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Effects of performance appraisal systems on employee performance of multinational companies in Nairobi County

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**EFFECTS OF PERFORMANCE APPRAISAL SYSTEMS ON EMPLOYEE
PERFORMANCE OF MULTINATIONAL COMPANIES IN NAIROBI COUNTY.**



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**SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTERS OF COMMERCE AT STRATHMORE UNIVERSITY**

STRATHMORE UNIVERSITY BUSINESS SCHOOL

STRATHMORE UNIVERSITY

NAIROBI KENYA.

MAY, 2019

DECLARATION

I declare that this is my original work and has not been presented to any other University for award of a degree. Any work done by other scholars have been recognized. This thesis does not contain any material published by any other researcher.

Mariti Elizabeth Wanjiku

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22nd May 2019

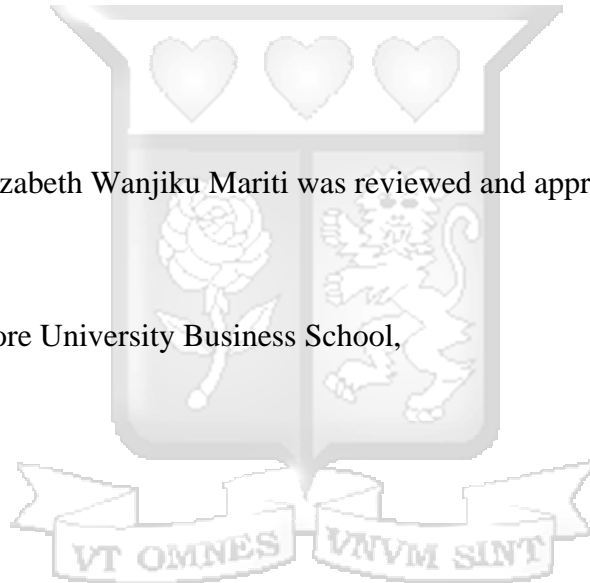
APPROVAL

The research thesis of Elizabeth Wanjiku Mariti was reviewed and approved by the following:

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ABSTRACT

To gain a competitive advantage in a rapidly changing global economy, multinational firms are increasingly promoting high levels of employee performance through conducting effective performance appraisals. Performance appraisal is therefore a critical and strategic human resource practice adopted by many Multinational corporations to evaluate and continuously improve the performance of employees and the organization. The aim of this study was to analyze the influence of performance appraisal systems on employee performance of multinational companies in Nairobi County. The specific objectives included to establish the performance appraisal methods used by multinational companies in Nairobi County, to analyze the influence of perceived appraisal effectiveness on employee performance of multinational companies in Nairobi County, to examine the influence of perceived appraisal fairness on employee performance of multinational companies in Nairobi County , to analyze the influence of perceived quality of appraisal feedback on employee performance of multinational companies in Nairobi County, to determine the joint influence of perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback on employee performance of multinational companies in Nairobi County.

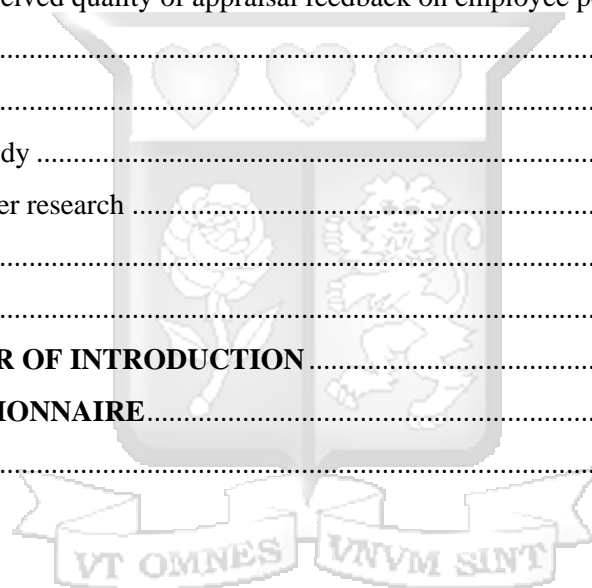
The main data collection tool that was used was the questionnaires with a target population of 285 employees of multinational companies with a presence in Nairobi County. Descriptive statistics, correlation analysis and multiple correlation analysis were used to analyze the data. On the influence of performance appraisal systems on employee performance perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback were all significant in explaining changes in employee performance. Results on the combined influence of performance appraisal systems on employee performance however showed that perceived quality of appraisal feedback had a significant positive influence on employee performance while perceived appraisal effectiveness and perceived appraisal fairness were not statistically significant. The study however had limitations as it only focused on three performance appraisal variables and limited employee performance to accomplishment of job related and organizational goals.

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LIST OF ABBREVIATIONS AND ACRONYMS

PA-Performance Appraisal

PAS-Performance Appraisal Systems

HRM-Human Resource Management

MNC-Multinational Corporation

HCNs-Host Country Nationals

TCN-Third country Nationals

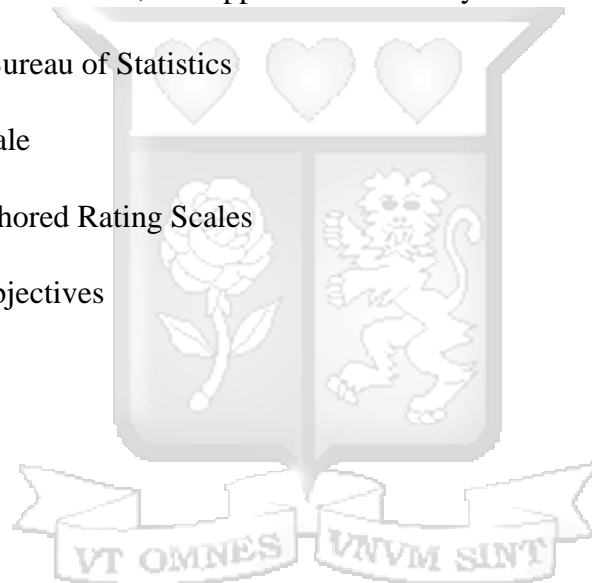
(AMO) theory-Abilities, motivation, and opportunities Theory

KNBS-Kenya National Bureau of Statistics

GRS- Graphic Rating Scale

BARS-Behaviorally Anchored Rating Scales

MBO-Management by objectives



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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

To gain a competitive advantage in a rapidly changing global economy, multinational firms are increasingly promoting high levels of employee performance through conducting effective performance appraisals. Performance appraisal is a critical and strategic human resource practice adopted by many Multinational corporations (MNCs) to evaluate and continuously improve both employee and organizational performance (Guest, 1997; Selvarajan & Cloninger, 2008; Smither & London, 2009; Festing, Knappert, Dowling, & Engle, 2012; Vo & Stanton, 2011). The success of organizations depends on how well the employees can achieve the set goals. Thus, many organizations consider the performance of employees to be an important yardstick in measuring the organizations performance. Many researchers consider performance appraisal to be of great importance in achieving organizational goals. For instance, Dash, Drabman & Spitalnik (2008), argues that appraisal is key because companies use it to identify the training needs of employees. The appraisal process should therefore be a central part in the success of organizations.

Performance appraisal is the process of measuring the job performance of individuals or teams in an organization (Cardy & Dobbins, 1994). Bratton and Gold (2007) define performance appraisal as the identification of the strengths, weaknesses and capabilities of individual employees so as to guide other human resource decisions. Similarly, Armstrong (2006) asserts that performance appraisal is a process of managing the efforts of individuals or teams within an approved framework that contains set goals and standards, attributes and required competence for the attainment of organizational results. Furthermore, performance appraisal is the assessment of the performance of an individual on a certain task to be able to determine their career path (Gebrekidan, 2011; Goddard & Emerson, 1997; Halse et al., 2011).

Performance appraisal has attracted great attention from both academicians and human resource practitioners as it is highly associated with the performance of MNCs. MNCs may appraise their employees differently, for example they may appraise all employees using a standard local appraisal system or may decide to appraise nationals from the host country differently from expatriates and nationals from a third country. According to Festing, Knappert, Dowling and Engle

(2012), the appraisal process is key for international enterprises to manage the behavior of both host country nationals (HCNs) and expatriates. Performance appraisal influences the expectations that employees have, their perceptions of fairness, satisfaction and performance. (Festing, Knappert, Dowling, & Engle 2012; Logger & Vinke, 1995). Consequently, performance appraisal influences work attitudes of employees, the overall performance of businesses and competitiveness of MNCs. From the above definitions, performance appraisal is therefore the evaluation of employees' skills in comparison with the goals and standards that have been set to ensure achievement of the organizational vision.

Performance appraisal is an important element of any company including MNCs. According to Singh, Kochar, & Yüksel (2010), the role of performance appraisal is no longer about assessment of employees but gives direction on how employees should behave. It is also used to mobilize employees in achieving the goals of the organization. Performance appraisal therefore is a very important function because it provides control of the performance of employees which ultimately affects the performance of the organization.

Scholars have suggested two main uses of performance appraisal in organizations. One it acts as an administrative control in making decisions concerning rewarding employees. Second, it helps develop employees because it pinpoints the employees' strengths and weaknesses and is also used to provide feedback and exchanges between the employees and the managers (Dorfman, Stephan, & Loveland, 1986; Murphy & Cleveland, 1995).

1.1.1 Performance Appraisal Systems

A Performance appraisal system is a multi-faceted and multi-dimensional construct and different studies use different parameters to define it. According to Cardy and Dobbins, (1994), the appraisal system is used by organizations to motivate employees and in the improvement of organization goals. An effective performance appraisal has also been associated with clear goals, a specific performance criterion, is accepted by both the assessor and the person being assessed and has timely feedback (Rankin & Kleiner, 1988). According to Hartle (1995), the appraisal system should be a central part of the business and should generate synergy when used together with other key human resource practices such as such as total quality management and development of employees.

Performance appraisal system is a basic tool for developing employees in an organization. To support this view, Valance (1999) is of the opinion that an effective appraisal system should assist employees make improvements in their work whereas Cokin (2004) agrees with this statement and states that an effective performance appraisal system should focus on enhancing employee capabilities. According to Goff and Longenecker (1990), an effective performance appraisal contains a platform where raters undergo training on how to carry out the appraisals. Similarly, Evans (1991) asserts that appraisal raters should undergo training in numerous areas including skills on how to conduct supervision, conflict resolution, counselling, coming up with performance goals and standards and knowledge on how to give employees quality feedback. An effective performance appraisal should be accurate and fair in the assessment of the employees' performance. Boice and Kleiner (1997) also asserts that the objectives of the organization should be clear before implementing any appraisal system.

Previous studies agree that for an appraisal system to be effective, it must be fair in assessing employees' performance. Measuring employee performance fairly is considered a key factor in developing an effective performance appraisal system. For example, Henderson (1984) states that an effective appraisal system assists organizations in measuring the performance of its employees and suggest ways that employees can improve their performance. The employees should also receive constant feedback with regards to their performance, competence, their overall achievements and contribution to the organizations mission and vision (Longenecker, 1997). Attwood (1985) in his study found evidence of rater inaccuracy where female employees were appraised differently from their male counterparts (Igen & Barnes-Farrell 1984; Cardy & Dobbins 1994; Smither & London, 2009). Many researchers have also found involving employees in the appraisal exercise to be of tremendous effect on the effectiveness of a performance appraisal system. For example, Jordan (1992) states that employees should be involved in the appraisal exercise because it gives them a chance to air grievances they may want addressed. Also, the attitude of employees is a key concern when it comes to an effective appraisal process (McDowall & Fletcher, 2004).

According to Coutts and Schneider (2004), an appraisal system should meet at least five key elements. They state that appraisal systems should be performance based and not on the personal characteristics of the employees. Secondly, an effective appraisal system should ensure that all

employees participate in the evaluation process which tends to increase their perception of fairness with regards to the performance appraisal. Thirdly, there should be high quality feedback to promote the development of the employees and to help them improve on their areas of weaknesses. The fourth components state that the organization should encourage the accomplishment of both individual and organizational goals by rewarding those who put high effort as shown by their performance. The final component state that there should be training to all employees to ensure they have the relevant skills and knowledge required to achieve their goals. According to Dobbins, Cardy, and Platz-Vieno (1990), the appraisal system should also consider all parties involved in the evaluation process.

An effective appraisal system should also allow an organization to identify unique employees' behavior that could affect their performance. Analysis of these performance data can be used to select training programs. These data could also be used to make decisions on promotions among others (Gianakis, 1994). An effective performance appraisal system should therefore result in improved employee performance (Selvarajan & Cloninger, 2009). Many researchers however agree that no appraisal system is perfect, but organization should always strive to produce fair and accurate evaluations of their employees that allows for the development of individuals and the achievement of organizational goals. The system must always give honest feedback on where each employee stands. As discussed above, the effectiveness of an appraisal system is influenced by many factors including availability of quality feedback, training, employees' involvement, employee attitude and raters' accuracy among others. This research focused on three components of appraisal systems; effectiveness, fairness of appraisal systems and quality of appraisal feedback.

1.1.2 Employee Performance

Employee performance is a key variable in the HRM field. Employee performance is a multi-theoretical and multi-dimensional construct and different studies use different parameters to measure this construct (Austin & Villanova, 1992; Campbell, 1990). According to Rotundo and Sackett (2002), employee performance is the ability of an employee to perform a task well and requires the employee to have an updated job description and that the employee understands what is expected of them. Campbell (1990) defines employee performance as a set of behavior portrayed by the employee. According to Peters and Waterson (2004), employee performance is any activity

undertaken towards achieving organizational goals and is relevant to the job. McConnell (2003) also defines employee performance as the contribution and achievement made by an individual that can be quantified. Viswesvaran and Ones (2000) asserts that employee performance is the actions employees are engaged in that lead to the achievement of organizational goals. Further, Saleem and Amin (2013) states that employee performance are the activities and tasks performed by an employee efficiently and effectively and according to Rivai, (2004), employee performance are the outcomes of an employee during a period of duty compared to a specific standard of work, target or criteria that is determined and agreed on beforehand. Rivai further states that employee performance does not stand alone but is related to compensation, job satisfaction and influenced by skills, abilities and individual traits. Cardy (2004) asserts that employee performance are the results and accomplishments achieved by employees at their work.

Cardy goes on to argue that although performance appraisal central to the general performance management of an organization, it mostly depends on the policies and practices adopted by those organizations. According to Ilgen (1993), employee performance is not only the actions demonstrated by the employee but also the perception of the whole evaluation process. According to Campbell (1993), any task achieved by the employee that can be measured is reflected as performance. There are mixed empirical findings on how to measure employee performance and experts do not agree on whether the measurement should be done according to the job results (Kane et al., 1995) or in terms of the behavior portrayed by the employee (Murphy & Cleveland, 1991). For example, Borman and Motowidlo, (1997) and (Campbell et al., 1993), observe that although employees perform tasks and actions that are related to the job, their performance can be measured according to their abilities and skills. Sarmiento et al., (2007) also argues that employee performance is the outcome of two aspects: the abilities and skills of the employee and his/her motivation to use those skills to perform a better job. Therefore, employee performance could be measured using the abilities, motivation, and opportunities (AMO) theory. According to this theory, employees perform best when they possess the skills and abilities required for the job, are motivated to do it and their work environment provides the atmosphere to participate (Boselie, 2010; Appelbaum et al., 2000). Armstrong, (2006) agrees with the AMO theory and states that employees' performance depends on their abilities, knowledge and the motivation to contribute to the organizational goals and maintain their well-being.

Smither, (1998) argues that an effective performance appraisal focuses on specific job performance variables and not personal characteristics. Joinson (2001) also notes that the trait-based method of measuring performance appraisal is not reliable because raters may perceive employees' traits subjectively and these perceptions may not be true. Experts however agree on the fact that measuring performance of employees based on individual characteristics has several limitations. For instance, Squires and Adler, (1998) note that conducting appraisals based on individual traits may not be of any importance to an organization since accurate feedback may not be received in respect to the performance of employees. Smither (1998) conducted a study on judicial employees and concluded that appraisal need to be based on job related variable and not individual traits. In this study employee performance was job related and was measured using two variables adopted from Farh et al., (1991) i.e. accomplishment of work goals and achievement of organizational goals.

1.1.3 Overview of Multinational companies in Kenya

A multinational company is an organization that has been registered in more than one country or undertakes production in more than one county. These companies mostly have offices and/or factories in different parts of the world but usually have a headquarter office where global control and management takes place. According to Kogut and Zander (2003), a multinational corporation can produce and/or sell its products in one other country, which is not the parent country. These corporations can pursue different types of policies including geocentric (worldwide), polycentric (host country oriented) or ethnocentric (home country oriented) (Perlmutter, 1969). Many researchers have agreed that the appraisal process is a critical function for any business. It is even more critical for multinational companies because these companies have very diversified workforce who are geographically spread with every country having different economic, legal, political, technological, social and cultural environments.

There are approximately 250 multinational companies in Kenya (KNBS, 2016). Multinational corporations play a huge role in the development of the smaller economies. More so, MNCs assist developing economies by transferring technology, knowledge and skills, providing greater access to international markets, increasing competition and making better and cheaper goods to the local customers. Based on anecdotal evidence performance appraisal is a common practice for multinational corporations in Kenya. Performance appraisal by multinational corporations is a

complex activity mainly because there is no straight forward way to evaluate the performance of an individual who operates miles away and, in some cases, operates in conditions of environment that the appraiser may not be aware of or may not understand. According to **Logger and Vinke (1995)**, performance appraisal by Multinational corporations is hard to conduct than domestic appraisals because of lack of symmetric information and similar goals between the owner company and the subsidiary. Information asymmetry is whereby the subsidiary and the parent companies do not agree on the information that is needed or available to them. Differences in environmental factors may contribute to these differences. Such differences may include; issues to do with the legal framework, changes in economic trends, technical and physical changes in demands and other factors relating to the job or because of the different personalities of the employees. Due to these differences, it is hard to set similar performance goals and standards. Goal congruence may arise in the relationship between the headquarters and the subsidiary because the two may not always agree on the resource allocations decisions.

1.2 Problem statement

The competitiveness of every organization depends on the quality and commitment of its workforce. To ensure efficiency from every employee, the organization needs to conduct employee performance appraisal. Thus, level in which the organization meets its goals and achieve competitive advantage is dependent on how well they manage the performance of its workforce (Frese, 2002). According to **Galanou (2010)**, successful organizations depend on the uniqueness of their human capital and the system put in place to manage their human resources effectively. Performance appraisal of employees is therefore a vital issue in this regard.

Performance appraisal system is a multi-faceted and multi-dimensional construct and different studies have used different constructs for performance appraisal. For example, **Brown, Haytt and Benson, (2010)** conducted a study on 6,957 employees to find out their perceptions of the appraisal system quality and its impact on employee motivation. Another study done by **Brown et al., (2010)** revealed the characteristics of appraisal system quality and their impact on job satisfaction and organizational commitment. Furthermore, performance is also a multi-theoretic and multi-dimensional construct and different studies use different parameters to measure this construct.

There are also mixed empirical findings on the association between performance appraisal systems and employee performance. While some researchers argue that performance appraisal systems

have positive effects on employee performance and competitiveness of any organization (Guest, 2002; Wright et al., 2003; Khan, 2010, Taylor et al., 1995) other scholars refute this positive relationship and argue that performance appraisal systems are linked with deteriorating employee performance (Shrivastava & Purang, 2011; Nurse, 2005, Latham et al., 2005). According to Shrivastava and Purang (2011), although different organizations have performance appraisal systems, most of these systems are ineffective and result to increased employee dissatisfaction and decreased employee performance. According to Meyer (1991) most managers don't derive any benefits of performance appraisal process as it is always full of errors, and only do it because of administrative pressures. Meyer argues that employees do not think that the appraisal represent their true performance, which reflect in the administrative decisions taken on critical issues like the salary or demotion ultimately affecting the employees' motivation and performance. Napier and Latham (1986) also posited that employees often do not value this process and view it as a disturbance, which does not have an impact on their performance. Performance appraisal systems therefore do not always have a positive contribution (Chiang & Birtch 2010; Taylor et al. 1995). There is therefore no agreement on the relationship between performance appraisal systems and employee performance and empirical studies are needed to further investigate this relationship.

Also, despite the widely accepted view that effective performance appraisal systems have an influence on employee performance little has been done to document the effect these systems have on the performance of employees in Kenyan MNCs. This means a knowledge gap exists on what percentage of success by multinational companies is attributed to improved performance through effective performance appraisal systems. To fill this gap, this study will contribute to the knowledge gap by establishing the effects of appraisal systems on employee performance of multinational companies in Nairobi County.

1.3 Research Objectives

This study aims to analyze the effects of performance appraisal systems on employee performance among multinational companies in Nairobi County.

1.3.1 Specific Objectives

1. To establish the performance appraisal methods used by multinational companies in Nairobi County.
2. To analyze the influence of perceived appraisal effectiveness on employee performance of multinational companies in Nairobi County.
3. To examine the influence of perceived appraisal fairness on employee performance of multinational companies in Nairobi County.
4. To analyze the influence of perceived quality of appraisal feedback on employee performance of multinational companies in Nairobi County.
5. To determine the joint influence of perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback on employee performance of multinational companies in Nairobi County.

1.4 Research questions

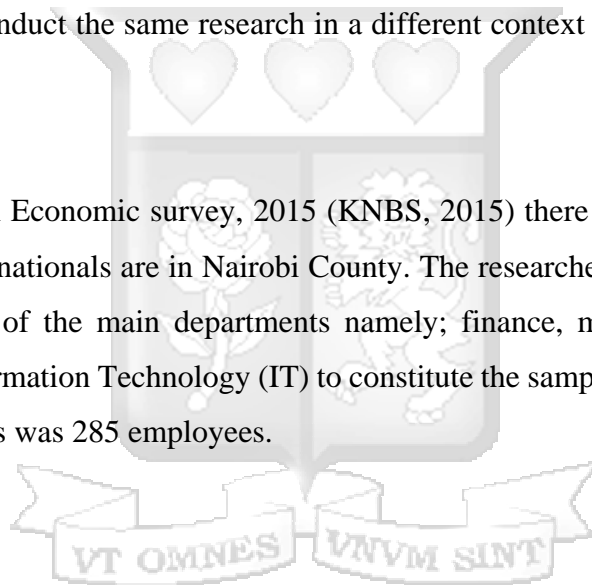
1. What performance appraisal methods are used by Multinational companies in Nairobi County?
2. What is the influence of perceived appraisal effectiveness on employee performance of multinational companies in Nairobi County?
3. What is the influence of perceived appraisal fairness on employee performance of multinational companies in Nairobi County?
4. What is the influence of perceived quality of appraisal feedback on employee performance of multinational companies in Nairobi County?
5. What is the joint influence of perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback on employee performance of multinational companies in Nairobi County?

1.5 Justification of the study

An examination of the association between performance appraisal systems and employee performance may provide important managerial implications for human resource practitioners. Managers for example will be at a better position to know the extent to which the appraisal effectiveness, appraisal fairness and perceived quality of appraisal feedback have an influence on employee performance based on the achievement of objectives two, three, four and five. The achievement of objectives two, three, four and five will also help organizations to know which performance appraisal system to implement based on the investigations conducted in this study. Academicians will also benefit from the findings of all five objectives because they attempt to explain performance appraisal systems and employee performance of multinational companies in Kenya. They can thus conduct the same research in a different context and compare the findings with those of this study.

1.6 Scope of the study

According to the Kenyan Economic survey, 2015 (KNBS, 2015) there are 250 multinationals in Kenya. 57 of these Multinationals are in Nairobi County. The researcher obtained approximately 5 employees from each of the main departments namely; finance, marketing, administration, human resource and Information Technology (IT) to constitute the sample for this study. The total population of respondents was 285 employees.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section presents past studies from other scholars relating to employees' performance appraisal. The chapter contains four sections. In the first section, the following theories are discussed and applied in a performance appraisal multinational context; justice theory, equity theory and vroom expectancy theory. The second section contains the empirical review guided by the study objectives. The third section aims to bring out the research gap and the fourth section contains the conceptual framework that brings out the association between performance appraisal and employee performance.

2.2 Theoretical Framework

Researchers have used many theories to bring out the relationship between performance appraisal systems and employee performance. However, the theoretical framework was based on three commonly used theories drawn from the performance appraisal literature namely: the justice theory, equity theory and vroom expectancy theory. These theories were found among others to relate more to this study. These are discussed in detail below.

2.2.1 Justice theory

Previous research on performance appraisal are mostly drawn from literature on organizational justice to assess the influences of several dimensions of justice. According to the justice theory, fairness is categorized as distributive, procedural, interactional or informational (Greenberg, 1986). Distributive justice refers to the perception on how the outcomes are fair which depend on how the outcomes are in line with previous norms (Fortin, 2008). The justice theory attributes employees' perceptions of fairness to high rates of positive employee attitudes, behaviors and commitment by the organization (Folger and Konovsky, 1989). whereas employee perceptions of unfairness are related to increased turnover by the employees (Dailey and Kirk, 1996) and unproductive behaviors such as constantly being absent from work and idleness (Skarlicki & Folger, 1997).

Concept of distributive justice claims that employees perceive fairness through a comparison of the perceived work results to the perceived inputs (Dailey & Kirk, 1992). An appraisal is

considered fair by employees if the appraiser's goal is to give them motivation contributing to their performance improvement. Greenberg (1986) identifies two factors that influence perception by employees of distributive justice: the first one is the perception of how fair the appraisal is considering to be by employees and the second one is perception of fairness in any action as a result of the rating for example salary increase or promotion.

The concept of equity in appraisal procedures considers involves equity in the appraisal processes and procedures (Thibaut & Walker 1975; Folger, Knovsky & Cropanzano 1992; Greenberg, 1986). Bies and Shapiro (1986) came up with the concept of interactional fairness. They defined interactional justice as the treatment employees receive when their performance is being appraised. The fairness perceptions of employees' affect their satisfaction and job performance (Colquitt et al. 2001). This theory will inform this study in a performance appraisal context, mainly because employees are expected to have a fair and just perception of performance appraisal if the appraisal is consistent with the norms, fair appraisal processes and procedures and receive high quality interpersonal treatment.

2.2.2 Equity Theory

This theory is about how motivated the employees are as a result of the treatment they receive in decisions concerning compensation and promotion (Hannagan (2002). According to Hyde, (2005) employees are normally demotivated when they perceive being treated unfairly. The equity theory lies behind the principle that suggests that employees compare their input and output balance with that of another individual or organization and readjust their performance to reflect this inequity leading to lower productivity, reduced quality, increased idleness and absenteeism among others (Hyde, 2005). Employees will tend to be more motivated if they have the perception that they are being rewarded adequately; increasing their output and productivity.

According to Kamau (2012), a positive perception of employees about the rewards they receive can contribute positively or negatively to the organization. Employees think the appraisal is fair when their outcomes conform with other similar norms (Daft, 2003). Hannagan (2002) suggested that equity theory is key in performance management literature and can be applied to many cultures and sectors and in this study, it will shed light in relation to employee performance in MNCs. This is because multinational companies mostly reward their employees based on their appraisals. These rewards include financial rewards i.e. bonuses and non-financial rewards i.e. allocation of

resources, promotions, recognition among others. Employees evaluate the fairness of these rewards by comparing their outcomes with that of another. Therefore, this theory will be used in this study to evaluate the perceived appraisal fairness by the MNCs and its influence on the performance of employees.

2.2.3 Expectancy Theory

Vroom (1964) introduced the equity theory which asserts that an employees' performance will increase when they exert high level of effort and believe that that effort will lead to greater rewards such as promotion, increase in salary, or bonus. This theory states that employees will normally have some level of expectation from the actions they portray and will normally calculate how much they can receive as a result of that effort.

According to Vroom (1964), employee will tend to increase their effort in their jobs with the expectation that this effort will generate a higher performance and that the organization will recognize this performance and reward them appropriately. This theory also states that employees believe their efforts will result to better performance appraisal results and thereafter the organization will reward them through bonuses, salary increment, or promotion among others. This theory also proposes that employees will adjust the behavior they portray based on the perceived satisfaction they receive from the organization. If they perceive good rewards, they adjust their behavior to reflect achievement of greater goals. This theory supports the idea that the performance of employees is dependent on the expectations they have regarding appraisal outcomes (Salaman, 2005).

2.3 Empirical Review

This section provides a review of past studies of different scholars as they relate to the objectives of the study. The first part describes performance appraisal methods. The second part discusses the influence of performance appraisal systems on employee performance of a firm.

2.3.1 Performance appraisal methods

Multinational companies use different performance appraisal methods depending on their needs, job requirements and the industries in which they operate in (Asamoah, 2012). Performance appraisal methods may vary across cultures. In collectivist cultures, the appraisal method used is informal, unsystematic and subjective. Each of the appraisal methods cannot be equally applied to all cultures. Different appraisal methods would be considered to have different effects. For

example, in the Chinese culture, junior employees should respect the ideas and opinions of their seniors. This form of appraisal method therefore can be most appropriately used in cultures which focus on individualistic values rather than those which focus on collectivist values. Moreover, different cultures may have different understandings of performance appraisal and may react differently. The most commonly used appraisal techniques among multinationals include: Graphic rating scale, Behaviourally Anchored Rating scales, Management-by-objectives approach, Critical incident appraisal, Peer Review, Self-Review, forced choice technique and 360-degree appraisal (Meyer, 1991). These are discussed below.

Graphic rating scale (GRS)

According to Dessler and Gary (2011), Graphic Rating Scale is a performance appraisal method in which the employee is rated by indicating a score that best suits their performance. GRS presents the appraiser with a list of traits that describes each level of performance. The appraiser then chooses the traits that best describes the employee by giving them a score. According to Kane and Lawler (2009), companies use GRS because they are easy to use and are inexpensive. Human resources department can develop these forms with much ease because the dimensions are general and can be applied to most if not all jobs within the organization (Dessler et al. (2011).

This method of performance appraisal however has several limitations. According to Meyer (2001), GRS does not direct the employee to the correct behaviour. In this sense, GRS does not indicate what the employee must do in order to attain greater output. In most cases the employees are left figuring out their areas of improvement. For example, he argues that an individual may be given a rating of 2 on a certain aspect but does not understand why they scored that and how they can improve (Meyer, 1991). Graphic rating scales does not also provide accurate and specific feedback (Long, 2006).

Behaviourally Anchored rating scales (BARS)

Behaviorally Anchored Rating Scales (BARS) is a performance appraisal method that integrates the graphic rating scale and critical incidents methods. It describes critical areas of the job and contains statements that describe important qualities of the job (Addison, 2005). These statements are picked from critical incidents that occur. An employee is evaluated by comparing his/her behavior to BARS desired behavior. Expert knowledge is however required in order to implement this method of performance appraisal. According to Mwema and Gachunga (2014), the purpose of

the BARS is to generate an instrument to help measuring the critical components of job performance.

Management by Objective

Management by objectives (MBO) is a performance appraisal method that helps in steering and providing direction to the employees of the organization (Mwema & Gachunga, 2014). The process of management by objectives normally involves setting of goals, planning and evaluations. Setting of the goals is steered by the top management by identifying the mission, vision and goals of the organization. These goals are then cascaded down to individual employees up to the lowest level.

Mwema and Gachunga (2014) states that employees should have individual goals that finally contributes to the organization's mission, vision and strategic goals. Employees work together with their supervisors on setting the goals and coming up with specific performance standards to which the employees' performance could be measured against. They also develop ways on how the employee will achieve their goals (Lindsey, 2005). The employee together with the supervisor also comes up with potential obstacles that can hinder the employee in achieving their goals and develop strategies that can be used to mitigate these obstacles. The two parties meet periodically to review the progress of the employee and identify changes in goals that need to be taken care of.

Critical Incident Technique

According to Myers et al., (1965), this method uses actual incidents to assess employees performance. Appraisers keep a record of all the positive and negative incidents that happen to each individual employee. The appraiser uses the actual behaviour as portrayed by each employee in the evaluation of their performance. This allows employees to be aware of the standard that is being used to evaluate their performance (Myers et al., 1965).

This method however has several limitations. Mwema and Gachunga (2014) states that this method may be tedious as it requires the assessors to write down the actual incidents of every employee on a daily or weekly basis. Also, it may not be appropriate to give employees feedback on events that took place six months or a year ago. The supervisor also sets the standard by which employees' performance is judged which may not be objective and employees may feel that they have been appraised unfairly.

Peer review

This method involves the assessment of an employee's performance by three to six of the employees' co-workers. The co-workers come up with a criterion on which the performance is to be judged against (Asamoah, 2012). According to Maley (2008), this method of performance appraisal has a high level of acceptance because it provides clarity to employees of what is required of them through the assistance of their colleagues. This method also results to increased productivity because grievances can be aired in a friendly non-threatening manner and employees do not have to feel judged unfairly. The outcomes from peer reviews do not form the basis for making post evaluation decisions for example decisions on promotion or disciplinary actions (Martin, 2005).

Self-Review

According to Meyer (1991), employees understand their work more than anyone else in the organization and their involvement in the appraisal process cannot be disputed. In this method, employees rate their own performance and suggest areas in which they can improve on. They also identify their own weaknesses and have a discussion with their appraisers to increase the employees understanding of their job. Meyer continues to state that employees should be involved in the appraisal process increases because by doing this their commitment and satisfaction increases leading increased job performance. This method also has few errors and results to reduced paperwork for the company. However, employees do not always see their own weaknesses so this method could be used along other appraisal methods (Asamoah, 2012).

360-degree

The 360-degree appraisal assists organizations in obtaining conclusive information about the performance of employees and makes the employees more accountable in their jobs (McDowall & Fletcher, 2004). This performance appraisal method includes an assessment of the employees' performance by the senior employees, subordinates, peers and a self-review. It gives the employee an opportunity to assess how the others see them, to identify their skills and to improve the communication between all the participants involved. The people who work with the employee can air their views and give their feedback. According to McDowall and Fletcher (2004), this method is advantageous as it provides comprehensive information about individuals and increases their involvement in the appraisal process which increases commitment. This method however has

some limitations; it is time consuming and requires more time dedicated to receiving and giving feedback to the specific employees which could be an intimidating factor to employees. It is also expensive and required training to all participants (Milliman et al. 1994).

Forced choice technique

According to Asamoah (2012), the appraiser chooses from statements that are meant to differentiate between best and worst performance. In this method, the appraiser is required to categorize the performance of employees into best and worst performed. This method is however difficult and expensive to implement. Finally, this method tends to have a negative effect on the employees and leads to deteriorating performance.

2.3.2. Perceived Appraisal Effectiveness and employee performance

The performance of employees could be evaluated using different criteria (Wall et al., (2004). An appraisal criterion is a statement of the standard to be used in the assessment of a certain task by a specific individual or a team to ascertain that the set goals have been achieved. Wall asserts that employees' performance can be assessed using two measures; the objective and subjective measures. On one hand there is the assessment of employees' performance using objective measures where the parameters by which the performance is assessed is well known to both the assessor and the assessee. This simplifies the procedure as both parties know what is expected of them. Assessment through the objective measures usually lead to perceptions of justice since the parameters of assessment are clear and fixed. However, sometimes it is not always possible to use objective measures during the appraisal process. Appraisers may not always be able to use objective measures due to the nature of the job as sometimes they would be required to take into consideration the circumstances of the job.

On the other hand, the appraisal could be done using the subjective measures. The subjective measures usually involve the appraiser's opinions and judgements about the performance of the employee. The use of these measures ensure flexibility in the evaluations and adapts the appraisal to the circumstances of the job (Baker, 1994). However, there are limitations in using this measure in the appraisal process. Employees often do not perceive this method to be fair and equitable which ultimately results to a negative attitude towards the whole appraisal process and leads to reduced productivity. According to Bersin (2008), using subjective measures may concentrate in employees past behavior a case where managers could exploit to victimize the employees.

Managers however argue that they are not provided with proper and enough guidelines on how to carry out the appraisals and end up using their own opinions and judgements.

To ensure a successful appraisal, one is required is to set performance goals and standards which will be used in the evaluation of the performance. This involves coming up with a specific criterion in which the performance will be judged against. This criterion should be clear, easy to understand and well known to all participants (Baker, 1994). The identification of the appraisal criterion is a comprehensive task for the leaders of any organization. They need to select the performance data that could help in generating the criterion. The criteria selected should be measurable, based on a up to date comprehensive job description and should ensure that the employees are involved. The employees should be informed about the criteria to clarify what is expected of them and to help them understand their roles better. According to Mustapha and Daud, (1996) performance appraisal are effective when the goals are clear and based on specific criterion that is accepted by all the participants of the evaluation process. Performance appraisal systems are effective when the appraiser and appraisee jointly set the goals and managers are trained on how to carry out the appraisals. They should therefore be held accountable of how they conduct the appraisals based on how well the goals are achieved by employees.

Many scholars propose that the relationship between perceived appraisal effectiveness and employee performance is direct and leads to increased employee performance because the appraisals help in identifying training needs, enhances the relationship between managers and employees and increase job satisfaction (Fisher, 1995; Sudin, 2011; Rahman & Shah, 2012). A different school of thought however contends that the appraisal process is an emotionally charged procedure which most of the times is never effective (Swan, 1991). Most executives are not excited about the process and hate to be involved (Sims, Gioia & Longenecker, 1987). The emotional aspect involved in such processes makes it difficult to attain accurate results. Also, performance appraisal procedures are often unfair creating dissatisfaction among employees which ultimately affects their productivity. Therefore, when the performance appraisal systems are ineffective, it causes a reduction in the performance of employees. Controversy therefore exists on the influence of perceived appraisal effectiveness on employee performance. While one school of thought argues that perceived appraisal effectiveness leads to increased employee performance others argue that appraisal systems are never effective and indeed contribute to a negative output by employees.

There is therefore a need to conduct more empirical analysis to investigate the influence of perceived appraisal effectiveness on employee performance.

2.3.3 Perceived Appraisal Fairness and employee performance

The perception of fairness in performance appraisal (PA) is one of the most important factors when reviewing the effectiveness of an appraisal system (Jacobs, Kafry, & Zedeck, 1980). Performance appraisal systems are considered a key function because they assist in making key decisions regarding employees; pay, promotions and training needs (Elicker, Levy, & Hall, 2006). Due to these reasons the appraisal process has a huge impact on employees' future careers. Therefore, the fairness of the appraisal system attracts a lot of attention from the employees. When employees perceive unfairness in the appraisal process, they become demotivated and their loyalty is negatively affected. The relationship between the manager and the employee also tarnishes and this ultimately leads to a reduced performance by the employee.

Perceptions of fairness can be classified into three: interpersonal, procedural, and outcome fairness. Interpersonal fairness is defined as the treatment employees receive from the appraisal processes and procedures. The employees also look out for truthfulness and respect during these procedures (Erdogan, 2002). Procedural fairness is concerned with a fair process of evaluating the performance of an employee. Outcome fairness is the fair outcome received as a result of the appraisals conducted on employees (Gilligan & Langdon, 1998), regardless of whether the decision was positive, negative or neutral. To implement a fair appraisal system, organizations must therefore consider all the three categories of appraisal fairness. Organizations must recognize the negative effects unfair appraisal systems have on employees such as low commitment, high rates of absenteeism, idleness and the general poor performance of the organization (Wright, 2004).

For an appraisal system to be fair, it must be accurate and reliable in conducting employee evaluations, otherwise the employees will perceive the system to be unfair ultimately affecting their productivity (Karimi et al, 2011). According to Erdogan, (2002), a fair appraisal system may boost the commitment of employees which leads to an increase in productivity. Raters should be accurate in conducting employees' appraisals as they can increase or decrease employees' attitude towards the appraisal process ultimately increasing their job performance. Many scholars acknowledge that perceived fairness of the appraisal system to be a key aspect in the appraisal process and should

therefore be taken with a lot of seriousness (Wood and Marshall, 2008; and Selvarajan and Cloninger, 2009). In this regard, previous studies have suggested that when employees perceive the appraisal system to be fair, their loyalty and satisfaction increases thereby increasing their performance (Roberson & Stewart, 2006). According to Levy and Williams (2004) it is important for organizations to analyze the perceptions of fairness by the employees as it affects the whole appraisal process. Other scholars argue that analyzing the perceptions of fairness by employees helps avoid negative behaviors, employee turnover and increases positive effort which results to positive outcomes of the organization (Selvarajan and Cloninger, 2009).

Other schools of thought however contends that employees often perceive the appraisal process as unfair which tarnishes the employee-manager relationship, affects the employee's loyalty and have negative consequences on their performance. According to Erdogan, (2002) employees often perceive the appraisal procedures to be unfair due to the inconsistencies that occur in applying these procedures. The employees also view the system to be bias resulting to a negative effect on their performance. Wright (2004) states that employees are usually not satisfied with the decisions made after performance evaluation as they are inconsistent with the outcomes associated with performance appraisal. Wright goes on to state that there are serious consequences that may arise from employees perceiving the performance appraisal as unfair, such as, lower morale and productivity, higher rates of absenteeism and tardiness, all leading to decreased employee performance.

Controversy therefore exists on the influence of perceived appraisal fairness on employee performance. While one school of thought argues that employee perceptions about appraisal fairness hold a critical importance within organizations because it avoids negative outcomes such as disruptive behaviors but enhances positive outcomes of organizations such positive citizenship, commitment and satisfaction with the job. Other scholars argue that individuals often perceives the appraisal process as unfair which tarnishes the employee-manager relationship, affects the employee's loyalty and have negative consequences on their performance. There is therefore a need to conduct further empirical analysis of the influence of perceived appraisal fairness on employee performance.

2.3.4 Perceived quality of Appraisal Feedback and employee performance

Feedback is a key component in human resource management practices. Effective appraisal feedback needs to be timely, specific and from a credible source. (Aguinis, Gottfredson & Joo, 2011). Appraisal feedback helps improve the performance of employees as they can know specific areas of improvement. It also increases employee engagement, job satisfaction and motivation (Aguinis, 2009). Appraisal feedback is also important as it helps in directing employee behavior. It should be given with a positive attitude as it can affect their productivity. In giving appraisal feedback, it is necessary to have direct communication between the appraiser and the appraisee. In the most ideal situation, the individual received feedback on their performance and the areas they need to improve on.

On the relationship between quality of appraisal feedback and employee performance, Thurston (2001) states that the appraisal feedback will become a success if the employees are satisfied with the feedback they receive about their performance. This then makes appraisal feedback a critical component of an effective appraisal system. Appraisal feedback can either be positive or negative. Previous studies have revealed that positive feedback is easily accepted by employees but are normally reluctant to accept negative feedback (Rao, 2004). On the other hand, Roberson and Stewart (2006) suggest that the negative feedback should be delivered in an effective manner which encourages employees to act on it and eliminate the negative aspects of their performance. According to Taylor, Fisher and Ilgen (1984), appraisal feedback is crucial for all parties in the appraisal process and a lack of quality feedback will normally lead to anxiety, inaccurate evaluations, and a diversion of effort toward feedback gathering activities. The reactions employees have on the appraisal feedback given an indication of the acceptance and the level of satisfaction of the whole appraisal process (Zachary & Dacha (2010). The results of this is that satisfied employees will be motivated to increase their performance. Brown and Heywood, (2005) also states that quality appraisal feedback may signal employees how well they are valued which increases their engagement with the organization thereby increasing their performance. Prior research has found that a positive perception of appraisal feedback has the potential to enhance employee engagement, motivation, and job satisfaction (Aguinis et al., 2011). Feedback has been found to be vital issue for the success of multinational companies and is critical for MNC to

develop their diverse workforce as well as provide them with a sense of direction (Milliman, et al. 2000, Sully De Luque & Sommer 2007).

A different school of thought however contends that appraisal systems feedback does not attract much attention and is often conducted in theory. Different local research also supports this idea i.e. findings from (Nigatu's (2007; Ayaz's, 2009; Teketel's, 2013) revealed that most appraisal systems do not deliver quality feedback to the employees to help them improve their work. Research also shows that quality feedback from the appraisal process is usually not common. A study carried out by Asamoah (2012) also indicated that employees were not given enough feedback concerning their work performance and viewed the system to be bias and this resulted to a negative effect on their performance. Past literature indicates that employees from international companies are not given the chance to discuss matters concerning their careers, feeling as well as their strengths, weaknesses and their achievement of individual goals (Milliman, Nathan & Mohrman, 1991). Frequent feedback is normally perceived to be accurate, precise and timely (Gosselin, Werner & Halle 1997, Milliman, et al. 2000). Where a supervisor and the subordinate are working miles away, frequent feedback is key because it enables the two to keep in touch throughout (Cascio, 2000; Milliman, et al. 2002; Sully De Luque & Sommer, 2007). Controversy therefore exists on the influence of performance appraisal feedback on employee performance. While one school of thought argues that performance appraisal feedback is essential to the success of multinational companies and is seen as one of the important ways in which a MNC can fully tap and develop the talent of their diverse employees, another argues that employees of multinational firms employees were not given enough feedback concerning their work performance and viewed the system to be bias and this resulted to a negative effect on their performance. There is therefore a need to conduct further empirical analysis of the influence of performance appraisal feedback on employee performance.

2.4 Research Gap

Performance appraisal has been regarded as the most critical human resource function within organizations by which assessors or supervisors analyze and assess performance of their subordinates (Keeping & Levy, 2000). The outcomes of performance appraisal assist managers to select specific pay rates, promotional decisions, development and training needs and motivational

factors for employees (Zapata-Phelan et al., 2009). In this regard, performance appraisal has been widely researched within organizational psychology to assess employee performance. However, despite a lot of resources being applied and attention made to this particular topic, prior researchers have found continuing dissatisfaction among employers and employees about the outcomes of performance appraisal systems in terms of fairness, inaccuracy and outcomes (Rao, 2004; DeNisi & Pritchard, 2006).

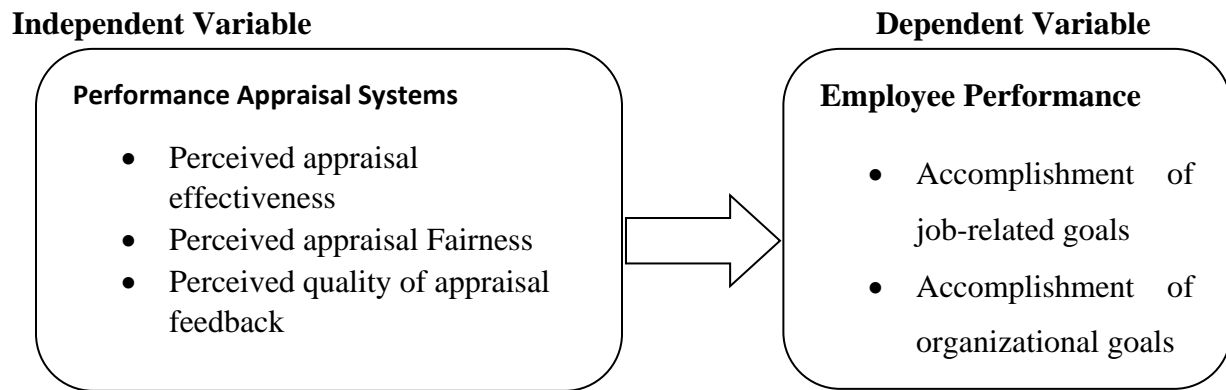
There are mixed empirical findings on the relationship between performance appraisal systems and employee performance. While some researchers argue that performance appraisal have positive effects on employee performance and competitive advantage of any organization (Guest, 2002; Wright et al., 2003; Khan, 2010, Taylor et al., 1995) other scholars refute this positive relationship and argue that performance appraisal is associated with deteriorating employee performance (Shrivastava & Purang, 2011; Nurse, 2005, Latham et al., 2005). However, majority of these studies have been carried out in Western countries. Due to political, socio-cultural and economic differences this conclusion cannot be generalized in a third world country like Kenya. Therefore, this illustrates the presence of a gap with regards to the influence of performance appraisal systems on employee performance.

Much of the previous studies carried out in Kenya have also focused on employee motivation and staff appraisal in the government (Oluoch, 2007). Fletcher (2001) conducted a study on the effect of staff appraisal on employee performance in the Ministry of Energy. Assamoh (2010) focused on performance appraisal and employee attitude. M'Mbui (2011) studied the effect of appraisal on the job satisfaction in Kenya Revenue Authority employees. There is no known study that has focused on effects of performance appraisal on employee performance in MNCs in Kenya; this study therefore seeks to fill this knowledge gap by determining the influence of performance appraisal systems on employee performance among multinational companies in Nairobi County.

2.5 Conceptual framework

The conceptual framework below helps to explain the influence of performance appraisal systems on the performance of employees.

Figure 2.1: Conceptual Framework



Source: Author (2019)

The conceptual framework in Figure 2.1 outlines the association between performance appraisal and employee performance. In this study performance appraisal will be measured in terms of appraisal effectiveness, appraisal fairness and quality of appraisal feedback while employee performance will be measured in terms of accomplishment of job-related goals and achievement of organizational goals similarly adopted by Farh et al., (1991).

2.6 Operationalization and Measurement of Variables

Table 2.1: Operationalization of Variables

Variable	Constructs	Operational Definition	Measurement Indicators	Source
Independent Variable: Performance Appraisal Systems	Perceived appraisal effectiveness	An appraisal criterion is a written description of the characteristics to be assessed for a given task or activity by an assessor to ascertain if an individual or group can perform the specified task	A Likert scale of five will be used with the following variables; 1- strongly disagree, 2- disagree, 3-	(Latham et al., 1993) (Oliver & Anderson, 1994) (Decarlo & Leigh, 1996).

		according to the set standards. This was captured in terms of clear, easy to understand, realistic, achievable, quantifiable, measurable, periodically reviewed and timely communicated to employees.	Somewhat Disagree, 4- Agree & 5- Strongly Agree	
	Perception of Appraisal Fairness	Appraisal fairness is categorized into three main categories: interpersonal, procedural, and outcome fairness. Interpersonal fairness is defined as treatment given during procedures and Procedural fairness is defined as the fairness in the process used to evaluate employees' performance. Outcome fairness is the justice in the decisions taken as a result of the appraisal.	A Likert scale of five will be used with the following variables;1- Strongly Disagree, 2- Disagree, 3- Somewhat Disagree, 4- Agree & 5- Strongly Agree	(Erdogan, 2002). (Gilligan & Langdon, 1998)
	Perceived Quality of Appraisal Feedback	Appraisal feedback is the communication and discussion of the appraisal results with the appraisees. This was	A Likert scale of five will be used with the following variables;1-	(Longenecker, 1997) (Aguinis, 2009).

		captured in terms of availability of timely, precise and constructive feedback and mode of delivery.	Strongly Disagree, 2- disagree, 3- Somewhat Disagree, 4- Agree & 5- Strongly Agree	Taylor, Fisher & Ilgen (1984) (Caruth & John 2008).
Dependent Variable: Employee performance	Employee Performance	Employee performance is the tasks employee performs efficiently and effectively. Employees must understand the expectations required of them. Employee performance was captured in terms of accomplishment of job-related goals and achievement of organizational goals.	A Likert scale of five will be used with the following variables;1- Strongly Disagree, 2- Disagree, 3- Somewhat Disagree, 4- Agree & 5- Strongly Agree	Farh et al., (1991) Rotundo & Sackett (2002)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the philosophy of the study, research design, population, data collection, data analysis, research quality and ethical considerations of this study.

3.2 Research philosophy

This study adopted positivism research philosophy. This implies that the study assumed an unambiguous and accurate knowledge. Unlike an interpretivism philosophical approach where the researcher is subjective, positivism requires that the researcher is detached, neutral and independent and maintains an objective viewpoint (Levin, 1988). Research findings generated by positivism approach are observable and measurable facts that can be statistically quantifiable (Alavi & Carlson, 1992).

Studies done under the positivism research philosophy are highly structured with large samples and involve quantitative methods of analysis. Interpretivism philosophical approach involves interpreting a range of data through qualitative methods of analysis. This research used the characteristics of positivism approach.

3.3 Research Design

A descriptive research design was adopted for the purpose of this study. More specifically, a survey method was used as it enabled the researcher to establish and compare the influence of appraisal systems on employee performance of the different multinational companies in Nairobi County. Survey methodology was applied whereby the researcher administered a standardized questionnaire to the employees of selected multinational Corporations in Nairobi. A cross sectional study that focuses on events in one given period was conducted to examine associative relationships between variables.

3.4 Population of the study

The population of the study included the 57 multinational corporations that have a presence in Nairobi County as listed in the Kenya Investment Authority (KenInvest) directory, 2016. The study specifically relied on responses from 5 employees of each of the 57 multinationals. The total population of the study was therefore 285 respondents.

3.5 Data collection technique

In this study, the questionnaire was the main data collection tool for this study. A questionnaire is a sequence of questions either closed ended, open ended or both distributed to respondents either on paper or online (Creswell, 2002). The study used primary data from employees of multinationals firms in Nairobi County. The employees were the key informants for this study because they are the key stakeholders in the performance appraisal exercise. Primary data was used because of its validity and reliability. Quantitative data was collected by use of semi-structured questionnaires designed by the researcher. Structured questions which included a Likert scale, were used to bring out the associations in various aspects of the variables. Unstructured questions also provided the respondents the opportunity to provide any other information they deem important for the study.

The researcher self-administered the questionnaires to the respondents. Data was collected between the month of March and April 2019 with end of April being the cutoff point for including any more responses for data analysis.

3.6 Data Analysis

This process included inspecting, cleaning and transforming data by applying statistical and logical procedures in a systematic way to describe, evaluate and process data (Lewis-Beck, 1995). According to Shamoo and Resnik (2003), analytical procedures involve drawing inferences from the data collected and separating the phenomena from the rest of the noise. After data is obtained from the questionnaires, it was cleaned, coded and processed. Questionnaires were sent via Google forms so that responses did not have to be keyed in but only to be cleaned and coded. The researcher then inspected the data for completeness and errors. Frequency tables and descriptive statistics were also used to analyze objective one which is about the different types of appraisal methods used by the different multinationals in Nairobi County. Mean, standard deviation and

median values were obtained for every appraisal method studied. Descriptive statistics were used to analyze and present the data on demographic and company profiles. Descriptive statistics provided simplified summaries about a population or sample (Cooper & Schindler, 2014).

For objectives two, three and four spearman's rho correlation analysis were conducted to bring out the association between the dependent and the independent variables and the strength of the relationship if present. The correlation coefficient value from this analysis helped determine the relationship between two variables where the coefficient should always fall between +1 and -1 (Cooper & Schindler, 2014). A coefficient of -1 meant that the variables are perfectly negatively related, 0 meant that there is no association between the variables and +1 meant that the variables are perfectly positively correlated (Cooper & Schindler, 2014). After conducting a correlational analysis on objectives two, three and four and concluding that the variables are related, a multiple regression analysis was conducted. In this, a relationship model was hypothesized in the form $Y = \beta_0 + \beta_1 X + \varepsilon$ where β_0 and β_1 were model parameters and ε was the probabilistic error term that explained any variability in the dependent variable that could not be explained by X.

The joint relationship between performance appraisal systems and employee performance was hypothesized using multiple regression equations that contained perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback as independent variables regressed against employee performance as the dependent variable. The relationship between performance appraisal systems and employee performance was hypothesized using individual regressions relating each of the constructs of performance appraisal to employee performance in isolation. This is because different performance appraisal systems can exhibit the different constructs at a time. These equations are shown below:

$$Y = \beta_0 + \beta_1 PAE + \beta_2 PAF + \beta_3 PQF + \varepsilon$$

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

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

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

PAE- Perceived Appraisal Effectiveness

PAF- Perceived Appraisal Fairness

PQF- Perceived Quality of Appraisal feedback

β_0 = Constant

β_1, B_2, B_3 = Coefficients which we are predicting the value of Y

ε = Error term

3.6.1 Testing the models

Correlation coefficient (R)

The value of the correlation coefficient helped determine the association between variables where the coefficient should always fall between +1 and -1. A coefficient of -1 meant that the variables are perfectly negatively related, 0 meant that there is no association between the variables and +1 meant that the variables were perfectly positively correlated (Cooper & Schindler, 2014).

Coefficient of Determination

This helped the researcher explain how much the response variable variation was explained by the linear model. The observed values are compared with the model's predicted values and explained how the model fits the data. If the differences are small and unbiased the model fits the data (Allen, 2004). R^2 should range from 0 to 1. A closer R^2 to one means that the model is reliable as it explains the data well.

F Test

F-Test helped to confirm how the model fits the population. (Higgins, 2005). The F test compares an only intercept model (a model with no predictors) with the specified model and is interpreted as follows; if the significance of F values were less than 0.05 the model was significant, otherwise insignificant.

Multi-collinearity

VIF was used to test for multicollinearity. Variance inflation factor (VIF) helps explain the amount of variance that is inflated. Variance of the estimated coefficients is inflated when there is an occurrence of multicollinearity. A VIF of 10 and above indicates the presence of multicollinearity (Cater & Lee, 2001).

3.7 Research quality

The aspects of reliability and validity was considered while undertaking this research. According to Phelan and Wren (2005), reliability is the extent to which some form of measurement produces outcomes, which are stable and consistent. According to Gliem and Gliem (2003), it is important to calculate and report on the Cronbach's alpha which ranges from zero to one and is a measure of internal consistency that is the close relation between a set of items. A reliability coefficient of 0.70 is considered acceptable in most social sciences research situations (Campbell, 1986).

According to winter (2000), validity represent how much the research findings truly fit the phenomena being measured. Campbell (1986) pointed out that validity can be categorized into two; External and internal validity. He defined external validity as the measure in which the findings can be generalized to other different contexts. External validity was ascertained by conducting a study where all population took part in. Internal validity was ascertained by tackling content and construct validity. Content validity was employed adopting previous studies that have been verified. Measurement scales used in this study were also adopted from previous studies. Construct validity was ascertained by use of Cronbach's alpha in checking the scale's reliability. A minimum coefficient of 0.7 is considered acceptable.

Table 3.1: Cronbach's Alpha Test

Variable	Reliability Statistics	
	Cronbach's Alpha	N of Items
Perceived appraisal Effectiveness	0.985	11
Perceived Appraisal Fairness	0.985	10
Perceived Appraisal Feedback	0.975	11
Employee performance	0.970	7

3.8 Ethical consideration

According to Armingier (1997), adhering to ethical norms is beneficial to the whole research process. The researcher conducted the research in an honest and objective manner and collected data that was used for academic purposes only. The researcher conducted the study in a manner that upheld the rights and safety of the target respondents. The researcher also made sure that this research did not cause any physical harm, discomfort, pain or embarrassment to any of the respondents. According to Blumberg et al, (2005), this is important in promoting and protecting the respondents' rights. The researcher explained the aim of the study to the targeted respondents and the benefits they would accrue from it. However, the researcher promises not to exaggerate the benefits that will accrue from the study. The researcher also affirmed the respondents that participation in the research process is purely voluntary and obtained a go ahead pertaining to the participation of the study.

Confidentiality of the respondents was maintained by encouraging the respondents not to fill their names or any sensitive information when filling out the questionnaire. This enhanced honesty of the respondents towards the research subject (Mugenda, 2003). The researcher also obtained ethical approval and NACOSTI permit before conducting the study.

3.9 Chapter Summary

The research philosophy, research design, data collection technique, data analysis, research quality and ethical considerations of the study were discussed in this chapter. Reliability tests of the items under consideration were conducted using the Cronbach's Alpha test and all measures of

performance appraisal systems and employee performance were found to be reliable as all had a value above 0.7 which is the recommended minimum.



CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter contains the results from the statistical analyses conducted. Descriptive statistics were used to analyze preliminary information on demographic and company profiles and the performance appraisal methods used by different multinationals. Correlation analysis was conducted to find out if there exists any relationship between performance appraisal constructs and employee performance. After a relationship was found to exist, multiple regression analysis was conducted to help determine the nature of the relationship.

4.2 Response Rate

This research targeted the employees of multinational companies in Nairobi County. Employees were selected because they are the key stakeholders of performance appraisal exercise and who have the greatest potential of influencing company's performance through their own performance appraisal. 54.03% (154) of the targeted respondents of 285 employees responded to the questionnaire of this study.

4.3 Demographic profile

The Gender of the respondents, age, marital status, period employed by the current employer, department worked in and level of education were the demographic profile variables that were collected and analyzed for the purpose of the study. These variables are the most commonly used in studies targeting employees. The results on demographic profile are presented in the table below.

Table 4.1: Demographic Profile

Characteristics	Options	Frequency	Percentage
Gender	Male	73	47.4%
	Female	81	52.6%
Age of respondent	18-24 years	4	2.6%
	25-30 years	10	6.5%
	31-34 years	23	14.945%
	35-40 years	27	17.535%
	41-44 years	15	9.745%
	45-50 years	33	21.435%
	Over 50 years	42	27.3%
Marital status	Single	35	22.7%
	Married	102	66.2%
	Windowed	11	7.1%
	Separated	8	5.2%
	Divorced	0	0%
Employment period of respondent	Less than 1 year	10	6.5%
	1-5 years	50	32.5%
	6-10 years	34	22.1%
	Over 10 years	60	38.9%
Department of Respondent	Finance	76	49.4%
	Marketing	24	15.6%
	Human Resource	11	7.1%
	Information systems	10	6.5%
	Administration	33	21.4%
	Others		
Level of Education	Higher Diploma	24	15.6%
	Bachelor's degree	39	25.3%
	Master's Degree	82	53.2%
	PHD Degree	14	9.1%

Source: Survey data (2019)

The results above show that majority of the respondents were equally female (52.6% and male (47.4%), were married (66.2%) and over 50 years (27.3%), had been employed by the current organization for more than 10 years (38.9%), were currently working in the finance (49.4%) and administration (21.4%) departments and had at least a master's degree (53.2%).

4.4 Performance Appraisal methods used by Multinational companies in Nairobi County

The most commonly used appraisal methods were used for this study. The respondents indicated whether they agreed or disagreed to statements on each of the appraisal method and measures of employee performance on a five point likert scale where 1 meant strongly disagree, 2 meant disagree, 3 meant somewhat disagree, 4 meant agree and 5 meant strongly agree. Frequency distribution tables were used to present the data. Seven performance appraisal methods were considered in this study namely; management by objectives, critical incident method, peer review, 360 degrees, self-review, behaviorally anchored rating scales and forced techniques method. The respondents were asked to indicate the extent to which they agreed or disagreed to statements on each appraisal methods on a four likert scale where 1 was never used, 2 rarely used, 3 meant sometimes and 4 meant most of the times. Each performance appraisal method was presented using the Frequency distribution tables based on the responses of each question. The mean scores and standard deviations for each variable were also computed.

4.4.1 Management by Objectives

With regards to management by objective, majority of the respondents (60.4%) use management by objectives most of the times, 58% indicated they sometimes use management by objectives while 1.9% indicated they rarely use this appraisal method. This implies that the management by objectives had an intermediate level of adoption among multinational firms in Nairobi.

Table 4.2: MBO Frequency Distribution

MBO					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	3	1.9	1.9	1.9
	Sometimes	58	37.7	37.7	39.6
	Most of the times	93	60.4	60.4	100.0
	Total	154	100.0	100.0	

4.4.2 Critical Incident method

With regards to critical incident method, majority of the respondents (72.1%) indicated they use the critical incident method most of the times, 23.4% indicated that they use this method sometimes, 3.2% indicated that they rarely use this method while 1.3% indicated they never use the critical incident method. This implies that the critical incident method had an intermediate level of adoption among multinational firms in Nairobi County.

Table 4.3: Critical Incident Frequency Distribution

Critical incident method					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	1.3	1.3	1.3
	Rarely	5	3.2	3.2	4.5
	Sometimes	36	23.4	23.4	27.9
	Most of the times	111	72.1	72.1	100.0
	Total	154	100.0	100.0	

4.4.3 Peer review method

With regards to peer review method, the majority of the respondents (68.2%) use the peer review method most of the times and 21.4% indicated they use this method sometimes, 6.5% indicated they rarely use this method while 3.9% indicated that they have never used the peer review method. This implies that the peer review method also had an intermediate level of adoption among multinational firms in Nairobi.

Table 4.4: Peer review Frequency Distribution

Peer review					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	6	3.9	3.9	3.9
	Rarely	10	6.5	6.5	10.4
	Sometimes	33	21.4	21.4	31.8
	Most of the times	105	68.2	68.2	100.0
	Total	154	100.0	100.0	

4.4.4 360 degrees method

With regards to 360 degrees method, majority of the respondents (70.1%) indicated they use the 360 degrees method, 23.4% indicated that they sometimes use this method, 3.2% also indicated that they rarely use this method while 3.2% indicated that they never used the 360 degrees method. This means that most multinational companies use the 360 degrees method most of the times. This implies that the 360 degrees method had an intermediate level of adoption among multinational firms in Nairobi County.

Table 4.5: 360 degrees Frequency Distribution

360 Degree					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	5	3.2	3.2	3.2
	Rarely	5	3.2	3.2	6.5
	Sometimes	36	23.4	23.4	29.9
	Most of the times	108	70.1	70.1	100.0
	Total	154	100.0	100.0	

4.4.5 Self review method

With regards to self-review method, majority of the respondents (77.3%) indicated they use the self-review method, 17.5% indicated that they sometimes use this method, 4.5% indicated that they rarely use this method while 0.6% indicated that they have never used the self-review method. This means that most multinational companies use the self-review method most of the times. This implies that the self-review method had an intermediate level of adoption among multinational firms in Nairobi County.

Table 4.6: Self Review Frequency Distribution

Self-review					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	0.6	0.6	0.6
	Rarely	7	4.5	4.5	5.2
	Sometimes	27	17.5	17.5	22.7
	Most of the times	119	77.3	77.3	100.0
	Total	154	100.0	100.0	

4.4.6 BARS method

With regards to behaviorally anchored rating scales method, majority of the respondents (69.5%) indicated they use the bars method, 24.7% indicated that they sometimes use this method, 5.2% indicated that they rarely use this method while 0.6% indicated that they have never used the bars appraisal method. This means that most manufacturing companies use the bars method most of the times. This implies that the bars method had an intermediate level of adoption among multinational firms in Nairobi County.

Table 4.7: BARS Frequency Distribution

BARS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	0.6	0.6	0.6
	Rarely	8	5.2	5.2	5.8
	Sometimes	38	24.7	24.7	30.5
	Most of the times	107	69.5	69.5	100.0
	Total	154	100.0	100.0	

4.4.7: Forced choice Technique

With regards to forced choice technique method, majority of the respondents (73.4%) indicated they use the forced technique method, 18.2% indicated that they sometimes use this method while 8.4% indicated that they rarely use this method. This generally means that multinational companies use the forced choice technique most of the times. This also implies that the forced choice technique method had an intermediate level of adoption among multinational firms in Nairobi County.

Table 4.8: Forced Choice Frequency Distribution

Forced Choice Technique					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	13	8.4	8.4	8.4
	Sometimes	28	18.2	18.2	26.6
	Most of the times	113	73.4	73.4	100.0
	Total	154	100.0	100.0	

Table 4. 9: Appraisal methods overall mean scores

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
360 Degree	154	2	4	3.60	0.71
Forced Choice Technique	154	2	4	3.65	0.63
MBO	154	2	4	3.58	0.533
Critical incident meth	154	1	4	3.66	0.607
Peer review	154	1	4	3.54	0.785
Self-review	154	1	4	3.71	0.580
BARS	154	1	4	3.63	0.615

The overall mean scores of the appraisal methods used by MNCs in Nairobi County as shown in table 4.9 shows that most multinationals conduct self-reviews, followed by critical incident method, forced technique method, behaviorally anchored rating scales, 360 degrees, management by objectives and lastly peer review.

4.5 Performance appraisal systems descriptive statistics

This study focused on assessing the influence of performance appraisal systems on employee performance. The descriptive statistics (mean and standard deviation) were conducted.

4.5.1 Perceived Appraisal Effectiveness descriptive statistics

With regards to performance appraisal effectiveness the highest mean score was 3.38 and the lowest mean score was 3.21. The overall mean score for performance appraisal effectiveness was 3.28 with a standard deviation of 1.2. This implied that most respondents somewhat agreed to the statements regarding to the effectiveness of the appraisal system.

Table 4.10: Perceived Appraisal Effectiveness mean scores

Performance Appraisal Effectiveness					
	N	Mean	Std. Deviation	Minimum	Maximum
Feedback helping in changing work behavior	154	3.38	1.27	1.00	5.00
Appraisal method helping in identifying training needs	153	3.38	1.25	1.00	5.00
Feedback helping in achieving individual goals and objectives	154	3.34	1.31	1.00	5.00
The organization benefits from the appraisal system used	154	3.34	1.28	1.00	5.00
The performance criteria solely focuses on performance	154	3.29	1.34	1.00	5.00
Results, problems and possible solutions are discussed with the aim of problem solving and reaching consensus	154	3.29	1.29	1.00	5.00
The results and outcomes of appraisal criteria are quantifiable and measurable	154	3.25	1.27	1.00	5.00
Appraisal criteria is understood and well communicated	154	3.24	1.314	1.00	5.00
Development of the criteria is based on a comprehensive job description	154	3.21	1.29	1.00	5.00
Development of the appraisal criteria is done in consultation with employees	154	3.18	1.34	1.00	5.00
Reviewing the performance appraisal criteria is done periodically	154	3.18	1.33	1.00	5.00
Overall mean score	154	3.28	1.2		

Source: Survey Data (2019)

4.5.2 Perceived Appraisal fairness descriptive statistics

With regards to performance appraisal fairness, the highest mean score was 3.58 and the lowest mean score was 3.46. The overall mean score was 3.51 with a standard deviation of 1.01. This implied that most respondents somewhat agreed to the statements regarding to the fairness of the appraisal system.

Table 4.11: Perceived Appraisal fairness mean scores

Performance Appraisal Fairness					
	N	Mean	Std. Deviation	Minimum	Maximum
The appraisal criteria is clear and easy to understand	154	3.58	0.96	1.00	5.00
The appraisal criteria is realistic	154	3.54	0.99	1.00	5.00
The appraisal criteria consider employees knowledge, skills and abilities relevant to the job	154	3.54	1.017	1.00	5.00
Outcomes of my performance appraisal forms the basis of the decisions made	154	3.53	1.04	1.00	5.00
Overall purpose of the PAS is attained through my improved performance	154	3.51	0.99	1.00	5.00
There is truthfulness and respect during performance appraisal	154	3.51	1.011	1.00	5.00
The PAS used is fair and productive to all the participants	154	3.50	1.04	1.00	5.00
There is fair treatment by the appraisers during performance appraisal	154	3.49	1.02	1.00	5.00
The appraisal criteria is flexible	154	3.48	1.02	1.00	5.00
The process of appraisal is well defined, fair and without any bias	154	3.46	0.99	1.00	5.00
Overall Mean score	154	3.51	1.01		

Source: Survey Data (2019)

4.5.3 Perceived quality of appraisal feedback descriptive statistics

With regards to performance appraisal fairness, the highest mean score was 3.75 and the lowest mean score was 3.62. The overall mean score was 3.67 with a standard deviation of 0.95. This implied that most respondents somewhat agreed to the statements regarding appraisal system feedback.

Table 4.12: Perceived Quality of Appraisal Feedback mean scores

Perceived Quality Appraisal Feedback					
	N	Mean	Std. Deviation	Minimum	Maximum
Accurate feedback	154	3.75	0.87	1.00	5.00
Reliable feedback	154	3.75	0.93	1.00	5.00
Frequent and continuous feedback	154	3.71	0.93	1.00	5.00
Appropriate action to address poor performance	154	3.68	0.96	1.00	5.00
Timely feedback	154	3.68	0.98	1.00	5.00
Overall satisfaction with feedback received	154	3.67	1.02	1.00	5.00
Satisfaction with mode of delivery used to communicate	154	3.66	0.98	1.00	5.00
Objective feedback	154	3.65	0.93	1.00	5.00
Specific and direct feedback	154	3.64	0.85	1.00	5.00
Honest and tactful feedback	154	3.61	1.01	1.00	5.00
Non-judgmental feedback	154	3.62	0.97	1.00	5.00
Overall Mean Score	154	3.67	0.95		

Source: Survey Data (2019)

The above findings are summarized below:

Table 4.13: Summarized mean scores

	Performance Appraisal System variables	Overall Mean score	Standard Deviation
1.	Perceived appraisal effectiveness	3.28	1.2
2.	Perceived appraisal fairness	3.51	1.01
3.	Perceived quality of appraisal feedback	3.67	0.95

Source: Survey data (2019)

4.6 Influence of Performance appraisal systems on employee performance

4.6.1 Spearman's rho correlation analysis

Spearman's rho correlation was conducted on each of the independent variable to establish whether those variables are related with the dependent variable and the strength of their relationship if present. Below are the results;

Table 4.14: Spearman's rho Correlation analysis results

Correlations					
		Employee performance	Perceived appraisal Effectiveness	Performance appraisal fairness	Perceived quality appraisal feedback
Employee performance	Pearson Correlation	1	.211**	.398**	.624**
	Sig. (2-tailed)		0.009	0.000	0.000
	N	154	154	154	154
perceived Appraisal Effectiveness	Pearson Correlation	.211**	1	.466**	.222**
	Sig. (2-tailed)	0.009		0.000	0.006
	N	154	154	154	154
Perceived Appraisal Fairness	Pearson Correlation	.398**	.466**	1	.462**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	154	154	154	154
Perceived Quality Appraisal Feedback	Pearson Correlation	.624**	.222**	.462**	1
	Sig. (2-tailed)	0.000	0.006	0.000	
	N	154	154	154	154

****.** Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Data (2019)

EP-Employee Performance

PAE-Perceived Appraisal Effectiveness

PAF-Perceived Appraisal Fairness

PQF-Perceived Quality of Appraisal feedback

In the above table, ** represents correlation at the 0.05 significance level between variables. Spearman's rank correlation was used to determine if a relationship exists between each of the independent variables and the dependent variable. PAE in this regression output represent perceived appraisal effectiveness, PAF represents perceived appraisal fairness and PQF represents perceived quality of appraisal feedback. Based on the results in the table above, perceived appraisal effectiveness has a weak positive relationship with employee performance $r^2=0.211$. Perceived appraisal fairness has a moderate positive relationship with employee performance $r^2=0.398$ and perceived quality of appraisal feedback has a strong positive relationship with employee performance.

In terms of the significance of the relationship between each variable and employee performance, all the three variables perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback were all significant at 95% confidence level.

4.6.2 Influence of perceived appraisal effectiveness on employee performance

In this regression, perceived appraisal effectiveness was the independent variable and employee performance was the dependent variable. From the regression output in table 4.10 below the Beta values of the unstandardized coefficients were used to come up with the following model:

$$Y = 3.356 + 0.137 \text{ PAE}$$

Where: 3.356= the value of employee performance when perceived Appraisal effectiveness value is zero.

0.137= the coefficient of perceived appraisal effectiveness which means that for every unit increase in perceived appraisal effectiveness, employee performance will increase by 0.137 holding all other factors constant.

PAE is Perceived Appraisal Effectiveness

Table 4.15: Perceived Appraisal Effectiveness and Employee performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson			
1	.211 ^a	0.044	0.038	0.77005	1.726			
a. Predictors: (Constant), performance appraisal Effectiveness								
b. Dependent Variable: Employee performance								
ANOVA ^a								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	4.182	1	4.182	7.053	.009 ^b		
	Residual	90.132	152	0.593				
	Total	94.314	153					
a. Dependent Variable: Employee performance								
b. Predictors: (Constant), performance appraisal Effectiveness								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.356	0.180		18.613	0.000		
	performance appraisal Effectiveness	0.137	0.052	0.211	2.656	0.009	1.000	1.000

Source: Survey data (2019)

Table 4.10 shows the results of the simple analysis containing one independent variable perceived appraisal effectiveness and employee performance as the dependent variable.

R^2 value shows how independent variable explains the dependent variable. In this case the R^2 is 4.4% indicating that 4.4% of the independent variable perceived appraisal Effectiveness explained the dependent variable employee performance. The adjusted R^2 value shows the total variability in the dependent variable as explained by the independent variable. In this case, the adjusted R^2 is

3.8% meaning that this percentage of the total variability in employee performance is explained by performance appraisal effectiveness.

In the second section of the output in table 4.10, represents the Analysis of Variance (ANOVA). These results shows the F test statistic and the regression significance estimate. The F test compares an only intercept model (a model with no predictors) with the specified model and is interpreted as follows; if the significance of F values were less than 0.05 the model was significant, otherwise insignificant. From the results, the significance of F values was 0.009 which meant that the model was significant. In this case, our F test significance value is 0.009 which is less than 0.05 hence the model is significant.

The third section of the table contains the regression estimates of each of the independent variables including the significance levels and intercept. From the results, the constant is significant (S-0.000). Perceived appraisal effectiveness is also significant since the significance value is 0.009 which is less than 0.05 hence perceived appraisal effectiveness was significant at 95% significance level.

4.6.3 Influence of perceived appraisal fairness on employee performance

In this regression, perceived appraisal fairness was the independent variable and employee performance was the dependent variable. From the regression output in table 4.8 below the Beta values of the unstandardized coefficients were used to come up with the following model:

$$Y=2.645+0.330 \text{ PAF}$$

Where: 2.645= the value of employee performance when perceived Appraisal fairness value is zero.

0.330= the coefficient of perceived appraisal fairness which means that for every unit increase in perceived appraisal fairness, employee performance will increase by 0.338 holding all other factors constant.

PAF is Perceived Appraisal Fairness

Table 4.16: Perceived Appraisal Fairness and Employee performance

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson				
1	.398 ^a	0.158	0.153	0.72263	1.578				
a. Predictors: (Constant), Perceived Appraisal Fairness									
b. Dependent Variable: Employee performance									
ANOVA ^a									
Model		Sum of Squares	df	Mean Square	F	Sig.			
1	Regression	14.940	1	14.940	28.610	.000 ^b			
	Residual	79.374	152	0.522					
	Total	94.314	153						
a. Dependent Variable: Employee performance									
b. Predictors: (Constant), Perceived Appraisal Fairness									
Coefficients ^a									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
		B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	2.645	0.225		11.766	0.000			
	performance appraisal fairness	0.330	0.062	0.398	5.349	0.000	1.000	1.000	

Source: Survey data (2019)

Table 4.11 shows the results of the simple analysis containing one independent variable perceived appraisal fairness and employee performance as the dependent variable.

R^2 value shows how the independent variable explains the dependent variable. In this case the R^2 is 15.8% indicating that 15.8% of the independent variable perceived appraisal fairness explained the dependent variable employee performance. The adjusted R^2 value shows the total variability in the dependent variable as explained by the independent variable. In this case, the adjusted R^2 is 15.3% meaning that this is the percentage of the total variability in employee performance that is explained by performance appraisal fairness.

In the second section of the output in table 4.11, represents the Analysis of Variance (ANOVA). These results show the F test statistic and the regression significance estimate. The F test compares an only intercept model (a model with no predictors) with the specified model and is interpreted as follows; if the significance of F values were less than 0.05 the model was significant, otherwise insignificant. From the results, the significance of F values was 0.000 which meant that the model was significant.

The third section of the table contains the regression estimates of each of the independent variables including the significance levels and intercept. From the results, the constant is significant (S-0.000). Perceived appraisal fairness is also significant since the significance value is 0.000 which is less than 0.05 hence perceived appraisal fairness was significant at 95% significance level.

4.6.4 Influence of perceived quality of appraisal feedback on employee performance

In this regression, perceived quality of appraisal was the independent variable and employee performance was the dependent variable. From the regression output in table 4.12 below the Beta values of the unstandardized coefficients were used to come up with the following model:

$$Y=1.684+0.578 \text{ PQF}$$

Where: 1.684= the value of employee performance when perceived Appraisal fairness value is zero.

0.578= the coefficient of perceived appraisal fairness which means that for every unit increase in perceived appraisal fairness, employee performance will increase by 0.339 holding all other factors constant.

PQF is Perceived Quality of Appraisal Feedback

Table 4.17: Perceived Quality of Appraisal Feedback and Employee performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson			
1	.624 ^a	0.389	0.385	0.61559	1.726			
a. Predictors: (Constant), Perceived quality appraisal feedback								
b. Dependent Variable: Employee performance								
ANOVA ^a								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	36.713	1	36.713	96.879	.000 ^b		
	Residual	57.601	152	0.379				
	Total	94.314	153					
a. Dependent Variable: Employee performance								
b. Predictors: (Constant), Perceived quality appraisal feedback								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.684	0.221		7.615	0.000		
	Perceived quality appraisal feedback	0.578	0.059	0.624	9.843	0.000	1.000	1.000
a. Dependent Variable: Employee performance								

Source: Survey data (2019)

Table 4.12 shows the results of the simple analysis containing one independent variable perceived quality of appraisal feedback and employee performance as the dependent variable.

R^2 value shows by how much the independent variable explains the dependent variable. In this case the R^2 is 38.9% indicating that 38.9% of the independent variable perceived appraisal fairness explained the dependent variable employee performance. The adjusted R^2 value shows the total variability in the dependent variable as explained by the independent variable. In this case, the adjusted R^2 is 38.5% meaning that this is the percentage of the total variability in employee performance that is explained by performance appraisal fairness.

In the second section of the output in table 4.12, represents the Analysis of Variance (ANOVA). These results shows the F test statistic and the regression significance estimate. The F test compares an only intercept model (a model with no predictors) with the specified model and is interpreted as follows; if the significance of F values were less than 0.05 the model was significant, otherwise insignificant. From the results, the significance of F values was 0.000 which meant that the model was significant.

The third section of the table contains the regression estimates of each of the independent variables including the significance levels and intercept. From the results, the constant is significant as S-0.000 which is less than 0.005. Perceived quality of appraisal feedback is also significant since the significance value is 0.000 is also less than 0.05 hence the variable was significant at 95% significance level.

4.7 Diagnostics Tests

4.7.1 Test for Heteroscedasticity

One of the assumptions of multiple regression models is that there is no Heteroscedasticity. Heteroscedasticity refers to a situation when the disturbance term is not homoscedastic, or the variance is not constant. Non-constant variance of the error term leads to estimates of standard errors to be inaccurate. It is calculated using R^2 from the auxiliary regression and multiplying it by the number of observations, that is, $TR2 \sim \chi^2(n)$; n represents the number of regressors in the auxiliary regression. The hypothesis is stated below;

H0: The variance is constant

H1: The variance is not constant

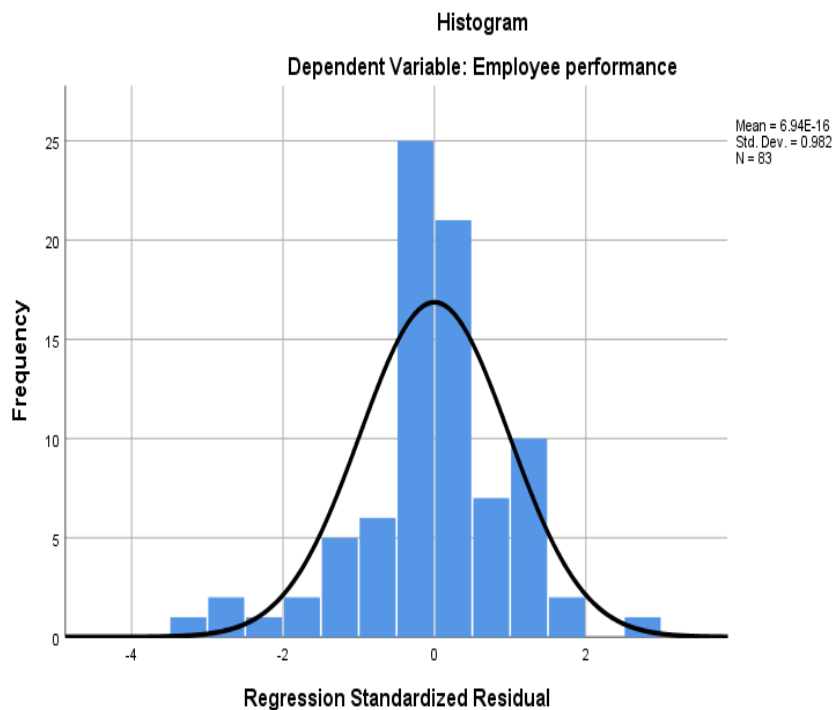
Table 4.18: Lagrange Multiplier (LM)

Homoscedastic tests				
<i>Model</i>	<i>R²</i>	<i>No. of observations</i>	<i>LM</i>	<i>Tabulated value (X²) at 5%</i>
1	0.04	154	6.8288	(1, 0.05) = 3.84
2	0.16	154	24.3951	(1, 0.05) = 3.85
3	0.39	154	59.9461	(1, 0.05) = 3.86
Overall	0.41	154	62.3967	(3, 0.05) = 7.81

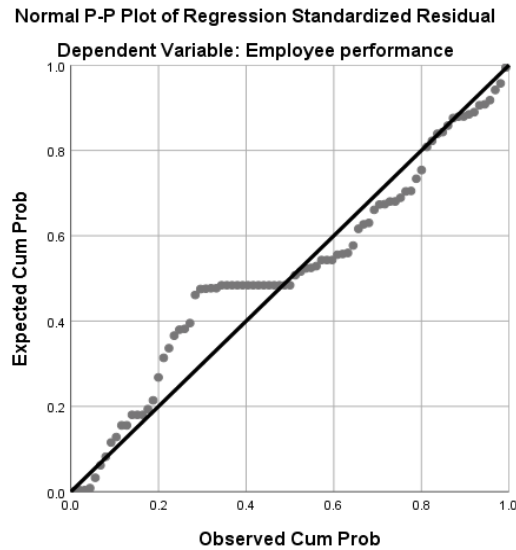
The results from table 4.13 shows the LM values being greater than the Chi square tabulated values therefore we fail to reject the null hypothesis. The variance is therefore constant.

4.7.2 Tests for Normality

One of the other assumptions of multiple regression models is that the disturbance term is normally distributed. To check for normality, a frequency distribution table (histogram) was constructed. If the histogram is well covered by the data, then it means that the data is normal. From the table, the histogram is well-covered meaning that the data is normal.



From the diagram above we can conclude that the data has a normal distribution since most of the data points fall along the straight line



4.7.3 Test for Autocorrelation

Autocorrelation means that there is correlation between observations of the error term, or the disturbance terms are systematically correlated. Autocorrelation affects the inferences made from the model and will not present the true results. The hypothesis is stated below;

H₀: There is no autocorrelation

H₁: There is autocorrelation

Durbin Watson statistic was used to test for autocorrelation. If the calculated Durbin Watson statistics is close to two, we reject the null hypothesis.

Table 4.19: Durbin Watson statistic

Autocorrelation

Model	Durbin-Watson
1	1.683

a. Predictors: (Constant), PAE, PAF, PQF

b. Dependent Variable: Employee performance

The table shows that DW statistics = 1.683 \approx 2 hence we fail to reject the null hypothesis and conclude that there is no autocorrelation.

4.7.4 Test for Multicollinearity

Multicollinearity refers to a condition of high correlation between explanatory variables that is, there exists a perfect linear function of one explanatory variable with another explanatory variable(s). Multi-collinearity results to a high coefficient of determination. Variance inflation factor (VIF) was used to test whether presence of multicollinearity is statistically significant. A VIF of 10 and above indicates the presence of multicollinearity (Cater & Lee, 2001).

The table below provides the Results of the Multicollinearity Check Using Tolerance and VIFs. From the results there exists no multicollinearity between all the variables; perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback as the VIF values shown in table 4.15 are less than 10.

Table 4.20 9: Multicollinearity statistics

Model		Coefficients ^a	
		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	perceived Appraisal Effectiveness	0.783	1.277
	perceived Appraisal fairness	0.648	1.544
	Perceived Quality Appraisal Feedback	0.787	1.271

a. Dependent Variable: Employee performance

4.8 Joint influence of performance appraisal variables and employee performance

In the multiple regression model, there was one dependent variable (employee performance) and three independent variables which were perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback. From the results of the coefficient output as shown in table 4.16, the beta value of the unstandardized coefficients was used to derive the following regression;

$$Y=1.475+0.018 *PAE+0.105*PAF+0.518*PQF$$

Where: PAE=Perceived Appraisal Effectiveness, PAF=Perceived Appraisal Fairness, PQF=Perceived Quality of Appraisal feedback

1.475= the value of employee performance when performance appraisal system is zero

0.018= the coefficient of perceived appraisal effectiveness which means that for every unit increase in performance appraisal effectiveness, employee performance will increase by 0.018 holding all factors constant.

0.105= the coefficient of perceived appraisal fairness which means that for every unit increase in performance appraisal fairness, employee performance will increase by 0.105 holding all factors constant.

0.518= the coefficient of perceived quality of appraisal feedback which means that for every unit increase in performance appraisal fairness, employee performance will increase by 0.518 holding all other factors constant.

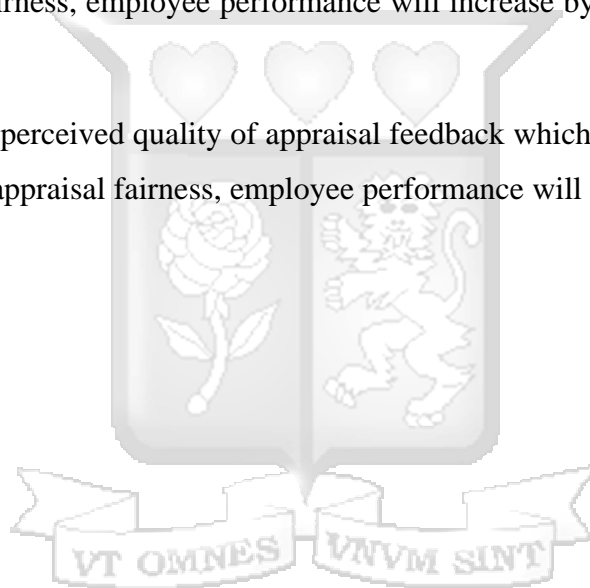


Table 4.21: Joint influence of performance appraisal on Employee performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson			
1	.637 ^a	0.405	0.393	0.61156	1.703			
a. Predictors: (Constant), Perceived Quality Appraisal Feedback, Perceived Appraisal Effectiveness, Perceived Appraisal Fairness								
b. Dependent Variable: Employee performance								
ANOVA ^a								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	38.213	3	12.738	34.058	.000 ^b		
	Residual	56.100	150	0.374				
	Total	94.314	153					
a. Dependent Variable: Employee performance								
b. Predictors: (Constant), Perceived quality appraisal feedback, Perceived Appraisal Effectiveness, Perceived Appraisal Fairness								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.475	0.246		6.006	0.000		
	PAE	0.018	0.046	0.028	0.388	0.699	0.783	1.277
	PAF	0.105	0.065	0.127	1.620	0.107	0.648	1.544
	PQF	0.518	0.066	0.559	7.876	0.000	0.787	1.271
a. Dependent Variable: Employee performance								

Source: Survey Data (2019)

Where: PAE=Perceived Appraisal Effectiveness, PAF=Perceived Appraisal Fairness, PQF=Perceived Quality of Appraisal feedback

The table shown above presents the joint analysis of the influence of performance appraisal systems on employee performance. In the first section labelled model summary, R^2 was 40.5% indicating that 40.5% of the independent variables (perceived appraisal effectiveness, perceived

appraisal fairness and perceived quality of appraisal feedback) explained the dependent variable employee performance.

In the second section of the output in table 4.16, represents the Analysis of Variance (ANOVA). These results shows that if the significance of F values were less than 0.05 the model was significant, otherwise insignificant. From the results, the significance of F values was 0.000 which meant that the model was significant.

The third section of the table contains the regression estimates of each of the independent variables including the significance levels and intercept. From the results, none of the variables, perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback were significant at 95% significance level.

The third section also enabled us to check on the multicollinearity through the VIF values. VIF should be <10 if there is no multicollinearity. From the results of the table 4.16, there was no multicollinearity between all the variables perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback as the VIF figures shown in table 4.16 are <10 (1.277, 1.544 and 1.271 for PAE, PAF and PQF respectively).

4.9 Chapter summary

This chapter contains the analysis of data in answering the study objectives. The first objective was to establish the performance appraisal methods used by multinational companies in Nairobi County. The means and standard deviations were computed, and the results showed that self-review was the most commonly used appraisal method by multinational companies in Nairobi County, followed by critical incident method, forced choice technique, behaviorally anchored rating scales, 36 degrees, and management by objectives and finally peer review. The second objective was to analyse the influence of perceived appraisal effectiveness on employee performance of multinational companies in Nairobi County. Results showed that perceived appraisal effectiveness was significant in explain changes in employee performance. The third objective was to examine the influence of perceived appraisal fairness on employee performance of multinational companies in Nairobi County. Results showed that perceived appraisal fairness was significant in explaining changes in employee performance. The fourth objective was to analyse the influence of perceived quality of appraisal feedback on employee performance of

multinational companies in Nairobi County. Results showed that perceived quality of appraisal feedback was not significant in explaining changes in employee performance. The fifth objective was to analyze the joint influence of perceived appraisal effectiveness, perceived appraisal fairness and perceived quality of appraisal feedback on employee performance. Perceived appraisal effectiveness was not significant in explaining changes in employee performance when assessed together with perceived appraisal fairness and perceived quality of appraisal feedback. Results also showed that perceived appraisal fairness was not significant in explaining changes in employee performance when assessed together with perceived appraisal effectiveness and perceived quality of appraisal feedback. However, results also showed that perceived quality of appraisal feedback was significant in explaining changes in employee performance when assessed together with perceived appraisal effectiveness and perceived appraisal fairness.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the summary of findings of the study. The chapter also presents conclusions from findings, recommendations made, limitations encountered and suggestions for further research.

5.2 Discussion of findings

This section presents the findings under each objective of the study.

5.2.1 Adoption of performance Appraisal methods by Multinational companies

From the descriptive statistics, self-review had the highest mean score, followed by the critical incident method, forced technique method, behaviorally anchored rating scales, 360 degrees, management by objectives and peer review. This shows that most employees agreed to most of the statements on self-review, followed by the critical incident method, forced technique method, behaviorally anchored rating scales, 360 degrees, management by objectives and peer review. The extent of adoption of performance appraisal methods by multinational firms' therefore shows that most companies conducted self-reviews, followed by critical incident method, forced technique method, behaviorally anchored rating scales, 360 degrees, management by objectives and peer review.

These results agree with past literature (Meyer, 1991) which states that self-review is the most widely used method of performance appraisal among organizations because it involves every employee to be a key part in the appraisal process which results to increased commitment and satisfaction of the employees. This results however contradicts those of Kane and Lawler (2009) who found that multinational companies usually prefer to use the graphic rating scales because they are inexpensive to develop, are easier to use and are also easily used by human resource professionals who apply the single forms to all if not most jobs in the organization. This study also contradicts that of Mwema and Gachunga (2014) who found out that most organizations use the behaviorally anchored rating scales as it combines the graphic rating scale and the critical incidents method. The behaviorally anchored rating scales are also preferred because they measure critical components of a job and help identify performance competencies.

5.2.2 Influence of perceived appraisal effectiveness on employee performance

This study found that perceived appraisal effectiveness was not significant in explaining changes in employee performance when combined with the other appraisal variables. Perceived appraisal effectiveness was however significant in explaining the changes in employee performance when regressed individually. These findings are supported by those of Fisher, (1995) & Sudin, (2011) who found a positive relationship between performance appraisal effectiveness and employee performance. These findings are also supported by Rahman & Shah, (2012) who found that effective performance appraisals have a positive impact on employee performance because they help identify employees' training needs, enhances relationship between employees and managers, increases job satisfaction and improves the performance of employees.

These findings however contradicted existing literature such as that Swan, (1991) who found a negative relationship between performance appraisal effectiveness and employee performance. Swan argues that most performance appraisal systems are not effective and are often filled with emotionally charged procedures which affects the performance of employees in a negative way. Sims, Gioia & Longenecker, (1987) also found out that performance appraisal procedures are often unfair creating dissatisfaction among employees which ultimately affects their productivity negatively.

5.2.3 Influence of perceived appraisal fairness on employee performance

This study found that perceived appraisal fairness was not significant in explaining changes in employee performance when combined with the other appraisal variables. This variable was however significant in explaining the changes in employee performance when regressed individually. These findings are supported by those of Selvarajan & Cloninger, (2008); Roberson & Stewart, (2006) who found out a positive relationship between perceived appraisal fairness and employee performance. They argue that positive perceptions of appraisal fairness helps avoid negative outcomes such as disruptive behaviors, employee turnover and enhances positive outcomes from employees such positive citizenship, commitment and satisfaction with the job.

These findings however contradicted existing literature such as that of Levy and Williams, (2004) who found out appraisal fairness to be significant in explaining changes in employee performance both individually and in synergy with other two appraisal variables in non-managerial employees of a large public sector organization. This implies that positive perceptions of fair assessment by

the employees greatly affects their productivity. Perceived fairness of performance appraisal has therefore been regarded as an important aspect in evaluating the performance of employees.

5.2.4 Influence of perceived quality of appraisal feedback on employee performance

This study found that perceived quality of appraisal feedback was significant in explaining changes in employee performance when regressed both individually and when combined with the other appraisal variables. This relationship was positive. This findings are consistent with the previous findings of Brown et al. (2010) who analyzed the influence of performance appraisal quality measured by clarity, communication of feedback and trust throughout the performance appraisal on employee performance and found out that performance appraisal quality was significant in explaining changes in employee performance which was measured in terms of satisfaction and commitment both when regressed individually and when combined. This study also found out that employees who reported a low performance appraisal quality (had low levels of trust, poor communication of feedback and lack of clarity about expectations) also reported lower levels of job satisfaction and commitment.

These results are also in line with those of Cawley et al., (1998) who found that perceived quality of appraisal feedback was significant both individually and when combined with two other variables namely; perceived fairness and perceived satisfaction of employees.

5.3 Conclusions

According to the findings of the study, perceived appraisal effectiveness was individually significant in explaining changes in employee performance. Perceived appraisal fairness and perceived quality of appraisal feedback was also individually significant in explaining changes in employee performance. However, when combined only perceived quality of appraisal feedback was significant in explaining changes in employee performance. The combined model had a significance of 0.000 meaning that the model was significant.

5.4 Recommendations

Recommendations for multinational companies' managers can be derived from this study. First, these managers could understand more on the performance appraisal systems and their measurement dimensions. This could help the managers develop better performance appraisal tools to better the performance of the employees.

Secondly, this study confirmed that performance appraisal system has a positive influence on employee performance. Performance appraisal system explains 40.5% of the changes on employee performance. This therefore means that it is of great importance for multinational companies to implement performance appraisal systems (Brown et al., 2010).

Thirdly, managers of multinational companies will appreciate the complementary nature of appraisal systems in explaining changes in employee performance. This therefore means that multinational companies should focus on the key qualities of appraisal system to ensure that the process is well defined and understood, accepted by all participants and the overall performance appraisal system is effective and assists in achieving individual and organizational goals.

Finally, this research also contributes on the existing research by attempting to expound on the influence of performance appraisal systems on employee performance in Nairobi County. This contribution could be a basis for further research by other researchers.

5.5 Limitations of the study

The study had several limitations. First the research only focused on three performance appraisal variables. Other performance appraisal components could also be studied to find out their influence on employee performance.

The study also limited employee performance to accomplishment of job related and organizational goals. Other measures of performance including financial and non-financial measures could also be studied to find out their relationship with performance appraisal systems.

5.6 Suggestions for further research

This study recommends further research on the effects of performance appraisal systems on employee performance in other contexts other than in multinational companies and also beyond Nairobi County. Different contexts may influence the narrative around performance appraisal systems and employee performance measures.

Further investigations could also include motivational factors as a moderating factor in the relationship between performance appraisal systems and employee performance. Finally, this study recommends longitudinal studies as employee performance is a dynamic variable which could change over time. Performance appraisal is also a continuous improvement process and different companies may adopt different systems over time hence the need for periodic analysis.

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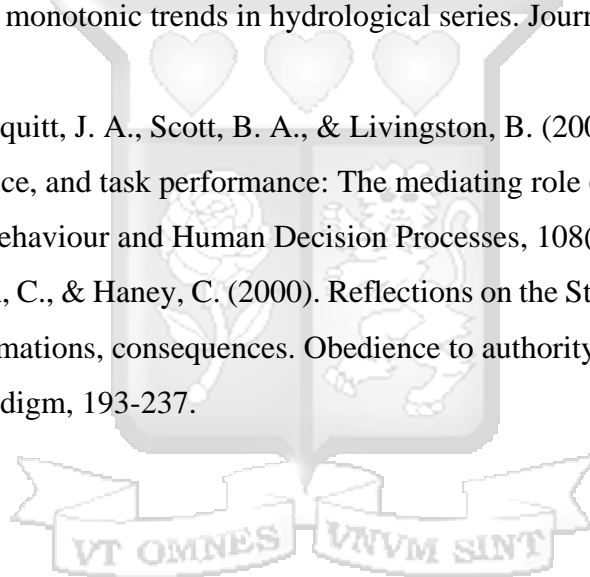
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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Strathmore University,
P.O. Box 59857-00200,
Nairobi-Kenya.

Dear Sir/Madam,

5th February 2019.

RE: REQUEST FOR PARTICIPATION IN DATA COLLECTION

My name is Elizabeth Wanjiku Mariti, a Master of Commerce (MCOM) student at Strathmore University. In partial fulfillment of the Masters of Commerce degree, I am required to carry out a research project and write a thesis on a contemporary subject within my field of specialization. Among other activities, the project involves data collection and analysis.

I am therefore requesting to gather information to be used in my research. The information I will obtain from you will be used for the academic purpose only and will be kept confidential. The results of the survey will be in summary form and will not disclose any of the information given in any way.

The research study is entitled **“EFFECTS OF PERFORMANCE APPRAISAL SYSTEMS ON EMPLOYEE PERFORMANCE OF MULTINATIONAL COMPANIES IN NAIROBI COUNTY”**.

I hope that you can assist by providing me with information. Thank you so much for your support and May God bless you abundantly.

Yours faithfully,

Elizabeth Wanjiku Mariti

APPENDIX 2: QUESTIONNAIRE

Instructions

This questionnaire seeks to collect data for the study ‘**The effects of performance appraisal systems on employee performance of multinationals companies in Nairobi County.**’

Kindly answer the questions by ticking in the appropriate box or by writing in the spaces provided.

Confidentiality-All information collected will be treated as confidential without giving reference to any employee or respondent in the report of this study.

SECTION A: DEMOGRAPHIC PROFILE

1. What is your gender Male ☐ Female ☐

2. What age bracket do you fall in?

18 – 24 Years ☐ 25 - 30 Years ☐

31 – 34 Years ☐ 35 – 40 Years ☐

41 – 44 Years ☐ 45 – 50 Years ☐

Over 50 Years ☐

3. What is your marital status?

Single ☐ Married ☐

Windowed ☐ Separated ☐

Divorced ☐

3. What is your job title _____?

4. For how long have you been employed by your current employer

Less than a year ☐

1 – 5 Years ☐

6 – 10 Years ☐

Over 10 years ☐

5. Which department do you work in?

- | | |
|----------------|--------------------------|
| Finance | <input type="checkbox"/> |
| Marketing | <input type="checkbox"/> |
| Human Resource | <input type="checkbox"/> |
| IT | <input type="checkbox"/> |
| Administration | <input type="checkbox"/> |

6. Please indicate your highest level of education

- | | |
|--------------------------|--------------------------|
| Secondary school level | <input type="checkbox"/> |
| Certificate | <input type="checkbox"/> |
| Tertiary Level (Diploma) | <input type="checkbox"/> |
| Higher National Diploma | <input type="checkbox"/> |
| Bachelor's Degree | <input type="checkbox"/> |
| Master's Degree | <input type="checkbox"/> |
| PhD Degree | <input type="checkbox"/> |

SECTION B: COMPANY PROFILE

7. How long has the organization you are working for been in operation?

- | | |
|---------------|--------------------------|
| 0-2 Years | <input type="checkbox"/> |
| 3 – 5 Years | <input type="checkbox"/> |
| 6 – 10 Years | <input type="checkbox"/> |
| Over 10 years | <input type="checkbox"/> |

8. What is the size of your organization?

- | | |
|--------------------|--------------------------|
| Below 50 employees | <input type="checkbox"/> |
| 50 – 100 | <input type="checkbox"/> |
| 101 – 450 | <input type="checkbox"/> |
| 451 – 650 | <input type="checkbox"/> |

Above 651 []

9. What is the ownership structure of your organization?

Foreign []

Local []

Foreign and local []

10. What sector does your organization operate in?

Banking [] Manufacturing []

Technology [] Agriculture []

Automobiles [] Construction []

Energy [] Financial Services []

Insurance []

11. Where is the parent company located? _____

Others specify-----

SECTION C: PERFORMANCE APPRAISAL SYSTEMS

12. How frequently do you use any of the below appraisal methods?

Appraisal Method	Most of the times	Sometimes	Rarely	Never
1. Management by objective (MBO)				
I determine how my goals will be measured				
We mutually set goals together with my supervisor				
My goals represent outcomes which contribute to the attainment of organizational goals.				
2. Critical incident method				

My supervisor keeps a record of my positive or negative actual incidents or behaviour.				
My appraisal discussion is about the recorded actual incidents/behaviour and performance.				
My supervisor sets the standard by which my performance is judged				
3. 360 degree				
My performance appraisal includes appraisal by self, my peers, assessment from my superiors, subordinates or anyone who deals with me on a day to day basis				
4. Peer review				
My performance appraisal includes a review by 3-6 of my peers				
I set my performance goals and objectives with my peers				
I help design criteria on which my performance is rated				
5. Self-Review				
I set my own performance goals and objectives				
I rate my own performance on a number of criteria and suggest improvements				
I help clarify my own performance goals and expose my weaknesses				
I exchange views regarding my performance between myself and my supervisor				
6. BARS				
There are predetermined critical areas of my job performance				

There are sets of predetermined behavioural statements regarding my performance describing important qualities as good or bad.				
My actual job behaviour is judged against the desired behaviour by recording and comparing the behaviour with the desired standard				
7. Forced Choice Technique				
My appraiser is required to rate me by choosing from statements designed to distinguish between successful and unsuccessful performance				
Others (please specify) -----				

15. The following statements relate to the performance appraisal Effectiveness. Please indicate the extent to which you agree or disagree with the statements on a Likert scale of 1-5 by ticking in the appropriate space.

(1-strongly disagree, 2-disagree, 3-Somewhat Agree, 4-agree and 5-stronglyagree)

	1	2	3	4	5
1. Development of the appraisal criteria is based on a comprehensive job description					
2. Development of the appraisal criteria is identified and undertaken in consultation with me					
3. The Performance appraisal criteria is understood and clearly communicated to me at the start of the appraisal year					
4. The performance appraisal criteria is periodically reviewed					
5. The performance criteria focuses solely on my performance					
6. The results, outcomes and objectives of the performance criteria are quantifiable and measurable					
7. The appraisal feedback given during performance appraisal helps me achieve my goals and objectives					

8. Results, problems and possible solutions of my performance are discussed with me with the aim of problem solving, reaching consensus and helping me in achieving my performance objectives					
9. The appraisal feedback received helps me in changing my work behavior and improving my performance					
10. The performance appraisal method used helps me in identifying my training needs					
11. Overall, the organization derives benefits from the performance appraisal system used					
12. Any Other (Please specify)					

16. The following statements relate to the performance appraisal fairness. Please indicate the extent to which you agree or disagree with the statements on a Likert scale of 1-5 by ticking in the appropriate space.

(1-strongly disagree, 2-disagree, 3-Somewhat Agree, 4-Agree and 5-strongly agree)

	1	2	3	4	5
1.The performance appraisal criteria used during my performance appraisal is clear and easy to understand					
2. The Performance appraisal criteria is realistic and helps me in achieving individual and organizational goals					
3. The performance appraisal criteria used is flexible and adapts the evaluation process to the particular circumstances of my job					
4. The performance appraisal criteria used considers my knowledge, skills and abilities relevant to my performance.					
5.The process against which my performance is appraised is well defined, fair and without any bias					
6. Appraisers treat me fairly during my performance appraisal					
7. There is truthfulness and respect during my performance appraisal					

8. Outcomes of my performance appraisal forms the basis of the decisions made after the appraisal process i.e. Increase in pay, promotions etc.					
9.The organization ensures that the overall purpose of the appraisal system is attained through my improved performance					
10. Overall, the performance appraisal system used is considered to be fair and productive by all the participants					
11. Any Other (Please specify)					

17. The following statements relate to performance appraisal feedback. Please indicate the extent to which you agree or disagree with the statements on a Likert scale of 1-5 by ticking in the appropriate space.

(1-strongly disagree, 2-disagree, 3-Somewhat Agree, 4-agree and 5-stronglyagree)

	1	2	3	4	5
1. I receive frequent/continuous feedback regarding my performance					
2. I receive timely feedback regarding my performance					
3. I receive specific and direct feedback regarding my performance					
4. I receive accurate feedback regarding my performance					
5. I receive reliable feedback regarding my performance					
6. I receive impersonal/objective feedback regarding my performance					
7. I receive honest and tactful feedback regarding my performance					
8. I receive non-judgmental feedback regarding my performance					
9. The appraisal feedback I receive help me take appropriate action to address poor performance					

10. I am satisfied with the feedback I receive regarding my performance					
11. I am satisfied with the mode of delivery used to communicate my performance					
12. Any Other (Please specify)					

SECTION D: EMPLOYEE PERFORMANCE

18. The following statements relate to employee performance. Please indicate the extent to which you agree or disagree with the statements on a Likert scale of 1-5 by ticking in the appropriate space.

(1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly agree)

	1	2	3	4	5
Job Related Goals					
1. I offer my best and accomplish my goals on any assigned tasks					
2. I carry out my job with high level of efficiency					
3. I produce high quality work on any assigned tasks					
4. Overall, I am satisfied with the accomplishment of my job related goals					
Organizational Goals					
5. My performance contributes to the attainment of organizational goals.					
6. Desired target of the organization is achieved through my performance					
7. The overall productivity of the organization has increased through my performance					
8. Any Other (Please specify)					

Thank You for taking part in this study!

APPENDIX 3: LIST OF MULTINATIONAL COMPANIES

Multinational Corporations in Nairobi County- Kenya		
	Company Name	Industry
1	Samsung	Telecommunications and technology
2	Ecobank	Banking
3	Standard Chartered	Banking
4	Bank of China	Banking
5	Bharti Airtel	Telecommunications and technology
6	BASF	Commercial services
7	Blackberry Ltd	Telecommunications and technology
8	Barclays	Banking
9	British American Tobacco	Manufacturing and Allied
10	Visa Inc.	Telecommunications and technology
11	Bosch	Manufacturing and Allied
12	China Central Television	Telecommunications and technology
13	Google	Telecommunications and technology
14	China Radio International	Telecommunications and technology
15	Coca-cola	Manufacturing and Allied
16	Cadbury Kenya	Manufacturing and Allied
17	MasterCard	Telecommunications and technology
18	Hewlett and Packard	Manufacturing and Allied
19	Nestle Foods	Manufacturing and Allied
20	General Electric	Manufacturing and Allied
21	IBM	Telecommunications and technology
22	Hill International	Construction and allied
23	Huawei	Telecommunications and technology
24	Cisco Systems	Telecommunications and technology
25	China Daily	Telecommunications and technology

26	Symantec Eat Africa	Telecommunications and technology
27	IMF	Financial services
28	Intel Corporation	Telecommunications and technology
29	SAP	Telecommunications and technology
30	Toyota Kenya Ltd	Energy and petroleum
31	Citibank	Banking
32	Unilever Kenya	Manufacturing and Allied
33	East African Brewery/Diageo	Manufacturing and Allied
34	Kaspersky Lab	Telecommunications and technology
35	Heineken	Manufacturing and Allied
36	LG	Manufacturing and Allied
37	Pfizer Laboratories Ltd	Manufacturing and Allied
38	Chartis	Telecommunications and technology
39	Mitsubishi Motors	Manufacturing and Allied
40	Colgate-Palmolive EA Ltd	Manufacturing and Allied
41	PZ Cussons & Co ltd	Manufacturing and Allied
42	Proctor and Gamble EA Ltd	Manufacturing and Allied
43	Nokia Siemens	Telecommunications and technology
44	DHL	Commercial services
45	Pepsi Co Ltd	Manufacturing
46	PWC	Financial services
47	Bollore	Commercial services
48	Ernest and Young	Financial services
49	Motorola Solutions	Telecommunications and technology
50	General Motors East Africa	Manufacturing and Allied
51	Sage Group	Telecommunications and technology
52	Procter and Allan EA	Manufacturing and Allied
53	Sony	Telecommunications and technology
54	Deloitte	Financial services
55	Carrefour	Commercial services

56	Tullow Oil	Energy and petroleum
57	Lafarge	Construction and Allied

