

# Factors influencing employer-employee relationship

Sociology, Empowerment



# FACTORS INFLUENCING EMPLOYER-EMPLOYEE RELATIONSHIP IN STRATEGY EXECUTION IN NON-GOVERMENTAL ORGANIZATIONS IN NAIROBI KENYA

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CHAPTER ONE 1. 0 INTRODUCTION 1. 1 Background of the Study Performance appraisals can mean different things to different people.

In general, a Performance appraisal is defined as an evaluation of an employee's job performance to measure how effectively this employee is performing at their job (Becton, Portis, & Schraeder, 2007). The traditional format of a performance appraisal is an employee meeting with their supervisor annually or twice a year to go over how well the employee is doing their job. Usually the company the employee is working for provides a form for the supervisor to fill out and go over with the employee. This form

list goals and objectives of the company and how well the employee is meeting these.

In modern times performance appraisal systems are increasingly being used in both public and private sector to evaluate the performance of employees. Appraisal, according to Smith, (2000), involves the identification of cause and effect relationships on which employment and labour policies are based or can be based and are a routine process that organizations use to evaluate their employees. It is a systematic assessment that is as objective as possible of an ongoing programme or policy, its design, implementation and results.

Its aim is to appraise the relevance and fulfillment of objectives, efficiency, effectiveness, impact and sustainability. The appraisal systems usually involve evaluating performance based on the judgements and opinions of subordinates, peers, supervisors, other managers and even workers themselves (Jackson & Schuler 2003). An employee appraisal, performance review, or career development discussion is a method by which the job performance of an employee is evaluated in terms of quality, quantity, cost and time.

Performance appraisal is also part of career development. Performance appraisals are regular reviews of employee performance within organizations. Performance appraisal as a process is seen as a key contributor to successful human resource management, as it is strongly related to organisational performance (Erdogan, 2002). Murphy and Cleveland (1995) believe that performance appraisals can help organizations

in four ways. First, they can enhance the quality of organizational decisions, ranging from promotions, layoffs, compensation and transfers.

Second, they can enhance the quality of individual decisions, ranging from career choices to decisions about where to direct one's time and effort. Third, they provide a set of tools for organizational diagnosis and development. Finally, performance appraisals can affect employees' views of and attachment to their organization. Performance appraisal is a tool of management that can lead to better communication, motivation and feedback (Stivers and Joyce, 2000). A common process for managing employees is the traditional practice of annual performance reviews.

While these annual reviews have their shortcomings, companies around the globe continue to use them. However, to increase accuracy and to get a comprehensive and balanced feedback about employee performance, 360-degree feedback system is becoming more popular. In this system peers, subordinates and customers also do the appraisal. This is particularly relevant in the light of research, which has empirically proved that 360-degree feedback system improves employee performance significantly (Rai & Singh 2005).

Performance appraisal is centrally managed by the human resource department in National Cereals and Produce Board. The aims of a performance appraisal are to give feedback on performance of employees, identify employee training needs, allocate rewards, forms a basis for personal decisions; salary increases, promotions, disciplinary actions, provide the opportunity for organizational diagnosis and development,

facilitate communication between employee and administration and validate selection techniques and human resource policies to meet equal employment opportunity requirements.

Performance appraisal is an ongoing communication process between employees and supervisors. Supervisors should set expectations, monitor performance, and provide feedback to employees. By having this information, they will direct and develop employee performance by identifying training and development needs, correcting, and determining raises and promotions (Seldon, Ingraham, & Jacobson, 2001). Performance appraisal is evaluating employee's current and past performance relative to his or her performance standards.

Therefore, if performance appraisal is successfully carried out in an organization, the employees would be able to know how well they are performing and what is expected of them in future in terms of effort and task direction through an established plan for performance improvement Dessler (2005). To appreciate the purpose of performance appraisal one has to look at it from the different viewpoints of the employee and the organization.

From the employees view point, the purpose of performance appraisal is to enable the employee be guided on what is to be done and that he or she should receive a comprehensive feedback on how he or she performed. The employee also requires that the manager should help him or her improve on areas where gaps were identified in his or her performance and finally, expect to have appropriate recognition for good performance (NCPB Human Resource Policies and Procedures Issue 2010).

From the organizations view point, one of the most important reasons for having a system of performance appraisal is to establish and uphold the principle of accountability. For decades, it has been known that one of the chief causes of organizational failure is non-alignment of responsibility and accountability. Non-alignment occurs where employees are given responsibilities and duties, but are not held accountable for the way in which the responsibilities and duties are performed (NCPB Human Resource Policies and Procedures Issue 2010).

The National Cereals and Produce Board which is the organization selected for this study is a body corporate that was established in 1985 under Cap. 338 of the Laws of Kenya. However, this organization has been in existence since 1939 when it was established by the then Colonial Government. The Board previously operated under diverse names which included West Kenya Maize Marketing Board, Maize Marketing and Control Board, Maize and Produce Board. It acquired its current name after the amalgamation of the Maize and Produce Board with the defunct Wheat Board in 1980 (NCPB Act, Cap 338).

The Board's main function over time has been to provide grain farmers with a marketing outlet, while at the same time it is charged with undertaking the food supply functions of the State. The Board trades in maize, wheat, beans and other scheduled produce such as millet, sorghum and rice. It also offers services like drying, grading, cleaning, pest control and storage of grain as well as weighing. Additionally, the Board offers for sale, such items like weighing scales, gunny bags, pesticides and tarpaulins.

More recently the Board had engaged in the trading in farm inputs more specifically fertilizer with the aim of reducing the cost of production for the farmer and also diversify its products range to make it more profitable (NCPB Strategic Plan, 2009-2013). The organization has a network of 110 stations spread all over Kenya; in both the high potential agricultural areas like most parts of Rift Valley, Western and Central Provinces, as well as the low potential (food deficit) areas like North Eastern and parts of Eastern Provinces.

The network is divided into six administrative regions which are Nairobi/Eastern, Northern, Coast, North Rift, South Rift, South Rift and Lake/Western (NCPB Strategic Plan 2009-13). The Board has since the early 1990's been undergoing major restructuring and rationalization of its operations under the Civil Service Reform Programme. This included the downsizing of work force, with the objective of reducing its bloated staff strength to retain a leaner workforce, which could deliver the required services more efficiently and effectively.

In a period of ten years (1993-2003), the Board released more than 70% of its total workforce through a Staff Voluntary Early Retirement Scheme and other methods of leaving. This reduced its staff strength from approximately 4,500 it had at the beginning of the retrenchment exercise to a mere 930 at the end of the exercise. The Board currently has an establishment of about 1020 employees falling under four broad categories, namely Senior Management (Job Group M and above), Middle Level Management (Job Group

K-L), Supervisory Management (Job Group G-J) and Operatives (Job Group A-F) (NCPB Staff Establishment Audit Report, 2004).

The organization has a fully-fledged Human Resource Department, which uses a detailed Resource Manual that contains policies and procedures that basically defines the relationship of the organization. The Board recognizes that human resource constitute its most assets, because people grow and develop over time and without them all the other resources (materials, money, methods and machines) will not be effectively utilized.

According to the manual, Board's Human Resources Management function is primarily concerned with the human relationship fields. It aims at bringing together and developing the human resource cohesive and an effective unit to complement all the other functions in the Board, while regard to the well being of the individual and groups of workers enabling them to make maximum contribution towards the successful attainment and sustenance of the Board's corporate goals and objectives (NCPB Human Resource Policies and Procedures Issue, 2010).

National Cereals and Produce Board has two forms of performance appraisals with the main one being carried out annually and involves the appraiser and the appraisee sitting together to review the latter's performance in the preceding one year. They evaluate the extent to which the employee met the targets agreed upon at the beginning of the appraisal period.

The other type of performance appraisal target employees on probation and those appointed to various higher capacities on trial basis and is conducted to determine their suitability or otherwise for confirmation on their



respective positions (NCPB Human Resource Policies and Procedures Issue, 2010). 1. 2Statement of the Problem At an organizational level, the performance appraisal system impacts other HR systems as well as organizational strategy.

Latham and Wexley (2001) assert that the effectiveness of an organization's performance appraisal system is a prerequisite for ensuring the success of its selection, training, and employee motivation practices. At a strategic level, the need for rapid and effective organizational change in today's dynamic social, economic, and political environment requires that employees continually re-align their performance with the evolving goals and objectives of the organization (O'Donnell and Shields, 2002).

The need to continually re-align performance characterizes many organizational departments which continue to struggle with getting their members to embrace the philosophy and practices that are geared at enhancing performance (Scrivner, 1995; Vinzant and Crothers, 1994). The organization since early 1990's has been undergoing major restructuring and rationalization of its operations under the Civil Service Reform Programme. This included the downsizing of work force, with the objective of reducing its bloated staff strength to retain a leaner workforce, which could deliver the required services more efficiently and effectively.

The Board has in a period of ten years (1993-2003), released more than 70% of its total workforce through a Staff Voluntary Early Retirement Scheme and other methods of leaving. This has reduced its staff strength from approximately 4, 500 it had at the beginning of the retrenchment exercise to

a mere 1020 at present. The organization has frozen recruitment except for professionals and replacement of essential employees which has led to the re-allocation of the duties that were earlier being performed by higher number of employees to fewer people.

In order to enhance employee performance the Board introduced employee appraisal system was introduced in 2010. At National cereal and Produce board, performance appraisals have been conducted but they have faced many challenges. Instead of boosting staff performance, they have ended up frustrating staff until some have ended up leaving because of the high level of dissatisfaction. NCPB has offices in several locations including Nairobi, Nakuru, Eldoret, Moisbridge, Kitale among other major town.

In order to improve the effectiveness of performance appraisals, the organization has tried to apply different approaches of performance appraisals but the result has not been any different. The study seeks to investigate the effects of performance appraisal system on staff performance at National Cereals and Produce Board.

### 1. 3 Objectives of the Study

#### 1. 3. 1 Broad Objective of the Study

The broad objective of the study is to investigate the effects of performance appraisal systems on staff performance at the National Cereals and Produce Board.

#### 1. 3. 2 Specific objectives

1. 3. 2. 1 To determine the types of performance appraisal approaches used at the Kenya National Cereals and Produce Board.
1. 3. 2. 2 To determine the effect of performance appraisal accuracy on staff performance at the National Cereals and Produce Board.
3. To establish the effects of employee appraisal feedback management on staff performance at the National

Cereals and Produce Board. 4. To assess the effects of appraisers' competence on employee performance at the National Cereals and Produce Board. . 4 Research Questions 1. What are the types of performance appraisal approaches used at the Kenya National Cereals and Produce Board? 2. What are the effects of performance appraisal accuracy on staff performance at the National Cereals and Produce Board? 3. How does employee appraisal feedback management affect staff performance at the National Cereals and Produce Board? 4. How does appraisers' competence affect employee performance at the National Cereals and Produce Board?

#### Methods Population/Sample

The population in this research is all employees' program participants, their supervisors, and management team. The sample for this research will be forty employees participants, 20 supervisors participants and 10 management participants and performance appraisal evaluators. Data Collection A survey will be used to collect all of the information for the research project. Surveys will be handed out to performance appraisal evaluators and turned in when the performance appraisal is complete to the researcher.

Also, employees' participants and their supervisors' participants and managers' participants will complete surveys at semi-annual performance reviews. The surveys will be filled out at the end of the performance appraisal session and turned in to the research evaluator. Data Analysis Qualitative analysis will be used to analyze the open-ended questions on the survey. Common subjects and similarities will be examined to draw

conclusions about the strengths and weaknesses of the performance appraisal. 1. 5 Importance of the Study 1. 5. 1 National Cereals and Produce Board

The research will be of importance to the Board as it will advocate for the importance of performance appraisal in the organization and will enable the management of NCPB to come up with a streamlined performance appraisal system and at the same time communicate to employees what they are expected to do in order to achieve the organization corporate goals. 1. 5. 2 Human Resource Department The results of the research will enable the Human Resource Department to examine the existing performance appraisal system, highlight the main deficiencies affecting the system and point out possible ways of improvement.

The system would then transform the employees into a hardworking and highly committed workforce that will enable the organization achieve its objectives efficiently and effectively and thus create a competitive advantage. 1. 5. 3 Other Organizations Parastatals within the Ministry of Agriculture and other stakeholders in the grain sub-sector will use the research findings to improve their employee performance appraisal systems and the use of performance appraisal system as a management tool. The performance appraisal system will be a useful tool in complementing performance contracting currently used in all Government affiliated offices. 1. 5. 4 Future Researchers Future researchers will also be able to use the research findings as a benchmark to their research on performance appraisal system and its effects on staff performance. In addition, the findings of this

study will serve as a source of reference in future research. The study will also suggest other areas where future researchers can further their knowledge. 1. 5Scope of Study The study will be carried out within the National Cereals and Produce Board Headquarters, Industrial Area, Nairobi.

1. 6Limitations of the Study 1. 6. Non response because of fear to reveal detailed information concerning the organization due to fear of exposing the weaknesses the organization is facing and the confidentiality of such information in terms of business practices. The researcher foresees a challenge in collecting the required data from the respondents. The respondents may fear giving information stating that the information requested may be used against them. To limit the effects of this limitation, the researcher will carry with her an introduction letter from the University confirming that the data requested will be used for academic purposes only. .

6. 2Lack of co-operation from some of the respondents for fear of victimization from their supervisors. 1. 6. 3 The researcher also foresees a challenge where the respondents are likely to give the ideal scenario instead of providing the situation they way it is now. This may affect research finding as it will distort the study findings. 1. 7 Definition of Operational Terms

Respondents- the persons from whom information were sought in the study  
Public sector-the civil service and organizations operating under the State Corporations Act  
Appraisal-to evaluate or assess the worth of something

Performance -is the act of carrying out something  
Research-to make a detailed study or investigation of something 1. 8Chapter Summary This chapter covered introduction of the study where it discussed the key concepts in the study including performance appraisal and employee

performance and how they relate to one another. It then provided statement of the problem where it discussed the importance of performance appraisals to organizations, what the situation is at the Kenya National Cereal and Produce Board and what the research gap for the study is.

The chapter then presents the study objectives including main and specific before presenting the research questions. The chapter then presented the importance of the study, limitations of the study, definition of terms and chapter summary. REFERENCES Aswathapa, K. (2006). Human Resource Management and Personnel Management, 4th Edition, Tata McGraw-Hill Publishing Company Limited. Armstrong, M. (2006). A Handbook of Personnel Management Practice, 8th Edition, British Library Cataloguing in Publication Data, USA. Armstrong, M. and Stephens, T. (2005).

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