that Federation of Kenyan Employees (FKE) should formulate procedures and policies to be used in identification of employees' standards. These standards should be in line with water and sewerage companies' mission and vision. The study also recommends that every organization should highlight avenues that would be used in communicating performance standards to basically bring every member onboard

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