

Effects of Performance Appraisals on Employee Productivity in the Banking sector in Kenya. Bula Hannah Orwa(PhD)¹& Samuel KimaniKamaru²

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Abstract

Banks have implemented performance appraisals to enhance employee productivity which was triggered by the high targets set across the industry. The aim of this study was to determine the effects of appraisals in line with the impact of performance appraisal criteria, feedback, and reward and competence assessment on employee productivity in these banks. The significance of the study is therefore of great importance to the Banks management teams and the Banks employees. This research was based on three theories which include the Adam's Equity Theory, Goal Setting theory and the implicit theory which underpins this study.

This research applied descriptive research design. The target population was all commercial banks in Kenya. The sampled banks were selected from a list of banks in Kenya as per the Central Bank

Classification using the systematic sampling technique. Primary data was collected using a questionnaire which was coded and entries made into Statistical package for social sciences for analysis. Both descriptive and inferential analyses were carried out. The study concluded that the main performance appraisal indicators used significantly influence employee productivity in Kenya's banking sector. It is therefore recommended that the salary received by the employees be commensurate with their job description and employees should receive promotion based on their productivity and that they should be taken for further training frequently.

Key Terms: performance Appraisal, Employees, Productivity, Banking Sector, Kenya.

1 Background of the Study

Performance appraisal is the process of evaluating how well employees perform their jobs when compared to set standards and then communicating that information to employees (Robert &John 2003). The outcomes of performance appraisals are used by both line managers and human resource managers to influence employee performance through

administrative and employee feedback (Herbert & Donald 1994). 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.

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. According to Cederblom (2002), 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.

The origin of productivity management is deeply rooted in the context of mass production where issues of productivity are mainly analyzed in this context. This may be the main reason for the prolonged neglect of the productivity issues in the service sector (Hernandez, 2002). Service organizations are recognized as the largest and fastest-growing segment of the economy in the world. Productivity shows whether the activity of an organization is efficient and effective. Though the terms like productivity, efficiency and effectiveness are used together and practitioners sometimes alternate their meanings, however we must not identify productivity with efficiency and/or effectiveness. Productivity requires both efficiency and effectiveness, because a certain activity will not be productive if it is only efficient, but not effective, or effective, but not efficient (Holbrook, 2002).

Organizations that deliver service must broaden their examination of productivity from the conventional organization-oriented perspective, including employee productivity to a dual organization – customer perspective. This broadened approach can help reconcile conflicts between improving service quality and boosting productivity (Boswell, 2002).

1.1 Kenya's Banking Sector

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The banking system is comprised of 47 commercial banks, 35 micro-finance institutions and 139 forex bureaus as at the end of December 2013.(Pwc, 2013).The aim is to achieve stable prices – that is low inflation - and to sustain the value of the Kenya shilling. Following amendments to the law, Section 4 paragraph (4) provides that the Minister for Finance may by notice in writing to the Bank set the price stability targets of the Government.

The volume of liquidity in circulation influences the levels of interest rates, and thus the relative value of the local currency against other currencies. Maintaining price stability is crucial for a proper functioning of a market-based economy. It encourages long-term investments and stability in the economy. Low and stable inflation refers to a price level that does not adversely affect the decisions of consumers and producers. Price stability is a precondition for achieving a wider economic goal of sustainable growth and employment. High rates of inflation lead to inefficiency in a market economy and, in the medium to longer term, to a lower rate of economic growth (Keeping & Levy, 2000).

Movements in the general price level are influenced by the amount of money in circulation, and productivity of the various economic sectors, the Central Bank of Kenya regulates the growth of the total money stock to a level that is consistent with a predetermined economic growth target as specified by the Government and outlined in its Monetary Policy Statement (Pwc, 2013).

2 Related Literature Review

2.1 Theoretical Review

2.1.1 Adam's Equity Theory

The equity theory, developed by John Stacey Adams, says that satisfaction is based on a person's perception of fairness. Applying this theory when conducting a company's performance appraisals involves balancing the assessment of an employee's contribution to his job with the compensation and other rewards associated with his success. In general, highly-paid and rewarded employees tend to be the most encouraged to continue performing well on the job.

2.1.2 Goal-setting theory

This theory was proposed by Edwin Locke in the year 1968. This theory suggests that the individual goals established by an employee play an important role in boosting for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the performance management system aims (Larson, 1989).

This theory is significant to the study since it relates employee goal setting and performance appraisal in that if employees are well appraised, they will set goals and work towards the very goals thus realizing their full productivity.

2.1.3 Implicit theory

Dweck (1986) defined implicit theories as lay beliefs about the malleability of personal attributes (ability and personality) that affect behavior. A prototypical entity implicit theory assumes that personal attributes are largely a fixed entity, whereas an incremental implicit theory assumes that personal attributes are relatively malleable. Implicit theories can be domain specific, pertaining particularly to areas such as ability, morality, or personality. Roberts and Reed (1996) argued, however, that judgments about others are more likely to be influenced by a person's implicit person theory (IPT), that is, his or her domain-general implicit beliefs about the malleability of the personal attributes (ability and personality) that define the type of person that someone is, as well as how he or she behaves.

2.1.4 Performance Appraisal

Conducting regular performance appraisal is an important work force development strategy for organizations such as Banks as noted by Lindsey (2005). Fletcher (2001) contends that, performance appraisal systems utilize standard assessment criteria, dimensional ratings, structured rating scales and explicit individual-peer appraisal. These components help to minimize subjective impressions and conscious or intentional biases. On the other hand, Roberts (2003) asserts that accurate and reliable performance appraisals help organizations to support and reward their most capable employees. When used in conjunction with performance improvement systems, a structured performance appraisal system conveys meaningful feedback in a useful format, helps refocus employees who are performing below expectation and facilitates career development plans for all employees.

Ensuring that appraisers have adequate knowledge and direct experience of the staff performance; and conducting appraisals on a regular basis, (Fletcher, 2004). There is need for appraisals to be taken to a higher level where both the appraisers and appraises' take them more seriously and accord them the necessary attention all in the hope of improving the quality of work done in the organization.

2.2 Empirical Review

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.

Lindsey (2005) 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.

One of the most important conditions in appraisal is to provide clear, performance based feedback to employees (Longenecker, 1997). 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. There is a concept of 360 degrees feedback and upward appraisal. The idea of 360 degrees feedback involves an appraisal and feedback from different groups within the work station, peers, and subordinates as well as bosses and possibly internal and external customers.

Reward management is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation. As a result of these pressures, HR managers seek to design reward structures that facilitate the organizations strategic goals and the goals of individual employees. Reward systems are very crucial for an organization (Boswell, 2002).

Rewards include systems, programs and practices that influence the actions of people. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance (Hernandez, 2002). The only way employees will fulfil the employers dream is to share in their dream (Holbrook,2002). Reward systems are the mechanisms that make this happen. They can include awards and other forms of recognition, promotions, reassignments, non-monetary bonuses like vacations or a simple thank you.

For the last few decades, competencies are often used for the basis of performance appraisal (Kane & Lawler, 2009). The competencies, as a measurement tool, identify behavioral factors relevant to performance in the job and viewed as how the job is carried out. Hence many organizations use competency models as a part of their employee development program to appraise behavioral performance indicators together with objectives (Wells, 2002). Accordingly, many scholars Ryan, et.al; 2009 have claimed that assessment of employees' competencies provide an effective method for predicting job performance.

2.5 Conceptual Framework

Independent Variables

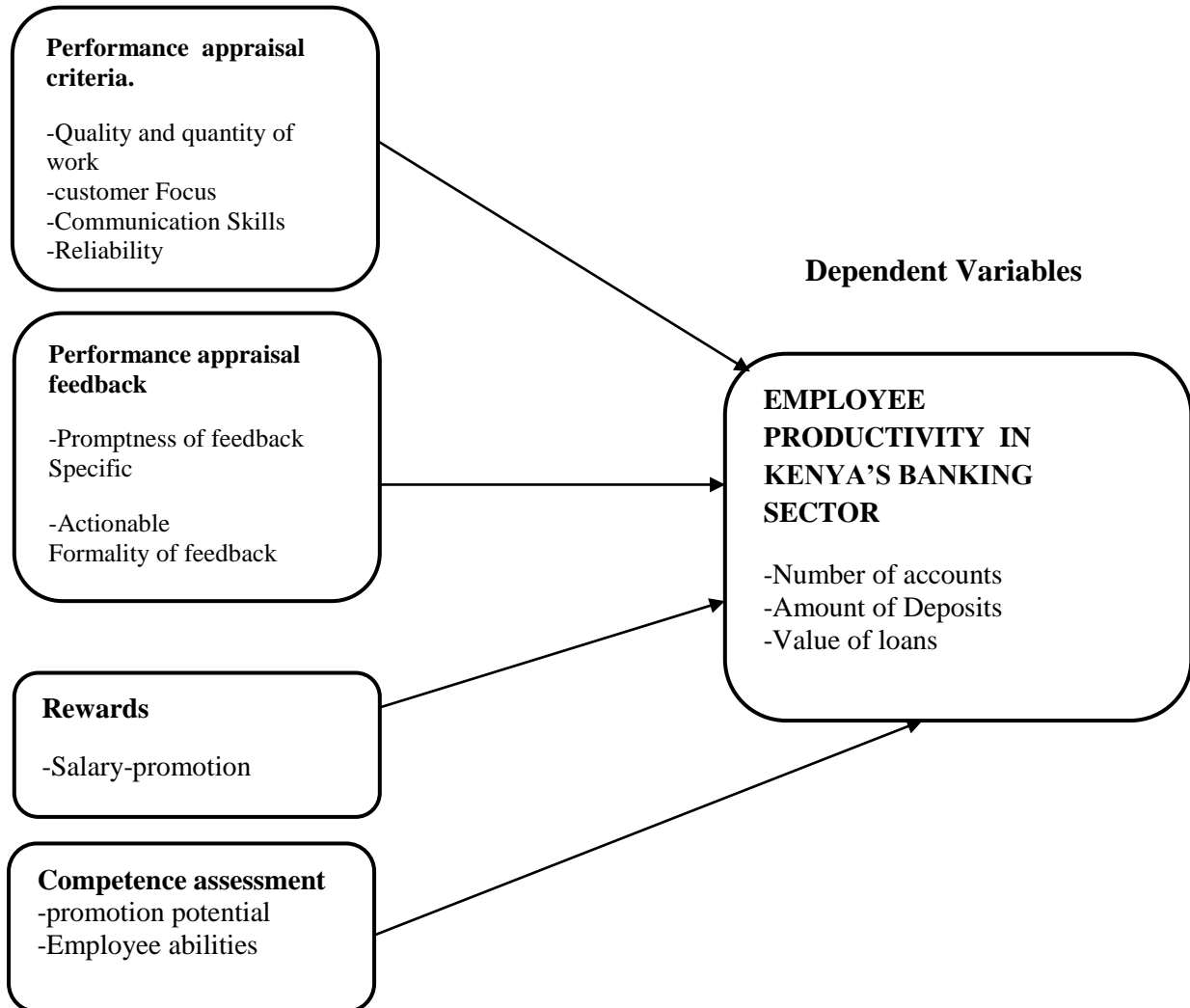


Figure 2.1 Conceptual Framework (Source: Author 2015)

As shown in figure 2.1, the independent variables are performance appraisal criteria, performance appraisal feedback, rewards and competence assessment while the dependent variable is employee productivity.

3 Methodology

This research adopted descriptive design. Devlin (2006) emphasized the importance of a descriptive design as a powerful tool for research where in-depth analysis of the variables and relationship between the variables is required without affecting or changing the variables in any way. The method is designed to describe the characteristics or behaviors of a

particular population in a systematic and accurate fashion (Kumar, 2005). This design has been used for similar studies in Kenya by (Mukule, 2006) and (Nyambati, 2001) for commercial banks in Kenya.

The population of this study was all the commercial banks registered by the Central Bank of Kenya. According to the current Central bank directory, there are 44 commercial banks in Kenya. The study will target 130 employees across all the banks. Systematic sampling technique was used to select 11 banks from the list of big banks in Kenya as per the central bank of Kenya classification in 2014. The researcher used the systematic random sampling method where every K^{th} variable was selected till the entire population was exhausted. The list comprises of 44 banks and the K^{th} number to be used was 4. Out of the 11 banks selected, Respondents were drawn from the human resource departments using the simple random technique. The total Number of Human Resource officers in the 11 banks is 130 obtain the sample. Simple random sampling designs were used to select the sample of 39members. The number of respondents to be sampled was 39 which are 30% of the total target population according to Mugenda and Mugenda (1999) 30% of the population is sufficient.

3.1 Data Collection Tools and Techniques

The study collected primary data with the help of a questionnaire. The questionnaire had close ended questions and employs the Likert scale methodology. Primary data on the dependent and independent variables were collected using a structured questionnaire; the questionnaires were presented to the respondents under a forwarding letter accompanied by an introduction letter from the University.

3.1.1 Reliability

The study used ‘split-halves’ and ‘internal consistency’ method to measure reliability. Internal consistency method was tested using Cronbach’s Alpha(Mugenda and Mugenda 2003).

Reliability of the questionnaire was evaluated through Cronbach’s Alpha. This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Mugenda&Mugenda, 2008).

Table 4.2: Reliability Coefficients

Variable	Cronbach’s Alpha	Items
Performance appraisal criteria	.732	9
Performance appraisal feedback	.711	17
Rewards	.775	3
Competence Assessment	.727	3

Research data, 2016

3.1.2 Validity

According to Borg and Gall (1989) validity is the degree by which the sample of test items represents the content of the test is designed to measure. Content validity which was employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. Mugenda and Mugenda (2003) contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field.

To establish the validity of the research instrument the researcher sought to find the opinions of scholars and experts in marketing management including the supervisor and lecturers. This allowed modification of the instrument thereby enhancing validity. Furthermore, the study assessed the responses and non-responses per question to determine if there is any technical dexterity with the questions asked.

4 Findings

Both descriptive and inferential statistics was used to analyze the data. Descriptive analysis was conducted on primary data. Mean and standard deviations were also used as measures of central tendencies and dispersion respectively. Correlation was used to analyze the degree of relationship between the variables in the study. Further, regression was used to obtain an equation which describes the dependent variable in terms of the independent variable based on the regression model. Data was presented in the form of frequency distribution tables, graphs and pie charts that facilitated description and explanation of the study findings.

Inferential statistics involve making generations, predictions or conclusions about characteristics of a sample from a population. Inferential statistics is used to establish whether a relationship exists in the larger population from which the sample was drawn from. This helped in making relevant generalizations whereby a Pearson correlation co-efficient was calculated to determine and test the correlation between the dependent variable and each independent variable.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Whereby: **Y** = Employee Productivity (UP); **X1**= Performance appraisal criteria (PAC); **X2**= Performance appraisal feedback (PAF); **X3**= Rewards (R);

X4= Competence assessment (CA); and

B0, β1, β2, β3, β4=Regression model coefficients.

ε = Error Term.

4.1 Response Rate

From the data collected, out of the 39 questionnaires administered, 35 questionnaires were fully completed and returned making a response percent of 89.7%.

Table 4.1: Response Rate

Response	Frequency	Percentage
Filled-in Questionnaires	35	89.7%
Unreturned Questionnaires	4	10.3%

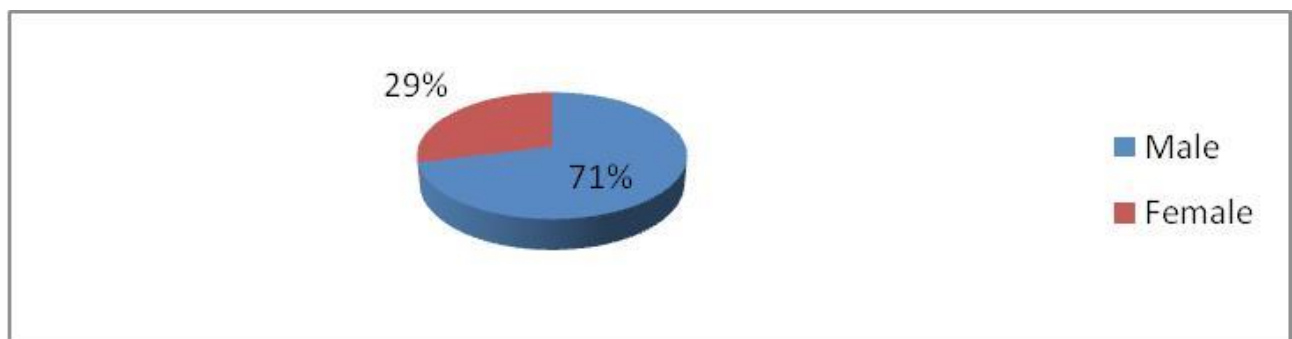
Research data, 2016

4.2 Demographic Characterization of the Respondents

The study sought to find out the demographic information of the respondents which included gender, age, highest duration of service and level of education.

Firstly, the study sought to determine the gender distribution of the respondents in order to establish if there is gender balance in the positions indicated. The findings were as indicate in Figure 4.1.

Figure 4.1: Gender of the Respondents



Source: Researcher, 2016

According to the findings, majority (71%) of the respondents were male while the rest (29%) were female.

The study also sought to determine if the respondents were old enough to provide valuable responses that pertain to the effects of human resource functions on employee performance.

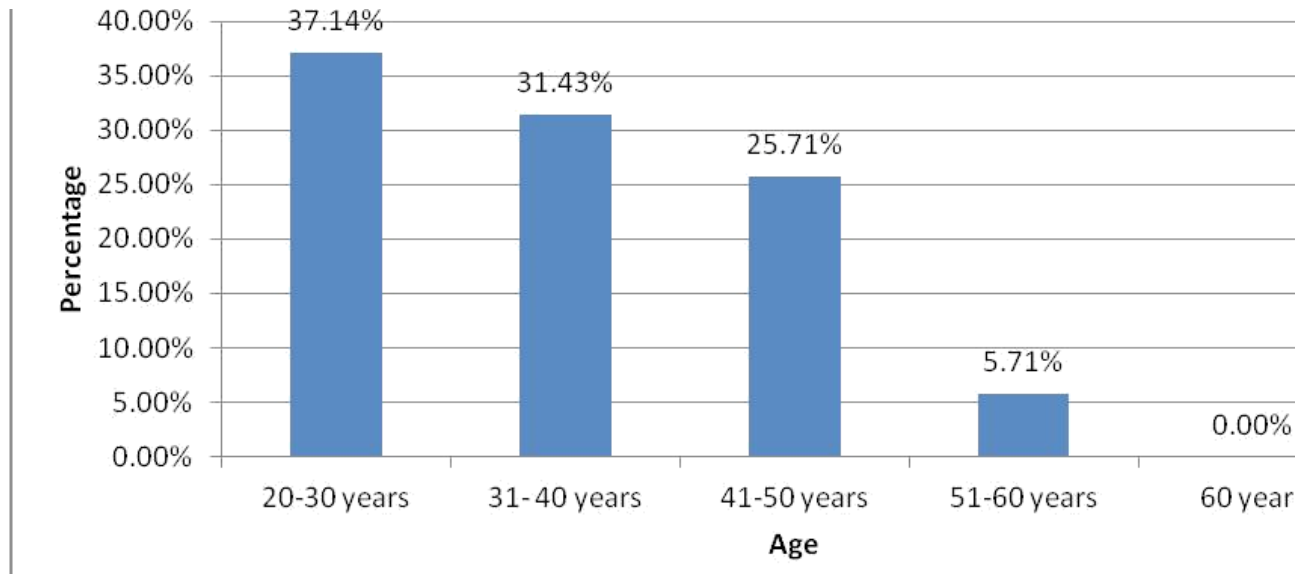


Figure 4.2: Age Bracket of the respondents

Source: Researcher, 2016

The respondents were required to indicate their age where the study findings indicated that majority (37.14%) indicated that their age bracket was between 20 and 30 years. Analysis of findings also indicated that 31.43% of the respondents were between 31 and 40 years of age. The findings further indicated that 25.71% were between 41-50 years and above, while the remaining 5.71% indicated that they were between 51-60 years.

In terms duration of service we sought to determine for how long the respondents had been working in the bank.

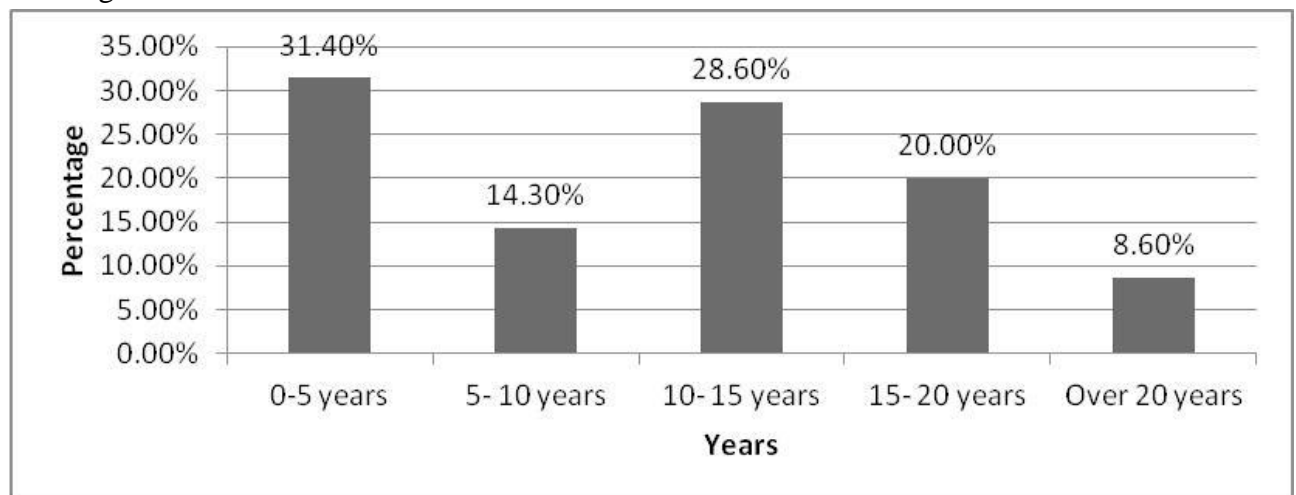


Figure 4.3: Duration of service

Source: Researcher, 2016

The study findings indicated that majority (31.40%) have been working in the organization for between 0-5 years, 14.30% for 5 to 10 years, 28.6% between 10 and 15 years, 20.0% between 15-20 years, and 8.60 % for over 20 years. This implies that the respondents had

worked in the organization long enough to provide valuable responses. The study also sought to determine the highest level of education the respondents had and the results is as in Table 4.3 below:

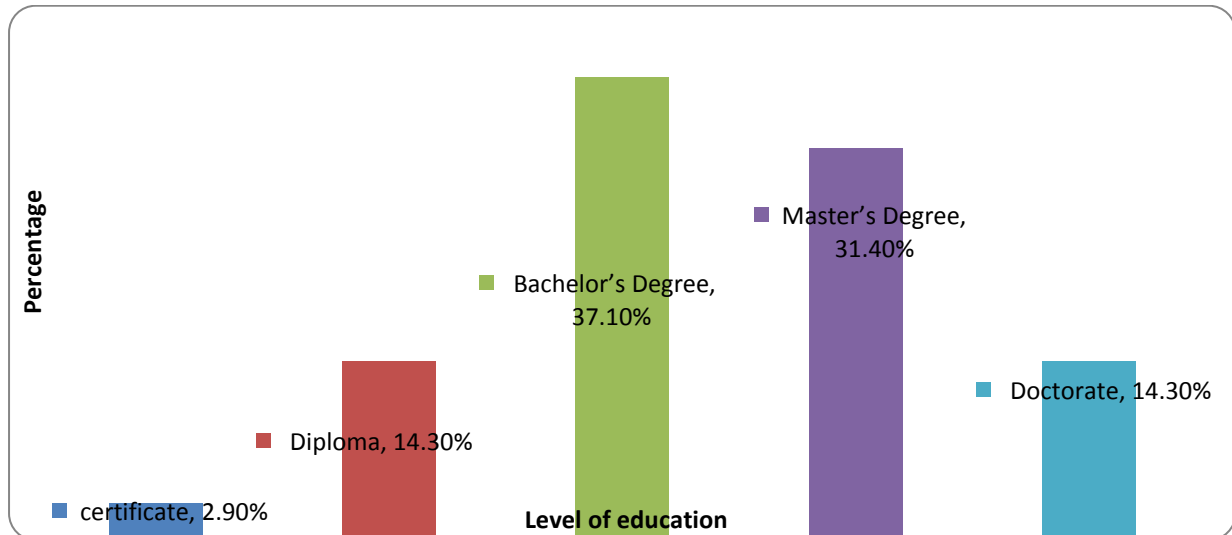


Figure 4.1: Academic Qualification

Source: Researcher, 2016

From the findings, majority (37.1%) had bachelor's degrees followed by 31.4% who had master degree, 14.3% had a diploma and a doctorate respectively, 2.9% indicated had attained college certificate. Therefore the findings conclude that most respondents had adequate education to give information pertain to the effects of performance appraisal on employee productivity.

4.3 Performance appraisal criteria

The researcher wanted to find out the extent to which the respondents agreed with the statements regarding the influence of performance appraisal criteria on the employees' productivity.

Table 4.4: performance appraisal criteria

Performance appraisal criteria	Mean	Standard deviation
The main performance appraisal indicators used were the quality and quantity of work done by the employees	4.18	0.734
Customers focus of the employee and employee reliability	4.13	0.597
Teamwork, interpersonal skills and communication skills	4.04	0.802
Understanding and use of technology played very little role in performance appraisal	4.13	0.597

Source: Researcher, 2016

Majority of the respondents strongly agree that the main performance appraisal indicators used were the quality and quantity of work done by the employees as indicated by a mean of 4.18, that Customers focus of the employee and employee reliability (4.13), that teamwork, interpersonal skills and communication skills (4.04) and lastly that Understanding and use of technology played very little role in performance appraisal with a mean of 4.13.

4.4 Performance appraisal feedback

The researcher wanted to find out the extent to which the respondents agreed with the statements regarding the influence of performance appraisal feedback on the employees' productivity.

Table 4.4: Performance appraisal Feedback

Feedback	Mean	Standard deviation
Feedbacks are given promptly	4.40	0.497
Feedbacks are specific and actionable or framed positively	4.57	0.630
Successful candidates are communicated to	4.69	0.841
There is discussion of strengths and development needs of the appraise	4.14	0.697
Feedback does not involve discussion of the strengths and development needs of the appraise	4.17	0.630

Source: Researcher, 2016

The findings of the study indicated that majority of the respondents strongly agree that Feedbacks are given promptly as indicated with a mean of 4.40, that feedbacks are specific and actionable or framed positively as indicated with a mean of 4.57 and that the Successful candidates are communicated to (4.69). The respondents also strongly agreed that there is discussion of strengths and development needs of the appraisee as indicated with a mean of 4.14 and lastly that feedback does not involve discussion of the strengths and development needs of the appraise (4.17).

4.5 Rewards

The researcher wanted to find out the extent to which the respondents agreed with the statements regarding the influence of rewards on the employees' productivity.

Table 4.5: Rewards

Rewards	Mean	Standard deviation
When performance appraisal is positive, the respondents are not sure whether a reward would be given or not	4.51	1.027
The salary I receive is commensurate with my job description	4.18	0.734
Employees receive promotion based on their productivity	4.13	0.597
Where performance appraisal indicate negative results and establishes some weaknesses, the employees are taken for further training.	4.24	0.802
There is little benefit as far as performance appraisal is concerned. Source: Researcher, 2016	2.97	0.971

Concerning the rewards, the findings of the study indicated that majority of the respondents strongly agreed that When performance appraisal is positive, the respondents are not sure whether a reward would be given or not as indicated with a mean of 4.51. they also strongly agreed that the salary I receive is commensurate with my job description (4.18), that employees receive promotion based on their productivity (4.13), that Where performance appraisal indicate negative results and establishes some weaknesses, the employees are taken for further training (4.24) and lastly the respondents disagreed that there is little benefit as far as performance appraisal is concerned 2.97.

4.6 Competencies Assessment

The researcher wanted to find out the extent to which the respondents agreed with the statements regarding the influence of competencies assessment on the employees' productivity.

Table 4.6: competencies assessment

Competence Assessment	Mean	Standard deviation
Competency models is an employee development program to appraise behavioral performance indicators together with objectives	4.71	1.081
Team-building, communication; coordination, execution and continual learning are critical competencies for the success of middle managers	4.39	0.997
Competency management can contribute to organizations knowledge base	4.32	0.879
Competency management modeling is regarded as an approach focused on improving organizational performance	4.03	1.003

Source: Researcher, 2016

The findings of the study concerning competencies assessment indicated that the respondents strongly agreed that competency models is an employee development program to appraise behavioral performance indicators together with objectives (4.71), that team-building, communication; coordination, execution and continual learning are critical competencies for the success of middle managers (4.39), that Competency management can contribute to organizations knowledge base (4.32) and lastly that Competency management modeling is regarded as an approach focused on improving organizational performance (4.03).

4.7 Employee productivity

The researcher wanted to find out the extent to which the respondents agreed with the statements regarding the employees' productivity.

Table 4.7: Employee productivity

Employee productivity	Mean	Standard deviation
I am very effective in working with colleagues to achieve organizational goals	4.03	0.731
I have always achieved the set target in my organization	4.08	0.826
I demonstrate competency in my work.	4.50	0.725
I show persistence when faced with difficult problems or challenges and overcomes them to achieve my target	4.25	0.679
I am satisfied with the important aspect of my job	4.11	0.815

Source: Researcher, 2016

Regarding the employee productivity the study findings indicated that majority of the respondents strongly agreed that they are very effective in working with colleagues to achieve organizational goals (4.03), that they have always achieved the set target in their organization (4.08), that they demonstrate competency in their work (4.50), that they show persistence when faced with difficult problems or challenges and overcomes them to achieve my target (4.25) and lastly that they are satisfied with the important aspects of their job

4.8 Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the organization performance. The researcher applied the statistical package for social sciences (SPSS V 21) to code, enter and compute the measurements of the multiple regressions for the study. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Employee productivity) that is explained by all the four independent variables (Performance appraisal criteria, performance appraisal feedback, rewards and competence assessment).

4.9 Correlation Analysis

Pearson correlation was used to measure the degree of association between variables under consideration i.e. independent variables and the dependent variables. Pearson correlation coefficients range from -1 to +1. Negative values indicates negative correlation and positive values indicates positive correlation where Pearson coefficient <0.3 indicates weak correlation, Pearson coefficient >0.3<0.5 indicates moderate correlation and Pearson coefficient >0.5 indicates strong correlation.

Table 4.8 Correlation Coefficients

	Employee productivity	Performance appraisal criteria	Performance appraisal feedback	Rewards	Competence assessment
Employee productivity	1				
Performance appraisal criteria	0.791	1			
Performance appraisal feedback	0.772	0.551	1		
Rewards	0.763	0.691	0.711	1	
Competence assessment	0.751	0.324	0.614	0.713	1

*. Correlation is significant at the 0.05 level (1-tailed).

Source: Researcher, 2016

The analysis above shows that performance appraisal criteria has the strongest positive (Pearson correlation coefficient =.791; P value 0.000) influence on employee productivity. In addition, performance appraisal feedback, rewards and competence assessment are positively correlated to employee productivity (Pearson correlation coefficient =.772, .763 and .751). The correlation matrix implies that the independent variables are very crucial determinants of employee productivity as shown by their strong and positive relationship with the dependent variable; employee productivity.

4.10 Model Summary

Regression model is used here to describe how the mean of the dependent variable changes with changing conditions. Regression Analysis was carried out for focus on Performance appraisal criteria, performance appraisal feedback, rewards, and competence assessment and employee productivity. To test for the relationship that the independent variables have on employee productivity, the study did the multiple regression analysis.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.937	0.878	0.789	0.5273

Source: Researcher, 2016

The four independent variables that were studied explain 87.8% of the employee productivity as represented by the R². This therefore means that other factors not studied in this research contribute

12.2% of the employee productivity. This implies that these variables are very significant therefore need to be considered in any effort to boost employee productivity in Kenya. The study therefore identifies variables as critical determinants of employee productivity.

Table 4.10: ANOVA

Model		Sum Of Squares	Df	Mean Square	F	Sig.
1	Regression	2.534	2	1.267	9.475	.0179a
	Residual	9.307	40	2.327		
	Total	3.465	42			

Source: Researcher, 2016

NB: F-critical Value 88.33 (statistically significant if the F-value is less than 88.33: from table of F-values). The significance value is 0.0179 which is less than 0.05 thus the model is statistically significant in predicting how Performance appraisal criteria, performance appraisal feedback, rewards, competence assessment influence the employee productivity in Kenya. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 9.475), this shows that the overall model was significant.

Table 4.11: Coefficient Results

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.127	1.2231		1.615	0.367
	Performance appraisal criteria	0.852	0.1232	0.152	4.223	.0192
	Performance appraisal feedback	0.587	0.4425	0.054	3.724	.0269
	Rewards	0.745	0.3178	0.116	3.936	.0251
	Competence assessment	0.639	0.2937	0.263	3.247	.0454

Source: Researcher, 2016

Multiple regression analysis was conducted as to determine the relationship between employee productivity and the four variables. As per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:

$$Y = 1.127 + 0.852X_1 + 0.587X_2 + 0.745X_3 + 0.639X_4$$

According to the regression equation established, (Performance appraisal criteria, performance appraisal feedback, rewards, competence assessment) constant at zero was 1.127. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in performance appraisal criteria will lead to a 0.852 increase in employee productivity; a unit increase in performance appraisal feedback will lead to a 0.587 increase in employee productivity, a unit increase in rewards will lead to a 0.745 increase in employee productivity and a unit increase in competence assessment will lead to a 0.639 increase in employee productivity. This infers that performance appraisal criteria contribute most to the employee productivity followed by rewards. At 5% level of significance and 95% level of confidence, performance appraisal criteria had a 0.0192 level of significance, performance appraisal feedback showed a 0.0269 level of significance, rewards showed a 0.0251 level of significance, and competence assessment showed a 0.0454 level of significance hence the most significant factor is performance appraisal criteria.

5 Conclusions

The study carried out correlation analysis to determine the relationship among variables. The study concludes that performance appraisal feedback, rewards and competence assessment are positively correlated to employee productivity and that the four independent variables that were studied explain

87.8% of the employee productivity as represented by the R². The significance value was less than 0.05 thus the model was deemed statistically significant in predicting how Performance appraisal criteria, performance appraisal feedback, rewards, competence assessment influence the employee productivity in Kenya.

The study also concludes that Feedbacks should always be given promptly, that feedbacks are specific and actionable or framed positively and that the Successful candidates are communicated to. Also that there should be discussion of strengths and development needs of the 'appraisee' as indicated with a mean of and lastly that feedback should not involve discussion of the strengths and development needs of the appraisee.

Concerning the rewards, the study concludes that When performance appraisal is positive, the respondents are not sure whether a reward would be given or not. The study concludes that competency models is an employee development program to appraise behavioral performance indicators together with objectives, that team-building, communication; coordination, execution and continual learning are critical competencies for the success of middle managers.

5.1 Recommendations

The study recommends that to improve employee productivity, performance appraisal indicators used should be the quality and quantity of work done by the employees, Customers focus and employee reliability, teamwork, interpersonal skills and communication skills and Understanding and use of technology play very little role in performance appraisal. The study also recommends that Feedbacks should always be given promptly, that feedbacks should be specific and actionable. Lastly that feedback should involve discussion of the strengths and development needs of the 'appraisee'.

When performance appraisal is positive, reward would be given. Also the study recommends that the salary received by the employees should be commensurate with their job description. Also, that where performance appraisal indicates negative results and establishes some weaknesses, the employees should be taken for further training. The study also recommends that competency models program should be utilized to appraise behavioral performance indicators together with objectives, that team-building, communication; coordination, execution and continual learning are critical competencies for.

5.5 Areas for Further Research

The study recommends that more research be carried out on the topic on an industry wide scale to give a general view on the performance appraisal methods used by all the banks and facilitate comparison amongst the banks. This will help banks that are using unfavorable performance appraisal methods to adopt new methods that are beneficial to the bank and to the employee.

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