

**THE EFFECT OF PERFORMANCE MANAGEMENT
PRACTICES ON EMPLOYEE PRODUCTIVITY: A CASE
STUDY OF SCHINDLER LIMITED**

BY

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**UNITED STATES INTERNATIONAL UNIVERSITY-
AFRICA**

FALL 2015

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(EMOD)**

**UNITED STATES INTERNATIONAL UNIVERSITY-
AFRICA**

FALL 2015

STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: _____

Date: _____

Elisha Ochieng Odhiambo (ID No: 644654)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _____

Date: _____

Dr. Juliana M. Namada

Signed: _____

Date: _____

Dean, Chandaria School of Business

ABSTRACT

The general objective of the study was to determine the effect of performance management practices on employee productivity with a focus on Schindler Limited. The study was guided by the following research objectives: To investigate the influence of performance appraisals on employee productivity, to determine the influence of reward systems on employee productivity and to examine the influence of performance feedback on employee productivity.

This study used the descriptive research design. The study adopted a quantitative approach on the effects of performance management practices on employee productivity. The dependent variables included performance appraisals, reward systems and performance feedback, and the implications on employee productivity as the independent variable. The target population comprised of 108 Schindler employees in Nairobi, Kisumu and Mombasa branches in Kenya. Stratified sampling was used to divide the population into two strata. Descriptive statistics was utilized as a data analysis tool. The demographic profiles of the respondents were analyzed using percentages and frequencies. Inferential statistics such as correlation and regression analysis established the relationship between dependent and independent variables.

In regards to the influence of performance appraisals on employee productivity, the findings suggested that the appraisal leads to enhanced employee performance in organization. An effective appraisal model can enhance the interest and performance of the employees leading to the completion of specific targets geared towards attainment of corporate goals.

In regards to the influence of reward systems on employee productivity the findings suggested that employees can be rewarded to meet target productivity levels. The opportunity by the manager to formally recognize good employee performance leads to work motivation. When good performance is observed and then rewarded, the chances of it being repeated are increased, while poor performance is discouraged or even punished to decrease the chance of it happening again.

In regards to the influence of performance feedback on employee productivity, the findings indicated that effective feedback is essential for any organization to meet its target. Feedback enables the employees to be made aware of what exactly is expected from them. Effective performance feedback between employees and supervisors is the key to successful empowerment and productivity. Adequate feedback builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation.

The study concluded that effective performance management practices gives employees opportunity to express their ideas and expectations for meeting the strategic goals of the company. Performance management practices could be an effective source of management information and renewal. The use of reward system has been an essential factor in any company's ability to meet its goals. Effective feedback on performance measurement may translate to improved employee productivity. Feedback enables the employees to be made aware of what exactly is expected from them.

The study recommends that the performance management practices should be optimized to improve employee performance. Performance reviews should be focused on the contributions of the individual employees to meet the organizational objectives. For every opportunity possible, the manager should formally recognize good employee efforts for enhanced work performance. Effective performance management practices that edify appraisal, reward and feedback should be used to achieve organization goals and enhance employee productivity.

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DEDICATION

This project is dedicated to my family and friends who are too many to count, for their encouragement and support.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Performance management comprises all activities that guarantee that organizational objectives are constantly being attained in an efficient and effective manner. Normally, performance management focuses on the organizational performance, employees, departments, and to some extent, the processes that are usually employed to build a service or product, as well as other key areas in an organization that would lead to employee productivity (Homayounizadpanah & Baqerrkord, 2012). Baron and Armstrong define performance management as an integrated and strategic approach towards enhancing the employee and organizational productivity by bettering the performance of employees through developing the individuals and teams capabilities (Baron & Armstrong, 2007).

Performance management is actually a broad term that was initially used in the 1970s to depict a technology-science entrenched in application methods basically intended to assist the institutional managements to manage both results and behavior, which are the two vital aspects of what is commonly identified as performance (Homayounizadpanah & Baqerrkord, 2012). The effect of performance management practices on organizational performance and employee productivity is an important topic in the fields of human resource management and industrial relations. There is an increasing body of work that argues that the use of performance management practices that take into account comprehensive employee recruitment and selection procedures, employee involvement and training, can improve the knowledge, skills and abilities of an organizations employees while at the same time increase their motivation, reduce malingering and enhance the retention of quality employees as well as their productivity.

Bloom, Dorgan, Dowdy and van Reenen (2007) concluded that it is only by having strong and effective management practices in place that multinational companies have been able to replicate the same standards of performance across different regions, cultures and markets. Today, they are reaping the benefits of this effort in terms of higher productivity, better returns on capital and more robust growth. This goes to show that well laid out structures can be replicated and still be effective in different regions hence promoting

productivity. Productivity is a measure of the efficiency of a person, machine, factory, system such as in converting inputs into useful inputs (Marsor, 2011). The sources of productivity growth and production volume growth are explained by Jorgenson *et al.* (2014) as follows: productivity growth is seen as the key economic indicator of innovation. The successful introduction of new products and new or altered processes, organization structures, systems, and business models generates growth of output that exceeds the growth of inputs. This results in growth in productivity or output per unit of input. Income growth can also take place without innovation through replication of established technologies. With only replication and without innovation, output will increase in proportion to inputs (Jorgenson *et al.*, 2014).

Employee productivity is an assessment of the efficiency of a worker or group of workers. Productivity may be evaluated in terms of the output of an employee in a specific period of time. Typically, the productivity of a given worker will be assessed relative to an average for employees doing similar work. Because much of the success of any organization relies upon the productivity of its workforce, employee productivity is an important consideration for businesses. In short, productivity is what comes out of production. Managers of every business organization are charged with the responsibility to motivate their employees to achieve organizational goals. Most organizations wonder how they can sustainable performance among its employees. This means looking at what can be done to encourage the employees to give their best though various reward systems in whatever work they do in the organization (Armstrong, 2001). Productivity sustenance is therefore a concern that many organizations are looking at addressing via various means so that employees can still remain productive in the long term. Performance management therefore needs to be tested in any particular setting taking into consideration how individuals in any particular organization are motivated and the extent to which they are most effective for a particular organization. Thus it is on this basis that the study aims to determine the effect of performance management practices on employee productivity with a focus on Schindler Limited.

Schindler Limited was established in 1874 in Switzerland. The company is a leading global provider of mobility solutions being a world leader in the production of escalators and elevators with more than 100 national companies, 54,000 employees and over 1,000 branches worldwide. Its innovative and environmentally-friendly access and transit-

management systems make an important contribution to mobility in urban societies. Schindler Kenya is a limited liability company whose mandate is part of the Schindler group serving the Eastern Africa region. The core business is to manufacture, install, service and modernize elevators, escalators and specializing in the latest technology engineering, as well as mechanical and microprocessor technology products designed and rigorously tested for safety, comfort, efficiency and reliability. Its other offerings range from cost effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for high-rise buildings. Also covered is the maintenance of existing portfolio and specialized modernizations (Schindler Limited, 2015).

As a result of globalization, liberalization and completion, Schindler redefined its vision and mission statements. Schindler vision is “to be the best service provider in the industry for its customers through the continued development of highly innovative and user friendly mobility solutions and to deliver these to the world market in the future”. The mission statement is “leadership through customer service by providing high quality mobility solutions and services at all times”. The management of Schindler embarked on a program to build a new image of an efficient and highly responsive organization based on the premise that the success and public image of the company will depend largely on the quality of service delivered to both internal and external customers. One of the primary tools or change drivers identified as key to the change process was efficient performance management practices (Schindler Limited, 2015).

In this response, the Schindler management established an institutional strengthening function within the human resource function to redefine the performance management practices of the employees so as to enhance their productivity. A performance management policy was introduced in 2011 based on the philosophy that employees are the most valuable asset and the attainment of corporate objectives depends on how efficiently and effectively the staff carry out their responsibilities. It was the responsibility of management, all employees and unions concerned to sustain jobs and to ensure continued profitability of the company. The performance management plan had five components: setting objectives, sharing objectives, implementing objectives, view and track objectives progress, manage appraisals and review performance contracts .The purpose of appraisal at Schindler is for annual performance review done once every financial year (Schindler Limited, 2015).

1.2 Problem Statement

There are findings that suggest performance management practices do have the same benefits to different companies that conduct performance reviews every year (Singh, Kochar & Yukse, 2010). There are findings that suggest performance appraisal can be more effective on employee productivity if carried out twice a year, others emphasize that the best practice requires the evaluation of performance to take place on a regular basis (Moulder, 2011; Gupta & Upadhyay, 2012). A number of studies have suggested quarterly performance updates (Cook & Crossman, 2014; Singh, Kochar & Yukse, 2010). From various mixed results, the current study aims to investigate whether continuous performance appraisal review can identify poor performance or identify existing issues and corrective measures to be designed to improve employee productivity.

There are a number of issues facing the effective and efficient use of the reward system in boosting employee productivity. From a number of studies conducted by Erdogan (2012); Fletcher (2011); Broady-Preston and Steel (2012), they have established that linking rewards with performance leads to commitment employees in the appraisal system. Mone and London (2010) study found that that unfair evaluation of employee performance makes them feel insecure or discouraged leading to the development of poor relationship between the employer and employee. Caruth & Humphreys (2008) recommends that performance feedback should be fair, timely and specific in highlighting the employees progress in carry out their responsibilities (Gupta & Upadhyay, 2012) and the feedback should be often (Lee, 2005). There is however, relatively little research to support the view that performance management activities have any impact let alone having a positive impact on organizations operating within the Kenyan economy. This called for the investigation of the current study.

1.3 General Objective

The general objective of the study was to determine the effect of performance management practices on employee productivity.

1.4 Specific Objectives

The study was guided by the following research objectives:

- 1.4.1 To investigate the influence of performance appraisals on employee productivity in Schindler limited.
- 1.4.2 To determine the influence of reward systems on employee productivity in Schindler limited.
- 1.4.3 To examine the influence of performance feedback on employee productivity in Schindler limited.

1.5 Significance of the Study

This study would contribute to the wealth of knowledge by focusing on an organization within Kenya. The results of this study will be useful to the following stakeholders:

1.5.1 Academicians and Researchers

This study will add to the body of knowledge on performance management and particularly as regards the Kenyan case. The information on the subject of performance management and productivity is scanty and many sources do not offer current information therefore this research will play a crucial role in providing current information.

1.5.2 Policy Regulators

Policymakers and stakeholders in the human resource management function such as government and employer organizations such as Federation of Kenya Employers (FKE) can use the findings of this research to formulate policies and procedures and devise best in class methods of increasing employee productivity from the findings of this case study. The findings can also be used in formulating performance management systems. The study will provide the human resource departments with an assessment of the performance management tools and provide a basis for improvement and also provide constructive feedback on how best to attain organization goals and objectives.

1.5.3 Schindler Kenya Limited

The findings of the research will provide crucial information to human resource managers and line managers of Schindler Kenya Limited concerning the best ways of increasing employee productivity within the organization.

1.6 Scope of the Study

The study focussed on the effect of performance management practices at Schindler Kenya Ltd. on the employee's productivity. It specifically sought to determine the effects of performance appraisal, performance reward and performance feedback on employee's productivity. The geographical boundary of the research was three Schindler stations in Nairobi, Kisumu, and Mombasa. The study focused on the management and non-management staff of the three regions. A census of 108 employees was used for the investigations. The study was conducted between June to August 2015.

1.7 Definition of Terms

1.7.1 Employee Performance

Employee performance refers to their output at a minimal cost from the use of their technical skills, raw materials in carrying out work responsibilities. In this case, employee performance is directly linked with appraisal, rewards and feedback (Mwanje, 2010).

1.7.2 Employee Productivity

Productivity can be defined as "quality or volume of the major product or services that an organization provides" (Moorhead & Griffin, 2012).

1.7.3 Feedback

This refers to the information reflecting past performance and results and given by the manager to the employee (Solmon & Podgursky, 2010).

1.7.4 Performance Appraisal

Performance appraisal is where a superior evaluates and judges the work performance of subordinates (Harter, Schmidt & Hayes, 2012).

1.7.5 Performance Management

Performance management practice is a systematic way of communicating to employees on what they are expected to do and what the performance and productivity parameters (Marsor, 2011).

1.7.6 Performance Management Practice

Performance management practice as a systematic way of communicating to employees on what they are expected to do and what the performance and productivity parameters are (Marsor, 2011).

1.8 Chapter Summary

Chapter one provides the back of the study in relation to the performance management practices. The section is broken down into other sections such as problem statement, general objectives, specific objectives, importance of the study, scope of the study and ends with the definition of terms. Chapter two is on the review of the literature in regards to the raised research objective. Chapter three outlines the research methodology and the steps of how the study was carried out. Chapter four presents the outcome of the research findings. Chapter five is on the research summary, discussion, conclusion and recommendations in regards the findings of the study.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on the effect of performance management practices on employee productivity. The first section determines the influence of performance appraisals on employee productivity. The second section examines the influence of reward systems on employee productivity. The third section looks at the influence of performance feedback on employee productivity. The chapter ends with a summary of the literature review.

2.2 Influence of Performance Appraisals on Employee Productivity

2.2.1 Performance Appraisals

Performance appraisal has been described as “the process of identifying, observing, measuring, and developing employee performance in organization” (Carrol & Scheider, 2012). This definition is very important, because it comprises all important components needed for the well-performed appraisal process. Identification criteria orientate the appraisal process to the determination of what has to be examined and the performance related criteria. The observation component means that the supervisors need to frequently observe the identified characteristics (Moulder, 2011). The measurement component indicates that the superior has to translate the observations into a judgmental rating. They have to be relevant, but also must be comparable across raters in the organization (Derven, 2010).

By development component, the definition shows that the performance appraisal should not only be the evaluation of the past. The supervisor, who makes the appraisal, should focus on the future and on the improvement of the results (Dzinkowski, 2010; Mone & London, 2010). The definition also suggests that effective appraisal can improve the employee performance in the organization, which also means increased employee motivation (Jackson & Schuller, 2012). Performance appraisal can and should be linked to performance improvement process and can also be used to identify training needs and potential, agree future objectives, support a career development and solve existing problems (Brown & Benson, 2013).

Researches from Schraeder, Becton and Portis, 2007; Mone and London (2010); Macey, Schneider, Barbera and Young (2009) also identified that the method of personnel appraisal also go a long way in determining the success and competitive positioning of an organization. Prowse and Prowse (2009) study indicates that a number of techniques that can be used to measure performance appraisals. This can be measured by looking at an individual's performance in respect to another, evaluation of their performance in relation to a given set of behaviours in measuring the performance of the workers against the goals of the organization (Mansor, 2011). Some of these methods as obtained in Prowse and Prowse (2009); Macey, Schneider, Barbera and Young (2009) and Mansor (2011) and are supervisory rating, subordinate rating method, peer rating and the multi-source rating method is based on the information collected from a cross section of the stakeholders who account for the main performance appraisal.

2.2.2 Appraisal as a Source of Management Information

Performance appraisal could be an effective source of management information, given to employees. According to Malcolm and Jackson (2002) there are three main groups of purposes: performance reviews, potential reviews and reward reviews. In Performance reviews, the managers discuss with employees the progress in their current positions, their strengths and areas requiring further development. In regards to the potential reviews, the discussion is on the employees' opportunities for progression, and the type of work they will be fitted for in the future and how this can be achieved. In relation to the reward reviews, the discussion is separate but linked to the appraisal system. The manager communicates decisions on rewards such as pay, benefits or promotion and provides feedback (Blau, 2009).

Performance reviews are focused on contributions to the organizational goals. Outcomes of performance appraisal can lead to improvements in work performance and therefore overall business performance via, for example increased productivity or customer service. Malcolm and Jackson (2002) outline four different benefits for the organization. These are targeted training approach based on identified needs, future employee promotion decisions, effective bases for reward decisions and improved retention of employees. The importance of performance appraisal for training and promotion needs is also discussed (Mullins, 2009).

Mullins (2009) identifies an additional benefit: performance appraisal can help to identify inefficient work practices or reveal potential problems, which are restricting the progress of the company. Derven (2010) and Mullins (2009) suggest that performance appraisal can help the organization to identify the talented employees and future leaders in the company. Derven (2010) believes that there is a straight connection between the job of an individual and the strategic goals of the organization and this can directly increase the profitability of the company. He gives an example that advantage can be achieved when a company builds its appraisal systems on measuring customer satisfaction.

2.2.3 Recognition of Good Performance

Performance appraisal gives an opportunity to the manager to formally recognize good performance and this would lead to more motivation from the workers (Derven, 2010). Modern systems for performance appraisal depersonalize issues. Supervisors focus on behaviors and results, rather than on personalities. Such systems support ongoing communication, feedback and dialogue about organizational goals. Also they support communication between an employee and a supervisor. Performance appraisal provides a clear target of job standards and priorities and ensures more trust on the relation manager–worker (Derven, 2010). Other management benefits of Performance Appraisal are the identification of high performers and poor performers as well as the identification of strengths and development areas (Jackson & Schuller, 2012).

However, performance appraisal has been criticized to have discrepancy between the theory and the practical implementation. Bernardin and Klatt (2005); Hall, Postner and Hardner (2009); Maroney and Buckley (2012), report there is a considerable gap between theory and practice and that human resources specialists do not make full use of the psychometric tools available. Counter argument maintained by line managers is that the process needs to be simple and easy to use; otherwise it becomes time consuming and cost ineffective. Another portion of criticism comes with the fact that performance appraisal increases the dependency of the employees on their superiors (Mone & London, 2010). Where the process is conducted by managers who are often not trained to be appraisers, the genuine feedback is obstructed because it includes subjectivity and bias of the raters, which leads to incorrect and unreliable data regarding the performance of the employee (Jackson & Schuller, 2012).

Many errors based on the personal bias like stereotyping, halo effect (one trait influencing the evaluator's rating for all other traits) may affect the appraisal process. Therefore the rater is supposed to exercise objectivity and fairness in evaluating and rating the performance of the employees. Resistance is another challenge facing performance appraisal (Dzinkowski, 2010). The appraisal process may face resistance from the employees because of the fear of negative ratings. Therefore, the employees should be communicated and clearly explained the purpose as well the process of appraisal. The standards should be clearly communicated and every employee should be made aware of what exactly is expected from them (Derven, 2010). Armstrong (2006) suggests that the appraisal method must be simple and easily understandable for all people in the organization.

2.2.4 Accounting for Past Performance

Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees. It gives the staff the opportunity to express their ideas and expectations for the strategic goals of the company (Mullins, 2009). Employees can find what is expected from them and what the consequences of their performance are. Ideally they receive a fair and analytical feedback for their performance (Derven, 2010). Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. It helps to align the individual performances with the organizational goals and also review employees' performances. Besides, enhancing motivation appraisal is about involvement of the employees in committing to the long picture of the organization, enhanced responsibility, encouragement, recognition for effective delivery and effort (Malcolm & Jackson, 2012). Performance Appraisal is a motivation for the employee, who performs well in the present to go on doing so and in the future (Derven, 2010).

Performance appraisal process can also be a bitter process which can create emotional pressures, stress and sometimes can adversely affect the morale and lead to demotivation. Performance appraisals are often time consuming and use incorrect methods to measure performances. They are generating false results and the decisions taken can be politically influenced (Derven, 2010). A good example is the case of a call centre employee. The appraisal of a call centre employee is based on the amount of work they do, the number of calls they receive, the amount of revenue they collect, the average time

they spend on each call (Moulder, 2011). But if analyzed, all these factors depend on other factors like the response of the callers, the availability of the information asked for and the nature of the calls which are often not considered during appraisals. When an employee is being aware of all these secondary factors that have not been considered when they are assessed, the situation can create stress and dissatisfaction (Erdogan, 2012).

There are also dissatisfaction involved in accounting for the past employee performance on employee productivity. Walters (2005) outlines the main challenges in the performance appraisal process as: determination of evaluation criteria, lack of competence, resistance, errors in rating and evaluation. Determining the evaluation of the performance criteria is one of the biggest problems faced by the top management (Blau, 2009). For the purpose of evaluation, the criteria selected have to be in quantifiable or measurable terms. Sometimes, the evaluation criteria lack competence. In this case, the evaluators are required to have the required expertise and the knowledge to decide the criteria accurately. They should have the experience and the training necessary to carry out the appraisal process objectively (Moulder, 2011). This calls for the most appropriate performance evaluation criterion for examining employee past performance.

2.2.5 Performance Appraisal and Employee Productivity

Wellins, Bernthal, Phelps (2006) define engagement as extent to which people enjoy and believe in what they do and feel valued for doing it. Employee engagement is assessed through attitudes or organizational climate surveys. Surveys are typically filled in by managers and employees. Scores from the survey are correlating with various business metrics including staff turnover, absenteeism, productivity and sales. Wellins, Bernthal and Phelps (2006) suggests that performance appraisal enables the right employees are place in the right jobs, exceptional leadership and organizational systems and strategies are the key drivers of employee engagement. An organization drives engagement by leveraging three sources of influence for change that includes the employees, leaders and organizational systems and strategies. Such systems foster employee engagements through hiring, promotion, performance management, recognition, compensation, training and career development.

Huselid (2009) found considerable support for the hypothesis that investments in high-performance work practices are associated with lower employee turnover and greater productivity and corporate financial performance. Huselid (2009) results were based on a US national sample of nearly one thousand firms and indicated that HR practices that foster high performance also have an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short- and long-term measures of corporate financial performance. Wright, Gardner and Moynihan (2013) ran a research whose results support the notion that businesses which manage employees by using more progressive HR practices can expect to see higher operational performance as a result.

When employees are managed with progressive performance appraisal they become more committed to their organization. At least in part, this commitment leads them to exhibit proper role behaviour (and thus lower workers' compensation costs, higher quality and higher productivity). These operational performance outcomes result in lower overall operating expenses and higher profitability (Blau, 2009). Another important dimension of performance appraisal on employee engagement is closely related to business results. When the working environment is positive employees have a drive to do their best and the organization experiences higher level of productivity and profitability (Jackson & Schuller, 2012). Satisfied employees are positive and behave friendly to customers, which usually brings higher profits. Organizations with engaged employees have more satisfied customers because employees are also improving other factors, such as customer satisfaction, responsiveness, product quality, innovation. In the end, performance appraisal as a drive for employees' engagement results into higher and faster revenue growth (Erdogan, 2012).

2.3 Influence of Reward Systems on Employee Productivity

2.3.1 Reward Systems

Macey, Schneider, Barbera and Young (2009) points out that the rewards system should be capable of identifying the employees' strength and weaknesses for enhanced performance. If the employees fail to meet the set target a career development plan can be implemented through training and provision of appropriate reward system to enhance their performance (Mone & London, 2010). The reward should reflect the business

objectives and the fair contribution of employee individual efforts to achieve high performance. Bannister and Balkin (2010) have reported that those appraised seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. Rewards systems are important for any organization that aspires to meet its goals and objectives. This implies that the top management should outline the role of each employee clearly and appropriately for this to be accomplished (Schraeder, Becton & Portis, 2007). In every established organization it becomes important to have the goal and objectives clearly stated meaning that employer has to give detailed description of each person's role (Schraeder, Becton & Portis, 2007), communicate that role to them in a concise manner (Mone & London, 2010), and adequately reward or correct their performance (Macey, Schneider, Barbera & Young, 2009).

The development of reward management can be seen along the lines suggested by Etzioni (2005) in terms of coercive (work harder or lose your job), remunerative (work harder and receive more money) and normative (work harder to achieve organizational goals). Such findings are a serious challenge to those who feel that appraisal results and reward outcomes must be strictly isolated from each other. Randell (2014) reports implicitly that when good performance is observed and then rewarded, the chances of it being repeated are increased, while poor performance is discouraged or even punished to decrease the chance of it happening again. Important issues that help ensure a successful reward process are: rewards can be used effectively to enhance interest and performance; rewards do not undermine performance and interest; verbal rewards lead to greater task interest and performance; tangible rewards enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance standards.

Mone and London (2010) explains that the rewards given for creativity encourage generalized creativity in other tasks; reward systems should support the new dynamics of team-based organizations and reward the right kind of team behavior and performance; reward systems should recognize both the importance of co-operation and the differences in individual performance; problems can occur when reward systems stress individual results even though people have worked together in teams (Gichuhi, Abaja & Ochieng, 2014). If a company is just developing its appraisal system without a baseline performance to reward accordingly, there is likely to be a problem from the side of the

employee which will in turn affect the goal of the organization in general. Appraisals are often developed mostly in the public sectors to reward or recognize employees for a job well done. This kind of motivation for high performers also serves as a challenge for the low performers (Mone & London, 2010).

2.3.2 Employee Promotion

It has been a culture in Kenya public sectors that when appraisals are done, they are often linked with bonuses and not to promotion. Also, it was also observed that appraisal system in the Kenya public sectors does not always ensure that high performer employees are treated fairly with regard to both the appraisal and resulting promotions. In developing an appraisal system for organizations, management needs to think through pay increases and promotions (Moulder, 2011). A number of studies like Prowse and Prowse (2009); Macey, Schneider, Barbera and Young (2009) have pointed that employees get motivated to work when they get frequent promotions after appraisal system in their work place.

While some also argued that factor such as promotion, training and career development, and appreciation and improved work place environment gives employees greater opportunities and this will either directly or indirectly influence their satisfaction on the job (Erdogan, 2012). When high performances are recorded for employees, it must be supported with a basis for pay increases and promotions (Jackson & Schuller, 2012). However, when developing an appraisal system, the management of the public sectors needs to consider the connection between the appraisal and pay increases or promotions. While performance feedback for development/improvement purposes may be given verbally, a written summary of the individual's work performance must accompany a pay increase or promotion (or demotion or termination) (Derven, 2010). It is crucial that the manager regularly document an employee's job performance.

On the other hand, employee promotions may actually serve to decrease productivity due to a lack of continued extrinsic incentives. Moulder (2011) explains that once an employee receives a promotion to indicate that they have achieved the desired goal. The potential for improved productivity may be limited once a goal is achieved because there is little inspiration to continue improving on their productivity (Derven, 2010). Factors such as employee personality and level of integrity play an important role in continued or improved productivity (Jackson & Schuller, 2012). In some cases, such as when the

employees lack a sense of internal motivation, they may become unwilling to improve on their productivity (Erdogan, 2012). It is thus essential for managers to look for ways of motivating the employees to continually improve on their productivity.

2.3.3 Performance-Based Pay

One widely accepted notion for improving individual performance is tying pay to performance in order to increase productivity (Swiercz, 2009). Performance based pay is a system which specifically seeks to reward employees for their contribution as individuals or as a part of a group, or to reward employees on account of the organisations overall positive performance (De Silva, 2008). There are various types of schemes which fall within the description of performance-based pay. But all of them are designed to share with or distribute to employees the financial results of organisational performance. The schemes fall into the following broad categories: individual-based incentive schemes, profit sharing, gain sharing, employees share option scheme or skill/competence based pay.

The performance-based pay approach has proven to be effective in improving an organisations success. According to Banket (2011) for example the implementation of a performance based incentive plan proved to lead to the attraction and retention of more productive employees. This selection effect occurs because a performance-based compensation contract can act as a screening device that encourages less productive employees to leave and that motivates more productive employees to join or remain with the organisation. Furthermore, the plan motivated remaining employees to continually improve their productivity. This effort effect occurs because a performance based incentive plan motivates employees to learn more productive ways to perform their tasks. De Silva (2008) adds that further benefits of performance-related pay to management and employees are that: (1) where performance or profits increase, higher earnings accrue to employees, (2) employees identification with the success of the business is enhanced, and (3) variations in pay lead to employees becoming more familiar with the fortunes/misfortunes of the business.

Some authors are not that convinced of the effectiveness of performance-based pay. Solmon and Podgursky (2010) argue that performance-based compensation programs encourage competition rather than collaboration. Because everyone is concerned to secure

their own success and thus his own pay, helping others to succeed is not advantageous for oneself. A related point concerning the tendency to undermine teamwork is recognized by De Silva (2008). De Silva (2008) argues that individual performance is often difficult to measure objectively, and an exclusively individual performance-related system can damage teamwork. Instead, De Silva (2008) proposes team-based criteria in cases where individual performance is difficult to measure, or where there is a need for a corporate culture to promote team values and cooperation, or where the roles of individuals are more flexible, or where the expected performance depends more on team, rather than individual efforts. On the other hand, Davis and Landa (2009) state that money will buy only a minimum level of commitment. This is distinguished between external and internal commitment or motivation. The externally committed employee operates at the level necessary to satisfy the demands of their leaders. Thus, they argue that internal commitment is the key factor in an organisations` success because internally committed or motivated employees are most likely to make significant contributions to the success of an organisation. Also De Silva (2008) argues that performance related pay, if used in isolation, has little impact on motivation or performance.

2.3.4 Reward Systems and Employee Productivity

According to Dewhurst *et al.* (2010), there are other means to reward employees that do not just focus on financial compensation. Some of these include the praise that employees are able to acquire from their managers, the opportunity to take on important projects or tasks, and even leadership attention. The attention granted by the leaders refers to the treatment of the employees by their managers in such a manner that the employees consider being well. These three motivators constantly appear on most research studies and are excellent means to encourage the employee to work harder and produce better performance results. This is largely due to the fact that the well-rewarded employee feels that they are being valued by the company. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self development are also being honed and taken care of by their company.

This is a constant and continuous challenge for companies to really work on understanding what factors contribute to improved satisfaction levels of their employees. Aside from working on satisfying their customers, it is crucial that companies also work

on identifying the motivators that boost the performance of their workforce, and in so doing, make appropriate and sufficient offers for their employees. The rewards provided to employees, regardless of the business sector that they belong to is not limited to financial rewards alone. According to La Belle (2005), different individuals have different perceptions of rewards. For instance, some individuals may consider cash as a sufficient and adequate reward for their efforts at work, while others may consider holidays and material incentives (such as a car) as more rewarding in exchange for their work. Others still, may consider a shift in the treatment that they get from their leaders to be a more rewarding experience.

For instance, some employees consider being recognized by their leader as more rewarding than financial incentives. In terms of the reward allocation, there are three common allocation rules that must be met. These include 1) equity and 2) equality and need (Deutsch, 2009). Chen (2009) also considers that seniority has to be a fourth allocation and this factor should serve as a principle of importance in enhancing employee productivity. Kanfer (2010) states that employees are constantly involved in a social exchange process wherein they contribute efforts in exchange for rewards. They also compare the effort or contribution that they put in towards accomplishing a certain task and acquiring rewards in exchange for productivity.

2.4 Influence of Performance Feedback on Employee Productivity

2.4.1 Performance Feedback

Effective performance feedback between employees and supervisors is the key to successful organization productivity. Regular feedback helps employees focus their work activities so the employees, the department, and the organization to achieve their goals (Solmon & Podgursky, 2010). It builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation. However, there are some organizations that fail to provide feedback (Jackson & Schuller, 2012). Although a few managers may intentionally hold back employee feedback, many are overwhelmed with other management tasks that take up their valuable time. In addition, many organizations lack formal evaluation systems or the managers do not apply the systems that are in place (Banket, 2011).

Without any type of formal system and with many other demands, otherwise good managers often let feedback fall to the wayside. The lack of feedback also leaves good employees unrecognized. Even poor performance may not be given adequate feedback (Solmon and Podgursky, 2010). Many managers often are uncomfortable giving negative feedback to employees. This leads to significant problems where the organization finds itself at a crisis point. Further exacerbating the feedback dilemma is the lack of an organized feedback system in many organizations (Salau, Oludayo & Omoniy, 2014). Becoming frustrated with traditional performance appraisal systems, many companies have abandoned them altogether and feedback has become a hit or miss proposition. In doing so, feedback has become sporadic and unpredictable (Jackson & Schuller, 2012).

But with the change of times, the desire for a more formalized feedback system is becoming essential. Managers have realized that they need to tell their workers when they have done a good job and when they have not. In this instance, silence is not golden (Banket, 2011). Hinkin and Schriesheim (2012) has revealed that there are three types of managers from those who look for good performance, those who look for poor performance, and those who do very little to reinforce either type of behaviour and those managers who provide the least feedback will have the least satisfied employees.

2.4.2 Feedback and Effectiveness

It improves the effectiveness and helps in decision making within the organization. The feedback directs the individual to the organization missions and objectives. In the ideal situation the employee receives information about how they are performing and where they could improve. Schraeder, Becton and Portis (2009) suggest that performance feedback can serve as way of knowing the employees strength and weaknesses. Performance feedback can also serve as a crucial element that enhances the performance of individual employees in the areas of weakness. For the sustenance of the organization performance, it is important for the top management to frequently provide employees feedback on their efforts and strengthen the progress of their jobs through unbiased feedback. In this regard, performance feedback records needs to be retained for future references (Macey, Schneider, Barbera and Young, 2009).

Salau, Oludayo and Omoniy (2014) explain that the use of 360 degree feedback can also be adopted in evaluating the performance of individual. The purpose of 360-degree

performance appraisal is generally the same as for normal performance appraisal, but it is assumed that the new process offers some advantages: Dalton (2006) argues that it provides people with information about the effect of their action on others in the workplace. From the viewpoint of the ratee 360-degree appraisal thus provides one with a rich, textured and multifaceted opportunity to see oneself as others do. Stark *et al.* (2008) also believe that a notion of behavioural change might be elicited through a process of enhanced self-awareness. Individuals are forced into a cognitive process of reflection that ultimately results in greater levels of awareness of their own actions and the consequences those actions have on others across various levels in and out of the organisation. One example for the usefulness of 360-degree appraisal stems (Raju & Collins, 2008).

Raju and Collins (2008) propose that teambuilding skills of managers, which are one of the most effective means of changing employees` attitudes or satisfaction, might be evaluated by relevant others. Managers may receive feedback from peers and subordinates and make comparisons how their skills are perceived by the two constituencies within a team. According to Salau, Oludayo and Omoniy (2014), this degree affords the manager the opportunity to assess the performance of an individual employee through his interaction with different co-workers or departments, external customers, and the employee himself. As a company increases its staff, a more formal system using a written appraisal form developed internally or externally should always be used, with the results of the appraisal being tied to salary increases or bonuses. Whether the appraisal is provided verbally or in writing, organization needs to provide consistent feedback on a regular basis so that employees can improve their work performance.

2.4.3 Feedback as a Source of Appraising Performance

One of the most critical parts of the appraisal process is the direct communication between supervisor and individual. The information reflecting past performance and results and given by the manager to the employee is called feedback (Solmon & Podgursky, 2010). Performance feedback requires a rater who has specialized knowledge to gauge performance, the ability to observe and note any performance gaps among the employees (Berry, 2003). There are a number of appraisal sources and the first one is the ability of the supervisor to know what is expected from the employee and how to carry out the performance appraisal process (Berry 2003).

The second source of performance feedback is by the work colleagues. These workmates are in a better position to observe and note their colleagues are performing at work. Workmate form an important source of employee appraisal feedback as compared to work supervisors who have little opportunities to observe the performance of the employees at work (Berry, 2003). Third, the employees themselves can become an important source of performance feedback. In other words, they can do what is called a self evaluation. However, this kind of employee appraisal may be biased as most of the times the feedback comes out positive (Salau, Oludayo & Omoniy, 2014). The employees may fear rating themselves negative to avoid reprisal by their managers at work (Berry, 2003).

The source of the feedback must be perceived by the recipient as being trustworthy, credible, reliable, objective and properly motivated. Gupta and Upadhyay (2012) points out that there are a number of issues that raters face when conducting performance feedback appraisal. One of the mistakes is the rater halo effect where the employees are only rated based on only certain characteristics. There is also the error of contrast when the rating of an employee depends on other factors such as another employee performing similar jobs. There is also another mistake known as the central tendency error. This is a situation where the manager gives all the employees ratings above the normal level. There is also leniency rating where the rater gives employee good ratings and when the rator is strict everyone gets low ratings. Recency effect error occurs when the ratings of an employee are based on the occurrence of recent events instead of previous individual performance and the proximity error rating happens when a rater applies one rating technique to different characteristics of employee performance (Jackson & Schuller, 2012).

2.4.4 Feedback and Productivity

The performance appraisal feedback plays an important role in employee productivity. This gives an opportunity for feedback on the past performance against objectives set earlier as well as to identify any performance gap. For managers and supervisors this is the process that identifies the current performance level, discuss strengths and weaknesses and future opportunities (Jackson & Schuller, 2012). The performance feedback provides a discussion that helps employees to understand how they are doing, receive coaching and

feedback; clarify expectations about career development (Brown & Benson, 2013). Performance feedback does a good job to make people aware of the objectives and outcomes of the performance appraisal process. Prevailing number of employees believe that their appraisal is fair and stimulates their performance. There is also a belief that managers and supervisors are handling relatively well the process of feedback (Mone & London, 2010).

One of the most important conditions for enhancing employee productivity is to provide clear, performance based feedback to employees (Caroll & Schneier, 2002). There should also be a workflow for tracking the feedback sessions. When a mistake is detected, immediately remedial steps are taken, with minimum loss to the company. This should be measured in terms of the extent to which he meets the performance criteria set by the management in fulfilling the organization objectives. Providing an employee with feedback is widely recognized as a crucial activity that may encourage self development and employee productivity which are instrumental for the success of the whole organization (Baruch, 2006). Therefore the frequency of feedback is important and can influence future productivity of the employee (Denisi, 2006).

The success of the feedback depends on the acceptance of the process. Feedback reactions are usually very different. The satisfaction with the performance appraisal is an indication of the degree to which subordinates are satisfied with the process and the feedback they have received. It serves as a report of the accuracy and fair evaluations of the performance (Mone & London, 2010). The outcome is that satisfied individuals after the performance feedback will improve further working relationships with supervisors and colleagues (Jackson & Schuller, 2012). The feedback can also bring negative reactions from employees. If perceived unfair, the feedback can cause behavioral changes such as absenteeism, lack of cooperation, lack of focus on priorities, unhealthy competition and even can cause staff turnover (Dechev, 2010).

2.5 Chapter Summary

This chapter reviewed literature on the effect of performance management practices on employee productivity. The first section determined the influence of performance feedback on employee productivity. The second section examined the influence of reward systems on employee productivity and the third section investigated the influence of

performance feedback on employee productivity. The next chapter deals with the research methodology.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The section also explains the research design, population and sampling design in the study. As well as providing research information on data collection technique and the reasons why one particular technique was used as opposed to another method. The research procedures are detailed as well as the data analysis method including potential criticisms. The section ends with the conclusion of the chapter summary in this study. In addition there are issues discussed in regards to the effects of performance management practices on employee productivity.

3.2 Research Design

Descriptive research design has been used where the problem is well defined without looking at the relationships between the variables. Backlund and Suikki (2005) explain that with descriptive research design, the researcher aims to determine the aspects of the problem which are crucial for a thorough analysis. With descriptive research design, the researcher has an opportunity to have a clear view of the problem from other related sources and narrows the research around these important items. In this case, the researcher adopts a technique that leads to exact or almost detailed facts when carrying out the study. Therefore, the study adopted a quantitative approach on the effects of performance management practices on employee productivity. The independent variables included performance appraisals, reward systems and performance feedback, and the implications on employee productivity as the dependent variable.

3.3 Population and Sampling Design

3.3.1 Population

According to Frankel and Wallen (2000) a population refers to the group to which the results of the research are intended to apply. They stated that a population is usually the individuals who possess certain characteristics or a set of features a study seeks to examine and analyse. Kumekpor (2002) emphasized this by defining a population as the total number of all units of the issue or phenomenon to be investigated into which is “all possible observations of the same kind”. Population can be defined as the total group of people or entities from which research information was intended to be obtained. The total

population comprised of 108 Schindler employees in Nairobi, Kisumu and Mombasa branches in Kenya. This population of interest had the potential of providing the relevant information regarding the effects of performance management practices on employee productivity.

Table 3.1: Total Population Distribution

Companies	Total
Management Staff	50
Non-Management Staff	58
Total	108

3.3.2 Sampling Design and Sample Size

3.3.2.1 Sampling Frame

A research sampling design is that part of the research plan that indicates how cases are to be selected for observation. The design therefore maps out the procedure to be followed to draw the study's sample. A sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population under study (Cooper & Schindler, 2003). In this study, the sampling frame constituted of employees Schindler Limited. The list of employees was obtained from the Human Resource Department head office.

3.3.2.2 Sampling Techniques

Stratified sampling was used to divide the population into two strata as shown in table 3.1 above. This was done to enable the researcher to draw inferences about both sub groups. This method also leads to more efficient statistical estimates. Both management and non-management staff, the respondents were randomly chosen from different sections. The researcher ensured that all the cadres of employees were represented. This is the process of selecting the number of individuals from the population so that the population contains elements representative of the characteristics found in the entire group (Orodho & Kombo, 2002).

3.3.2.3 Sample Size

The sample size is a smaller set of the larger population (Cooper and Schindler, 2003). Cooper and Schindler argue that the sample must be carefully selected to be representative of the population and the need for the researcher to ensure that the subdivisions entailed in the analysis are accurately catered for. However, the study was based on a census. A census is defined as a particular type of survey that counts the total number of population in an area. For this case, the sample size was based on a census of 108 respondents. The total number of respondents who were sampled with questionnaires was believed to be large enough for the study given the purpose and goals of the research. The representation from each sub group was shown in the table below.

Table 3.2: Sample Size Distribution

Companies	Total
Management Staff	50
Non-Management Staff	58
Total	108

3.4 Data Collection Method

The data collection techniques that were employed for the research include the use of structured questionnaires. The questionnaires were used for the collection of data from the respondents. The questionnaire embodied both open and closed-ended questions for randomly selected members of the various groups. A survey questionnaire is designed to apply to a heterogeneous sample selected from the large population of respondents (Burns, 2000). A questionnaire is defined as a formalized schedule or form, which contains an assembly of carefully, formulated questions for information gathering (Wong, 1999).

The questionnaire were structured in three broad areas that include general information, a rating on the influence of performance feedback on employee productivity, the influence of reward systems on employee productivity and the influence of performance appraisals on employee productivity. The variables on the key objectives of the study was measured in interval scales on a five point Liker scale (1-representing strongly agree to 4- strongly disagree) to determine respondents' agreement with effects of performance management practices on employee productivity.

3.5 Research Procedures

The respondents were requested for their time prior to sending the actual questionnaire. A pilot test involving 5 respondents was carried out to evaluate the completeness, precision, accuracy and clarity of the questionnaires. This ensured the reliability of the data collection instruments used. After the amendment of the final questionnaire, the researcher explained the purpose of the research and sought permission from the two companies to carry out the actual research. The final questionnaires were distributed to the respondents with the help of research assistants. This enhanced the speed of data collection. Each completed questionnaire was treated, as a unique case and a sequential number given to each. Filling the questionnaire took approximately 10 minutes. The collected data was edited and entered into the Statistical Package for the Social Sciences (SPSS) software to enable the carrying out of the analysis.

3.6 Data Analysis Methods

All identifiers including names were deleted before the start of data analysis. The questionnaires were pre coded; the coded answers from the questionnaire were entered onto Statistical Package for Social Sciences (SPSS, IBM Corp, USA) data sheet which was used for data capture. Stata v.12 (Stata Corp, College Station Texas, USA) was used for the descriptive and multivariate statistical analysis.

Descriptive analysis begins with summaries of continuous variables in form of means for the continuous variables. Tables of frequencies (percentages) were created for the categorical variables and presentation using graphs or charts as appropriate. Correlation analysis was done to assess for any linear relationships among the factors, reporting the coefficients and respective P-values.

Univariate analyses was done using Linear Regression models that fit to assess the aggregated contribution of the performance appraisal, reward systems and performance feedback on employee productivity (outcome). The coefficients and their 95% confidence interval was reported as well as P-values. The regression model was presented as follows:

Translated into a statistical model below:

$$Y = a + b X_1 + b X_2 + b X_3$$

Where Y = Employee Productivity,

a = Constant (Regression coefficient)

bX₁ = Performance Appraisal,

bX₂ = Reward System,

bX₃ = Performance Feedback,

The data collected was edited and coded. A data matrix was established from which suitable statistical techniques such as working out the mean responses were presented using tables.

3.7 Chapter Summary

This study considered the descriptive research design. The study adopted a quantitative approach on the effects of performance management practices on employee productivity. The dependent variables included performance appraisals, reward systems and performance feedback, and the implications on employee productivity as the independent variable. The target population comprised of 108 Schindler employees in Nairobi, Kisumu and Mombasa branches in Kenya. Stratified sampling was used to divide the population into two strata. Descriptive statistics was utilized as a data analysis tool. The demographic profiles of the respondents were analyzed using percentages and frequencies. Inferential statistics such as correlation and regression analysis established the relationship between dependent and independent variables.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the data collected, the findings, analysis and interpretation of the output. The general objective of the study was to determine the effect of performance management practices on employee productivity with a focus on Schindler Limited. The study was guided by the following research objectives: To investigate the influence of performance appraisals on employee productivity, to determine the influence of reward systems on employee productivity and to examine the influence of performance feedback on employee productivity.

The chapter presents an analysis of the information in the order of the administered questionnaires. There are four subsections presented in the questionnaire. The first is a general section which addresses the respondents' general information. The following three subsections addressed specific research objectives and they included the influence of performance appraisals, reward systems and performance feedback on employee productivity. The instruments used for data collection was mainly questionnaire presented quantitatively using the findings. Of the 108 sample size, 90 returned their questionnaire representing 83% response rate which was statistically acceptable for generalization. This response rate makes the data collected from the field more representative enough to answer the research objectives. The results are indicated in the following Table 4.1.

Table 4.1: Response Rate

Category	Target Respondents	Response	Response Rate (%)
Respondents	108	90	83%
Total	108	90	83%

4.2 General Information

The general information for the study comprised of the gender of the respondents, their age bracket, work experience and education level of the respondents.

4.2.1 Gender of Respondents

The researcher intended to identify the gender of the study respondents. The findings presented in Figure 4.1 showed that 56% of the respondents were males as compared to 44% females. Thus, the findings indicate that most of the respondents were male.

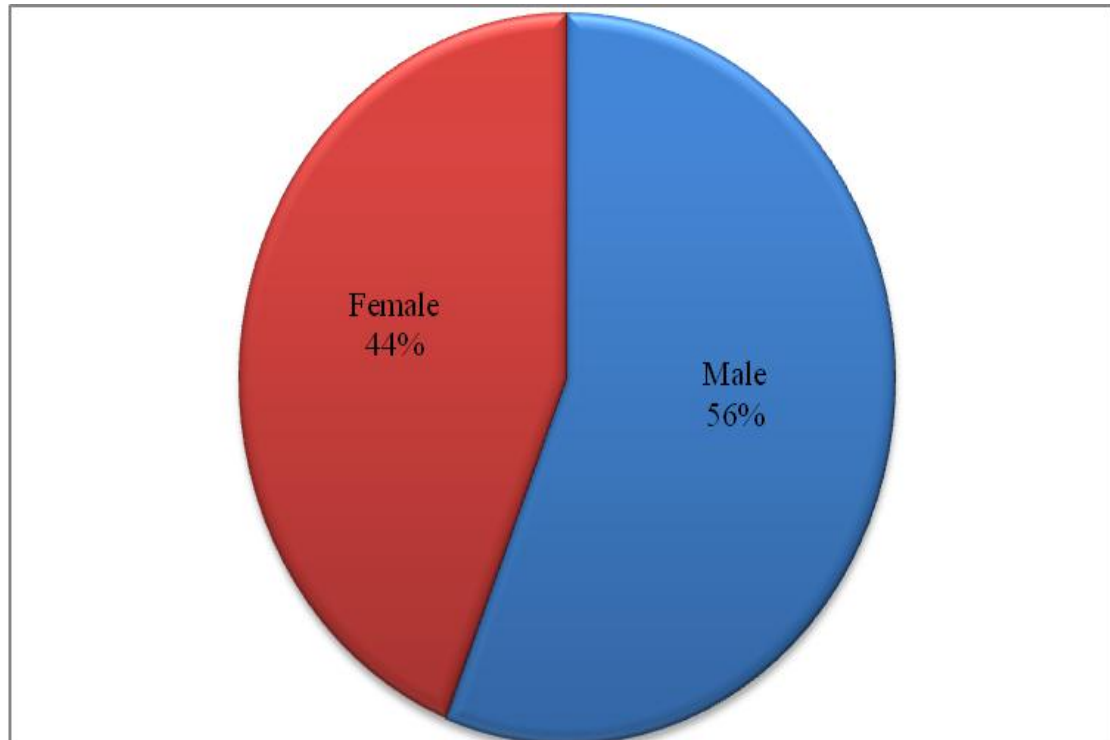


Figure 4.1: Gender of Respondents

4.2.2 Age Bracket of Respondents

The researcher intended to identify the age bracket of the study respondents. The findings presented in Figure 4.2 below showed that 19% of the respondents were between the ages of 20 to 30 years, 55% were aged between 31 to 45 years, 23% were aged between 46 to 55 years and 3% were above 56 years old. Thus, the findings indicate that most of the respondents were more than 31 years old.

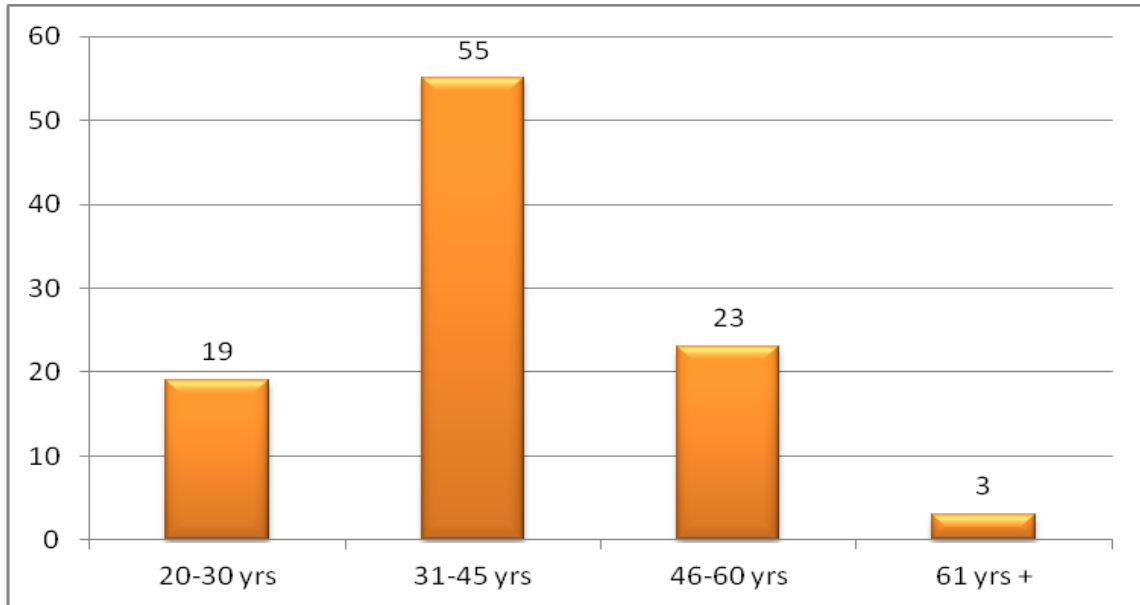


Figure 4.2: Age Bracket of Respondents

4.2.3 Work Experience of Respondents

The researcher intended to investigate the work experience of the study respondents. The findings presented in Figure 4.3 below showed that 18% of the respondents had worked for less than 1 year, 48% had worked between 2 to 5 years, 21% had worked between 6 to 10 years, 9% had worked between 11 to 15 years and 4% had worked between 16 to 20 years. Thus, the findings indicate that most of the respondents had less than 10 years of work experience in the company.

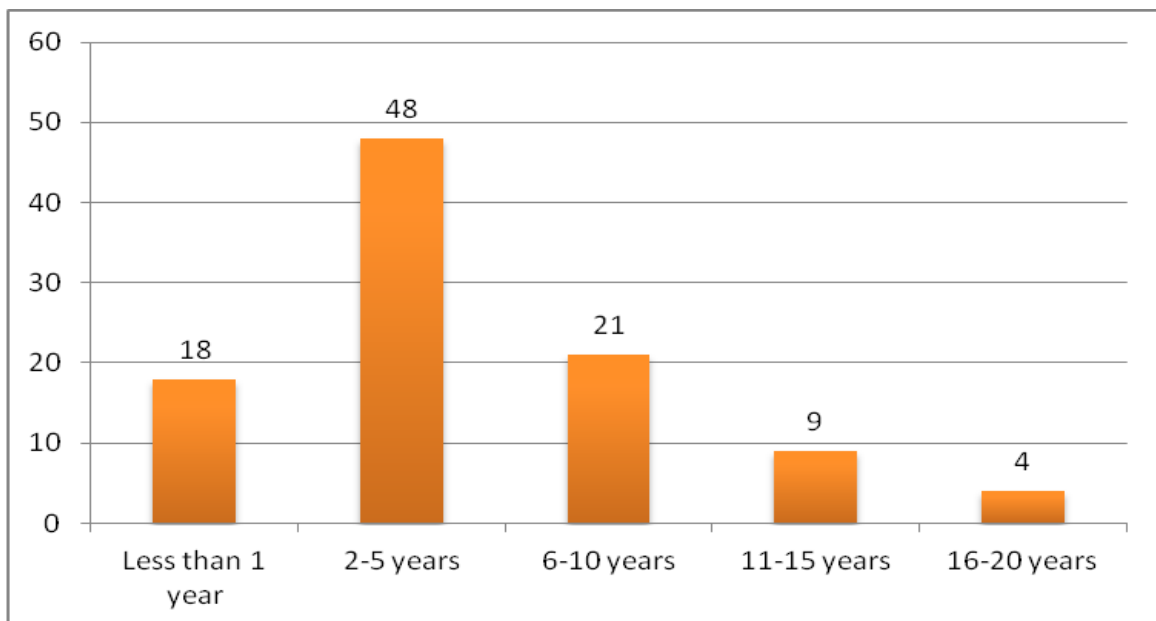


Figure 4.3: Work Experience of Respondents

4.2.4 Education Level of Respondents

The researcher sought to find out the education level of the respondents who participated in the study. The findings in Table 4.2 below established that 6% of the respondents had secondary school education, 24% had college level of education and 70% had university level of education. Thus, the findings indicate that majority of the respondents were significantly educated.

Table 4.2: Education Level of Respondents

Education Level	Frequency	Percentage
Secondary School	5	6
College Level	22	24
University Level	63	70
Total	90	100

4.3 Influence of Performance Appraisals on Employee Productivity

The study measures the influence of performance appraisals on employee productivity by investigating the following variables: the influence of performance appraisal in making employees work harder than expected, performance appraisal making employees work at a normal pace, performance appraisal making employees work below expectation, employees agreeing with performance appraisal score, performance appraisal making employees understand what they are doing and performance appraisal used for decision making.

4.3.1 Correlation between Performance Appraisals and Employee Productivity

This section intended to measure the correlation between performance appraisals and employee productivity. The findings in Table 4.3 suggested that there was a strong correlation between the performance appraisal in making the employees work below expectation due to how it is conducted and decision making process being highly formal at ($r=-0.320$, $p>0.05$). The relationship was extended to the ability of the employees to be highly innovative at ($r=-0.492$, $p>0.05$). The relationship was also a significant relationship between the performance appraisal score and the high quality of the products at ($r=0.416$, $p>0.05$), the quality of the services in the company at ($r=0.437$, $p>0.05$), performance appraisal being valuable ($r=0.478$, $p>0.05$) and better understanding of employee work ($r=0.593$, $p>0.05$)

The study indicated that there was a significant relationship between performance appraisal making it better for employees to understand what they are doing and decision making process being highly formal at ($r=0.567, p>0.05$). The relationship was also extended to the high quality of the company products at ($r=0.316, p>0.05$), the ability of the employees to be highly innovative at ($r=0.351, p>0.05$) and positive individual performance at ($r=0.404, p>0.05$). There was also a significant relationship between the performance appraisal positively influencing individual performance and performance appraisal being valuable at ($r=0.787, p>0.05$), decision making process being highly formal at ($r=0.787, p>0.05$), high quality products at ($r=0.661, p>0.05$), quality services ($r=0.694, p>0.05$) and highly innovative staff at ($r=0.524, p>0.05$). The study also indicated that there was a significant relationship between the performance appraisal being valuable to employee performance and the decision making process in the company being highly formal at ($r=0.397, p>0.05$). The relationship was extended to the quality of the products in the company being high at ($r=0.619, p>0.05$), the high quality of the services ($r=0.568, p>0.05$) and the ability of the employees to be highly innovative at ($r=0.340, p>0.05$).

Table 4.3: Association on Performance Appraisals and Employee Productivity

		1	2	3	4	5	6	7	8	9
1	Pearson Correlation	1								
2	Pearson Correlation	.193	1							
3	Pearson Correlation	-.021	.593**	1						
4	Pearson Correlation	-.285*	.258*	.404**	1					
5	Pearson Correlation	-.198	.478**	.262*	.787**	1				
6	Pearson Correlation	-.320**	.125	.567**	.787**	.397**	1			
7	Pearson Correlation	-.241	.416**	.316**	.661**	.619**	.699**	1		
8	Pearson Correlation	.013	.437**	.271*	.694**	.568**	.628**	.748**	1	
9	Pearson Correlation	-.492**	.094	.351**	.524**	.340**	.760**	.703**	.477**	1

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

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

Key:

- 1= Employees working below expectation
- 2= Lack of agreement on appraisal score
- 3= Better understanding of employee work
- 4= Positive individual performance
- 5= Valuable Performance appraisal
- 6= Formal decision making process
- 7= High quality products
- 8= High quality services
- 9= Innovative profile of employees

4.3.2 Regression between Performance Appraisals and Employee Productivity

The regression equation between performance appraisal and employee productivity had a strong regression. In the model summary, the R² is 0.823 indicating that the performance appraisal causes 82.3 percent variation in employee productivity, while the remaining 17.7 are attributable to other factors not considered in the study and one error term. This is outlined in Table 4.4 model summary below.

Table 4.4: Model Summary of Performance Appraisals and Employee Productivity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.907 ^a	.823	.787	.6619	.823	23.218	10	50	.000

a. Predictors: (Constant), Am satisfied with the current performance appraisal system in the organization, If don't agree with performance appraisal score, there is appeal process, Performance appraisal influences positively individual performance, I often perform better than what can be expected without appraisal., Performance appraisal is used as a decision making tool for the increasing my performance., Performance appraisal makes me work below expectation due to how it is conducted, Performance appraisal makes me work harder than expected, Performance appraisal makes me work at my normal pace, Performance appraisal makes me better understand what should be doing, Performance appraisal is valuable to my performance in my organization

4.3.3 ANOVA of Performance Appraisal and Employee Productivity

On the ANOVA table shows the regression is significant (p=.000) which is less than 0.05. It shows that performance appraisal have a significant influence on employee productivity. The ANOVA Table 4.5 is presented below.

Table 4.5: ANOVA of Performance Appraisal and Employee Productivity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	101.728	10	10.173	23.218	.000 ^b
	Residual	21.907	50	.438		
	Total	123.635	60			

a. Dependent Variable: The current level of employee productivity is high.

b. Predictors: (Constant), Am satisfied with the current performance appraisal system in the organization, If don't agree with performance appraisal score, there is appeal process, Performance appraisal influences positively individual performance, I often perform better than what can be expected without appraisal., Performance appraisal is used as a decision making tool for the increasing my performance., Performance appraisal makes me work below expectation due to how it is conducted, Performance appraisal makes me work harder than expected, Performance appraisal makes me work at my normal pace, Performance appraisal makes me better understand what should be doing, Performance appraisal is valuable to my performance in my organization

4.3.4 Coefficient of Performance Appraisal and Employee Productivity

The coefficient table indicates the degree of relationship between each variable that represents the performance appraisal. The constant is -3.08 while the variables which are statistically significant were the employees agreeing with performance appraisal score and the appeal process (.0005), performance appraisal making the employees better understand what they should be doing which negatively influences employee productivity (.001), performance appraisal being used as a decision making tool for increasing employee performance (.0005), performance appraisal influencing employee performance positively (.002) and the employees often performing better than what can be expected without appraisal (.015). Table 4.6 below indicates the coefficients.

Table 4.6: Coefficient of Performance Appraisal and Employee Productivity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3.080	.587		-5.244	.000
Performance appraisal makes me work harder than expected	-.051	.146	-.047	-.347	.730
Performance appraisal makes me work at my normal pace	.151	.122	.164	1.233	.223
Performance appraisal makes me work below expectation due to how it is conducted	.010	.144	.007	.070	.944
If don't agree with performance appraisal score, there is appeal process	1.146	.296	.694	3.871	.000
Performance appraisal makes me better understand what should be doing	-1.152	.312	-.804	-3.687	.001
Performance appraisal is used as a decision making tool for the increasing my performance.	.951	.164	.675	5.814	.000
Performance appraisal influences positively individual performance	.858	.265	.669	3.240	.002
I often perform better than what can be expected without appraisal.	.521	.208	.473	2.510	.015
Performance appraisal is valuable to my performance in my organization	-.397	.277	-.343	-1.433	.158
Am satisfied with the current performance appraisal system in the organization	-.108	.124	-.109	-.869	.389

a. Dependent Variable: The current level of employee productivity is high.

4.3.5 Qualitative Analysis of Performance Appraisal on Employee Productivity

Considering the results from the open ended responses, the respondents indicated that the performance appraisal can be used for training and development based on the information provided. It also identifies employees' weakness and potential as well as the skills gap

necessary to develop an employee ability to perform well. A number of the respondents also mentioned that the information provided by performance appraisal can overcome tribalism or seniority at the workplace to boost performance. The employee work out would increased if it is recognized on merit. For others, performance appraisal enables a person to perform well with the expectations of job promotion. Also impact tracking through assessment and employee involvement in the process was seen as significant to improving productivity at the workplace. The quotes are presented in Table 4.7.

Table 4.7: Qualitative Analysis on Performance Appraisal on Employee Productivity

Category	Sub-category	Quotes
Performance appraisal on employee productivity.	Training and development	<ul style="list-style-type: none"> • The information provided by performance appraisal is useful for employee training and development. • Appraisal information identifies employees' weakness and potential. • It also identifies the skill gap needed to develop an employee ability to perform well.
	Merit	<ul style="list-style-type: none"> • Performance appraisal overcomes tribalism or seniority at the workplace to boost performance. • Fairness and objective appraisal translated into improved performance on the part of employees. • Objective performance was seen as the best way of trust improvement and improvement of productivity.
	Promotion	<ul style="list-style-type: none"> • Appraisal information enables a person to perform well with the expectations of job promotion.
	Impact tracking	<ul style="list-style-type: none"> • Impact tracking of employee performance through assessment and their involvement in the process were seen as key to improvement in productivity.

4.4 Influence of Reward Systems on Employee Productivity

The study measured the influence of reward systems on employee productivity by investigating the following variables: rewards motivating employees to give their best, rewards improving employee productivity, employee productivity and job promotion, rewards motivating the attainment of targets, varied and satisfactory rewards, fair and satisfactory of the organization wage level, reward encouraging creative staff, bonuses increasing employees performance, appreciation by managers in increasing employees

success at work and rewards seeking to improve the overall performance of the organization.

4.4.1 Correlation between Reward Systems and Employee Productivity

This section intended to measure the correlation between reward systems on employee productivity. The findings in Table 4.8 suggested that there was a strong correlation between the rewards provided by the organization and decision making process being highly formal in the company at ($r=0.402$, $p>0.05$). The relationship was extended to the quality of the products ($r=0.430$, $p>0.05$) and high quality services at ($r=0.585$, $p>0.05$). There was also a significant relationship between the rewards provided by the organization and the decision making process being highly formal at ($r=0.454$, $p>0.05$), high quality of the products at ($r=0.591$, $p>0.05$), high quality services at ($r=0.654$, $p>0.05$) and the ability of the employees to be innovative at ($r=0.502$, $p>0.05$).

The study indicated that there was also a significant relationship between the rewards motivating timely completion of duties and high employee productivity at ($r=0.450$, $p>0.05$). The relationship was also extended to the decision making process being highly formal at ($r=0.515$, $p>0.05$), high quality services at ($r=0.509$, $p>0.01$) and highly innovative employees at ($r=0.453$, $p>0.05$). There was also a significant relationship between job promotion and the quality of the products at ($r=0.467$, $p>0.05$), high quality services at ($r=0.563$, $p>0.05$) and innovative employees at ($r=0.346$, $p>0.05$). The study also indicated that there was a significant relationship between the appreciation of employee work by managers and high employee productivity at ($r=0.590$, $p>0.05$), decision making being highly formal at ($r=0.472$, $p>0.01$), high quality products at ($r=0.479$, $p>0.05$), high quality services ($r=0.576$, $p>0.01$) and the ability of the employees to be innovative was at ($r=0.384$, $p>0.05$).

Table 4.8: Correlation between Reward Systems on Employee Productivity

		1	2	3	4	5	6	7	8	9
1	Pearson Correlation	1								
2	Pearson Correlation	.654**	1							
3	Pearson Correlation	.542**	.697**	1						
4	Pearson Correlation	.620**	.621**	.411**	1					
5	Pearson Correlation	.274*	.592**	.431**	.590**	1				
6	Pearson Correlation	.402**	.454**	.228*	.472**	.366**	1			
7	Pearson Correlation	.430**	.591**	.467**	.479**	.391**	.699**	1		
8	Pearson Correlation	.585**	.654**	.563**	.576**	.676**	.628**	.748**	1	
9	Pearson Correlation	.248*	.502**	.346**	.384**	.354**	.760**	.703**	.477**	1

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

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

Key

- 1= Frequent organization rewards
- 2= Occasional organization rewards
- 3= Job promotion
- 4= Manager appreciation

- 5= High employee productivity
- 6= Formal decision making process
- 7= High quality of products
- 8= High quality of services
- 9=Innovative employees

4.4.2 Regression between Reward System and Employee Productivity

The regression equation between reward system and employee productivity had a strong regression. In the model summary, the R² is 0.690 indicating that the reward system causes 69 percent variation in employee productivity, while the remaining 31 are attributable to other factors not considered in the study and one error term. This is outlined in Table 4.9 model summary below.

Table 4.9: Model Summary of Reward System and Employee Productivity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.831 ^a	.690	.642	.7705	.690	14.258	10	64	.000

a. Predictors: (Constant), When rewarded I seek for ways of improving the performance of the organization. The rewards provided by my organization very frequently motivate us to give our best., The rewards are varied and satisfactory., The rewards motivate me to be timely in completing my duties., My level of wage is fair and satisfactory to the degree of my performance., Bonuses increase my performance, My organization influences my productivity by linking the reward on job promotion., The rewards provided by my organization sometimes serve to improve on my productivity. , Appreciation by managers increases my success at work, Reward opportunities encourage staff to be creative.

4.4.3 ANOVA of Reward System and Employee Productivity

On the ANOVA table shows the regression is significant ($p=.000$) which is less than 0.05. It shows that reward system have a significant influence on employee productivity. The ANOVA Table 4.10 is presented below.

Table 4.10: ANOVA of Reward System and Employee Productivity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.655	10	8.465	14.258	.000 ^b
	Residual	37.998	64	.594		
	Total	122.653	74			

a. Dependent Variable: The current level of employee productivity is high

b. Predictors: (Constant), When rewarded I seek for ways of improving the performance of the organization. The rewards provided by my organization very frequently motivate us to give our best., The rewards are varied and satisfactory., The rewards motivate me to be timely in completing my duties., My level of wage is fair and satisfactory to the degree of my performance., Bonuses increase my performance, My organization influences my productivity by linking the reward on job promotion., The rewards provided by my organization sometimes serve to improve on my productivity. Appreciation by managers increases my success at work, Reward opportunities encourage staff to be creative.

4.4.4 Coefficient of Reward System and Employee Productivity

The coefficient table indicates the degree of relationship between each variable that represents the performance appraisal. The constant is .898 while the variables which are statistically significant for the equation are: The rewards provided by the organization sometimes serve to improve on employee productivity (.001), the organization negatively influences employee productivity by linking the reward on job promotion (.018), the level of wage is fair and satisfactory to the degree of employee performance (.001), the appreciation by managers negatively employee success at work (.020) and when rewarded the employee seek for ways of improving the performance of the organization (.018). Table 4.11 next page indicates the coefficients.

Table 4.11: Coefficient of Reward System and Employee Productivity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.898	.401		2.242	.028
The rewards provided by my organization very frequently motivate us to give our best.	.225	.111	.302	2.021	.048
The rewards provided by my organization sometimes serve to improve on my productivity.	.601	.180	.574	3.335	.001
My organization influences my productivity by linking the reward on job promotion.	-.409	.169	-.418	-2.418	.018
The rewards motivate me to be timely in completing my duties.	.170	.122	.153	1.393	.168
The rewards are varied and satisfactory.	-.161	.151	-.151	-1.070	.288
My level of wage is fair and satisfactory to the degree of my performance.	.441	.125	.457	3.542	.001
Reward opportunities encourage staff to be creative.	-.323	.239	-.351	-1.348	.182
Bonuses increase my performance	.352	.169	.433	2.088	.041
Appreciation by managers increases my success at work.	-.407	.171	-.431	-2.376	.020
When rewarded I seek for ways of improving the performance of the organization.	.411	.169	.403	2.432	.018

a. Dependent Variable: The current level of employee productivity is high.

4.4.5 Qualitative Analysis of Reward System on Employee Productivity

Considering the results from the open ended responses, the respondents indicated that the reward system can boost employees performance if they are competitive based on the prevailing market rates and against competitors. Also monetary rewards have a great influence in motivating employees to achieve their targets as well as in motivating them to be more productive at work. The provision of enabling work environment through good working conditions and promotions were seen as critical ingredients in improved productivity. Also, the employees feeling of being fairly rewarded translated in increased work output. The quotes are presented in Table 4.12.

Table 4.12: Qualitative Analysis of Reward System on Employee Productivity

Category	Sub-category	Quotes
Reward system on employee productivity.	Competitive	<ul style="list-style-type: none">• The reward systems are not competitive based on the prevailing market rates; for good performance they should be competitive against the competitors.
	Cash	<ul style="list-style-type: none">• Basic pay motivates me to give my best• Cash have a great influence in motivating employees to achieve their targets as well as in motivating us to be more productive in their work.
	Enabling work environment	<ul style="list-style-type: none">• Salary rise was not the only predicate for good performance, good working conditions and promotions were seen as critical ingredients in improved productivity.
	Equity	<ul style="list-style-type: none">• Employees feeling of equity in the reward system translated in increased work output. The general feeling that reward was not skewed or biased created an enabling environment for productivity.

4.5 Influence of Performance Feedback on Employee Productivity

The study measured the influence of performance feedback on employee productivity by investigating the following variables: manager giving fair feedback, manager discussing about employees' performance, organization engaging in providing positive feedback, feedback agreeing with the performance achieved, manager frequently communicating about employee performance, relevance of employee feedback, satisfaction with the organization feedback and fairness of the current performance feedback.

4.5.1 Correlation between Performance Feedback and Employee Productivity

This section intended to measure the correlation between performance feedback on employee productivity. The findings in Table 4.13 suggested that there was a strong correlation between the manager giving fair feedback and the current level of the decision making process in the company being highly formal at ($r=0.426$, $p>0.05$). The relationship was extended to the quality of the products in the company being high ($r=0.621$, $p>0.05$) and the high quality of the services at ($r=0.285$, $p>0.05$). There was also a significant relationship between the manager discussing employee performance regularly and high employee productivity at ($r=0.505$, $p>0.05$), performance feedback

formalizing decision making at ($r=0.414$, $p>0.05$), having high quality of the products at ($r=0.491$, $p>0.05$) and the company services being high at ($r=0.505$, $p>0.05$).

The study also indicated that there was a significant relationship between the organization engaging in providing positive feedback for good performers and the employee high productivity in the company at ($r=0.347$, $p>0.05$). The relationship was extended to having decision making process being highly formal at ($r=0.662$, $p>0.05$) and high service quality at ($r=0.651$, $p>0.05$). There was also a significant relationship between the feedback that employees receive on their performance and the formal decision making process being formal at ($r=0.343$, $p>0.05$), high quality products at ($r=0.702$, $p>0.05$), services of high quality at ($r=0.491$, $p>0.05$) and decision making being highly formal ($r=0.457$, $p>0.05$).

The study indicated that there was a significant relationship between the manager communicating frequently about their performance and decision making being highly formal at ($r=0.457$, $p>0.05$). The relationship was extended to high quality products ($r=0.484$, $p>0.05$) and high quality services ($r=0.386$, $p>0.05$). There was also a significant relationship with the organization providing feedback and enhanced employee productivity at ($r=0.367$, $p>0.05$), decision making being highly formal at ($r=0.675$, $p>0.05$) and the quality of services at ($r=0.656$, $p>0.05$).

The study indicated that there was a significant relationship between adequate feedback on employee performance and employee productivity at ($r=0.327$, $p>0.01$). The relationship was extended to the current employee productivity at ($r=0.532$, $p>0.01$), decision making being highly formal at ($r=0.506$, $p>0.05$), high quality products ($r=0.598$, $p>0.05$) and high service quality at ($r=0.438$, $p>0.05$). Moreover, there was a significant relationship between the current performance feedback being fair and unbiased and decision making being highly formal at ($r=0.462$, $p>0.05$), high quality products ($r=0.594$, $p>0.05$) and high quality service at ($r=0.468$, $p>0.05$).

Table 4.13: Correlation between Performance Feedbacks on Employee Productivity

		1	2	3	4	5	6	7	8	9	10	11	12
1	Pearson Correlation	1											
2	Pearson Correlation	.695**	1										
3	Pearson Correlation	.669**	.711**	1									
4	Pearson Correlation	.742**	.729**	.876**	1								
5	Pearson Correlation	.855**	.843**	.705**	.668**	1							
6	Pearson Correlation	.804**	.885**	.846**	.810**	.825**	1						
7	Pearson Correlation	.903**	.848**	.801**	.793**	.881**	.912**	1					
8	Pearson Correlation	.778**	.834**	.759**	.843**	.779**	.864**	.854**	1				
9	Pearson Correlation	.151	.344**	.347**	.229*	.201	.367**	.327**	.437**	1			
10	Pearson Correlation	.426**	.414**	.517**	.343**	.457**	.675**	.506**	.462**	.366**	1		
11	Pearson Correlation	.621**	.491**	.662**	.702**	.484**	.696**	.598**	.594**	.391**	.699**	1	
12	Pearson Correlation	.285**	.505**	.651**	.491**	.386**	.656**	.438**	.468**	.676**	.628**	.748**	1

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

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

Key

- | | |
|--|--|
| 1= Manager gives me fair feedback | 9= The current level of employee productivity is high. |
| 2= Manager discusses my job performance | 10=Decision making process highly formal |
| 3=Providing positive feedback | 11= High quality of products |
| 4= Feedback on what is achieved | 12=High quality of services |
| 5= Manager communicates about performance | |
| 6= Satisfaction with organization feedback | |
| 7= Adequate feedback on performance | |
| 8= Fair and unbiased feedback | |

4.5.2 Regression between Performance Feedback and Employee Productivity

The regression equation between performance appraisal and employee productivity had a strong regression. In the model summary, the R^2 is 0.954 indicating that the performance feedback causes 95.4 percent variation in employee productivity, while the remaining 4.6 percent are attributable to other factors not considered in the study and one error term. This is outlined in Table 4.14 model summary below.

Table 4.14: Model Summary of Performance Feedback and Employee Productivity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.977 ^a	.954	.944	.2855	.954	98.621	10	48	.000

a. Predictors: (Constant), Current performance feedback in my organization is fair and unbiased., I enjoy discussing about my performance with people outside it, The feedback I receive on how I do my job is highly relevant., My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones., My manager communicates with me frequently about my performance., The feedback I receive agrees with what I have actually achieved., My manager discusses regularly my job performance with me., My manager gives me fair feedback, I am satisfied with the way my organization provides me with feedback, I always get adequate feedback on my performance.

4.5.3 ANOVA of Performance Feedback and Employee Productivity

On the ANOVA table shows the regression is significant ($p=.000$) which is less than 0.05. It shows that performance feedback have a significant influence on employee productivity. The ANOVA Table 4.15 is presented below.

Table 4.15: ANOVA of Performance Feedback and Employee Productivity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.392	10	8.039	98.621	.000 ^b
	Residual	3.913	48	.082		
	Total	84.305	58			

a. Dependent Variable: The current level of employee productivity is high.

b. Predictors: (Constant), Current performance feedback in my organization is fair and unbiased., I enjoy discussing about my performance with people outside it, The feedback I receive on how I do my job is highly relevant., My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones., My manager communicates with me frequently about my performance., The feedback I receive agrees with what I have actually achieved., My manager discusses regularly my job performance with me., My manager gives me fair feedback, I am satisfied with the way my organization provides me with feedback, I always get adequate feedback on my performance.

4.5.4 Coefficient of Performance Feedback and Employee Productivity

The coefficient table indicates the degree of relationship between each variable that represents the performance appraisal. The constant is 3.545 while the variables which are statistically significant for the equation are: manager giving employees fair feedback (.000), manager discussing regularly job performance with employees (.001), the organization engaged in providing positive feedback for good performers than criticizing the poor ones negatively influences employee productivity (.000), the feedback the employees receive agrees with what they have actually achieved (.007), manager communicating with employees frequently about their performance (.000), the high relevance of the feedback on how the employee do their job negatively influences employee productivity (.000), satisfaction with the way the organization provides employees with feedback (.000), adequate feedback on employee performance (.006) and the current performance feedback in the organization being fair and unbiased negatively influences employee productivity (.000). The Table 4.16 below indicates the coefficients.

Table 4.16: Coefficient of Performance Feedback and Employee Productivity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.545	.290		12.209	.000
My manager gives me fair feedback	1.051	.153	1.239	6.847	.000
My manager discusses regularly my job performance with me.	.558	.151	.701	3.698	.001
I enjoy discussing about my performance with people outside	.056	.065	.070	.859	.395
My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones.	-.821	.118	-.869	-6.946	.000
The feedback agrees with what I have actually achieved.	.743	.264	.892	2.812	.007
My manager communicates with me frequently about my performance.	-3.033	.423	-3.775	-7.167	.000
The feedback I receive on how I do my job is highly relevant.	-.441	.083	-.665	-5.333	.000
I am satisfied with the way my organization provides me with feedback	2.798	.339	3.567	8.256	.000
I always get adequate feedback on my performance.	1.059	.367	1.398	2.886	.006
Current performance feedback is fair and unbiased.	-1.613	.186	-2.443	-8.655	.000

4.5.5 Qualitative Analysis of Performance Feedback on Employee Productivity

Considering the results from the open ended responses, the respondents indicated that performance feedback can boost employees' performance if it is fair and unbiased. Also, employees can perform well if their jobs have unreasonable expectations and the managers recognize their good job. The employee attitude was also found to be pivotal in the enhancement of productivity. The positive relationship with the supervisor arising during the feedback session also contributed to employees increased work output. The quotes are presented in Table 4.17.

Table 4.17: Qualitative Analysis of Performance Feedback on Employee Productivity

Category	Sub-category	Quotes
Performance feedback on employee productivity.	Fairness	<ul style="list-style-type: none"> • There is no fair feedback to boost my performance. • There is biasness in rating job performance. • I always receive bad feedback on my performance.
	Perceived expectations	<ul style="list-style-type: none"> • Sometimes, the work may have unreasonable expectations.
	Regular feedback	<ul style="list-style-type: none"> • Regular performance feedback on existing gaps in targets and guidance on how to improve created an enabling environment for enhanced productivity.
	Attitude	<ul style="list-style-type: none"> • Individual employee motivation was also found to be pivotal in the enhancement of productivity.
	Supervisor relationship	<ul style="list-style-type: none"> • Positive relationship with the supervisor arising during the feedback session also contributed to employees increased work output • My manager does not recognize a good job.

4.6 Chapter Summary

The general objective of the study was to determine the effect of performance management practices on employee productivity with a focus on Schindler Limited. The findings indicated that most of the respondents were male, majority of the respondents were more than 31 years old, many had less than 10 years of work experience in the company and were significantly educated. In regards to the research objectives, the findings established that there was a significant relationship between performance appraisals on employee productivity. There was also a significant relationship between reward systems on employee productivity. Also, there was a significant relationship between performance feedback and employee productivity.

CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this section, the researcher provides a discussion on the findings of the research as compared to the findings in the literature review, the summary of the study and recommendations for further improvement on identifying the measures to be taken in investigating the effect of performance management practices on employee productivity. The research is concluded on the basis of the conclusions drawn from the research objectives.

5.2 Summary

The general objective of the study was to determine the effect of performance management practices on employee productivity with a focus on Schindler Limited. The study was guided by the following research objectives: To investigate the influence of performance appraisals on employee productivity, to determine the influence of reward systems on employee productivity and to examine the influence of performance feedback on employee productivity.

This study considered the descriptive research design. The study adopted a quantitative approach on the effects of performance management practices on employee productivity. The dependent variables included performance appraisals, reward systems and performance feedback, and the implications on employee productivity as the independent variable. The target population comprised of 108 Schindler employees in Nairobi, Kisumu and Mombasa branches in Kenya. Stratified sampling was used to divide the population into two strata. Descriptive statistics was utilized as a data analysis tool. The demographic profiles of the respondents were analyzed using percentages and frequencies. Inferential statistics such as correlation and regression analysis established the relationship between dependent and independent variables.

In regards to the influence of performance appraisals on employee productivity, the findings suggested that employee appraisal leads to improved productivity. Performance reviews are focused on employee contributions to the organizational goals. Performance appraisal gives the staff the opportunity to express their ideas and expectations for

meeting the strategic goals of the company. Performance appraisal could be an effective source of management information in decision making. An effective appraisal system can enhance the interest and performance of the employees leading to the completion of specified work or for attaining or exceeding specified performance goals.

In regards to the influence of reward systems on employee productivity, the findings suggested that employees can be rewarded to meet target productivity levels. The opportunity by the manager to formally recognize good employee performance leads to work motivation. Reward opportunities encourage staff to be creative and innovative. The use of reward system has been an essential factor in any company's ability to meet its goals. When good performance is observed and then rewarded, the chances of it being repeated are increased, while poor performance is discouraged to decrease the chance of it happening again. Rewards in the form of bonuses leads to greater task interest and performance. Job promotion can improve the employee performance in the organization.

In regards to the influence of performance feedback on employee productivity, the findings indicated that effective feedback is essential for any organization to meet its target. Effective feedback on performance measurement may translate to improved employee productivity. Feedback enables the employees to be aware of what exactly is expected from them. It is essential to communicate and clearly explain the purpose of the appraisal process for enhanced productivity. An effective performance feedback reflects the contribution of the individual employee performance and their level of efficacy in the attainment of the organization goals. Effective performance feedback between employees and supervisors is the key to successful organization productivity and ventilation. Adequate feedback builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation.

5.3 Discussion

5.3.1 Influence of Performance Appraisals on Employee Productivity

The results generally reflected that performance appraisal have a positive influence on employee productivity. Performance reviews are focused on employee contributions to the organizational goals. Similarly, Derven, (2010) suggests that the outcomes of performance appraisal can lead to improvements in work performance and therefore overall business performance via, for example increased productivity or customer service. Malcolm and Jackson (2002) add that the benefits of performance appraisal are the identification of high performers and poor performers as well as the identification of strengths and development areas.

A significant proportion of the respondents agreed that the performance appraisal makes them understand what they should be doing. With performance appraisal, the employees' can find what is expected from them and the consequences of their performance. Ideally they receive a fair and analytical feedback for their performance. Similarly, Derven (2010) explains that performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals as well as to align the individual performances with the organizational goals and also review employees' performances.

A large number of the respondents agreed that with performance appraisal they perform better than what can be expected without appraisal. Similarly, Mullins (2009) suggests that performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees. This means that performance appraisal is valuable to employee productivity in the organization. Mullins (2009) adds that performance appraisal can help to identify inefficient work practices or reveal potential problems, which are restricting the progress of the company. Derven (2010) and Mullins (2009) suggest that performance appraisal can help the organization to identify the talented employees and future leaders in the company. This can directly increase the profitability of the company.

Majority of the respondents agreed that performance appraisal was used as a decision making tool for increasing employee performance. Decision making is separate but linked

to the appraisal system. A large number of the respondents agreed that they were satisfied with the current performance appraisal system in the organization. This suggests that effective appraisal can positively impact on employee productivity in the organization. Similarly, Brown and Benson (2013) suggest that performance appraisal can be linked to performance improvement process and the decision to identify training needs and potential, agree on future objectives, support a career development plan and resolve existing problems.

Randell (2014) reports implicitly that when good performance is observed and then rewarded, the chances of it being repeated are increased, while poor performance is discouraged or even punished to decrease the chance of it happening again. However, a proportion of the respondents agreed that they don't agree with performance appraisal score as there is an appeal process. This may mean that performance appraisal underscores the importance of employee involvement and participation in the ratings of the performance. An effective appraisal system can enhance the interest and performance of the employees leading to the completion of specified targets and attainment of specified performance goals. This means that the lack of a fair appraisal score may make the employees work at a normal pace or work below expectation due to how it is conducted.

5.3.2 Influence of Reward Systems on Employee Productivity

Majority of the respondents agreed that the reward system have a significant influence on employee productivity. The reward system positively caused major variation in employee productivity. This means that there is an appropriate reward system. Similarly, Derven (2010) suggests that rewards through performance appraisal gives an opportunity to the manager to formally recognize good performance and this would lead to motivation. Jackson and Schuller (2012) adds that the provision of rewards in performance appraisal indicates a clear job target, the standards and priorities to ensure more trust in the identification of strengths and the improvement of employee productivity.

A significant proportion of the respondents agreed that the appreciation by managers increases their success at work. The opportunity by the manager to formally recognize good employee performance leads to work motivation (Derven, 2010). It is important to

recognize employees' efforts rather than just only results. Supervisors should focus on rewarding positive behaviors and results (Derven, 2010). Also, tangible rewards enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance goals. A number of the respondents agreed that varied rewards encourage employees to be creative. Similarly, Mone and London (2010) explains that the rewards given for creativity encourage generalized creativity in other tasks; reward systems should support the new dynamics of team-based organizations and reward the right kind of team behavior and performance; reward systems should recognize both the importance of co-operation and the variances in individual performance. Gichuhi, Abaja and Ochieng (2014) however warn that problems can occur when reward systems stress individual results even though people have worked together in teams.

Majority of the respondents agreed that bonuses increase employee performance. Rewards in the form of bonuses lead to greater task interest and performance. Similarly, Randell (2014) reports implicitly that when good performance is observed and rewarded, the chances of it being repeated are increased, while poor performance is discouraged. Most of the respondents also agreed that the rewards provided by the organization sometimes serve to improve their productivity. Important issues that help ensure a successful reward process are used effectively to enhance interest and performance without undermining the performance and interest of the employees. However, a small proportion of the respondents agreed that the rewards were varied and satisfactory. Mone and London (2010) suggest that employees should be adequately rewarded for exceptional performance using varied rewards.

A significant number of the respondents agreed that the organization influenced their productivity by linking the reward on job promotion. This suggests that job promotion can improve the employee performance in the organization (Jackson and Schuller, 2012). This also means increased employee motivation. A small proportion of the respondents agreed that the rewards motivate them to timely complete their duties. This may mean that performance feedback is delayed and not timely delivered. Few respondents agreed that their wage level was equitable and satisfactory to the degree of their performance. This means that the employees may not be motivated to give their best. Mone and London (2010) study found that that unfair evaluation of employee performance makes them feel

insecure or discouraged leading to the development of poor relationship between the employer and employee.

5.3.3 Influence of Performance Feedback on Employee Productivity

There was a significant relationship between performance appraisal and employee productivity. The findings indicated that the performance feedback positively caused major variation in employee productivity. Effective feedback is essential for any organization that has the intention of meeting its target. Effective feedback on performance measurement may translate to improved employee productivity. Regular feedback helps employees focus on their work activities to achieve the organizational goals (Solmon and Podgursky, 2010). Similarly, Derven (2010) suggests that feedback enables the employees to be made aware of what exactly is expected from them and Armstrong (2006) recommends that the appraisal method must be simple and easily understandable for all people in the organization.

A large proportion of the respondents agreed that they enjoy discussing about their performance with people outside. It is essential to communicate and clearly explain the purpose of the appraisal process for enhanced productivity. Derven (2010) recommends that performance feedback should be clearly and timely communicated to the employees for enhanced productivity. Also, the rater may affect the productivity of the employees. A large number of the respondents agreed that their manager give them fair feedback to enhance their productivity. On the other hand, many errors based on personal bias like stereotyping, halo effect may affect the feedback process. Dzinkowski (2010) suggests that for enhanced productivity the rater is supposed to exercise objectivity and fairness in evaluating and rating the performance of the employees.

A significant number of the respondents agreed that the feedback they receive agrees with what they have actually achieved. This means that the organization has formal evaluation systems and the managers to apply the systems in place. An effective performance feedback reflects the contribution of the individual employee performance. A number of the respondents agreed that the current performance feedback in the organization was fair and unbiased. Bannister and Balkin (2010) recommends that performance appraised feedback should have greater acceptance of the appraisal process and makes the employees feel more satisfied with their performance.

Majority of the respondents agreed that they always get adequate feedback on their performance. Effective performance feedback between employees and supervisors is the key to successful organization productivity. Similarly, Jackson and Schuller (2012) suggests that adequate feedback builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation. However, there are some organizations that fail to provide feedback. Banket (2011) explains that although a few managers may intentionally hold back employee feedback, many are overwhelmed with other management tasks that take up their valuable time.

A large proportion of the respondents agreed that they were satisfied with the way their organization provides them with feedback. Hall, Postner and Hardner (2009) suggest that some organization performance appraisal has been criticized to have discrepancy between the theory and the practical implementation. In addition, very few respondents agreed that their organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones. Mone and London (2010) adds that another portion of criticism comes with the fact that performance appraisal increases the dependency of the employees on their superiors. Where the process is conducted by managers who are often not trained to be appraisers, the genuine feedback is obstructed because it includes subjectivity and bias of the raters, which leads to incorrect and unreliable data regarding the performance of the employee (Jackson & Schuller, 2012).

5.4 Conclusion

5.4.1 Influence of Performance Appraisals on Employee Productivity

The findings suggested that employee appraisal leads to improved productivity. Performance reviews are focused on employee contributions to the organizational goals. Performance appraisal gives the staff the opportunity to express their ideas and expectations for meeting the strategic goals of the company. An effective appraisal system can enhance the motivation and performance of the employees leading to the completion of specified work or for attaining or exceeding specified performance targets.

5.4.2 Influence of Reward Systems on Employee Productivity

The findings suggested that employees can be rewarded to meet target productivity levels. The opportunity by the manager to formally recognize good employee performance leads to work motivation. Reward opportunities encourage staff to be creative and innovative. The use of reward system has been an essential ingredient in any company's ability to meet its goals. When good performance is observed and then rewarded, the chances of it being repeated are increased, while poor performance is discouraged to decrease the chance of it happening again. Rewards in the form of bonuses leads to greater task interest and performance. Job promotion can improve the employee performance in the organization.

5.4.3 Influence of Performance Feedback on Employee Productivity

The findings indicated that effective feedback is essential for any organization to meet its target. Effective feedback on performance measurement may translate to improved employee productivity. Feedback enables the employees to be aware of what exactly is expected from them. It is essential to communicate and clearly explain the purpose of the appraisal process for enhanced productivity. An effective performance feedback reflects the contribution of the individual employee performance and their level of efficacy in the attainment of the organization goals. Effective performance feedback between employees and supervisors is the key to successful organization productivity. Adequate feedback builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation.

5.5 Recommendations

5.5.1 Recommendation for Improvement

5.5.1.1 Influence of Performance Appraisals on Employee Productivity

The study recommends that the performance appraisal should be optimized to improve the performance of the employees. Performance reviews should be focused on the contributions of the individual employees to meet the organizational goals. Performance appraisal should be encouraged among the employees to express their ideas and expectations for meeting the strategic goals of the company. Performance appraisal can make the employees' to be aware of what is expected from them and the consequences of their performance. Performance appraisal should lead to improved employee

performance. Performance appraisal should be optimized for effective decision making. This can lead the employees to complete their specified work and exceeding their normal work performance.

5.5.1.2 Influence of Reward Systems on Employee Productivity

The study recommends that the organization should reward the employees for enhanced productivity levels. For every opportunity possible, the manager should formally recognize good employee efforts for enhanced work performance. The reward system should be varied to encourage the staff to be creative to meet the organization goals. This will increase the chances of the performance to be repeated and increased, while pointing out that poor performance will be discouraged. Bonuses should be used to enhance greater task interest and performance. Job promotion can be used to improve the employee performance in the organization. There should be a fair evaluation process to make the employee feel secure for enhanced productivity.

5.5.1.3 Influence of Performance Feedback on Employee Productivity

The study recommends that effective feedback should be used by an organization to meet the organization target. There should be an effective performance feedback that would translate into improved employee productivity. Feedback enables the employees be aware of what exactly is expected from them. It is important to communicate and discuss employee performance for enhanced productivity. Performance feedback must be free from errors based on the personal bias like stereotyping to have a positive effect on employee productivity. An effective performance feedback should reflect the contribution of the individual employee performance. There should be a formal evaluation system and the managers to apply the systems in place to accept the performance scores. Adequate performance feedback should build accountability for enhance employee productivity.

5.5.2 Suggestions for Further Studies

The study suggests that future research can conduct a research on the effect of performance management practices on organizational culture. Also, it is suggested that future researchers can conduct a research in performance management practices in public institutions for comparison with the findings.

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APPENDICES

APPENDIX A: LETTER OF INTRODUCTION

To Whom It May Concern

Dear Sir/Madam,

We are pleased to inform you that the bearer of this letter is a graduate student at United States International University pursuing a degree of Executive Masters in Organizational Development (EMOD). As partial fulfillment of my degree, I am conducting a research on the effect of performance management practices on employee productivity using the case of Schindler Limited.

Attached with each questionnaire is a letter of informed consent notifying the participant about the purpose of the study and that their participation is voluntary and anonymous; participation in the study will be based on the participant's agreement of consent.

Yours Faithfully,

Elisha Ochieng Odhiambo (Researcher)

APPENDIX B: QUESTIONNAIRE

Section I: General information

Kindly tick (√) where applicable and do not indicate your names or personnel number.

1. What is your gender? Male [] Female []
2. What is your age bracket? 20 – 30 [] 31 – 45 [] 46 – 60 [] above 61 []
3. What is your department and designation? _____
4. How many years have you worked at Schindler Limited?
 Less than 1 year [] 2 – 5 years [] 6 – 10 years []
 11 – 15years [] 16– 20 years [] Above 21 years []
5. What is your educational level?
 Primary school [] Secondary school []
 College level [] University level []

Section II: Influence of Performance Appraisals on Employee Productivity

Please indicate the extent to which you agree with the following statements by using a scale of 1 to 5 where 1= strongly disagree and 6 = strongly agree.

Statement	Strongly Disagree	Disagree	Neutral	Do not Know	Agree	Strongly Agree
10 Performance appraisal makes me work harder than expected	1	2	3	4	5	6
11 Performance appraisal makes me work at my normal pace	1	2	3	4	5	6
12 Performance appraisal makes me work below expectation due to how it is conducted	1	2	3	4	5	6
13 If don't agree with performance appraisal score, there is appeal process	1	2	3	4	5	6
14 Performance appraisal makes me better understand what should be doing	1	2	3	4	5	6
15 Performance appraisal is used as a decision making tool for the increasing my performance.	1	2	3	4	5	6
16 Performance appraisal influences positively individual performance	1	2	3	4	5	6
17 I often perform better than what can be expected without appraisal.	1	2	3	4	5	6
18 Performance appraisal is valuable to my performance in my organization	1	2	3	4	5	6
19 Am satisfied with the current performance appraisal system in the organization	1	2	3	4	5	6

20 How else does performance appraisal affect employee productivity?

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Section III: Influence of Reward Systems on Employee Productivity

Please indicate the extent to which you agree with the following statements by using a scale of **1 to 5** where **1= strongly disagree** and **6 = strongly agree**.

Statement	Strongly Disagree	Disagree	Neutral	Do not Know	Agree	Strongly Agree
24. The rewards provided by my organization very frequently motivate us to give our best.	1	2	3	4	5	6
25. The rewards provided by my organization sometimes serve to improve on my productivity.	1	2	3	4	5	6
26. My organization influences my productivity by linking the reward on job promotion.	1	2	3	4	5	6
27. The rewards motivate me to be timely in completing my duties.	1	2	3	4	5	6
28. The rewards are varied and satisfactory.	1	2	3	4	5	6
29. My level of wage is fair and satisfactory to the degree of my performance.	1	2	3	4	5	6
30 Reward opportunities encourage staff to be creative.	1	2	3	4	5	6
31 Bonuses increase my performance	1	2	3	4	5	6
32 Appreciation by managers increases my success at work.	1	2	3	4	5	6
33 When rewarded I seek for ways of improving the performance of the organization.	1	2	3	4	5	6

34 How else does the reward system affect employee productivity?

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Section IV: Influence of Performance Feedback on Employee Productivity

Please indicate the extent to which you agree with the following statements by using a scale of **1 to 5** where **1= strongly disagree** and **6 = strongly agree**.

Statement	Strongly Disagree	Disagree	Neutral	Do not Know	Agree	Strongly Agree
35 My manager gives me fair feedback	1	2	3	4	5	6
36 My manager discusses regularly my job performance with me.	1	2	3	4	5	6
37 I enjoy discussing about my performance with people outside it	1	2	3	4	5	6
38 My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones.	1	2	3	4	5	6
39 The feedback I receive agrees with what I have actually achieved.	1	2	3	4	5	6
40 My manager communicates with me frequently about my performance.	1	2	3	4	5	6
41 The feedback I receive on how I do my job is highly relevant.	1	2	3	4	5	6
42 I am satisfied with the way my organization provides me with feedback	1	2	3	4	5	6
43 I always get adequate feedback on my performance.	1	2	3	4	5	6
44 Current performance feedback in my organization is fair and unbiased.	1	2	3	4	5	6

45 How else does performance feedback affect employee productivity?

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Section V: Employee Productivity

Please indicate the extent to which you agree with the following statements by using a scale of **1 to 5** where **1= strongly disagree** and **6 = strongly agree**.

Statements	Strongly Disagree	Disagree	Neutral	Do not Know	Agree	Strongly Agree
46 The level of employee productivity in the company is high as compared to the beginning.	1	2	3	4	5	6
47 The current level of employee productivity is high.	1	2	3	4	5	6
48 The current level of the decision making process in the company is highly formal.	1	2	3	4	5	6
49 The quality of the products in the company is high.	1	2	3	4	5	6
50 The quality of the services in the company is high.	1	2	3	4	5	6
51 The ability of the employees to be innovative is high.	1	2	3	4	5	6

52 How else has employee productivity improved?

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