EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE PRODUCTIVITY; A CASE STUDY OF SUPERMARKETS IN NAKURU TOWN, KENYA

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ABSTRACT

The major supermarkets in Nakuru Town have implemented performance appraisals to enhance employee productivity. However, little research has been conducted to determine the effectiveness of these performance appraisals. Therefore, the purpose of this study was to establish the impact of performance appraisal criteria, feedback, reward and frequency of appraisals on employee productivity in these supermarkets. This study employed a cross-sectional survey design. The population of the study was 1560 employees distributed among the 7 main supermarkets operating in Nakuru Town. A sample of 308 respondents was selected using multi-stage sampling technique. 178 filled questionnaires were returned. Multiple regression models were used to analyze the data collected. The study found that performance criteria, feedback and frequency significantly influenced employee productivity. The study recommends that feedback should involve discussions of strengths and weaknesses of the employee and actionable. Further, rewards should be given to employees whenever feedback is positive.

Keywords: Performance Appraisal, Criteria, Feedback, Rewards, Productivity

1. INTRODUCTION

1.1 Performance Appraisal

In every business organization, the performance of the employees is important in achieving organizational goals. The success of every business organization can therefore be attributed to performance appraisal. Performance appraisal is one of the basic tools that make workers to be very effective and active at work. A critical assessment of this may reveal the need for motivation, rewards, development, training and good human relationship in an organization.
Performance Appraisal (PA) is one of the most important functions of Human Resource managers. It is concerned with identifying, measuring, influencing and developing job performance of employees in the organization in relation to the set norms and standards for a particular period of time in order to achieve various purposes. Employees are required to generate a total commitment to desired standards of job performance and improved job performance for sustaining profitable growth for the organization and long-term value creation for the customers (Singh et al, 2010). This involves getting optimum use of the available knowledge, skills and abilities in the workforce to optimize employee productivity and give an organization a competitive advantage.

The purpose of performance appraisal is to assess employees’ performance as objectively as possible. The results of the performance appraisal are used in setting the direction for the individual performance development by bringing out both performance strengths and weaknesses and subsequently developing action plan to facilitate the desired development (Education Insight Document, 2007).

The role of performance appraisal has gone beyond a tool for assessing employees to one that is used to reinforce the desired behavior and competent performance of the employees. Performance appraisal is the single most powerful instrument for mobilizing employees in a sophisticated and well managed organization in order to achieve strategic goals (Singh et al, 2010). It is a universal phenomenon which serves as a basic element of effective work performance which is essential for the effective management and evaluation of staff. It aims at improving the organizational performance as well as individual development. Performance appraisal is necessary to increase the performance of the employees and the organization to check the progress towards desired goals.

A well designed performance appraisal system should develop criteria for successful performance, give performance feedback and enable a more equitable reward system. Performance criteria form the basis of evaluating the employees’ performance and their contribution towards the organization goal. It consists of the desired outputs expected of employees. Performance criteria should be aligned with goals, relevant to given roles, specific and measurable, under employees control and understood and accepted by participants (Dattner, 2010).

It also important to provide clear, performance based feedback to employees (Caroll and Schneier, 1982). Providing employees with feedback is widely recognized as a crucial activity that may encourage and enable self development and thus may be instrumental for the organization as a whole (Baruch, 1996). According to Levy and William (2004), if participants in appraisal perceive the system to be unfair, the feedback to be inaccurate or the sources to be incredible, they are likely to ignore the feedback they receive. Feedback is least useful when it is inaccurate or untrue, biased due to favoritism or politics.

Performance appraisals are often linked to incentives such as raises and promotion for a worker whose performance is reviewed as high, and job cuts for a worker whose performance is reviewed as low (Joison, 2001). While it should be a standard policy, not every company endeavors to reward proficient employees for their added efforts. According to Ishaq et al (2009), appraisal results are used in many organizations, either directly or indirectly, to help identify the better performing employees who should get the majority of the available merit pay increases, bonuses and promotions.

Since performance appraisal involves evaluation of employee performance, some employees may be scared of the act of evaluation. Two possible explanations for this is the absence of rewards for properly completed process. Blau (1999) suggests that performance appraisals can contribute to job dissatisfaction and to the development of negative employee attitudes toward their company thus lowering productivity.

The output of every organization depends on how well and how much the performance of an employee is appraised and evaluated. Productivity can therefore be defined as “quality or volume of the major product or services that an organization provides”. In short,
productivity is what comes out of production. Managers of every business organization are charged with the responsibility to motivate their employees to achieve organizational goals. Dzinkowski (2000) utilized employee productivity to be one of evaluating items for human capital. In addition, the employee productivity could estimate the extent of contribution from an employee. In this study we are concerned with the effect of performance appraisal on productivity of employees in Kenyan supermarkets.

A supermarket is an organization which is profit oriented and has several employees working in various departments. Periodically, performance appraisal is done to assess the employee’s contribution to the organization and determine what remedies the employer takes. Supermarkets are unique entities in that employees work daily for many hours and have no holidays. The training given to the employees is not very specific apart from some departments and it is on the job training. The supermarkets selected in this study have a nationwide, regional and local presence. They have developed performance appraisal systems to manage employee performance. It is not clear how effective the different aspects of performance appraisal in these supermarkets are in enhancing employee productivity. This is the gap that this study wants to fill.

1.2 Statement of the Problem

The basic aim of every business organization is to achieve its objectives, goals or targets successfully. In order to achieve this, there is the need to focus on performance appraisal. Performance appraisal is not only considered to have a positive influence on performance of employees in an organization (Bargozzi, 1980), but also may have a negative impact on motivation, role perceptions, and turnover if it is poorly designed or administered (Churchill et al. 1985). Performance appraisal should be linked to attractive incentive to employees, enabling workers to demonstrate higher productivity. Most organizations in the competitive market fail since their workers perform below standard for they are not encouraged to work harder. Managers and employees are the life blood of every business organization. If management does not invest much into the welfare of their workers, problems are bound to arise leading to industrial strike actions, low commitment to work, low morale and low productivity of goods and services. Attractive appraisal systems are established by some business organizations to help motivate their employees to strive hard to be recognized and rewarded. Once employees are motivated, their performance reflects on productivity. Employees strive hard by pooling together skills, knowledge and efforts to achieve maximum output.

Supermarkets in Nakuru Town in Kenya have implemented performance appraisal policy to enhance employee productivity. However, reports generated from their Human Resource Information Systems reveal mixed results about employee productivity due to the improper implementation of the performance appraisal system. This study therefore sought to investigate the effect of performance appraisal criteria, performance appraisal feedback and rewards given to staff on employee productivity in the supermarkets in Nakuru Town.

1.3 The purpose and objectives of the Study

The overall objective of the study was to determine the effectiveness of performance appraisal system on employee productivity in the major supermarkets in Nakuru Town. The specific objectives of the study were:

i) To establish the effect of performance appraisal criteria used in supermarkets on the employee productivity.

ii) To determine the effect of performance appraisal feedback used in supermarkets on employee productivity.

iii) To determine the effect of performance appraisal rewards used in on employee productivity.

iv) To determine the relationship between frequency of appraisal in supermarkets and employee productivity.
1.4 Research Hypotheses

The hypotheses of the study were:

(i) \( H_01: \) There is no significant relationship between performance appraisal criteria used in supermarkets and employee productivity.

(ii) \( H_02: \) There is no significant relationship between performance appraisal feedback used in the supermarkets and employee productivity.

(iii) \( H_03: \) There is no significant relationship between performance rewards given to staff of supermarkets after appraisal and employee productivity.

(iv) \( H_04: \) There is no significant relationship between the frequency of appraisal in supermarkets and employee productivity.

2.0 LITERATURE REVIEW

2.1 Purpose of Performance Appraisal

Performance appraisal aims at clarifying the employees work expectation, improving employee development, linking pay with performance and assessing workforce development (Mathus and Jackson, 1998). It makes employees to become aware of the organizations expectations after performance evaluation which helps them in improving their performance (de Waal, 2004). This is further emphasized by Gabris and Ihrke (2000) who found out that the main aim of performance appraisal is the provision of periodic and formal feedback to individual staff members. Performance appraisal is also used by management to attempt to control employee behavior and results.

According to Wanna, et al (1992), the objective of staff appraisal is to improve planning and service delivery at the general level and also to provide feedback to individual officers. Thus performance appraisal provides information to help manage employees in such a way that employee performance improves (Denisi and Robert, 2006). The ultimate goal of most performance appraisal systems is to increase employee motivation and productivity.

Several empirical studies have been done on importance of Performance appraisal. Najeeb (2011) studied Performance Appraisal in Habib Bank Limited and concluded that transparent appraisal system is vital to an organization and the results of the appraisal affect the performance of any employee heavily. Saeed and Nosheen (2011) investigated employees’ perception about the outcomes of Performance appraisal and identified factors which can harm the successful implementation of performance appraisal. The sample of 120 employees at management level was selected on the basis of simple random sampling from the plastic furniture manufacturing organization located in the province of Punjab in Pakistan. The findings suggest that the employees are aware of the usefulness of the performance appraisal but they lack knowledge in implementing an effective performance appraisal. It is worthy to note that a significant difference in perceptions regarding the outcomes of the performance appraisal was found among the respondents.

2.2 Performance appraisal criteria and measurements

To underpin these discussions, there must be a reliable and accurate method by which to determine current levels of performance and compare them with predetermined levels of acceptability. There is therefore a need for quantifiable standards linked to job descriptions and expected performance (Wanna, et al 1992). Humble (1967) saw a performance standard as a statement of the conditions which exist when required result is satisfactorily achieved. He suggested then that in setting standards it may help to look for standards which relate to quantity, quality, time, and cost.

Some studies have identified specific performance indicators used in appraisal. For example, Mallaiah (2009) conducted a survey on management of employee expectations, performance and satisfaction in University Library and found that majority of the respondents felt that the performance appraisal system followed in the library is based on work performance and ability to take responsibility. He also found out that the pragmatic
suggestions given by respondents to improve the existing performance appraisal system included changing the criteria used.

In some cases, performance criteria should be based on employee traits. Fisher et al. (1996) report a trait-based appraisal system that assesses the abilities or other personal characteristics of an employee. These included traits such as resourcefulness, enthusiasm, drive, application and intelligence. However, one difficulty with this is that everyone defines them differently and is subject to bias. Raters, therefore, are often unsure of what they are rating. Moreover, ill-defined scales are more susceptible to bias and prejudice (Torrington and Hall, 1998). For an effective performance appraisal system, focus of appraisers’ should be on performance variables as opposed to personal traits (Smith, 1998). Jankowicz (2004) notes that the validity and reliability of trait-based performance appraisals is highly suspect because the rater’s perceptions of the traits being assessed are affected by his/her opinions, biases, and experiences that may have little to do with the particular employee.

Another important factor that can be used as performance criteria is employee relationship with management. Gortner et al (2007) pointed out that one troubling aspect of performance appraisal to employees is that, in all too many instances, employees are rated more on their ability to get along with the supervisor than they are on actual performance. He also pointed to another common problem in the performance evaluation of employees where the supervisor rates every employee as superior. This is similar to the findings of Singh et al (2010) who conducted an empirical study on the efficiency of performance appraisal system in Oil and natural Gas Commission (ONGC) and found that all organizations relied on the impression of supervisors and management for giving rewards and punishments for employees.

2.3 Performance appraisal feedback

One of the most important conditions in appraisal is to provide clear, performance based feedback to employees (Caroll and Schneier, 1982). There should be a workflow for tracking of feedback sessions. When a mistake is detected, immediately remedial steps are taken, with minimum loss to the company. This should be measured in terms of the extent to which he meets the performance criteria set by the management in fulfilling the organization objectives. Providing an employee with feedback is widely recognized as a crucial activity that may encourage and enable self development which is instrumental for the success of the whole organization (Baruch, 1996). Therefore the frequency of feedback is important and can influence future performance of the employee (Denisi, 1996).

2.4 Rewards

The development of reward management can be seen along the lines suggested by Etzioni (1975) in terms of coercive (work harder or lose your job), remunerative (work harder and receive more money) and normative (work harder to achieve organizational goals). Bannister and Balkin (1990) have reported that those appraised seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. Such findings are a serious challenge to those who feel that appraisal results and reward outcomes must be strictly isolated from each other.

Mcbeath and Rands (1976) in discussing salary administration comment that equitable salary relationships depend on sound job classification, periodic salary surveys of competitive levels, employee appraisal and effective salary planning. Randell (1994) reports implicitly that if good performance is observed and then rewarded, the chances of it being repeated are increased, while poor performance is discouraged or even punished to decrease the chance of it happening again. Important issues that help ensure a successful reward process are: rewards can be used effectively to enhance interest and performance; rewards do not undermine performance and interest; verbal rewards lead to greater task interest and performance; tangible rewards enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance standards; rewards given for creativity encourage generalized creativity in other tasks; reward systems
should support the new dynamics of team-based organizations and reward the right kind of team behavior and performance; reward systems should recognize both the importance of co-operation and the differences in individual performance; problems can occur when reward systems stress individual results even though people have worked together in teams.

2.5 Employee productivity

Success of an organization largely depends on how efficiently employees perform their jobs (Heneman 111 and Shwabs, 1982). Employee performance appraisal monitors how far and how well employees perform their jobs. Performance appraisal identifies measures and develops job performance of employees in an organization and therefore is a planning technique of employee performance and controlling technique of employee performances. Employee performance appraisal drives employees in a firm to produce excellent standards of performance and even beyond the expectations. Employee performance can be measured in terms of responsiveness, morale, quality and quantity of production, customer satisfactions (Ali and Opatha, 2008).

Performance appraisal helps to identify areas of strong performance across all employees, by department or by demographics. Standardized performance assessments allow companies to aggregate, calculate and analyze results to show where performance is strong. These areas of strength then can serve as benchmarks and opportunities for sharing of best practices for other areas of the organization. Evaluating the results of performance appraisals can provide Human Resource managers and organizations with an indication of where additional training and development may be necessary. For instance, results may indicate that employees collectively are scoring low on items related to use of technology or customer service. These may become target areas for the creation and implementation of training programs designed to boost employee competence and performance. Results also may be assessed at the individual, department and division levels (Mintzberg, 1987). From the literature, it is evident that little has been investigated on the impact of performance appraisal on employee productivity in supermarkets.

2.6 Theoretical Framework

There are many theories that explain about performance appraisal. However the researcher based the study on expectancy theory according to Vroom (1964) as well as Hertzberg's (1966) two-factor theory. The two-factor theory is based on the notion that the presence of one set of job characteristics or incentives lead to worker satisfaction at work, while another and separate set of job characteristics lead to dissatisfaction at work. Thus, satisfaction and dissatisfaction are not on a continuum with one increasing as the other diminishes, but are independent phenomena. This theory suggests that to improve job attitudes and productivity, administrators must recognize and attend to both sets of characteristics and not assume that an increase in satisfaction leads to decrease in dissatisfaction. This theory can be applied in case of employees of supermarkets due to their varying age, marital status, rank, health status, experience etc. For example a motivated sick employee might feel dissatisfied because of his health status while a healthy motivated person feels more satisfied. Other factors might determine satisfaction and dissatisfaction level for example organization culture, management style etc. For example, in an environment where employees are unsure of their job security, managers can try to mitigate the demotivating effect by providing open communication, and by reassuring employees about the situation. The disadvantages are that Herzberg's model is more of a generalization that may not be appropriate to all groups of employees or individuals within a group.

2.7 Expectancy Theory

Expectancy theory states that a person's motivation towards an action at any time is determined by an individual's perception that a certain type of action would lead to a specific outcome and his personal preference for this outcome. Expectancy is the probability that particular action will lead to a desired reward. Thus, if an individual has a
particular goal, some behavior must be produced in order to achieve that goal. He will weigh the likelihood that various behaviors will achieve the desired goals and if certain behavior is expected to be more successful than others, that particular behavior will be preferred by the individual (Vroom, 1964). Employees are motivated to put more effort so as to produce better results because of the expected reward.

However, in a Supermarket set up the worker may lack the necessary skills and training to believe that his extra efforts will lead to better performance. The management could provide the relationship between efforts and performance. Also similar performance may not lead to similar rewards. The reward policy may be inconsistent and may depend upon other factor other than performance, which the worker may not be aware of or may not consider fair. The management must re-evaluate the appraisal techniques and formulate policies that strengthen performance-reward relationship as just and equitable.

2.8 Conceptual Framework.

There are various aspects of HR policies that can be considered in relation to employee productivity in an organization. The conceptual framework is used to illustrate the specific HR policy that has been selected for the purpose of this study that may influence employees' output in the current organization i.e. performance appraisal. Many factors are considered in the process. These include performance appraisal Criteria used (Performance indicators for desired outcomes); Rewards to the employee which may include financial and non financial rewards (recognition, promotion, gifts, trips); Feedback (time taken to communicate the outcome and how it is done).

The employee productivity can be measured in terms of volume of sales, number of customers served, customer relations, and display of items to be sold, quantity of goods handled, quality of work, punctuality, customer care within a given period etc. The expected output per given time does not come forth due to some intervening factors and these are: the organization culture, management style and trade unions. This is illustrated in Fig. 1.

3.0 METHODOLOGY

3.0 Introduction

A cross sectional survey design was used in this study. Surveys are efficient in obtaining information and feelings. Survey is used to collect information from a group of people in order to describe some aspects or characteristics such as abilities opinions attitudes, beliefs or knowledge.

3.1 Target Population

The target population of this study consisted of all 1560 the employees of the seven supermarkets in Nakuru Town. The number of employees in each supermarket was distributed as follows: Tuskys (380), Woolmart (220), Ukwala (185), Nakumatt (290), Stagematt (162-employees), Gilani (176-employees) and Uchumi (147).

3.2 Sampling Techniques

The researcher used a multi-stage random sampling technique to obtain the sample. First, simple random sampling was used to select 2 supermarkets, namely Woolmart and Tyskys supermarkets. Then a random sample was used to select 195 and 113 employees of Tuskys and Woolmart respectively.

3.3 Sample Size

The sample size of 304 respondents was obtained using the formula Cochran (1977) formula. This was to be obtained from Woolmart and Tuskys supermarkets in proportion to
their sizes. Thus a random sample of 113 employees was selected from Woolmart and Tuskys 195 employees obtained from Tuskys supermarkets.

3. 4 Validity and Reliability of the instruments

On the basis of an extensive and in-depth review of literature covering a wide range of source material collected to date, a draft questionnaire was designed. This was discussed in detail in terms of layout, content, and structure through a pilot study. As a result of pilot study, the questionnaire was pilot tested to ensure that the items in the questionnaire are clear and appropriate. Borg and Gall (1996) recommend Pre-testing of research instruments before use in research. The supermarkets from Nyahururu town were used for piloting to avoid contamination of respondents. Nyahururu town was chosen because it had the same characteristics with the town of study. Experts validated the content of the instruments before their administration to the respondents.

3.5 Data Collection Procedures and Analysis

Only purposeful statements based upon research objectives and hypothesis were included. All questions were closed to elicit standardized response. An ordinal measurement scale was used to measure the perception of respondents on each of the items of performance appraisal criteria, performance feedback and performance appraisal reward based on a 5-point likert scale: 1-very low extent, 2-low extent, 3-some extent , 4-high extent, and 5-very great extent. The questionnaires were self administered through assistance of Human Resource Manager of the two supermarkets and collected after a week. A total of 304 questionnaires were distributed. However, only 178 respondents filled their questionnaires. The multiple regression analysis was used to determine the effect of performance appraisal on employee output. The hypotheses were tested at 5% significance level.

4.0 RESULTS AND DISCUSSIONS

Descriptive statistics were obtained for items under performance appraisal criteria, feedback and rewards. The results are shown in Table1-Table 4.

4. 1 Performance Appraisal Criteria

Table1 shows the summary statistics of items on performance criteria. From the table, it is evident that the respondents generally agreed to a high extent that the main performance appraisal indicators used were the quality and quantity of work done by the employees (mean=3.6, median=4 and mode 5), customers focus of the employee (mean=3.62, median=4 and mode=5) and reliability (mean=3.78, median 4, mode 4). However, for the other performance indicators, namely team work and interpersonal skills (mean=2.6, median 3, mode 3), communication skills (mean=3.07, median 3, mode 3), the respondents were not sure about the extent to which they were used. Understanding and use of technology played very little role in performance appraisal (mean=2.74, median =2, mode=2). These results are similar to the findings of Mallaiah (2009), who conducted a survey on management of employee expectations, performance and satisfaction in University Library and found that 51% of the respondents felt that the performance appraisal system followed in the library is based on work performance.

4.2 Feedback

The results obtained are shown in the Table 2. From the table, it is evident that most respondents agreed to a low extent or some extent (mean=2.41, media=2 and mode=1) that feedbacks are given promptly. They are also not sure whether the feedbacks are specific and actionable or framed positively. However, respondents generally agree (mean=3.77, median=5 and mode=5) that successful candidates are communicated to. The respondents generally disagreed (mean=2.5, median=2 and mode=1) that there is discussion of strengths and development needs of the appraisee. One major problem with the feedback is that it does not involve discussion of the strengths and development needs of the appraisee which
contradicts the purpose of performance appraisal. This has significant effect on the productivity of employees who need to be trained on their weaknesses. This contradicts the findings of Gabris and Ihrke (2001) who believe that performance appraisal serves many purposes within organizations, among which the provision of periodic, formal feedback to individual staff members.

4.3 Rewards

The employee response on rewards is given in Table 3. From the table, it is evident that when performance appraisal is positive, the respondents are not sure (mean=2.96, mode=3 and median=3) whether a reward would be given or not. This also applies to the other benefits such as salary (mean=2.2, median=3.0 mode=1.0), promotion (mean=2.97, median=3 and mode=3). Further where performance appraisal indicate negative results and establishes some weaknesses, the employees are agreed to a low extent that they are taken for further training. There is little benefit as far as performance appraisal is concerned. This contradicts the findings of (Beyster, 1975) who stated that performance appraisals provide employees and managers with opportunities to discuss areas in which employees excel and those in which employees need improvement. Performance appraisals should be conducted on a regular basis, and they need not be directly attached to promotion opportunities.

4.4 Employee productivity

From Table 4, the respondents agreed that they showed more attitude to serve after an appraisal (mean= 3.837, median=4, mode=5). Further, their quality of service improved (mean= 3.75, median=4, mode=5) after an appraisal. The respondents were agreed that their quality of service (mean=3.4) and volume of output (mean=3.5) depended on outcome of appraisal. Hence appraisal has effect on output and hence productivity of employees.

4.5 Multiple Regression Analysis

A full multiple regression model was used to analyze the effect of Performance Appraisal Criteria (PAC), Performance Appraisal Feedback (PAF), Performance Appraisal Rewards (PAR) and frequency of appraisal on productivity. The full regression model consisted of both the above named factors and some demographic factors.

4.5.1 Full Model

A full regression model fitted consisted of PAC, PAR and PAF, demographic variables as independent variables and employee productivity as dependent variable. The results are summarized in Table 5. From Table 5, it is clear that 37.86% of variation in employee productivity is explained by the model demographic variables and the other variables namely criteria, feedback and reward. More findings are given in Table 6. The significant factors that explain variations in employee productivity are summarized below: The significant factors included: Performance Appraisal Criteria (P=0.010<0.05); Performance Appraisal Feedback (p=0.015<0.05), Frequency of appraisal (p= 0.010<0.05). However, performance Appraisal benefit (p=0.926>0.05) was found to be insignificant, among others.

4.5.4 Stepwise Regression

Stepwise regression was used to rank the variables that influence employee productivity in order of their significance. From the stepwise regression model results shown in Table 7, Performance Appraisal Criteria has the highest significant relationship with productivity. It's coefficient of determination is 26.4%. The second significant factor is the Frequency of Appraisal. Performance Appraisal Feedback is the next important factor followed by education level.

4.6 Testing of Hypothesis:

There were 4 null hypotheses to be tested. This was done based on the results of Table 6. The results are given below.
4.6.1 Testing the first hypothesis.

H01: There is no significant relationship between performance appraisal criteria and employee productivity.

To test this null hypothesis, a full regression model was fitted as shown in Table 6. The coefficient of Performance criteria was tested at 5% significance level and found to significant (p-value=0.01<0.05). This indicates that performance appraisal criteria have a significant relationship with employee productivity.

4.6.2 Testing the second hypothesis

H02: There is no significant relationship between performance appraisal feedback and employee productivity.

To test this null hypothesis, a full regression model was fitted as shown in Table 6. The coefficient of Performance criteria was tested and the p-value=0.015<0.05. This indicates that performance appraisal feedback has a significant relationship with employee output.

4.6.3 Testing the third Hypothesis

H03: There is no significant relationship between performance appraisal benefit and employee productivity.

To test this null hypothesis, a full regression model was fitted as shown in Table 6. The coefficient of Performance appraisal reward was tested and the p-value=0.926<0.05. This indicates that performance appraisal reward does not have a significant relationship with employee output.

4.6.4 Testing the fourth hypothesis

H04: There is no significant relationship between the frequency of appraisal in supermarkets and employee productivity.

To test this null hypothesis, the p-value of the coefficient of frequency of appraisal was used. Since p=0.01<0.05, the null hypothesis was not accepted. Hence frequency of appraisal significantly affects employee productivity.

5.0 CONCLUSIONS

In this study we sought to investigate the effect of Performance criteria, performance feedback, reward and frequency of appraisal on employee productivity. We used both descriptive and regression analysis in the data analysis. The study found out that the main performance appraisal criteria used in supermarkets include quality and quantity of work performed (mean=3.6, median=4, mode=5), customer focus (mean 3.6, median 4, mode 5) reliability (mean=3.78, median=4, mode=4) of the employees and loyalty to management (mean= 4.37). Level of education (mean=2.31) was found to be the least factor considered as a performance criterion. It is surprising that knowledge in Information in Technology (IT) is not an important performance indicator, yet IT plays a major role in business operations.

On feedback, the study found that successful employees are communicated (mean=3.77, median=5 and mode=5) to. However, the feedback does not involve discussions of strengths and weaknesses of the employee. They are also not sure whether the feedbacks are specific and actionable or framed positively. The respondents generally disagreed (mean=2.5, median=2 and mode=1) that there is discussion of strengths and development needs of the appraisee.

It is quite interesting to note that employees realize little benefit after a performance appraisal. Further where performance appraisal indicate negative results and establishes some weaknesses the employees are agreed to a low extent that they are taken for further training. There is little reward as far as performance appraisal is concerned. From regression analysis and testing of the study hypotheses, it was found out that criteria, frequency of appraisal and feedback significantly explained variation in employee
productivity. However, the study found out that employee reward does not significantly explain variation in employee productivity. It appears that there are no significant benefits employees get after an appraisal has been conducted. The purpose of the appraisal needs to be investigated.

Concerning the benefits it was evident that salary, promotion, and recognition are awarded when performance appraisal is positive while no training is done on weaknesses and negative results.

6. RECOMMENDATIONS

1) Performance criteria used need to be clarified to employees. Most respondents were not sure the extent to which communication, knowledge in IT and team work was used in appraisal. The performance criteria need to be explained to the employees so that they are aware of what is expected by the management.

2) Feedback should be done periodically (annually or half yearly) so that the appraisees may know whether they are meeting the management expectations or organization goals. It should be given promptly whether results are positive or negative and appraises rewarded or trained.

3) There should be rewards for positive results as well as training for negative results in order to empower the employees.

4) It is good to involve the appraisees in determining the reward they are to receive for good performance.

5) A proper system of individual feedback giving process needs to be established.

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Fig 1: Conceptual framework (Source- Own conceptualization)

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<th>Dependent Variables</th>
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<td></td>
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<tr>
<td>• Performance Appraisal Criteria</td>
<td></td>
<td>• Quantity of goods handled/per day</td>
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<td>• Performance appraisal Feedback</td>
<td></td>
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<td>Intervening Variables</td>
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<td>• Management style</td>
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Source: researcher, 2012
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Table 1: Employees response on performance criteria indicators

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<th>Personal &amp; skills development</th>
<th>Reliability</th>
<th>Communication skills</th>
<th>Understanding and using technology</th>
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<td>Mean</td>
<td>3.31</td>
<td>3.60</td>
<td>3.62</td>
<td>2.91</td>
<td>2.66</td>
<td>3.77</td>
<td>3.07</td>
<td>2.76</td>
</tr>
<tr>
<td>Median</td>
<td>3.00</td>
<td>4.00</td>
<td>4.00</td>
<td>3.00</td>
<td>3.00</td>
<td>4.00</td>
<td>3.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Mode</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>3.00</td>
<td>3.00</td>
<td>4.00</td>
<td>3.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Std. Dev</td>
<td>1.46</td>
<td>1.47</td>
<td>1.49</td>
<td>1.15</td>
<td>1.35</td>
<td>1.11</td>
<td>1.19</td>
<td>2.40</td>
</tr>
</tbody>
</table>

Table 2: Descriptive statistics on Employee responses on Feedback

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Feedbacks given promptly</th>
<th>Successful employees communicated to Feedback specific &amp; and actionable</th>
<th>Feedback based on more than one persons view</th>
<th>Feedback based on more than one incident</th>
<th>Discussion of strengths &amp;development needs of the appraise</th>
<th>Framed positively</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.4157</td>
<td>3.7753</td>
<td>3.1180</td>
<td>2.6517</td>
<td>2.8764</td>
<td>2.5843</td>
</tr>
<tr>
<td>Median</td>
<td>2.0000</td>
<td>5.0000</td>
<td>3.0000</td>
<td>3.0000</td>
<td>3.0000</td>
<td>2.0000</td>
</tr>
<tr>
<td>Mode</td>
<td>1.00</td>
<td>5.0000</td>
<td>3.0000</td>
<td>1.00</td>
<td>3.0000</td>
<td>1.00</td>
</tr>
<tr>
<td>Std. Dev</td>
<td>1.29588</td>
<td>1.48250</td>
<td>1.39920</td>
<td>1.46215</td>
<td>1.33886</td>
<td>1.53534</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

Table 3: Rewards after an appraisal

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Promotion given for positive results</th>
<th>Salary increment for positive results</th>
<th>Recognition positive results</th>
<th>Job terminate for positive results</th>
<th>Bonuses given for positive results</th>
<th>Personal related for development for positive results</th>
<th>Training employee for positive results</th>
<th>Rewards given for positive results</th>
<th>Transferring employee to another section for positive results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.9607</td>
<td>2.2303</td>
<td>3.1067</td>
<td>1.7921</td>
<td>2.3146</td>
<td>2.3483</td>
<td>2.382</td>
<td>2.1798</td>
<td>2.7191</td>
</tr>
<tr>
<td>Median</td>
<td>3.000</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Mode</td>
<td>3.000</td>
<td>1</td>
<td>3.00a</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012
Table 4: summary statistics for employee productivity

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Mode</th>
<th>Median</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>More enthusiasm to serve after appraisal</td>
<td>5.00</td>
<td>4.00</td>
<td>3.8371</td>
<td>1.21728</td>
</tr>
<tr>
<td>Quality and Quantity service improves after appraisal</td>
<td>5.00</td>
<td>4.00</td>
<td>3.7528</td>
<td>1.29563</td>
</tr>
<tr>
<td>Quality of service depends on outcome of appraisal</td>
<td>3.00</td>
<td>3.00</td>
<td>3.4382</td>
<td>1.31446</td>
</tr>
<tr>
<td>Output depends on outcome of appraisal</td>
<td>3.00</td>
<td>3.00</td>
<td>3.5000</td>
<td>1.28551</td>
</tr>
</tbody>
</table>

Source: Researcher, 2012

Table 5: Model Summary for Full regression model

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R</th>
<th>R Square</th>
<th>Change Statistics</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.649*</td>
<td>.378</td>
<td>.421</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Appraisers in the Supermarket, Marital status, Gender, Performance Appraisal Feedback(PAB), Education level, Interval of performance appraisal, Years of work in Supermarket, Age, Number of times appraisal is done, Performance Appraisal criteria(PAC)

b. Dependent Variable: Productivity.

Source: Researcher, 2012
Table 6: Model Coefficients for the full regression model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardize Coefficient</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.498</td>
<td>.509</td>
<td></td>
<td>2.942</td>
<td>.004</td>
</tr>
<tr>
<td>PAC</td>
<td>.404</td>
<td>.084</td>
<td>.363</td>
<td>4.790</td>
<td>.000</td>
</tr>
<tr>
<td>PAF</td>
<td>.260</td>
<td>.106</td>
<td>.263</td>
<td>2.454</td>
<td>.015</td>
</tr>
<tr>
<td>PAB</td>
<td>-.009</td>
<td>.094</td>
<td>-.008</td>
<td>-.093</td>
<td>.926</td>
</tr>
<tr>
<td>Age</td>
<td>.007</td>
<td>.085</td>
<td>.006</td>
<td>.080</td>
<td>.936</td>
</tr>
<tr>
<td>Years of work in Supermarket</td>
<td>-.100</td>
<td>.088</td>
<td>-.092</td>
<td>-1.138</td>
<td>.257</td>
</tr>
<tr>
<td>Number of times appraisal is done</td>
<td>.178</td>
<td>.046</td>
<td>.325</td>
<td>3.877</td>
<td>.000</td>
</tr>
<tr>
<td>Interval of performance appraisal</td>
<td>.062</td>
<td>.037</td>
<td>.114</td>
<td>1.676</td>
<td>.096</td>
</tr>
<tr>
<td>Marital status</td>
<td>-.550</td>
<td>.164</td>
<td>-.275</td>
<td>-3.343</td>
<td>.001</td>
</tr>
<tr>
<td>Gender</td>
<td>-.153</td>
<td>.127</td>
<td>-.077</td>
<td>-1.203</td>
<td>.231</td>
</tr>
<tr>
<td>Education level</td>
<td>.251</td>
<td>.071</td>
<td>.250</td>
<td>3.511</td>
<td>.001</td>
</tr>
<tr>
<td>Method used to conduct PA appraisal</td>
<td>-.044</td>
<td>.055</td>
<td>-.056</td>
<td>-.815</td>
<td>.416</td>
</tr>
<tr>
<td>Appraisers in the Supermarket</td>
<td>-.006</td>
<td>.043</td>
<td>-.011</td>
<td>-.142</td>
<td>.888</td>
</tr>
</tbody>
</table>

a. Dependent Variable: productivity

Source: researcher, 2012
### Table 7: Model Summary for stepwise regression

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.517&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.268</td>
<td>.264</td>
<td>.79533</td>
</tr>
<tr>
<td>2</td>
<td>.563&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.317</td>
<td>.309</td>
<td>.77037</td>
</tr>
<tr>
<td>3</td>
<td>.588&lt;sup&gt;c&lt;/sup&gt;</td>
<td>.345</td>
<td>.334</td>
<td>.75629</td>
</tr>
<tr>
<td>4</td>
<td>.603&lt;sup&gt;d&lt;/sup&gt;</td>
<td>.363</td>
<td>.348</td>
<td>.74806</td>
</tr>
</tbody>
</table>

- **a.** Predictors: (Constant), Performance Appraisal Criteria
- **b.** Predictors: (Constant), Performance Appraisal Criteria, Number of times appraisal is done
- **c.** Predictors: (Constant), Performance Appraisal Criteria, Number of times appraisal is done, Performance Appraisal Feedback
- **d.** Predictors: (Constant), Performance Appraisal Criteria, Number of times appraisal is done, Performance Appraisal Feedback, Education level

Source: researcher, 2012.