



**THE CONTRIBUTION OF PERFORMANCE APPRAISAL PROCESS TO STAFF
PERFORMANCE IN LOCAL GOVERNMENTS IN UGANDA:
THE CASE OF MANAFWA DISTRICT**

BY

JOSEPH WALYAULA

REG. NUMBER: 10/MBA/3/086

**A DISSERTATION SUBMITTED TO THE HIGHER DEGREES DEPARTMENT IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE
MASTERS DEGREE IN BUSINESS ADMINISTRATION OF
UGANDA MANAGEMENT INSTITUTE**

AUGUST, 2013

DECLARATION

I, Joseph Walyaula, do hereby declare that this dissertation is my original work and has not been published and/or submitted for any other degree award to any other university or institution of higher learning before. Where people's work has been referred to, due acknowledgement has been made.

Sign:

Date:

APPROVAL

This is to certify that this dissertation has been submitted for examination with our approval as supervisors

Sign.....Date

Dr. David K.W. Ssonko, Ph. D

SignDate

Mr. Abudallah Mayanja Kambugu

DEDICATION

In loving memory of my revered grandfather Augustine Moit, the fountain of my inspiration.

ACKNOWLEDGMENTS

In carrying out the study, many individuals played a role to ensure its success. I would like to thank and honor them through this acknowledgement, for their support, assistance and encouragement;

Dr. David Ssonko and Mr. Abudallah Mayanja Kambuğu who provided technical guidance, supervision and encouragement during the course of my research efforts.

Manafwa District Administration for its financial support, granting me permission to conduct the research undertaken for this dissertation, and the respondents who completed the questionnaires. My study group for their spirit and teamwork.

My parents, Mr. Khisa Patrick and Mary, my brother and Sisters for their support and motivation. My wife, Nulu and daughter Maria Patience Nambuya for their patience, support, understanding and for creating a caring environment in which I could prosper.

The Almighty God, for providing me with another opportunity and the necessary strength to conduct this research.

TABLE OF CONTENTS

Title	i
Declaration	ii
Approval	iii
Dedication	iv
Acknowledgments.....	v
Table of Contents.....	vi
List of Figures	xi
List of Tables	xii
Abbreviations/Acronyms	xiii
Abstract	xiv

CHAPTER ONE : INTRODUCTION

1.1	Introduction.....	1
1.2	Background to the Study.....	2
1.2.1	Historical Background	2
1.2.2	Theoretical Background.....	3
1.2.3	Conceptual Background.....	6
1.2.4	Contextual Background	7
1.3	Statement of the Problem.....	8
1.4	Purpose of the Study	10
1.5	Objectives of the Study	10
1.6	Research Questions	10
1.7	Hypotheses of the Study	11
1.8	Conceptual Framework.....	11
1.9	Scope of the Study	13

1.9.1	Geographical scope	13
1.9.2	Content scope.....	14
1.9.3	Time scope	14
1.10	Significance of the Study	14
1.11	Justification of the Study	15
1.12	Operational definitions of Key Terms	15

CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction.....	18
2.2	Theoretical Review	18
2.2.1	Impact of the performance appraisal process on staff performance.	20
2.2.2	The Appraisal System	22
2.2.3	The Appraisal Process.....	25
2.3	Impact of Performance Based Pay on Staff performance.	30
2.4	Impact of performance based training on staff performance	36
2.5	Summary of Literature review.	39

CHAPTER THREE: METHODOLOGY

3.1	Introduction.....	41
3.2	Research Design.....	41
3.3	Study Population	42
3.4	Sampling Techniques.....	42
3.5	Sample size and selection	42
3.6	Data Collection Methods	45
3.6.1	Questionnaire survey	45
3.6.2	Interviews.....	45

3.6.3	Documentary review	46
3.7	Data collection instruments.....	46
3.7.1	Interview schedule	46
3.7.2	Questionnaires.....	46
3.7.3	Document Checklist.....	47
3.8	Validity of Instruments	47
3.9	Reliability of Instruments	48
3.10	Data processing, Presentation and Analysis	49
3.11	Measurement of variables	50
3.12	Summary of Methodology	51

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

OF FINDINGS

4.1	Introduction.....	52
4.2	Response Rate.....	52
4.3	Results on background characteristics of respondents.....	54
4.3.1	Gender of Respondents	54
4.3.2	Age of Respondents	55
4.3.3	Level of education.....	55
4.3.4	Period of Service.....	56
4.3.5	Number of Performance Reviews Held	57
4.4	Empirical Findings on the Substantive Objectives	58
4.4.1	Research Question Number One: How does Performance Appraisal Processes Impact on Staff Performance in Manafwa District	59
4.4.1.1	Involvement of Employees in Setting Strategy	59

4.4.2	Research Question Number Two: The Contribution of Performance Based Pay on Staff Performance in Manafwa District	64
4.4.3	Research Question Number Three: The Contribution of Employee Training to Staff Performance in Manafwa District	65
4.4.4	Suggestions for Employees on Improving the Current Performance Appraisal Process	67
4.4.5	Correlation and Regression Analysis	68

CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSIONS AND

RECOMMENDATIONS

5.1	Introduction:.....	72
5.2	Summary of Findings.....	72
5.2.1	The Contribution of Performance Appraisal Process to Staff Performance in Manafwa District	72
5.2.2	The Contribution of Performance Based Pay to Staff Performance in Manafwa District.....	72
5.2.3	The Contribution of Performance Based Training to Staff Performance in Manafwa District.....	73
5.3	Discussions	73
5.3.1	The Contribution of Performance Appraisal Process to Staff Performance in Manafwa District	73
5.3.2	The Contribution of Performance Based Pay to Staff Performance in Manafwa District.....	78
5.3.3	The contribution of performance based training to staff performance in Manafwa district	80
5.4	Conclusions.....	81

5.4.1	The contribution of performance appraisal process to staff performance in Manafwa district	81
5.4.2	The Contribution of Performance Based Pay to Staff Performance in Manafwa District.....	82
5.4.3	The contribution of performance based training to staff performance in Manafwa district	82
5.5	Recommendations.....	82
5.5.1	The contribution of Performance appraisal process to staff performance in Manafwa district	82
5.5.2	The contribution of Performance based pay to staff performance in Manafwa district	83
5.5.3	The contribution of performance based training to staff performance in Manafwa district	84
5.6	Limitations of the Study.....	84
5.7	Opportunities for Further Research	85
	References.....	86

APPENDICES

Appendix I: QUESTIONNAIRE

Appendix II: INTERVIEW GUIDE FOR KEY INFORMANTS

Appendix III: MAP SHOWING MANAFWA DISTRICT

LIST OF FIGURES

1.1 Conceptual Framework.....	11
-------------------------------	----

LIST OF TABLES

Table 3.1: The distribution of the sample size of the 670 is shown below.....	44
Table 3.2 Cronbach’s Alpha test for reliability of data collection instruments	49
Table 4.1 Response according to departments.....	53
Table 4.2: Gender of respondents	54
Table 4.3: Age of respondents	55
Table 4.4: Level of Education.....	56
Table 4.5: Response by Years Employed	57
Table 4.6: Response by Number of Performance Reviews	58
Table 4.7: Involvement of Employees in Strategy.....	59
Table 4.8: Defining Performance Objectives.....	60
Table 4.9 Performance Appraisal Review and Feedback	61
Table 4.10: Respondents’ Opinion about Performance Based Pay	64
Table 4.11: Employee Training Plan	65
Table 4.12 Respondents Suggestions on how to Improve the Current Appraisal Process ...	67
Table 4.13.1: Correlations between Performance Appraisal Process and Staff Performance .	68
Table 4.13.2: Correlations between Performance Based Pay and Staff Performance	69
Table 4.13.3: Correlations between Performance Based Training and Staff Performance	69
Table 4.14: Shows a Summary of Correlation Analysis.....	69

ABBREVIATIONS/ACRONYMS

- DV- Dependent Variable
- IV- Independent Variable
- MBO- Management by Objectives
- PA- Performance Appraisal
- PAP- Performance Appraisal Process
- PBP- Performance Based Pay
- PBT- Performance Based Training
- ROM- Results Oriented Management

ABSTRACT

The purpose of the study was to investigate the contribution of the performance appraisal process to staff performance in Local Governments in Uganda, the case of Manafwa District. The study had three basic objectives; To establish how the performance appraisal system and process adopted by Manafwa district and its impacts on staff performance, to find out the impact of performance based pay on staff performance in Manafwa District, to assess the impact of performance based training on staff performance. This research adopted a descriptive research design where the population of interest in the selected departments was visited. Six hundred seventy respondents were selected out of a population of 2200 possible respondents using purposive and stratified random sampling. The study used a questionnaire and interview schedule as primary data collection instruments supplemented by documentary review. Descriptive statistics and content analysis were used to analyze quantitative and qualitative data respectively. The research revealed that, performance appraisal process, performance based pay and employee training had a positive effect on employee performance in Manafwa District. It was concluded that Performance Appraisal can be used as an effective management tool to positively influence staff performance in Local Governments in Uganda. The study recommends that; Manafwa should take initiative to give proper training to all its' staff in order to improve performance in all departments. Also to improve efficiency, Manafwa should adopt the system of performance based pay on all its' employees. In addition, Manafwa should adopt Management by Objectives in order to improve performance of its staff.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The study focused on the relationship that exists between the performance appraisal process and staff performance in Manafwa District Local Government. In this case, performance appraisal was the independent variable while staff performance was the dependent variable.

According to the Uganda Public Service Manual (2011), Performance Appraisal refers to a well defined formalized periodic interview in which the work performance of the appraisee is assessed and discussed with the appraiser, with a view of identifying weaknesses and strengths, room for improvement and skills development.

Staff performance on the other hand, referred to the degree to which employees have been able to accomplish their assignments herein referred to as outputs, as contained in their job description. The performance indicators developed during performance planning process were used to measure the progress of an individual over time towards achieving their outputs usually expressed as an aspect of economy, efficiency, and effectiveness (Public Service Staff Performance Appraisal Guidelines for Managers and Staff, 2007). Therefore, in measuring performance, special attention was placed on commitment (by looking at the level of absenteeism and time management); productivity in terms of quality and quantity, and timely accomplishment of set targets, adherence to policy, creativity, and cost of work done.

With this brief introduction and overview of the key variables surrounding the proposed research problem, the rest of this chapter is devoted to exploring the background to the study, problem statement, purpose of the study, objectives of the study, the research questions,

research hypothesis, the conceptual framework, scope of the study, significance of the study, justification of the study, and definition of key terms and concepts.

1.2 Background to the Study

1.2.1 Historical Background

According to Margaret Francis, (2007) the history of performance appraisal is quite brief. Its roots in the early 20th century can be traced to Taylor's pioneering time and motion studies. However, as a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the 2nd world war – not more than 70 years ago, and from then it has been increasingly implemented by most modern organizations as a tool for employee assessment. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it may well lay claim to being the world's second oldest profession. Dulewicz, (1989) argues that it is a basic human tendency to make judgments about those one is working with, as well as about oneself. To him, appraisal is both inevitable and universal.

Traditionally, performance appraisal systems began as simple methods of income justification. That is to say, appraisal was used to decide whether or not the salary or wage of an individual employee was justified. The process was firmly linked to material outcomes. Little consideration, if any, was given to the development possibilities of appraisal. It was felt that a cut in pay or a rise should provide the only required impetus for an employee to either improve or continue to perform well. Sometimes this basic system succeeded in getting the results that were intended but more often than not, it failed. As a result, the traditional emphasis on reward outcomes was progressively rejected and in the 1950's especially in the United States, the potential usefulness of appraisal as a tool for motivation and development

was gradually recognized. The general model of performance appraisal as it is known today began from that time.

In many organizations – but not all, appraisal results are used either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get majority of available merit pay increases, bonuses, and promotions. By the same token, appraisal results are used to identify the poor performers, who may require some form of counseling, or in extreme cases demotion, dismissal or decrease in pay. Whether this is an appropriate use of performance appraisal - the assignment and justification of rewards and penalties - is a very uncertain and contentious matter. The current performance appraisal system adopted by local governments as entrenched in the general Results Oriented Management Framework is founded on the modern appraisal system illustrated above.

1.2.2 Theoretical Background

Several theories have been advanced to explain human motivation but the ones that are closely linked to work-related motivation are Herzberg's Theory of Motivators and Hygiene factors of 1950s and Vroom's Expectancy Theory.

Herzberg's theory postulates that people's needs and expectations at work can be categorized into hygiene factors and motivators or into intrinsic and extrinsic motivation respectively.

Extrinsic motivation is related to tangible rewards such as salary and fringe benefits, security, contract of service, the work environment, and conditions of work. Such tangible rewards are often determined at the organizational/strategic level and may be largely outside the control of individual managers.

Intrinsic motivation on the other hand, is related to psychological rewards, such as promotion, the opportunity to use one's ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner.

In relation to performance appraisal, extrinsic and intrinsic motivation find expression in the fact that performance appraisal provides staff with recognition for their work efforts both extrinsically by rewarding performing staff with bonus and salary increments, and intrinsically by giving them promotions. The power of social recognition as an incentive has been highlighted by many other theorists.

Hertzberg's Motivation Theory of Motivators and Hygiene factors is concerned with what motivates people to work or perform better just like this study is interested in exploring how performance appraisal can influence staff performance.

Whereas Hertzberg looks at the relationship between internal needs and the resulting effort expended to fulfill them, Vroom's expectancy theory separates effort (which arises from motivation), performance and outcomes. He stated that effort, performance and motivation are linked to a person's level of motivation. He uses the variables of expectancy, instrumentality and valence to account for this. According to him, Expectancy is the belief that increased effort will lead to increased performance while Instrumentality is the belief that if you perform well, a valued outcome will be received, and Valence is the importance that the individual places upon the expected outcome.

In other words, for the valence to be positive, the person must prefer attaining the outcome to not attaining it. For example, if someone is mainly motivated by money, they might not value offers of additional time off.

Vroom concludes his theory by arguing that if any of the above variables equals to zero then the motivational force equals to zero. A motivated employee is thus a product of the perceived level of satisfaction, the confidence to achieve and the rewards that the employee hopes to receive on achieving the set goals (Vroom, 1964).

The implication of Vroom's expectancy theory is that people change their level of effort according to the value they place on the bonus they receive from the process and on their perception of the strength of the links between effort and outcomes.

To link this theory to this study, it is important to note that a vital component of the model is performance specifically; the effort, performance and reward linkage. But what then defines performance in this whole study? It is the individuals' performance appraisal. To maximize motivation, people need to perceive that the effort they exert leads to a favorable performance appraisal and that the favorable evaluation will lead to rewards that they value.

Following the expectancy model of motivation, if the targets that employees are expected to achieve as set out in the appraisal booklets are unclear, the criteria for measuring these objectives are vague and if the employees lack confidence that their effort will lead to a satisfactory appraisal of their performance, or believes that there will be unsatisfactory payoff by the organization when their performance objectives are achieved, it should be expected that individuals will work below their potential. Therefore, in order to enhance the performance – outcome tie, managers should use systems that tie rewards very closely to performance.

With the above linkage, Vroom's expectancy and Herzberg's two factor theories currently offer the best explanation of how Performance Appraisal can be used to influence staff

performance in Local Governments in Uganda and thus considered appropriate to model this study.

1.2.3 Conceptual Background

For purposes of this study, performance appraisal refers to the formalized periodic interview in which the work performance of the appraisee is assessed and discussed with the appraiser with a view of identifying weaknesses and strengths, room for improvement and skills development. The study, therefore considered the entire process from setting performance targets through monitoring performance, actual appraisal interview, providing feedback to actual Human Resource (HR) decisions based on appraisal results.

Staff performance on the other hand, referred to the degree to which employees were able to accomplish their assignments, herein referred to as outputs as contained in their job description. The performance indicators developed during performance planning process were used to measure the progress of an individual over time towards achieving their output, usually expressed as an aspect of economy, efficiency and effectiveness (Public Service Staff Performance Appraisal Guidelines for Managers and Staff, 2007).

Therefore, in measuring performance, special attention was placed on cost, quality, quantity and timely accomplishment of set targets among staff of Manafwa District. The degree to which they were able to deliver these outputs on subsequent appraisals was used as a measure of whether the appraisal program had led to an improvement in their performance or not.

1.2.4 Contextual Background

Staff performance appraisal is part of the Performance Management System of the Public Service of Uganda. The current appraisal system is founded on the general Results Oriented Management (ROM) framework which aims to achieve greater efficiency, effectiveness, accountability and access to improved public services (Results Oriented Management FAQ Handbook, 2006). It is important to note that in order to deliver the planned activities, public officers through the output oriented budgeting approach are entrusted with public resources for which they are held accountable. This presupposes the need for individual performance to be in line with the approved budget work plans to ensure that public resources are used adequately.

From an ideal point of view, performance appraisal process today is both a management and development tool that enables the supervisor to review annually the performance of its staff members, and at the same time allows the appraisee the opportunity to raise concerns of staff training avenues.

Through staff performance appraisal, performance gaps, and training needs of an individual employee are identified. Through addressing the performance gaps, addressing the training needs of staff and rewarding staff that have managed to accomplish the set targets, it is envisaged that this can motivate those already performing well to perform better and those not performing well to improve.

The commitment to the performance appraisal process in public institutions in Uganda, and more specifically in Manafwa District is not taken seriously. Low commitment and lack of accountability and training, are the major reasons for the low institutionalization of the performance appraisal process in government organizations (Ben Dattner, 2010).

Actually, performance appraisal in most government organizations is not directly linked to rewards, training and promotions making the whole process to remain redundant. There is also lack of appropriate atmosphere and professional approach towards the performance appraisal process and the objective of the whole exercise is defeated (Ssekono, 2004).

The indicators used to measure employee performance are not quantifiable in nature making it difficult to measure the performance. There is a lot of bias and subjectivity involved in the ratings given by appraisers. Often, appraisals are not conducted on regular basis. If performance appraisal is to be an important tool for providing feedback to employees on their level of performance with the ultimate goal of designing improvement strategies, then annual appraisal do not serve useful purposes.

The flaws in the appraisal process have made both employees and employers to dread the entire exercise, thus making it difficult to make even an average assessment of employee performance. Without measurement, no improvement strategy can be designed to address the would be gaps. It is therefore against the above background that this study intends to find out how performance appraisal systems can be properly designed and used to improve staff performance in Manafwa District.

1.3 Statement of the Problem

Performance appraisal process is one of the critical pillars of performance management which is related to employee performance and has a direct impact on staff motivation. Kane (2009) notes that, an appraisal system must be considered a major organizational change effort which should be pursued in the context of improving employee performance. Therefore, if well executed, appraisals can contribute to employee satisfaction which in turn should result into improved staff performance.

However, the current appraisal process in Manafwa District and public service generally, has a number of flaws. The indicators used to measure employee performance are not clear and quantifiable, making it difficult to measure performance. As a result, there is a lot of bias and subjectivity involved in the ratings given by appraisers. Besides, important human resource decisions like performance based pay and training which have implications on staff motivation and therefore performance, are not directly linked to the results of performance appraisal process.

Many interventions have been put in place to address the above gaps in order to enhance staff performance but they have not yielded the expected results. Such interventions include; introduction of the Results Oriented Management strategies, Output Based Budgeting and Sanctions and Rewards process. Besides, staff salaries have been reviewed upwards but performance levels have not improved accordingly.

Arising from of the above discrepancies, performance appraisal has created a sense of insecurity in the work environment and has become an obstacle to achieving the required changes in the attitude and performance of employees in Manafwa District. In fact as Professor Kuvaas (2009) notes, employees and employers alike, consider the process as burdensome and without value. The current appraisal process and system is seen as a dishonest annual ritual which excites most staff to a level comparable to a trip to the dentist. The negative implications of this poorly structured and implemented performance appraisal process has adversely affected employee attitude and performance hence, poor service delivery to the community.

In summary therefore, the overall problem of the study concerns the credibility and effectiveness of performance appraisal and seeks to find answers to the question as whether it can be improved and used as a performance management tool to enhance staff performance.

1.4 Purpose of the Study

The purpose of this study was to establish the relationship between performance appraisal and staff performance in Local Governments with a view of initiating strategies that can motivate staff to improve performance and thus contribute toward the realization of the District strategic objectives.

1.5 Objectives of the Study

The study was guided by the following objectives;

1. To establish how the Performance Appraisal System and Process adopted by Manafwa District impacts on Staff performance.
2. To find out the impact of Performance Based Pay on Staff performance in Manafwa District.
3. To assess the impact of Performance Based Training on Staff performance.

1.6 Research Questions

1. How does the performance appraisal system and process adopted by Manafwa District impact on staff performance?
2. How does Performance Based Pay impact on staff performance?
3. How does Performance Based Training impact on staff performance?

1.7 Hypotheses of the Study

The study tested the following hypotheses that;

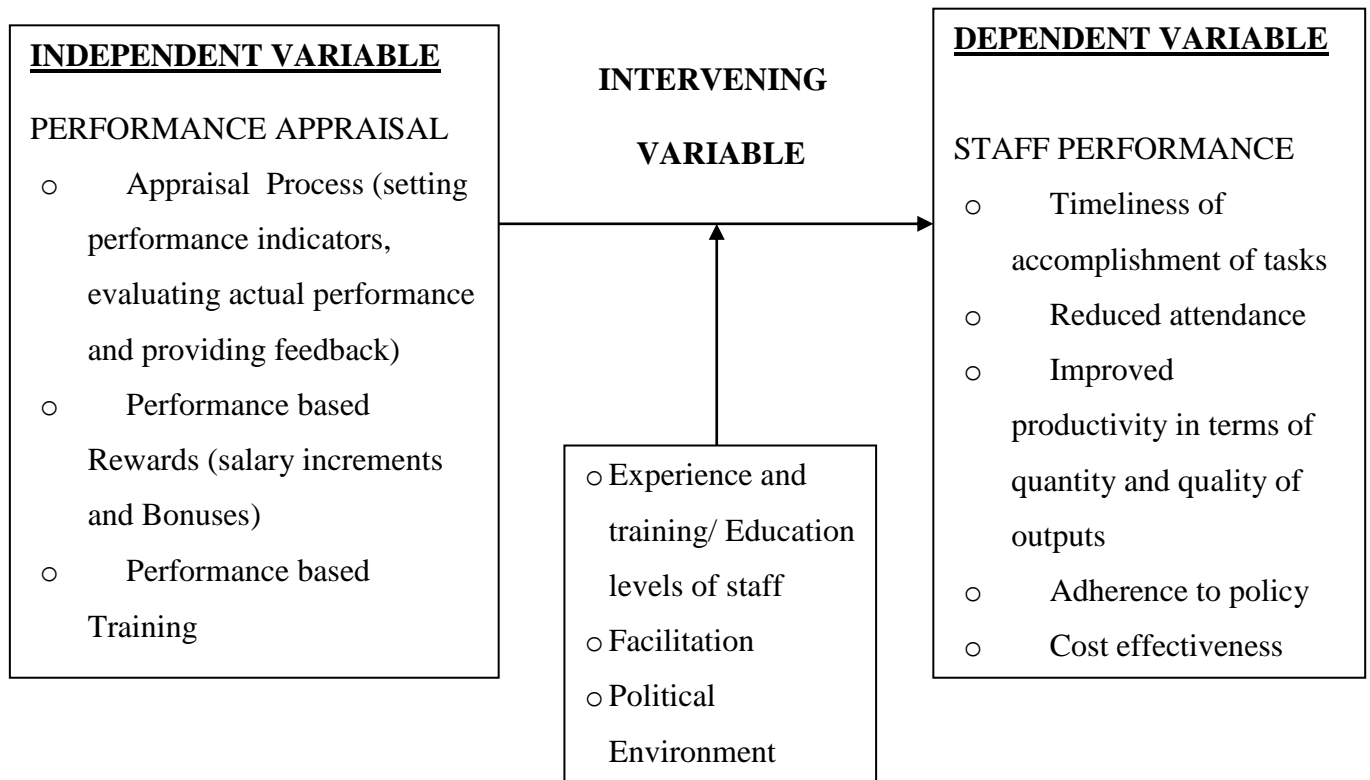
1. Performance appraisal systems and processes significantly impact on staff performance
2. Performance based pay affects staff performance
3. Performance based training influences staff performance

1.8 Conceptual Framework

The Conceptual Framework in figure 1 explains graphically and in narrative form, the main variables that were studied and the presumed relationships between them (Miles & Huberman 1994).

In Figure 1 below, the independent, dependent, and intervening variables were identified and labeled and a description of their interconnectedness provided.

CONCEPTUAL FRAMEWORK



(Source: Adopted and modified from Miles & Huberman 1994)

FIGURE 1: The Conceptual Framework shows the relationship between PA and Staff performance.

From Figure 1, the independent variable (IV) was identified as performance appraisal processes and the dependent variable (DV) as staff performance.

Performance Appraisal (PA) can influence staff performance through a particular appraisal process that a Local Government chooses to adopt, and if the process is open and participatory, it can lead to the development of strategies geared towards improving staff performance. PA can also influence staff performance through rewards that are a function of how a particular individual has scored in the appraisal. These rewards motivate those who have received them to work harder and those who have not received them to work harder too, so that they receive the same during subsequent appraisals. PA can also influence staff performance through staff training that usually follows the identification of capacity gaps during the appraisal process. Staff training is expected to lead to improvement in the knowledge and skills of staff which is crucial for performance.

Despite the seemingly direct connection between the independent and dependent variables, there are other intervening variables that could influence staff performance and without considering them, an erroneous inference could be made that it is the appraisal process that might have brought about the improvement in performance. These intervening variables are an individual's education/training and experience, departmental facilitation and political environment within which employees operate.

Due to differences in experience and education levels, some individuals in an organization could possess more skills and knowledge than others and hence perform better. It would therefore become difficult to tell whether the performance was because of the high skills

already possessed by a particular staff, or the appraisal process. Also in an organization, some departments are better facilitated than others hence, staffs in such departments are usually better motivated to perform than those who are not well facilitated and establishing whether it is the appraisal process or the good facilitation that has accounted for the performance becomes also difficult. In addition, the political environment within which employees operate has profound implications on their performance. That is to say, a harmonious and supportive political leadership will lead to accomplishment of organizational goals through people while a hostile one will frustrate attempts that would otherwise, enhance staff performance.

However, the influence of these intervening variables was minimized through adoption of appropriate sampling methods that ensured homogeneity in the characteristics of the selected respondents. The influence of the highlighted intervening variables would also be minimized by holding them constant.

In summary therefore, it is expected that if the performance appraisal process is properly managed, it would lead to improved staff performance which could be measured in terms of: timely accomplishment of results, creativity, adherence to policy, quantity and quality of services delivered, increased productivity and commitment of staff.

1.9 Scope of the Study

1.9.1 Geographical scope

Manafwa District is located in the Eastern Region of Uganda, bordering the Republic of Kenya in the East; District of Bududa in the North; Mbale to the West and Tororo in the Southwest. The District has a land area of about 451sq km. (See map in Appendix II)

1.9.2 Content scope

The content scope was limited to performance appraisal and staff performance in Manafwa District Local Government. The study specifically sought to determine the contribution of performance appraisal process, performance based pay, and performance based training on staff performance. The focus of the study was therefore to assess the impact of appraisal-based factors on staff performance and any other factors that would influence staff performance but are not performance appraisal-based were held constant.

1.9.3 Time scope

The study covered a period of 6 years between 2006 to 2012 in order to assess the impact of performance appraisal on staff performance. The time scope is long enough for one to assess the impact of any given intervention because it stretches from the time when the District began operating.

1.10 Significance of the Study

It was anticipated that:

- The study would provide insights into how performance appraisal-based outcomes can impact on staff performance. This may help human resource managers to adopt appropriate strategies for motivating their staff.
- The study would stimulate research on the significance of performance appraisal as a management tool and this may add on the already existing literature on staff appraisal that scholars can always consult whenever it is necessary.

1.11 Justification of the Study

Manafwa DLG is one of the districts in Uganda facing problems as a result of a poorly designed and indeed implemented performance appraisal system. Therefore, this research generated information that is necessary in combating performance appraisal related challenges in the district. The study may further influence the human resource management practice in Uganda's public service. In the attempt to deal with performance appraisal and its related problems, the Human Resource Officers of public institutions will focus on specific issues of performance appraisal generated through research. The use of specific knowledge will improve the quality of human resource management of Local Governments and raise the standards of service delivery and staff performance in the country.

1.12 Operational definitions of Key Terms

Reward – The term reward is generally understood to cover financial provisions made to employees including both cash pay and the wider benefits package. It may also refer to the wider provisions for employees within the term ‘‘Total reward’’ encompassing elements such as training opportunities or congenial working environment in addition to pay and benefits (Armstrong, 2013).

However, for the purpose of this study the term ‘‘Reward’’ meant any form of recognition that is monetary and non monetary which accrue to staff after the appraisal as recognition for good performance. Such rewards include; training opportunity, salary increments, allowances, money prizes, promotions, medals/titles, praise and appreciation.

Training and Development – Staff training explains the process of acquiring knowledge through curiosity to learn (Dixxon, 1999). For the purpose of this study training and development meant any form of capacity building initiative that staff get involved in to

improve their knowledge and skill levels as a recommendation of the appraisal process. These include courses pursued at various institutions of learning, conferences, and seminars attended and any other form of capacity building initiative.

Performance - The Oxford English dictionary defines performance as the “accomplishment, execution, carrying out, and working out of anything ordered or undertaken”. Armstrong and Baron (2005) argue that performance is a matter not only of what people achieve, but how they achieve it. Bates and Holton (1995) suggest that performance is a multidimensional construct, the measurement of which depends on a variety of factors.

Brumbach (1988) offers the most precise definition. “Performance means both behaviours and results. Behaviours are also outcomes in their own right and can be judged apart from results”.

From the definitions and interpretations above, it can be argued that performance is not just about outputs, it is also concerned with actions and behaviours demonstrated to achieve given targets. This issue will feature strongly through the research.

For the purpose of this study, performance means the degree to which staffs are able to accomplish their tasks, herein referred to as outputs, as contained in their job descriptions. The degree to which they were able to deliver these outputs on subsequent appraisals was used as a measure of whether the appraisal program led to an improvement in their performance or not. Here, focus was on the quality/quantity, productivity, commitment, adherence to policy, but also timely accomplishment of set targets and creativity was considered.

Performance appraisal - The Oxford English Dictionary defines appraise as “estimate the value or quality of”. Linking this to performance, Bird (2003) suggests performance appraisal as the assessment of what we produce and how.

A workshop facilitated by the author prior to the commencement of this research, defined performance appraisal as measurement of what we do and how.

For purposes of this study, performance appraisal referred to the process by which management evaluates and gives feedback on employee job performance, including steps to improve or redirect effort towards achievement of both individual and organizational goals. It focused on aspects like setting of standards and targets, the actual interview, provision of feedback. Final HR decision arising from performance appraisal process such as rewards and training, fall under this definition.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents an extensive review of literature, both electronic and print-based, related to the research problem. The literature is presented under three sub-headings in line with the objectives.

2.2 Theoretical Review

Several theories have been advanced to explain human motivation but the ones that are closely linked with work-related motivation is Herzberg's theory of motivators and hygiene factors of 1950s and Vroom's' Expectancy Theory.

Herzberg's theory postulates that people's needs and expectations at work can be categorized into hygiene factors and motivators or into intrinsic and extrinsic motivation respectively.

Extrinsic motivation is related to tangible rewards such as salary and fringe benefits, security, contract of service, the work environment, and conditions of work. Such tangible rewards are often determined at the organizational/strategic level and may be largely outside the control of individual managers. Intrinsic motivation on the other hand is related to psychological rewards such as promotion, the opportunity to use one's ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner.

In relation to performance appraisal, extrinsic and intrinsic motivation find expression in the fact that performance appraisal provides staff with recognition for their work efforts both extrinsically by rewarding performing staff with bonuses, salary increments and intrinsically

by giving them training opportunities and promotions. The power of social recognition as an incentive has been highlighted by many other theorists like Maslow.

Hertzberg's motivation theory of motivators and hygiene factors is concerned with what motivates people to work or perform better just like this study is interested in exploring how performance appraisal can influence staff performance.

Whereas Hertzberg looks at the relationship between internal needs and the resulting effort expended to fulfill them, Vroom's expectancy theory separates effort (which arises from motivation), performance and outcomes. He stated that effort, performance and motivation are linked to a person's level of motivation. He uses the variables of expectancy, instrumentality and valence to account for this. According to him, expectancy is the belief that increased effort will lead to increased performance while instrumentality is the belief that if you perform well, a valued outcome will be received and valence is the importance that the individual places upon the expected outcome. In other words, for the valence to be positive, the person must prefer attaining the outcome to not attaining it. For example, if someone is mainly motivated by money, they might not value offers of additional time off.

Vroom concludes his theory by arguing that if any of the above variables equals to zero then the motivational force equals to zero. A motivated employee is thus a product of the perceived level of satisfaction, the confidence to achieve and the rewards that the employee hopes to receive on achieving the set goals (Vroom, 1964).

The implication of Vroom's Expectancy Theory is that people change their level of effort according to the value they place on the bonus they receive from the process and on their perception of the strength of the links between effort and outcomes.

To link this theory to this study it is important to note that a vital component of the model is performance specifically; the effort, performance and reward linkage. But what then defines performance in this whole study? It is the individuals' performance appraisal.

To maximize motivation, people need to perceive that the effort they exert leads to a favorable performance appraisal and that the favorable evaluation will lead to rewards that they value.

Following the expectancy model of motivation, if the objectives that employees are expected to achieve as set out in the appraisal booklets are unclear, the criteria for measuring these objectives are vague and if the employees lack confidence that their effort will lead to a satisfactory appraisal of their performance or believes that there will be unsatisfactory payoff by the organization when their performance objectives are achieved, it should be expected that individuals will work below their potential. Therefore, in order to enhance the performance – outcome tie, managers should use systems that tie rewards very closely to performance.

With the above linkage, Vroom's expectancy and Herzberg's two factor theories currently offer the best explanation of how Performance Appraisal can be used to influence the performance of Staff in Local Government of Uganda.

2.2.1 Impact of the performance appraisal process on staff performance.

Swanepoel (2000:419) observes that, the foremost requirement for any effective appraisal system would be a tailor made design and process that fits the specific needs, business environment and culture, of the organization. He adds that, Managing performance in the workplace involves letting employees know what is expected from them, how they are doing,

and how they can do a better job. Only then can employees contribute their best, use their abilities to the fullest, and feel connected to their organization.

Therefore the value and outcome of any staff performance appraisal depends largely on the reasons for conducting it and the way in which it is conducted. If conducted well, performance appraisal as a management tool has the potential to motivate staff and ensure the effective utilization of human resources. But if conducted in a poor manner it can serve the opposite purpose by de-motivating staff. The organization's main resources are its staff and their interests cannot be neglected. Mutual goals simultaneously provide for growth and development of the organization as well as of the human resources. They enhance harmony and effectiveness of human resources in the organization.

In addition, Romanoff (1989:24) calls for employee involvement in the design of the performance management programme. He says, "By giving employees the opportunity to play a meaningful role in designing their own performance management Programme, one builds commitment and support into the Programme. This does not mean, however that employees should be given carte blanche to design the Programme any way they choose". Involvement from the employees can vary in a variety of ways such as defining performance standards, designing forms, instructions and reviewing communication and training material. The input from management should be more directed to articulating organizational missions and values, defining annual goals and objectives and approving performance standards.

In the same breath, Samuel Culbert (2012) agrees that, a one-side-accountable, boss-administered review is little more than a dysfunctional pretense. It's a negative to corporate performance, an obstacle to straight-talk relationships, and a prime cause of low morale at

work. Even the mere knowledge that such an event will take place damages daily communications and teamwork.

On the other hand, if the process of performance appraisal is poorly planned and conducted, it can damage morale and serve as ground for staff grievance and this can impact on staff performance negatively. Patricia King (2001) notes that a wrong appraisal system and the failure to follow the right procedures can easily compromise the appraisal process and the organization's position with its staff. She further notes that when conducting a performance appraisal, it is important to be sensitive to the impact an appraisal can have on a given staff and the work effort of the entire team because most people take pride in their work and their contributions towards the organizational goals. It is for this reason that a performance appraisal conducted in a cavalier or disrespectful manner can be damaging not only to the individual motivation of one staff but the entire staff. Staff are more likely to accept a negative performance critique if it is done in a careful and calm manner with examples cited and ideas for improvement discussed.

As Rebecca Knight (2011) notes, if the right approach is taken, performance appraisals are an excellent opportunity to reinforce solid performers and redirect the poor ones.

2.2.2 The Appraisal System

“Good appraisal systems and clear performance standards are the cornerstones of superior staff performance” was a quotation made by Robert Bacal (2007; 123) a keynote speaker and management consultant.

In terms of rating employee performance, Robbie Kunreuther (2012) suggests that if one attempts to do so, in terms of quality, quantity and /or timeliness one must use metrics that require observing, log and keeping book for every employee; - in every critical element.

This proposal seems difficult to operationalise. Consider a sign that hung in Albert Einstein's office in Princeton: "Not everything that counts can be counted and not everything that can be counted counts". I think there is wisdom there. It might be better to simply acknowledge that employee performance ratings will commonly be subjective. Where metrics are available and they work to motivate, go ahead and use them. In other words, insisting on specific objectives measurable and outcome-driven standards where such data is unlikely to be harvested puts too many supervisors in the awkward position of fudging.

Despite the existence of different appraisal systems that are being used by different organizations in the appraisal of their staff, the appraisal system proposed by Patten (2007) has been acknowledged by many management practitioners as the most effective and been adopted by many organizations. In this appraisal system, Patten argues that performance appraisal cannot be implemented successfully, unless it is accepted by all concerned.

So the principle of mutuality is important because appraisal aims at evaluation, feedback, and improvement of employee performance. The process of performance appraisal should concentrate on the job of the employee, the environment of the organization and the employee themselves. These three factors are inter-related and inter-dependent.

Therefore, in order to be effective, the appraisal system should be individualized, objective, and qualitative and oriented towards problem-solving. It should be based on clearly specified and measurable standards and indicators of performance. Since what is being appraised is performance and not personality, personality traits which are not relevant to job performance

should be excluded from the appraisal framework. Some of the important considerations in designing an appraisal system as proposed by Patten include the following:

Goal - The job description and the performance goals should be structured, mutually decided, and accepted by both management and the employees.

Reliable and consistent - Appraisal should include both objective and subjective ratings to produce reliable and consistent measurement of performance.

Practical and simple format - The appraisal format should be practical, simple and aim at fulfilling its basic functions. Long and complicated formats are time consuming, difficult to understand, and do not elicit much useful information.

Regular and Routine - While an appraisal system is expected to be formal in a structured manner, informal contacts and interactions can also be used for providing feedback to employees.

Participatory and open - An affective appraisal system should necessarily involve the employee's participation, usually through an appraisal interview with the supervisor, for feedback and future planning. During this interview, past performance should be discussed frankly and future goals established. A strategy for accomplishing these goals as well as for improving future performance should be evolved jointly by the supervisor and the employee being appraised. Such participation imparts a feeling of involvement and creates a sense of belonging.

Rewards and penalties - Rewards and penalties should be part of the performance appraisal system. Otherwise, the process lacks impact.

Feedback should be timely - Unless feedback is timely, it loses its utility and may have only limited influence on performance. Feedback must be impersonal if it is to have the desired effect because Personal feedback is usually rejected with contempt, and eventually de-

motivates the employee. In summary therefore an open appraisal process creates credibility and can have a positive impact on staff performance.

2.2.3 The Appraisal Process

Performance appraisal involves an evaluation of actual against desired performance. It helps in reviewing various factors which influence performance. Managers should plan performance development strategies in a structured manner for each employee. In doing so, they should keep the goals of the organization in mind and aim at the optimal utilization of all available resources, including human resources. Performance appraisal is a multi-stage process in which communication plays an important role. Craig and Baird (1996) suggested a five stage performance appraisal process:

Identification of Key Performance standards: The first step in an appraisal process is identifying key performance areas and setting targets for the next appraisal period. This may be done either through periodic discussions or at the beginning of the period, as in public service.

Self-appraisal by the subject: At the end of the appraisal period, employees appraise their own performance against the key performance areas, targets and pre-identified behaviour. Information on these issues is provided in an appraisal format. The employees also write their self-evaluation reports and hand them to their supervisors.

Analysis: The supervisor reflects on the performance of the employee, and identifies the factors which facilitated or hindered the employee's performance. The manager then calls the employee for a discussion to better understand their performance and provide counseling on further improvements. The manager then gives a final rating and recommendations regarding the developmental needs of the individual. These are shown to the employee and his or her

comments are recorded on the appraisal form. The human resource Manager uses these forms for identifying and allocating training, rewards, and other HR decisions.

Identification of training needs: The use of a development-oriented performance appraisal system is based on a good understanding of the concept of human resources development. The need for developing employee capabilities, the nature of capabilities to be developed, and the conditions under which these capabilities can be developed have to be appreciated. During the discussion between the supervisor and employee, the development needs of the employee, are identified and goals set for the next period.

Identification of qualities: The supervisor may also identify the qualities required for current as well as future tasks, and assess the employee's potential and capabilities to perform jobs at higher responsibility levels in the organization.

From the preceding outline of what an effective appraisal system should look like as proposed by Patten (2007) and how an effective appraisal process should be conducted as proposed by Craig and Baird, it is imperative to compare this appraisal system and process to that adopted by the Ugandan public service so as to establish the conformity or non-conformity of the appraisal system and process and whether this has an impact on the performance of staff.

According to the staff performance appraisal guidelines as provided by the public service of Uganda (Public Service commission 2002), the appraisal system and process is supposed to be an open and participatory, one similar to the one proposed by Patten, Craig and Baird respectively. Commenting on the value of such an open and participatory appraisal system and process, Patten notes that, encouraging a two-way dialogue and relationship between the manager and employee enables management to get a true perspective on employee

performance. Because the employee is engaged and involved in the discussions, managers and employers can get a truer understanding of what is driving the employee's performance and challenges. Such an appraisal system also offers a valuable opportunity for the manager and the employee to focus on work activities and goals, to identify and correct existing problems, and encourage better future performance. Thus the performance of the whole organization is enhanced. Where performance appraisal has been conducted properly, both the supervisor and subordinates have reported the experience as beneficial and positive. The above proposition is in agreement with Kasiime's (2012) recommendation that individual staff and employers should adhere to the appraisal practice set by the organization since it has been revealed that appraisals aim at performance improvement and it's the main yardstick to measure performance.

Despite the fact that the Uganda public service has adopted the open and participatory appraisal system and process; something that would guarantee improved staff performance as highlighted by Patten in the preceding paragraph, this is far from the case because of some deviations in the implementation of the appraisal system in the Uganda public service.

As proposed by Patten, an effective performance appraisal system is supposed to be a regular and routine evolving process and not an event that occurs once a year. Carrying out performance appraisal on a regular and routine basis allows the supervisor to provide informal feedback to the employee about their performance and by critiquing performance as it occurs can be an important motivator because it helps staff members redirect negative behavior or actions before they become a major problem.

An evaluation of the current performance appraisal system in local government reveals that public service performance appraisals are not regular and routine. An appraisal system that is not regular and routine cannot serve the role of enhancing performance in an organization as

Eisten (1999) notes that a truly good appraisal is actually a summary of what has been happening on an on-going basis between appraisals. If it is left to review once or twice a year, all the opportunities to support and guide the employee to improve get missed. Managers and supervisors need to be engaged in the idea that managing people and being managed-is a constant. Providing employees with regular and routine feedback on their performance can help them to continue to develop and improve their performance.

The same evaluation reveals that performance appraisal in the Uganda civil service is synonymous with filling the appraisal forms and it was viewed as “tick the box” exercise and there was neither communication nor feedback given to the employees on their performance. Once the forms were completed, they found their place in the personnel officer’s closets and were never looked at again till the next appraisal period.

The failure to provide feedback to employees about their performance undermines whatever beneficial and positive outcomes that the appraisal process would have brought to the employee and the organization because Antonion David (2002) has noted that part of the appraisal system is the actual communication of performance assessment to the employees as this provides an opportunity to the employee to answer any questions they may be having on the assessment and later the manager and the employee can meet again and develop a plan aimed at improving performance and reaching agreed-upon goals for the following review period.

The emphasis laid on filing the appraisal forms during the appraisal process by the public service as revealed in the study done by the Ford Foundations can sometimes be counter-productive to the realization of the goal of performance improvement by the appraisal

process. Commenting on how focusing much on filling the appraisal forms cannot be helpful in achieving performance improvement using the appraisal process, Sprangins Ellyn (2000; 96) observes that; “Performance appraisal isn’t about the forms (although, often manager and human resource managers treat it as such).The ultimate purpose of performance appraisal is to allow employees and managers to improve continuously and to remove barriers to job success .In other words, to make everyone better. Forms don’t make people better, and are simply a way of getting basic information for later reference. If the focus is getting the forms done without thought and effort, the whole process becomes at best a waste of time and at worst insulting”.

According to Edward Lawler (2012), performance appraisals are one of the most frequently criticized talents management practices. The criticism ranges from their being an erroneous waste of time to their having a destructive impact on the relationship between managers and their subordinates. It is against the above background that Lawler recommends complete abandonment of the process.

The problem of abandoning them is that they are vital to effective talents management. I can’t imagine a company doing a good job of managing its talents without gathering information about how well individuals perform their jobs, what their skills and knowledge are, and what their responsibilities and performance goals are, for the future. This type of data is simply fundamental to the effective management of the talent of any organization. In short therefore, the death of performance appraisal as insinuated by Lawler (2012) is not yet occurring and is unlikely to occur. The obvious conclusion is that organizations will continue to do appraisals despite the shortcomings and criticism of them that appear in the management literature. In my opinion, organizations have no choice. Instead of wasting time

debating whether to eliminate appraisals, we should be talking about how to make them more effective.

From the a foregoing literature about the impact of the performance appraisal system and process on staff, it is evident that the kind of appraisal system that an organization adopts and the process it follows when conducting it has a strong bearing on the realization of the goal of performance improvement. As Olson (2001) has observed that although the appraisal format may be key to the best appraisal systems in the world won't really be effective if the appraisal process is not handled efficiently, professionally and with long-term care involved.

2.3 Impact of Performance Based Pay on Staff performance.

Employers appraise performance for a number of reasons. Performance appraisals are frequently used to support HR decisions involving merit increases, promotions, termination, and layoffs.

Employers that plan to use a merit pay plan must have a performance appraisal system that effectively and accurately assesses employee performance that the employer wants to reward and is capable of differentiating among different levels of performance. Merit pay decisions not based on an accurate and fair performance appraisal system can lead to charges of discrimination, as well as employee dissatisfaction with the pay system. Performance appraisals also can be used to: motivate employee performance and improve productivity, facilitate employee growth and development, and identify current and future training needs.

Increasingly, companies are seeking ways to include employee pay as an element in the strategic planning process. Pay should probably be a cornerstone of strategy if management is committed to using pay as an incentive and a reward for desired levels and directions of

performance (Sears, 1987:198). It has become increasingly common for managers to advocate that pay should be linked to performance, to provide motivation and feedback. Employee good performance awards can lead to definite improvements if the culture is right (Macaulay & Cook, 1994). Walters (1995:117) recommends that, the purpose of performance related pay should be to reinforce the performance goals and priorities determined by the organization. If the performance pay system is aligned with the organization's performance needs, pay can become, in effect, the fuel that drives overall performance management.

According to Romanoff (1989), Organizations should show employees that being a good performer is itself an accomplishment. He adds that good, solid performers are the backbone of successful organizations - they should be valued, nurtured, recognized, and rewarded. In other words, organizations should remember that achieving excellence in an excellent organization calls for a stretch and therefore the need to measure excellent people on a different scale, expect more from them, and when they deliver, be prepared to offer commensurate rewards. Without these rewards, there is no incentive to make the extra effort. Performance Related Pay is best described as the explicit link of financial reward to individual, group or company performance (Armstrong & Murlis 1991).

An effective performance appraisal according to Patten (2007), should have rewards however minimal, otherwise the appraisal will lack impact. The object of performance appraisal in this context becomes that of identifying high performers for rewards as a way of motivating them to perform even better.

Several rewards that can motivate employees to perform better have been proposed by motivation theorists and among these are the monetary and esteem rewards that satisfy the

extrinsic and intrinsic needs respectively (Herzberg, 1959). Performance based monetary rewards include tangible rewards such as salary increments and other fringe benefits while esteem rewards are related to psychological rewards like the status one gets in the organization after getting a promotion, receiving praise and appreciation from one's superiors and the big titles that come along with the promotions.

Because of the centrality of rewards in the appraisal process, when developing an appraisal system, organizations should always consider the connection between the appraisal and pay increases, promotions or any other rewards because an individual's work performance must accompany a pay increase or promotion(or demotion or termination).

The impact of appraisal-based rewards on performance have been acknowledged by Antonioni(2002),who observed that through appraisal, outstanding performers receive some monetary rewards for their exceptional performance and for under performers who might not have been rewarded in any way, after receiving a copy of the appraisal for their reference, they come to know how their poor performance impacted their salary, compensation and career, and next time they can ensure that their appraisal scores improve so that they can be rewarded. Thus, through performance based rewards, performance can be improved.

The value of monetary rewards as work motivators was also acknowledged by management theorists like F.W. Taylor who believed in economic needs motivation. According to Taylor, workers would be motivated by obtaining the highest possible wages through working in the most efficient and productive way. For Taylor, what the workers wanted from their employers more than anything else was high wages. This approach according to Mullins (2007) is the rational-economic concept of motivation.

Emphasizing the value of esteem rewards on employee motivation and performance, Koziel Mark (2000) notes that, if a manager genuinely praises an employee and does performance appraisal honestly and accurately, he will not only gain respect but also motivate his or her entire team to work harder and smarter. Through rewards such as promotions, performance appraisal provides employees with recognition for their work efforts.

The power of social recognition has been long recognized as Antonioni (2002) notes that there is evidence that human beings will even prefer negative recognition in preference to no recognition at all. If nothing else, the existence of an appraisal program indicates to an employee that the organization is genuinely interested in their individual performance and development. This alone can have a positive influence on the individual's sense of worth, commitment and belonging.

According to Jack Welch, former CEO of General Electric, 20/70/10 rule for employee performance, he observes that, essentially 20 per cent of employees are outstanding and should be looked after as future leaders of the organization, 70 per cent are good and are encouraged to improve, and 10 per cent are below current performance standards and are encouraged to find a new position. For a company's top performers, Welch said that the right combination of rewards and recognition fosters a high performance work environment. He adds that good managers know exactly how to motivate each of their employees, but suggested a few specific strategies for rewarding excellence in the workplace. "Have small celebrations for every little victory on the way to reaching your goal," he advised. "Excite people. Send them to training. The day you become a leader, your job is to take people who are already great and make them unbelievable" Romanoff (1989, 213).

Despite the positive impact on staff performance that can be brought about by performance appraisal-based monetary and esteem rewards as has been revealed in the preceding paragraphs, several management scholars warn that such appraisal-based monetary and esteem rewards can be counter-productive on staff performance. Patricia King (2001) has argued that, the goal of performance appraisal should be more than an opportunity to document specific criteria for salary increases, promotions or disciplinary actions. Monetary rewards can create a negative team environment and damage trust if employees perceive them to be unfair. The best way to address this issue is to acknowledge any frustrations your staff members have about not receiving monetary rewards and work with them to identify performance goals that will likely result in monetary rewards in the future.

The result of the study conducted by Francis Boachie (2011), reveals that the effect of PBP on employee performance was minimal and the motivational effect of merit pay was often blunted by biased performance appraisal.

Marsden and French (1998) undertook research at the Inland Revenue on the impact of an appraisal scheme linked to performance related pay. They found that the scheme had the general effect of reducing motivation and teamwork. A new system of performance appraisal introduced at Rother Homes was considered a major success (Langridge, 2004) and one key element was separation of pay and bonuses from the appraisal system. Research into the link between performance appraisal and financial reward was undertaken in 1995. That piece of work concluded that there is no evidence to suggest that pay itself rewards motivation- more over poor implementation of performance related pay can cause resentment and demotivate staff (Audit Commission 1995).

Ronald R. Sims (2001), critiquing the rewards appraisal system argues that it is unfortunate that many organizations still tie employee pay to appraisal results, which puts the employee and manager on opposite sides. Employees in such systems tend to focus too much on the money component and if the employees main purpose is to squeeze as much of an increase out of the organization, and the managers try to keep increases as small, it becomes totally impossible to focus on what ultimately matters over the long term, which is continuous performance improvement and success for everyone. Employees in such a system can become hesitant to reveal shortcomings or mistakes and as such a lot of difficult feedback can get postponed or sugar-coated, or even worse, lied about on the appraisal form because managers don't want to put down in black and white that someone's performance has been below average and therefore they (manager) will be responsible for that person not getting a pay increase or promotion. As a result, appraisals can lack objectivity and, therefore have more personal rather than professional views included which could be detrimental because the risk of creating anxiety during the build-up and a lack of motivation and productivity as people anticipate the appraisal results can be high.

Likewise, Culbert (2012) observes that, another bogus element is the idea that pay is a function of performance, and that the words being spoken in a performance review will affect pay. But usually they don't. He believes pay is primarily determined by market forces, with most jobs placed in a pay range prior to an employee's hiring. Raises are then determined by the boss, and the boss's boss, largely as a result of the marketplace or the budget. The performance review is simply the place where the boss comes up with a story to justify the predetermined pay.

The literature reviewed on the impact of performance based pay and esteem rewards on staff performance presents a mixed picture. On the one hand, these rewards can enhance staff performance but on the other, can serve the opposite purpose by inhibiting staff performance. Such a mixed picture of rewards on staff performance calls for a cautious approach in disbursing these rewards not just on the motivation of single employee but the entire team if appraisal-based rewards are to continue serving the role of motivating staff to perform better because as Antonioni(2002) noted, the traditional merit-raise process where performance is rated, with the ratings tied to salary percentage increase grants, even poor performers are affected by automatic raise in the cost of living, thereby creating perceived inequity and this can lead to the loss of morale to perform of some staff.

Picking up this theme, Yukl (1994) suggests that research into what rewards people want should be undertaken and incorporated into the performance appraisal system. This will be explored further through the empirical research I have set out to do.

2.4 Impact of performance based training on staff performance

Most commentators on performance appraisal agree that identifying and implementing staff training and skill development plans is a key outcome of performance appraisal process. Performance is measured, and then from that, both the appraiser and appraisee agree on a plan to improve performance. Indeed Robbie Kunreuther (2012) presupposes that, gathering data, analyzing results and aiming for continuous improvement is a worthy endeavor. As a Management practice it can help all stakeholders to see where they are and where they want to be. Appraisal should focus on both short term issues and also long term career and indeed training needs (Shelley 1999). Research by Wilson and Western (2000) suggest that appraisers take the lead in determining the training and development needs of their

employees. If this is the case, it is of concern, as personal development requirements may take a poor second place to immediate on the job requirements.

Lloyd L. Byers and Leslie W. Rue (2010) comment that, performance appraisal information can go a long way to cater for individual and organizational training and development needs through provision of requisite inputs.

The information obtained through performance appraisal can explicitly portray individual employee's strengths and weaknesses, which in turn will prove helpful to determine organization's overall training and development needs strategy. Judging from an individual perspective, a completed performance appraisal should include a plan highlighting specific training and development needs.

Staff training explains the process of acquiring knowledge through curiosity to learn. Just like learning, training is a mindset which has the anxiety to get information. Employee training will increase the abilities and competency of staff. The abilities and competencies are helpful in employee performance and productivity (Dixon 1999). In other words, training causes a change in behavior and attitude because employees are formally taught how to do a particular task better.

In the same way Leibowitz (1981) adds that training translates into increase in the skill inventory level of an employee and this positively affects performance.

“It is morally wrong to give a person a leadership role without some form of training –wrong for them and those who work with them” is a quotation by J. Adair a management consultant. This quotation underscores the importance of staff training as a factor in enhancing performance and it is for this reason that performance appraisal has as one of its objects the

identification of employees who are not performing as expected and help them to improve their performance by identifying their training and development needs and put plans in place to address them. This is because performance appraisal is based on a good understanding of the concept of human resources development.

The need for developing employee capabilities, the nature of capabilities to be developed, the conditions under which these capabilities can be developed have to be appreciated. From the point of view of the organization as a whole, consolidated appraisal data can form a picture of the overall demand for training. In this respect, performance appraisal can provide regular and efficient training needs assessment for the entire organization and this training can eventually lead to an improvement in skills and performance.

The importance of staff training and development as a central factor in improving performance finds expression in the words of Mullins (2007), who argues that; “One major area of the human resource management function of particular relevance to the effective management and use of people is training and development. Few would argue against the importance of training as a major influence on the success of an organization.

The purpose of training is to improve knowledge and skills and to change attitudes. It is one of the most important potential motivators .This can lead to many possible benefits for both the individual and the organization. Staff training among other benefits can increase the confidence, motivation and commitment of staff, provide recognition, enhanced responsibility and the possibility of increased pay and promotion, gives a feeling of personal satisfaction and achievement and broadens opportunities for career progression and helps to improve the availability, quality, and skills of staff.”

The importance of staff training and development on performance cannot be emphasized better than it has already been in the words of Mullins in the preceding paragraph. What needs emphasis is the role performance appraisal plays in making the need for staff training and development necessary. Performance appraisal offers an excellent opportunity perhaps the best that will ever occur for a supervisor and subordinate to recognize and agree upon individual training and development needs. This is because, during the discussion of an employee's work performance, the presence or absence of work skills can become very obvious even to those who habitually reject the idea of training. Performance appraisal can make the need for training more pressing and relevant by linking it clearly to performance outcomes and future career aspirations.

From the foregoing literature on the impact of performance based staff training, it is very evident that staff training is a key element of improved organizational performance because it increases the level of individual and organizational competence. It helps to reconcile the gap between what should happen and what is happening and also between desired targets or standards and actual levels of work performance. The importance of staff training and development vis-à-vis performance can be summarized in the words of Sir Brian Wolfonson, the Chairman of Investors in People UK who notes that; "Skills shortages are often the result of short-termism and little or no analysis of present or future training needs....Keeping skilled workers is one of the first business goals "

2.5 Summary of Literature review.

This chapter has set out a literature review on performance and appraisal. It suggests that there are significant weaknesses in both the theory and practice of performance appraisal, but that if it is well planned and executed, the organizational benefits could be significant.

The performance appraisal system being implemented in public service and indeed Manafwa district appears to be lacking in many respects and significant omissions include frequency, communication of purpose, guidance and training in use, and measurement of competencies.

From the literature review, and review of the current Performance appraisal system, three key issues have emerged that will be examined through the research. These are; Design of the system, delivery/execution of performance appraisal in terms of training and rewards system and the effectiveness and credibility of the performance appraisal process.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The purpose of this chapter is to describe the research methodology applied by the researcher. The chapter presents the methodology which includes, the research design, study population, sampling techniques, data collection instruments and methods, administration of instruments, validity and reliability of instruments, data processing, analysis and presentation, and measurement of variables.

3.2 Research Design

A research design is a plan of the methods and techniques to be adopted for the collection and analysis of the data required in obtaining answers to research questions (Kothari, 2004). This study adopted a descriptive study design. Kothari (2004) states that descriptive studies are fact-finding enquires and their purpose is to describe the state of affairs as they exist at present. Descriptive research describes the existing conditions and attitudes through observations and interpretation techniques (Mugenda & Mugenda, 1999). Accordingly, descriptive research design was used where respondents explained and described key issues about the important variables of the study. The design was deemed appropriate because the main interest of the study was to explore the viable relationship between the IV and DV. The above descriptive design provided both qualitative and quantitative data from a cross section of the chosen population.

In order to provide both qualitative and quantitative data from the chosen population, the study adopted both qualitative and quantitative approaches (triangulation) because the phenomenon under study had both quantitative and qualitative values. Qualitative methods

are suitable for the collection of verbal data while the collection of numerical data requires quantitative methods (Babbie, et. al 2003). The application of these two research methods ensured that defects in one design were compensated for by the other. This research also adopted a case study as one of the approaches to be used in qualitative research. Amin (2005) argues that a case study is a kind of research design which involves making detailed study cases often in their natural environment.

3.3 Study Population

This study population comprised employees of the District who were drawn from various departments. Manafwa District Local Government has approximately 2200 employees (Manafwa human resource report 2011).

3.4 Sampling Techniques

The study adopted stratified random sampling Technique which is one of the probability sampling techniques because the study population was considered heterogeneous and the method gave every item in the population equal chance of being selected. This reduced the researchers' bias thus increased the validity and reliability of findings. The researcher also used purposive sampling method especially for heads of department and human resource officers because of their special role in as far as appraisal is concerned.

3.5 Sample size and selection

Before the study was conducted, it was necessary for the Researcher to decide whether to study Manafwa staff in the above population in its entirety or to do a sample of the workforce.

Wegner (2001: 169) argues that it is not always practical to gather data on every possible observation in the population. If this is the case, then observation from a subset of the population, called a sample is usually gathered on random basis.

Leedy and Ormrod (2001:211) cite that “the sample should be carefully chosen so that through it, the Researcher is able to see all the characteristics of the total population in the same relationship that they would be, had the Researcher inspected the total population”.

From the population of 2200, a sample of 670 was taken from all departments using purposive and stratified random sampling which gave each item in the population equal probability of being selected. The sample size was determined using Morgan and Krejcie (1970) table for determining sample size from a given population, (Barifaijo, Basheka and Oonyu, 2010:77). Random selection was done objectively by means of random number tables. The use of the simple random sampling technique to select the final study sample was justified on the ground that, all employees were given equal chance of being included in the study sample. This reduced the researcher’s bias during sample selection thus, increased the validity of findings. Selection of 670 respondents was considered representative, cheaper, and cost effective besides the limited time the analysis was to be done.

Choice of stratified sampling was justified on the grounds that the study population was not homogenous in terms of characteristics because they fall in different departments, had different job descriptions and facilitation making it necessary to put them in different strata. For details regarding sample size and sampling techniques used, refer to table 3.1 below;

Table 3.1: The distribution of the sample size of the 670 is shown below.

Department	POPULATION SIZE	SAMPLE SIZE	SAMPLING TECHNIQUES
Boards and commissions	10	10	purposive sampling
Administration	130	97	Radom/stratified sampling
Health	170	118	Radom/stratified sampling
Education	1745	313	Radom/stratified sampling
Community Based services	45	40	Radom/stratified sampling
Finance	40	36	Radom/stratified sampling
Works	9	9	purposive sampling
Production	45	40	Radom/stratified sampling
Natural resources	7	7	purposive sampling
TOTAL	2156	670	

Source: Manafwa District Human Resource report (2011)

Sampling Frame

The sampling frame for this study was the staff list provided by the personnel section. Staff from various departments were sampled because they were involved in the day to day running of the district local government and a sizeable number of them were working in the capacity of administrators and directly influenced staff performance. Key informants in this study were; the Chief Administrative Officer Heads of Departments, and staff of personnel section. These key informants were interviewed on the basis that they play a central role as far as staff performance appraisal is concerned.

3.6 Data Collection Methods

The researcher used the following methods for data collection; Questionnaire surveys, interviews and documentary review.

3.6.1 Questionnaire survey

The questionnaire was the primary data collection instrument. The questionnaire was administered through drop and pick method to the officers. Wegner (2001:17) argues that, the design of a questionnaire is critical to ensure that the correct research questions are addressed and that accurate and appropriate data for statistical analysis is collected. Accordingly, the questionnaire for the study was designed and took into consideration the three objectives of the study.

The questions were designed to collect both qualitative and quantitative data. The researcher collected data through questionnaires because of the low cost involved even when the sample size was large and widely spread, geographically. This method also ensured that data collected was free from the researchers bias because answers were in the respondents own words and respondents had adequate time to give well thought out answers.

3.6.2 Interviews

The researcher also used semi-structured interviews as a method of data collection. In semi-structured interviews, the researcher had a list of themes and questions that were to be covered, although they varied from respondent to respondent as suggested by Saunders (2003).

The choice of semi-structured interviews as a method of data collection was justified on the grounds that the study being qualitative in nature required an intensive interaction with

informants in order to gain better insight into the research issues and a collection of detailed and in-depth information. This was applied to heads of departments, personnel staff, and the chief administrative officer.

3.6.3 Documentary review

The adoption of documentary review and analysis as a method of data collection was justified on the grounds that the research problem had a time dimension (2007-2012) and this means, reviewing of some documents that relate to the issues under study would supplement the information obtained through interviews.

3.7 Data collection instruments

3.7.1 Interview schedule

An Interview schedule was used as a data collection instrument where open-ended and partially categorized questions were asked. The choice of the interview schedule as a data collection instrument was dictated by the fact that the study design was both qualitative and quantitative in nature. The open ended questions characteristic of interview schedules allowed probing more deeply into issues of interest being raised and also issues not previously thought of when planning the study were explored, thus providing valuable insights into the research problem.

3.7.2 Questionnaires

A questionnaire as a data collection instrument was dictated by the fact that the study design was both qualitative and quantitative in nature. The questionnaire being the primary data collection instrument was administered through drop and pick method. The questionnaires were designed to collect both qualitative and quantitative data. The type of questions in the

questionnaire were both close ended and open that is to say, questions that required short answers and those that required respondents' opinions. This was an inexpensive way of gathering information, and allowed participants to answer questions honestly because their privacy was guaranteed.

3.7.3 Document Checklist

For documentary analysis, the interviewer used a checklist to determine documents of interest.

Documentary review gave the researcher a structure and a framework for reviewing relevant documents to compliment other information and facilitate the understanding of how things happen and work. Documents such as staff list, performance appraisal reports and general departmental reports were reviewed and observations made as to the level of staff performance in the District.

3.8 Validity of Instruments

Leedy et.al (2001:98) argues that validity of a measurement instrument is the extent to which the instrument measures what it's supposed to measure. It takes different forms each of which is important in different situations.

To ensure validity of the instruments, various copies of the instrument were given to Research Supervisors, other human resource management Consultants and Researchers for further analysis to point out areas in which the instrument was deficient and on the basis of their expert opinion, various changes were made to the instruments so as to increase their validity.

In addition, to ensure content validity, the researcher constructed data collection instruments with adequate number of items and made sure that each item or question on the scale had a link to the objectives of the study and ensured that all items covered a full range of issues being measured. In interviews, the researcher used simple language and clear instructions appropriate to the respondents.

3.9 Reliability of Instruments

Once again Leedy et.al (2001:99) explain that the reliability of a measurement instrument is the extent it yields consistent results when the characteristic being measured has not changed. In other words, reliability is the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects.

In order to ensure the reliability of the interview guides and questionnaires as data collection instruments, the researcher applied the Test-retest technique of testing reliability where the data collection instruments was administered on the Staff of Manafwa district that were not included in the study sample on different occasions. The researcher pre-tested the questionnaire on 10 randomly selected respondents (not the actual respondents) from each of the departments for the Pilot Study two times at different occasions. This helped the researcher to ascertain the face reliability of the instruments. This was done using Cronbach's Alpha test of reliability and the closer the alpha was to 1, the more reliable the tool was.

The results of these repeated administrations were compared to see whether they were similar or not. This helped the researcher to determine the extent to which the same instruments yielded the same results on different occasions.

The reliability for pre-test and post-test results are shown in the **Table 3.2** below;

Table 3.2 Cronbach’s Alpha test for reliability of data collection instruments

Variable	Cronbach's Alpha at pre-test	N of Items	Post test Cronbach's Alpha Based on Standardized Items
Performance appraisal process	.878	10	.878
Performance based rewards	.935	10	.934
Performance based training	.955	10	.955
Staff Performance of Manafwa district	.831	10	.830

From the reliability results in Table 3.2 above, the variable performance appraisal process had an alpha coefficient of 0.878 at pre-test which remained 0.878 at post-test while, performance based rewards had an alpha coefficient of 0.935 at pre-test which was standardized to become 0.934 at post-test. At pre-testing, performance based training had a coefficient of 0.955 which was standardized to 0.955 at post-test and staff performance in Manafwa had 0.831 at pre-testing and later standardised to 0.830 at post-test. All the coefficients revealed a very high consistency of the items at pre-test. However some of the questions in the questionnaire were rephrased and others removed while putting new ones. Thus, the coefficients at post-test improved and therefore the internal consistency of the parameters hence, reliability of the information collected.

3.10 Data processing, Presentation and Analysis

The study being both qualitative and quantitative, the researcher used both qualitative and quantitative data analysis techniques. It included analysis of data to summarize the essential

features and relationship of the data in order to generalize from the same. Before processing the outcome, the completed questionnaires were edited for completeness and consistency.

Quantitative data was analyzed using descriptive statistics specifically frequency distributions tables with the view to ascertain the number of times values of a given variable had occurred and on this basis a relationship between the independent and dependent variables ascertained.

Qualitative data was analyzed using content analysis where the respondents' views on the contribution of performance appraisal on staff performance were coded and categories constructed, analyzed and rich narratives and descriptive summaries of what the respondents said was presented. Qualitative analysis using content analysis helped to supplement the quantitative data which facilitated interpretation of the data and made arriving at conclusions easier.

The organized data was interpreted on account of concurrence and standard deviation to the objectives of the study using a computer package; SPSS.

In testing the hypothesis, the study used correlation analysis to determine the relationship between the two variables as recommended by Onen (2008).

3.11 Measurement of variables

The researcher used correlation and multiple regression analysis so as to determine the relationship between the employee performance (dependent variable) and performance appraisal (independent variable).

The multiple regression equation was;

$$EP = a_0 + ax_1 + bx_2 + cx_3 + \xi$$

Where;

EP= Employee Performance

A₀=Constant

Ab and c= Regression Coefficients

X₁=Performance appraisal processes

X₂=Performance based pay

X₃=Employee training

ξ =Error term

3.12 Summary of Methodology

This chapter set out the methodology that was adopted to undertake the research. A descriptive approach, usually associated with qualitative research was adopted. Overall, the research strategy was to develop a case study. The sample size was 670 arrived at by the use of purposive, stratified and simple random sampling techniques. The key methods and instruments of data collection used were face to face interviews and questionnaires. Ethical considerations were addressed, with the key issue being confidentiality.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents the analysis and interpretation of the findings obtained from the study, objective. The study particularly aimed at assessing the contribution of performance appraisal process on staff performance in local governments in Uganda.

The study was guided by the following objectives;

To establish how the performance appraisal system and process adopted by Manafwa district and its impact on staff performance.

To find out the impact of performance based pay on staff performance in Manafwa District.

To assess the impact of performance based training on staff performance.

4.2 Response Rate

Questionnaires were handed out to 670 employees of Manafwa District and the respondents were requested to return them by 31st November, 2012. Six hundred and four questionnaires were returned, which represent a response rate of 90%. The researcher was able to interview all key informants thus 100% response rate. Table 4.1 shows the response rate (questionnaire survey) by department.

Table 4.1 Response according to departments

Department	Expected response	Actual response	Percentage
Administration	97	91	94%
Finance	36	32	89%
Natural Resources	7	7	100%
Education	313	276	88%
Community Based	40	35	87.5%
Engineering	9	9	100%
Production	40	35	87.5%
Health	118	109	92%
Boards and Commissions	10	10	100%
Total	670	604	90%

Source: Research data

From Table 4.1, it can be seen that a fair spread of responses were received from different departments within the District. It is also noted that the majority of the respondents came from Education Department because it's the biggest department in the district with about 1890 employees.

From the table above, the greatest proportion 276 (46%) of the respondents belonged to the Education department, followed by those from the Health department with 109 (18%) and the District Administration department had 91 (15%). The Table further illustrates that 1.7% of the respondents were from the Boards and Commissions department, 5.8% were from the Community based services department, 5.8% from production department and 1.5% from engineering department. Natural resources had 1.2% while finance had 5%. This shows that the education and health departments had more employees than the other departments in Manafwa District. The overall response rate was therefore 95%. The study was

representative because most respondents selected in departments at Manafwa District Local Government gave their views in regards to the performance appraisal and staff performance.

4.3 Results on background characteristics of respondents.

The researcher investigated some demographic characteristics of the respondents to generate a more accurate picture of the group of persons at Manafwa District Local Government who are responsible for staff performance.

4.3.1 Gender of Respondents

The gender of the respondents was captured and categorized into male and female. The gender was captured to establish the participative level and responsive generic concern of the respondents.

Table 4.2: Gender of respondents

Gender	Frequency	Percent
Male	264	43.7
Female	340	56.3
Total	604	100

Source: Research data

From the findings in Table 4.2 above, the majority of the respondents were female with a response rate of 340 (56.3%) while 264 (43.7%) males employees participated. This shows that more females participated in the study than the males, implying that there are more female employees interested and committed to their work than their male counterparts.

4.3.2 Age of Respondents

The age distribution of the respondents was also captured to ascertain whether they were too old to work and bring about good performance in the local government or they were fit for work as illustrated in Table 4.3 below;

Table 4.3: Age of respondents

SN	Age	Frequency	Percentage
1	Below 30 years	182	30.1
2	31-55 years	358	59.3
3	Above 55 years	64	10.6
4	Total	604	100

Source: Research data

From Table 4.3 above, (64) 10.6% of the respondents were above 55 years of age. Those who were between 31-55 were (358)59.3% while (182) 30.1% were below 30 years of age. Analysis of Table 4.3 clearly indicates that majority of respondents were mature, energetic and motivated to perform their duties effectively and efficiently. This implies that the majority of the employees at Manafwa District Local Government are in their youthful age and thus the district still has an advantage of developing and retaining them and thus improve performance if their concerns are properly addressed.

4.3.3 Level of education

The researcher was interested in the level of education of respondents in order to establish whether employees had the minimum job requirements and skills to perform their duties as detailed in the job description manuals.

Table 4.4: Level of Education

	Frequency	Percent
Diploma	168	28
Degree (undergraduate)	140	23
Degree (postgraduate)	94	16
Certificate	202	33
Total	604	100.0

Source: Research data

From Table 4.4 above, majority of the respondents were certificate holders mainly teachers, followed by diploma holders in different fields. Those who had attained postgraduate qualifications represented 16% while those with degrees constituted 23% of the respondents. Other qualifications included Certificates in administrative law, certificate in public administration and CPA. This shows that the respondents were reasonably educated and therefore expected to perform their duties efficiently and effectively. This also implies that majority of employees of Manafwa District Local Government were qualified to understand the contribution of performance appraisal to staff performance in the district.

4.3.4 Period of Service

Another category the researcher used to find out the background information of the respondents was the period of service. The researcher intended to find out how much time the respondents have worked in the Local Government Service of Uganda to ensure that the respondents actually had knowledge and confidence about what they were talking about. The findings from this category are as stated in the **Table 4.5** below.

Table 4.5: Response by Years Employed

Years Employed	Number	Percentage
0-3 years	136	22.5%
4-6 years	120	19.9%
7-11 year	186	30.8%
More than 11 years	162	26.8%
Total respondents	604	100%

Source: Research data

Table 4.5 reflects the number of years the respondents had been employed in service.

- The majority of responses(30.8%) had been employed for more than 7 years
- 19.9% of the respondents had been employed for less than 6 years.
- 22.5% of the respondents had been employed for less than 3 years

This implies that more than half the employees at the District had worked for the Uganda Local Government Service for a period of over 7 years which is an indication to the researcher that the information given by respondents during the study may be reliable.

4.3.5 Number of Performance Reviews Held

The researcher was also interested in the number of performance appraisals each respondent had had in order to ascertain the impact it had on staff performance.

Table 4.6: Response by Number of Performance Reviews

S/N	Number of performance appraisal reviews	Number	Percentage
1	1	80	13.2%
2	2	60	9.9%
3	3	218	36%
4	More than 3	246	40.7%
5	Total respondents	604	100%

Source: Research data

Table 4.6 indicates the number of performance reviews that respondents had at the District.

- Majority of respondents (76.7%) had been exposed to performance reviews for more than 3 times.
- 13.2 % of the respondents had been exposed to only one performance review.
- 9.9% had been exposed to only 2 performance reviews.

Analysis of the above findings indicates that majority of the respondents had had more than three appraisals and therefore the researcher was dealing with respondents who could adequately assess the contribution of performance appraisal process on staff performance given their practical experience. This finding further reveals that employees of Manafwa District appreciate PA as a management tool used to control staff performance thus, the high level of involvement.

4.4 Empirical Findings on the Substantive Objectives

The results of section B of the questionnaire are presented below;

The questions from section B were designed to address the research questions

4.4.1 Research Question Number One: How does Performance Appraisal Processes Impact on Staff Performance in Manafwa District

This subsection focused on the various processes involved in performance appraisal and how they impacted staff performance.

4.4.1.1 Involvement of Employees in Setting Strategy

An effective performance appraisal process should enable and empower all employees to implement strategic objectives of the organization successfully. In this subsection, emphasis was on determining whether a strategic plan exists at the district and the degree to which individual performance is linked toward achievement of the district strategic objectives.

Table 4.7 shows the respondents opinions on the extent to which Manafwa District strategic objectives are clear and the extent to which individual and District goals are achieved through the current performance appraisal process.

Table 4.7: Involvement of Employees in Strategy

<i>Involvement in strategy</i>	<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>strongly Disagree</i>
Manafwa has a defined vision, mission & values	280 (46%)	324 (54%)	0	0
Manafwa shares its strategic objectives with employees	224 (37%)	338 (56%)	32 (5%)	10 (2%)
I strive to achieve the strategic objectives of the District	268 (44%)	324 (54%)	12 (2%)	0
I am clear about how my roles fit into the district strategic objectives	206 (34%)	320 (53%)	40 (7%)	38 (6%)
My supervisor defines my duties and responsibilities	242 (40%)	320 (53%)	22 (4%)	20 (3%)
I set clear objectives for my subordinates in line with district strategy.	232 (38%)	312 (52%)	46 (8%)	14(2%)

Source: Research data

An analysis of Table 4.7 indicates the following:

All respondents agreed that Manafwa has a clear vision, mission and values.

93% of respondents agreed that Manafwa shares its strategic objectives with employees. 98% of respondents agreed that they strive to achieve the strategic objective of the district. 87% of the respondents agreed that they are clear about how their roles fit in the district strategic plan. 93% of respondents agreed that supervisors define their duties and responsibilities, and 90% of respondents agreed that managers set clear objectives for their staff.

From Table 4.7, it is evident that most of the respondents agree that Manafwa incorporates its strategic objectives into their performance appraisal process. With such clear information, it is expected that employees perform with a view of realizing their individual goals as well as district strategic objectives.

Table 4.8 shows the respondents' opinions on the extent to which clear goals and performance measures have been established.

Table 4.8: Defining Performance Objectives

SN	Defining Performance Objectives	Strongly agree	Agree	Disagree	Strongly disagree
1	I have a chance to influence my performance goals and standards	134 (22%)	368(61%)	84 (14%)	18 (3%)
2	Individuals' performance goals are reached by agreement between supervisors and staff	142 (24%)	238 (39%)	168 (28%)	54 (9%)
3	The goals set for me are in line with the district strategy	218 (36%)	284 (47%)	80 (13%)	22 (4%)
4	I participate in setting deadlines for achieving my goals	168 (28%)	248 (41%)	134 (22%)	54 (9%)
5	My manager and I initially agree on how my performance will be measured	140 (23%)	186 (31%)	186 (31%)	92 (15%)

Source: Research data

An analysis of Table 4.8 indicates the following;

83 % of respondents agree that they have the opportunity to influence the performance goals and standards. 63 % agree that the individual goals are reached by agreement between staff and managers. 83 % agree that goals set for them are in line with the District strategy. 69 % agree that they participate in setting deadlines for achievement of the goals. 54 % agree that their managers and they mutually agree on how their performance shall be measured.

From Table 4.8 it is evident that most of the respondents agree that goals of performance measures have been established with the involvement of the employees. Such staff involvement enhances a spirit of ownership thus high level of motivation.

Table 4.9 shows respondent's opinion as to whether the performance improved as a result of feedback and reviews.

Table 4.9 Performance Appraisal Review and Feedback

SN	Performance Appraisal	Strongly agree	Agree	Disagree	Strongly disagree
1	My performance is measured as per agreement reached with my manager	160(26.5%)	202(33.4%)	164(27%)	76(12.6%)
2	My manager continuously reviews my performance	160(26.5%)	190(31.5%)	140(23%)	114(19%)
3	Performance problems are identified and action plans put in place to eliminate them	150(25%)	230(38%)	128(21%)	96(16%)
4	My manager is constructive during performance appraisal	186(31%)	260(43%)	98(16%)	60(10%)
5	Managers provide a conducive environment to openly discuss my performance related problems during appraisal	124(21%)	286(47%)	134(22%)	60(10%)
6	I am given a written feedback	176(29%)	216(36%)	120(20%)	92(15%)

	about my performance				
7	I receive adequate acknowledgement and recognition for my contribution and excellent performance	96(16 %)	140 (23%)	204(34%)	164(27%)
8	Manafwa has a fair process of evaluating employee performance	190(32%)	220 (36%)	116(19%)	78(13%)
9	Managers focus on performance, not personality during performance appraisal	202(33%)	270 (45%)	80(13%)	52(9%)
10	I set clear performance objectives for my subordinates in line with the district strategy	208(34%)	154 (26%)	156(26%)	86(14%)

Source: Research data

An analysis of Table 4.9 indicates the following;

60% agree that their performance is measured as per agreement reached with respective managers. 58 % agree that management reviews performance on a continuous basis. 63% of the respondents agree that performance problems are identified and action plan put in place to eliminate them. 74% agree that management is constructive while conducting performance Appraisal. 68% agree that managers provide a climate that is conducive to openly communicate performance related problems. 65% of employees agree that they receive a written feedback about their performance.

Similarly from interviews conducted, the responses show that employees always accept feedback in a positive sense as this is the way they can identify their strength and weaknesses. Employees like to know how they are doing. Feedback is the only process through which employees get a chance to improve. It is the responsibility of the manager to give some developmental reviews which employees should undertake to perform better next

time. Managers should discuss any improvements and disappointments very clearly to the employees in every performance appraisal process.

39% agree that they receive adequate acknowledgement and recognition for their contributions and excellent performance. 60% of respondents acknowledge that the district has a fair performance appraisal process in place. 62% agree the managers focus on performance and not on personality. 60 % agree that they set their performance objectives for their subordinates in line with the District Strategy.

From the Table 4.9, it is clear that just more than half of the respondents agree that the performance appraisal system has improved employee motivation and performance through continuous feedback and reviews.

This seems to be in total agreement with the findings obtained through structured interviews. It is seen from the responses that employees were generally happy with the current appraisal process because it was designed to help them grow and develop within the organization. It provided them with the necessary guidance to improve their performance and other key skills in the job. The respondents stated that it led to healthy competition amongst employees. For example respondent 6 explicitly stated that, “ the current appraisal process is very comprehensive as it focuses on our accomplishments, strength/growth, improvements and development needs and plans training needs and other certifications and potentially career interests. It also rates employees based on people leadership, effective communication and customer centricity”.

4.4.2 Research Question Number Two: The Contribution of Performance Based Pay on Staff Performance in Manafwa District

Table 4.10: Respondents’ Opinion about Performance Based Pay

1	The most important reward for performance is in monetary terms	138 (23%)	218(36%)	184(30%)	64(11%)
2	I believe am rewarded fairly	80(13%)	138(23%)	230(38%)	156(26%)
3	Manafwa performance appraisal system is fair in delivering annual salary increments	62(10%)	140(23%)	248(41%)	154(25%)

Source: Research data

An analysis of Table 4.10 above indicates the following;

59% agree that the best reward for their performance is that of financial rewards in monetary terms. 36% agree that they are rewarded fairly for their performance. 1/3 agree that the performance appraisal system at the district is fair in determining annual salary increments based on performance appraisal results.

The general response under this section from the interviews revealed that employees are motivated to perform well in the District. High motivation to perform well would give them bonuses and recognition; hence they take extra effort to give excellent performance. Indeed one respondent pointed out that, “ the performance appraisal process gives rewards in form of bonus and also recognition on organizational level. This motivates me to work towards my improvement areas hence improved organizational performance”.

From Table 4.10 above and the qualitative data collected, its’ clear that employees have a mixed feeling about performance based pay as some believe that they are not rewarded fairly for their performance.

4.4.3 Research Question Number Three: The Contribution of Employee Training to Staff Performance in Manafwa District

The other important component of performance appraisal processes according to Armstrong (1994: 42) is development of employee work related skills, knowledge and experience, and rewards and recognition.

This sub-section is aimed at determining whether the performance appraisal processes aid the improvement of employee performance through training.

Table 4.11 below shows the respondents opinions as to whether employee performance improved as a result of development and training.

Table 4.11: Employee Training Plan

s/n	Development plans Training	Strongly agree	Agree	Disagree	Strongly disagree
1	I am given opportunity to learn and develop to expand my career options	168 (28%)	248(41%)	136(23%)	52 (9%)
2	I know what skills and competencies are essential to perform my job	228 (38%)	352(58%)	18 (3%)	6 (1%)
3	My manager and I have conducted a gap analysis	180 (30%)	230(38%)	140(23%)	54 (9%)
4	I have attended a training program as a result of performance appraisal	176 (29%)	226(37%)	142(24%)	60 (10%)

Source: Research data

From Table 4.11, the findings reveal the following;

69% agree that they are given opportunity to learn and develop in order to expand their career options. 96% agree that they know what skills and competencies are essential for them to perform their jobs. 68% agree that a gap analysis was been conducted between them and their respective managers in order to highlight on the potential opportunities for improvement of

their skills and knowledge. Just less than 2/3 agree that they have not attended a performance appraisal training program.

The results derived from Table 4.11 above, are substantiated by results of structured interview where the respondents were asked whether performance based training enhanced staff performance. The overall response in this context was pretty positive. The respondents thought that performance based training formed an important element in the appraisal process. However, one respondent highlighted a different point where training was not provided. The training program helped them to understand the organizational objectives and function well. All the respondents were satisfied with the training program because it helped them to enhance their skills in the job.

For example one respondent said that “the formal appraisal process should include the training and development program. The main objective of an appraisal process is to showcase where an individual starts from, the performance and organizations’ expectations point of view, and what their development needs and outputs for the upcoming year, are. The training programs help an individual to enhance their abilities and acquire the required skills to meet their expectations or goals set for them by management and also help them to grow in the organization”.

From Table 4.11 above and qualitative data analysed, its’ clear that majority of employees believe that they have benefited from some kind of performance based training in order to widen their career options and also enhance job related skills.

4.4.4 Suggestions for Employees on Improving the Current Performance Appraisal Process

The last part of the questionnaire allowed respondents to voice any other comments regarding the current appraisal process. Table 4.12 shows the suggestions and comments for improving the current appraisal process in Manafwa.

Table 4.12 Respondents Suggestions on how to Improve the Current Appraisal Process

1	The district should have a separate grading system for professionally qualified personnel who function as specialists
2	The district does not have a dynamic system for individual performance. It should start with team based performance appraisal process.
3	The current appraisal process does not accommodate the freedom for managers to reward the different levels of performers at different salary scales because annual increments are pre-determined.
4	Performance appraisal should be done on quarterly basis to maximize performance improvement opportunities.
5	The performance appraisal process should be tailor-made for different departments when measuring the various disciplines within the district
6	At the district there seems to be little connection between performance and remuneration
7	Top management/leadership should have input into evaluating the performance of an individual employee together with the individual manager.
8	Performance appraisal should occur more regularly in the engineering department.
9	The current performance appraisal system does not recognize expertise and experience sufficiently, but is based on management level.
10	Management and employees should have the same understanding of performance appraisal.
11	Outside influence on individual performance should be excluded with reachable objectives.
12	Recognize and reward performance accordingly.
13	Managers should respect their subordinates during the appraisal process.

Source: Research data

The findings as presented in Table 4.12 indicate that most respondents recommended that the current performance appraisal process should be improved in such a way that, it becomes more participative and involving, be closely linked to some kind of reward system but important also, is the need to design performance based capacity building programs to enhance staff job related skills.

4.4.5 Correlation and Regression Analysis

The researcher wanted to find out the relationship between employee performance which was the dependent variable and the independent variables; performance appraisal process, performance based pay, and employee training. Details are in Table 4.13 below

Table 4.13.1: Correlations between Performance Appraisal Process and Staff Performance

		Performance appraisal process	Performance
Performance appraisal process	Pearson Correlation	1	0.603**
	Sig. (2-tailed)		.000
Staff Performance	Pearson Correlation	0.603**	1
	Sig. (2-tailed)	.000	
**. Correlation is significant at the 0.01 level (2-tailed).			
a. Listwise N=412			

The correlation results ($r=0.603$., $p<0.01$) showed that performance appraisal process affected staff performance. There was a high positive relationship.

Table 4.13.2: Correlations between Performance Based Pay and Staff Performance

		Performance based pay	Performance
Performance based pay	Pearson Correlation	1	0.548**
	Sig. (2-tailed)		.000
Staff Performance	Pearson Correlation	0.548**	1
	Sig. (2-tailed)	.000	
**. Correlation is significant at the 0.01 level (2-tailed).			
a. Listwise N=412			

The correlation results ($r=0.548$, $p<0.01$) showed that performance based pay moderately affected staff performance.

Table 4.13.3: Correlations between Performance Based Training and Staff Performance

		Performance based training	Performance
Performance based training	Pearson Correlation	1	0.734**
	Sig. (2-tailed)		.000
Staff Performance	Pearson Correlation	0.734**	1
	Sig. (2-tailed)	.000	
**. Correlation is significant at the 0.01 level (2-tailed).			
a. Listwise N=412			

The correlation results ($r=0.734$, $p<0.01$) showed that performance appraisal process affected staff performance with a high positive relationship.

Table 4.14: Shows a Summary of Correlation Analysis

Performance appraisal processes	Performance appraisal system/process X1	Performance based pay X2	Performance based training X3
Employee performance	0.603	0.548	0.734

Source: Research data

Table 4.14, shows the correlation coefficients that gave the measure of relationship between the dependent variable (EP) and the independent variables. From the Table, there was a high positive correlation (relationship) between employee performance and performance appraisal process with a correlation coefficient of 0.603. There was also a high positive correlation of 0.734 between employee performance and employee training. There was further a high positive correlation between employee performance and performance based pay with a correlation coefficient of 0.548.

From these findings, the researcher deduced that all the three independent variables affected employee performance.

Multiple Regression Analysis

The multiple regression equation was:

$$Y = A_0 + A_1X_1 + B_2X_2 + C_3X_3 + \xi$$

Y = Employee Performance

A₀ = Constant

A, B, C = Regression Coefficients

X₁ = Performance Appraisal Processes

X₂ = Performance based pay

X₃ = Performance based training

ξ = Error term

The estimate multiple regression models was given by $A_0 + A_1X_1 + A_2X_2 + A_3X_3$

The coefficients of the model were obtained using SPSS and they were as follows;

$$A_0 = 0.482, A_1 = 0.738, B_2 = 0.0034, C_3 = 0.581$$

Thus, the estimated multiple regression equation was;

$$Y = 0.482 + 0.738X_1 + 0.0034X_2 + 0.581X_3$$

From the multiple regression equation, the researcher deduced that, the variables; Performance appraisal processes and employee training had the greatest effect on employee performance while performance based pay had a moderate effect on employee performance.

Coefficient of Determination

The coefficient of determination obtained was 0.672(67.2 %). This value is the proportion of variation associated with the independent variables. This implies that, the explanatory variables X_1 , X_2 , X_3 are explaining 67.2% of the total variation in Y. The other variables unknown to the researcher (Intervening variables) explain the balance of 32.8%. This is good and indeed a perfect fit.

Thus, from the value obtained from the findings, the researcher deduced that the proportion of variation associated to the independent variable had a large effect since the value is greater than 50%.

It's from the above general findings that the researcher upheld all the three hypotheses of study as developed in chapter one.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction:

This chapter focuses on the summary, discussions, conclusions and recommendations based on the above findings. Problems and limitations encountered during the research, as well as opportunities for further research were highlighted.

5.2 Summary of Findings

The general objective of the study was ‘to establish the relationship between performance appraisal and staff performance in Manafwa District Local Government’ with a view of initiating strategies that can motivate staff to improve performance. Below is the summary of findings objective by objective.

5.2.1 The Contribution of Performance Appraisal Process to Staff Performance in Manafwa District

The study revealed that the factor performance appraisal process with a correlation coefficient of 0.603 had a great and indeed positive effect on the dependent variable. This is in agreement with the first hypothesis of the study.

5.2.2 The Contribution of Performance Based Pay to Staff Performance in Manafwa District

The study further revealed that performance based pay factors affected the dependent variable to a moderate extent because of the positive correlation coefficient of 0.548 thus, upholding the second hypothesis of the study.

5.2.3 The Contribution of Performance Based Training to Staff Performance in Manafwa District

The study also established that performance based training factors had the greatest influence on staff performance with a correlation coefficient of 0.734 thus upholding the third hypothesis of the study.

The value of the coefficient of determination obtained which was 0.672(67.2%) indicated that, the proportion of variation associated to the independent variables had a large effect since the value was greater than 50%. This was an indication that all the three variables had a significant effect on the dependent variable which was performance appraisal.

Based on the findings of the study, all the three hypotheses of the study were upheld.

5.3 Discussions

Based on the findings in chapter four, this section discusses the results of the research, objective by objective.

5.3.1 The Contribution of Performance Appraisal Process to Staff Performance in Manafwa District

The first objective of the study was aimed at determining whether the performance appraisal process had improved employees motivation and performance through the process of mainly conducting the process in a participatory manner.

Relating the results of the analysis in table 4.5 to the theory in the literature already discussed, it can be argued that Management and staff are clear about the strategic objectives of the District and about how their individual roles and goals are linked to the district overall goals. This is indicative of theory, where Romanoff (1989:25) argues that the real goal of

effective performance appraisal is to improve performance, not merely to measure it. It should be closely linked to overall organizational goals. Without the perception of a uniform set of goals, a company “Tug-of-war” will occur, where employees may be pulling as hard as they can but in opposite directions. Therefore goals alignment should be achieved where all this effort should be re-directed to get everybody pulling in the same direction.

Nair (2004:68) confirms this with his belief that only when employees at all levels of management wake up in the morning and know why they are going to work and what they have to do to advance the purpose of the organization, then strategy is realized,; and;

Management and staff confirm that Manafwa shares its strategic objectives with her employees and that they are committed to the achievement of these goals. Kaplan and Norton (1996; 12) recommend that the results of performance appraisal must be communicated throughout the organization. This communication effort should signal to all employees the critical objectives that must be accomplished, if an organization’s strategy is to succeed.

Armstrong (1994:40) argues that performance appraisal must be regarded as a flexible process which involves managers and those they manage, operating as partners within a framework which sets out how they can best work together. This framework must reduce the degree to which performance appraisal is a top-down affair and it needs to encourage a balanced approach.

Accordingly, Samuel M. Culbert (2012) argues that, ‘a one-side-accountable, boss-administered review is little more than a dysfunctional pretense. It's a negative to corporate performance, an obstacle to straight-talk relationships and a prime cause of low morale at work. Even the mere knowledge that such an event will take place damages daily communication and teamwork’. To him, although the alleged primary purpose of

performance reviews is to enlighten subordinates about what they should be doing better or differently, he sees it quite differently; it is intimidation aimed at preserving the boss's authority and power advantage. Such intimidation is unnecessary, though the boss has the power with or without the performance review.

Therefore the alternative to a one-sided accountable, boss-administered performance review is the two-sided, reciprocally accountable, performance reviews where the boss's assignment is to guide, coach, tutor, provide oversight and generally do whatever is required to assist a subordinate to perform successfully. In other words, the boss-direct report team should be held jointly accountable for the quality of work the subordinates perform.

Otherwise one gets tired of hearing about subordinates who fail and get fired, while bosses whose job is to ensure subordinate effectiveness, get promoted and receive raises in pay.

From the questions analyzed in Table 4.6, it can be observed that most employees of Manafwa district agree that goals and performance measures have been established with the involvement of everybody concerned.

Romanoff (1989: 25) argues that, an ordinary program designed by employees is better than an ideal program designed by Management. By giving employees the opportunity to play a meaningful role in designing their own performance appraisal program, one builds commitment and support into the program instead of merely adding those qualities as an afterthought. This is clearly evident of the performance appraisal process used in Manafwa District.

In Table 4.6 its' evident that employees are involved in setting individual Goals and have the opportunity to influence them, and also respondents agree that the performance goals set for them are in line with the District strategy. Davis (1996: 18) recommended that when drafting

an employee performance appraisal, the tool should be closely integrated with Organization's performance Measures. This keeps the entire Organization focused on the same agreed set of Objectives. However, employees should be involved in the development of the measures. Employees' involvement will inspire greater ownership of the measures and commitment to accomplish them.

From questions analyzed in table 4.7, it can be noted that the respondents feel that during performance appraisals, managers do provide a climate that is conducive and openly communicate performance problems. Kirk Patrick (2006:61) supports this by recommending that performance review must include a two-way communication. The establishment of rapport helps to overcome this redundancy. He also recommends that managers should listen and do not interrupt the employee when discussing performance issues. It must be an active process of finding out thoughts as well as the feelings of the other person.

In agreement with the above, among the principles to remember when appraising employees, Rebecca Knight (2011), suggests that the supervisor should make it clear at the beginning of the year how they will evaluate their employees with individual performance planning sessions, give employees a copy of their appraisal before the meeting so they may have their initial emotional response in private and, deliver a positive message to their good performers by mainly concentrating on their strength and achievements during the conversation.

The respondents from Table 4.7 also feel that they are not given adequate acknowledgement and recognition for their excellent performance. Romanoff (1989:26) cites that being called "Average" in many organizations is synonymous to being labeled a failure. Performance ratings often fail to make clear distinction between the exceptional and the ordinary. If an organization has a clearly articulated notion of excellence and all employees are achieving it, then there is not enough stretch in achieving the organizations goals. Thus, an organization

with many excellent employees will have many “Excellent” employees who are average. Therefore, how do organizations avoid discouraging such employees or losing them to companies where they can become bigger fish in shall ponds?

More than 1/3 of respondents agree that the current performance appraisal process is not fair. This is an indication of lack of acceptability of the system by employees. SwanePoel et al (2000:46) argues that, the acceptability of the system by employees is the most important pre-requisite since the support and perceived legitimacy a system receives from both managers and employees will probably carry more weight in determining its success than its inherent technical soundness.

It is evident from the analysis that just less than ½ of the respondents agree that there is no continuous performance review and that more than 2/3 of respondents do not receive written feedback of the performance appraisal. SwanePoel, Erasmus, Van Wyk and Schenk(2000:46) defined performance appraisal as a formal and systematic process by means of which Job relevant strength and weaknesses of employees are identified, observed, measured, recorded and developed. Armstrong (1994:77) supports them by arguing that in order for performance appraisal to be effective, there needs to be regular review meetings to ensure that goal progress is being made towards achievement of agreed objectives for each of the key results areas, and

More than half of the respondents agree that during the performance review, management focuses on the performance objectives and not on the personality of the employee. Romanoff (1989; 260) cites that most performance appraisal systems actually measure factors that are more reflective of employees’ personalities than they are of their accomplishment on the job. He argues that in order for performance appraisal to be successful, managers should not concentrate on the personality of the individual. This is also supported by Kirk Patrick

(2006:61) who suggests that performance appraisal is a review and emphasis should be on performance, not personality. However this should not mean that items such as attitude, integrity, dependability, appearance or initiative are not relevant. It means that these characteristics are mentioned only as they relate to performance.

5.3.2 The Contribution of Performance Based Pay to Staff Performance in Manafwa District

The second objective of the study was to find out the contribution of performance based pay to staff performance.

As per Table 4.8, it can be argued that most of the employees agree that they are not rewarded fairly and should be rewarded in monetary terms.

Murphy and Cleveland (1995) amongst many others, suggest a key purpose of performance appraisal is to determine pay and other financial compensation.

Sears (1987; 198) recommends that performance related pay should probably be a cornerstone of strategy if management is committed to using pay as an incentive and a reward for desired levels of performance. In the same spirit, Milkovic and Newman (1996), suggest that, the basic reasons for performance based pay are performance enhancement for competitive advantage and equity. In this regard therefore, one can identify several specific reasons for which managers may introduce performance based pay. These include; help in recruitment and selection, facilitate changes in organizational culture, weaken trade union power, increase the role of the line manager, greater financial control and value for money, and above all, ability to reward and recognize performance. Kaplan and Norton (1996; 283) however argue that, as long as personal incentives and rewards are tied to short-term performance measures, management thinking will remain risk averse and short-term. In addition, Andrew Jensen (2013; 1) emphasizes the fact that most successful performance based

pay systems are those that are implemented at low-commitment companies. In businesses where employees are highly committed to the company, performance based pay initiatives are often not as well received by employees as they are at low commitment companies. According to Francis therefore, in low commitment companies, employees view the opportunity to receive additional pay based on increased performance as a great way to make extra money, and their productivity increases as a result. In high commitment companies however, performance based pay systems are rarely worth the effort. Often, because they are loyal to their companies, employees are willing to work harder to meet deadlines anyway, making performance based pay incentives an unnecessary expense. In fact highly committed employees may even become offended by the company's introduction of performance based pay, viewing the program as a form of bribery. Manafwa in this case should be viewed as a low commitment company that is in dire need of performance based pay program.

On the contrary, Culbert (2012; 19) argues that another bogus element is the idea that pay should be a function of performance, and that the words spoken in a performance review will affect pay. He believes that pay is primarily determined by market forces, with most jobs placed in a pay range prior to an employee's hiring. In other words Culbert contends that, performance appraisal is simply a place where the boss comes up with a story to justify the predetermined pay.

Similarly, Francis Boachie (2011; 270), argues that the effect of performance based pay on employee performance is minimal and the motivational effect of merit pay is often blunted by the biased performance appraisal.

However the findings of the study suggest the contrary in that performance based pay if incorporated in the performance appraisal process can deliver performance.

5.3.3 The contribution of performance based training to staff performance in Manafwa district

The third objective of the study was to find out the Impact of performance based pay on staff performance.

From the responses analysed in the table 4.9 above, it can be observed that respondents were satisfied that they are given the opportunity to learn and develop in order to expand their career options as well as knowing what skills and competencies they require to perform their duties.

Most commentators on performance appraisal agree that identifying and implementing development plans is a key outcome of the performance appraisal process. Performance is measured, and then from that appraiser and appraisee agree a plan to improve performance. Appraisal will focus on both short term issues and also long term career needs (Shelley 1999). Research by Wilson and Western (2000) suggest that appraisers take the lead in determining the training and development to take place. If this is the case, it is of concern, as personal development requirements may take a poor second place to immediate on the job training. Rees and Porter (2003) suggest that care needs to be taken in establishing realistic priorities and to recognise the potential conflict between individual aspirations and organizational needs.

Gilley and Boughton (1996) recommend that performance-coaching relationship with employees must include the nine components of a good performance review. They argue that the relationship is self-esteeming as managers are ready to develop employees personally and professionally. In other words, the job of the manager (Coach) is to offer the right work assignments that help employees achieve their goals. Performance coaching will help managers find out what these performance goals are, and help their employees achieve them.

Performance appraisal can be seen as a means of getting better results from organizations, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and attributes or competency requirements. Whether or not organizations use tailor-made performance appraisal processes/systems, at the end of the day, the effectiveness of the system will depend on how well it is utilized and managed within the organization.

It can therefore be proposed that whether performance appraisal within Local Governments can achieve its objectives depends on;

Senior management leadership, support and articulation of the organizational goals and ensuring alignment of performance appraisal objectives with these goals, charging managers at all levels with clear responsibility for coaching, monitoring and improving performance of their respective sectors, continuous improvement to manager's skills on performance appraisal including objective setting and measurement, coaching and motivating staff, and; enhancing staff ownership of the performance appraisal process through effective communication and regular feedback in the performance appraisal process.

5.4 Conclusions

Based on the study findings and discussions, the following conclusions were made objective by objective;

5.4.1 The Contribution of Performance Appraisal Process to Staff Performance in Manafwa District

The first objective of the study was to establish how the performance appraisal process in Manafwa District impacts on staff performance. The study concludes that the performance

appraisal process adopted by the District is quite participatory and motivates staff to perform better.

5.4.2 The Contribution of Performance Based Pay to Staff Performance in Manafwa District

The second objective of the study was to find out the impact of performance based pay on staff performance in Manafwa District. The study concludes that, Performance based pay moderately affects staff performance.

5.4.3 The contribution of performance based training to staff performance in Manafwa district

The third objective of the study was to assess the impact of performance based training on staff performance. It was concluded that there was a strong positive relationship between performances based training and staff performance.

5.5 Recommendations

From the above conclusions the research made the following recommendations objective by objective;

5.5.1 The Contribution of Performance Appraisal Process to Staff Performance in Manafwa District

Although the empirical study revealed that Manafwa District shares its strategic objectives with its management and staff, it is highly recommended that top management should have regular feedback sessions for all employees on the achievement of their objectives.

It is recommended for management that when the performance appraisal meeting occurs at the beginning of the year in order to identify performance objectives, individuals who will be measured on their performance should be actively involved in setting performance goals. These goals and how they will be measured should be mutually agreed upon by managers and subordinates.

It's recommended to senior management that people who manage others be measured on how they conduct performance reviews of their subordinates. This will be paramount in that, those who manage performance will ensure regular feedback and support to employees, and the whole district will be aligned in accordance with its strategic objectives.

In addition, Manafwa should adopt Management by objectives (MBO) in order to improve performance of its staff. MBO is a management approach that emphasizes special attention on results rather than formal procedures highly cherished in public service.

5.5.2 The Contribution of Performance Based Pay to Staff Performance in Manafwa District

From the empirical study, it is evident that the current performance appraisal system is not distinguishing between top, average and poor performers. To improve efficiency, Manafwa should adopt the system of performance based pay on all its' employees. That is to say, Government should introduce a staff compensation scheme that links employee performance with pay. It can be a system of remuneration in which an individuals' increase in salary is solely or mainly dependant on their appraisal or merit ranking. However, it is important to remember that performance based pay is not limited to financial rewards, and that non-

financial rewards, such as recognition can also constitute pay for performance. This is in addition to the uniform monthly pay that is offered to all employees regardless of performance. Therefore, Manafwa District should introduce reward schemes like those in corporate companies such as; Best employee of the month/year award, fully paid trip abroad etc.

5.5.3 The Contribution of Performance Based Training o Staff Performance in Manafwa District

It is further recommended that management and employees should undergo training as a result of training needs identified during performance appraisal. In addition, all employees should be trained on how to conduct a performance appraisal. This is of utmost importance. Manafwa should take initiative to give proper training to all its' staff in order to improve performance in all departments. Such training should include among others; Induction training and attachments for newly appointed steff (coaching and mentoring), long term training for middle management teams in order to cope with changing trends. This can be conducted from professional institutions like Uganda Management Institute for mainstream management staff.

5.6 Limitations of the Study

The main limitation of the study is that it did not cover all the districts in Uganda and thus limited in scope. This was due to time and financial constraints. In this respect, the interpretation of the results of the study should not be over-generalized.

5.7 Opportunities for Further Research

As indicated above, the major weakness of this study was that it was limited in scope. Future research should focus on case studies of other Districts and organizations since this study was on only one District. A comparative study among organizations in the public sector should be conducted in order to determine whether performance appraisal per say enhances staff performance. In other words, the dimensions found in the study should be regarded as preliminary. Although they appear to be stable and measurable, they are not exhaustive and should be viewed as a starting point for additional research.

In addition, other researchers can enrich this study by studying other factors such as the role of fringe benefits in enhancing employee performance, which I believe have implications on staff performance generally.

References

- Amin, M. E. (2005). *Social Science Research, Conception Methodology and Analysis*
Kampala: Makerere University Printery; ISBN No. 9970-05-019-2.
- Antonioni, David 'improve the performance management process before discontinuing
Performance appraisals'. *Compensation and benefits, Management journal* vol.26.
- Armstrong, M. & Baron, A. (2005). *Managing Performance: Performance Management in
Action*. London: CIPD.
- Armstrong S. (2005). *The benefits of performance appraisal, articles resources- ASAE*
- Audit Commission (1995). *Performance Management in Local Government*. London:
HMSO.
- Babbie E (1995). *The Practice of Social Research*. Belmont, California: Wadsworth
Publishing Company Inc.
- Barifaijo, Baseka & Oonyu (2010). *How to write a good dissertation/Thesis: A guide to
graduate students*, Kampala: New vision.
- Basheka & Muhenda (2013). *Public Administration Research by Graduate Students at
Uganda Management Institute: A Methodological Analysis*, *The Uganda Journal of
Management and Public Policy Studies* vol.5 no.1
- Bird, P. (2003). *Performance appraisals*. London: Hodden and stroughton
- Brumbach, G. (2003). *Blending the We/Me in Performance Management*. *Team Performance
Management, an International Journal*. Vol 9, no 7/8, pp167-173.

Burnham, Byron R. (2003). *Evaluating Human Resources, Programs, and Organizations*. Malabar Florida: Krieger Publishing Company, 2003.

Culbert A. S (2012), *Get rid of performance review*, the wall street journal

Ford foundation (2009). *Performance appraisal evaluation report on northern Uganda*

Francis B. (2011). *Performance based pay as a motivational tool for achieving organizational performance: An exploratory case study*, international journal of business and management vol.6 no.12 pp. 270

Frederick H. (1959). *The Motivation to Work*, Newyork; McGraw Hill.

Jankowitz. (1995). *Business Research Project*. 2nd ed. UK: International Thomson Business Press.

J.E.A. (Eds), *Human Resource Management: An Experiential Approach*, Irwin/McGraw-Hill, BurrRidge, IL, pp.237-72.

Kane, (2009). "*Performance appraisal and management*", in Bernardin: H.J., Russell,

Kasiime M. (2012). *An Investigation of appraisal systems and staff performance in Regulatory Authority Agencies in Uganda: A case of Electricity Regulatory Authority*, Kampala: UMI.

Kothari, C.R. (2004). *Research methodology: methods and techniques*, New Delhi: New Age international

Knight B. (2011). *Delivering an effective performance review*, Harvard: business review magazine

Kunreuther R. (2012). *The first commandment of performance appraisal*,

Kunreuther R. (2012). *Repeating the same mistakes: Does HR understand performance appraisal?*

Kuvaas, B. (2006). *Different relationships between perceptions of developmental Performance appraisal and work performance*. Personnel Review. Vol 36, No.3, pp 378-397

Latham, G.P., Wexley, K.N. (2001). *Increasing Productivity through Performance Appraisal*, Addison-Wesley, Reading, MA.

Lawler E. E (2012). *Performance appraisals are dead, long live performance management, article about performance appraisals*

Leedy, P.D. & Ormrod, J.E.; (2001). *Practical Research: Planning and Design*. 7th Ed. New Jersey: Prentice Hall.

Macaulay's. & Cook, S. (1994). *Performance management as the key to customer Service*. Industrial and Commercial Training, 26 (11), 3-8.

Maicibi, N. A., Nkata, J. L. (Eds) (2005). *Introduction to human resource management*. Kampala: Massah publishers.

Margaret F (2007). *Organizational Behavior: A Management Challenge*. Chicago: The Dryden Press.

Marsden, D. (2007). *"Pay and rewards in public services: fairness and equity"*, in Dibben, P., James, P.,

Marsden, D.W. & French, S. (1998). *What a Performance: Performance related pay in the public sector*. London: Special Report, Centre for Economic Performance.

- Maslow, A. (1971). *The Farthest Reaches of Human Nature*. New York: Viking.
- Miles, M. & Huberman, M. (1994). *Qualitative Data Analysis (2nd Ed)*. California, Sage Publications
- Milkovick, G.T., & Newman, K. (1996), *Compensation*. (5th Edition), Montreal; Irwin
- Mpoza B. (2013). *Appraisal and Career Development of Academic staffs in Uganda Public Universities*, The Uganda Journal of Management and Public Policy Studies Vol.5
- Mugenda & Mugenda (2003). *Research Methods; Quantitative and Qualitative approaches*, Nairobi, Kenya: ACTS press.
- Mullins (2007). *Management and Organisational Behaviour* (8th ed), prentice Hall
- Murphy, K.R & Cleveland, J.N. (1995). *Understanding Performance Appraisal; Social, organizational and goal based perspectives*. California: Sage Publications.
- Olson, E & Slater, S. May/June (2001). *The Balanced Scorecard, competitive Strategy and performance*. Business Horizons, 11-16.
- Onen, D. & Oso, W. Y (2008). *The management and the internal efficiency of private secondary schools in Uganda*. Unpublished doctoral thesis, Makerere University, Kampala
- Patricia k, (2001). *Performance planning and appraisal*, Michigan UN. Press
- Patten T.H (2007). *A manager's guide to performance appraisal*, London: Free Press
- Rees, W.D. & Porter, C. (2003). *Appraisal pitfalls and the training implications – Part I*
Industrial and Commercial Training. Vol 35, no.7, pp280-284.

Rogers, S. (1999). *Performance Management in Local Government (2nd Ed)*. London: FT Management.

Romanoff, K. (1989). *The ten commandments of performance management*. Personnel, January,66 (1), 24-28.

Saunders, M. Lewis, P. & Thornhill, A. (2003). *Research Methods for Business Students (3rd Ed)*. Harlow: Pearson Education Ltd.

Sears, D. (1987). *Make employee pay a strategic issue*. In Schneier, C.E., Beatty,

Shelley, S. (1999) *Diversity of appraisal and performance related pay practices in higher education*. Personnel Review. Vol 28, no. 5/6, pp 439-454.

St-Onge, S., Morin, D., Bellehumeur, M. and Dupuis, F. (2009). *Manager's Motivation to evaluate Subordinate performance*. Qualitative Research in Organisations and Management: An International Journal. Vol 4, no.3, pp 273-293.

Swanepoel, B; Erasmus, B; Van Wyk, M; Schenk, H. (2000). *South African Human Resources Management: Theory and Practice*. 2nd Ed. Juta & Co Ltd.

Trevor G. Blake (2012). *Business basics, unyielding performance appraisals*

Vincent B Ssekono (2004). *Human Resources Management/Department-Secondary Target Group*. Participants Handbook for Local Governments. The Republic Of Uganda, Ministry of Local Government, June, 2004, p.42-43.

Vroom, V.H, 1964. *Work and Motivation*, Newyork; McGraw Hill

Wegner, T. (2001). *Applied Business Statistics: Methods and Applications*. Juta &Co, Ltd.

William G. (2002). *"Team Building: A Microcosm of the Past, Present, and Future of O.D."*
Academy of Management OD Newsletter. Winter.

Williams, R.S (2002). *Managing Employee Performance*. London, Thomson Learning.

Wilson, J.P. & Western, S. (2001). *Performance Appraisal: an obstacle to training and development?* *Journal of European Industrial Training*. Vol. 24, no.7, pp384-391.

Zikmund, W.G. (1994). *Business research methods*. 4th Ed. New York: The Dryden Press.

Staff performance appraisal in public service guidelines for managers and staff (2007)

APPENDICES

Appendix I: QUESTIONNAIRE

THE ROLE OF PERFORMANCE APPRAISAL IN IMPROVING STAFF

PERFORMANCE. THE CASE OF MANAFWA DISTRICT

QUESTIONNAIRE

Dear Respondent, I am Joseph Walyaula a student of Uganda Management Institute. It is my humble request that you find some time to complete this questionnaire.

This questionnaire is purely for academic purposes and is intended to determine OR measure *The Relationship Between performance appraisal and staff performance of Local Governments In Uganda: A Case Study of Manafwa District*. Kindly fill in the space provided or tick the best alternative. Please accept my assurance of keeping all responses confidential. Therefore, you are humbly requested to participate in this survey by honestly answering the following questions.

Please tick accordingly

(i) Sex

Male

Female

(ii) Education level

Degree (postgraduate)

Degree (undergraduate)

Diploma

Certificate

Others (specify)

Please provide the following information regarding your department in Manafwa District by placing an 'X' in the appropriate block

1. In what department are you employed?

1.1	Production	
1.2	Management/Administration	
1.3	Natural Resources	
1.4	Finance and Planning	
1.5	Education and Sports	
1.6	Health	
1.7	Technical works and services	
1.8	Community Based services	

2. How many years have you been employed in Manafwa District?

2.1	0-3 years	
2.2	4- 6 years	
2.3	7- 11 years	
2.4	More than 11 years	
	Age of respondents	
2.5	Below 30 years	
2.6	31-55 years	
2.7	56 Years and above	

3. How many performance appraisals have you had since you were appointed

5.1	1	
5.2	2	
5.3	More than 3	
5.4	3	

Performance Appraisal System and process

Please indicate the extent to which you agree with the following statements by placing the appropriate number to the corresponding box. I.e. Involvement in strategy

Strongly agree	5
Agree	4
Disagree	3
Strongly disagree	2
neutral	1

1.	Manafwa District has a defined vision, mission and values	
2.	Manafwa District shares its strategic objectives with employees	
3.	I strive to achieve the strategic objectives of the District	
4.	I am clear about how my roles fit with the District strategic objective	
5.	My supervisor defines my duties and responsibilities	
6.	I set clear objectives for job performance in line with the District strategy	
Defining Performance objectives		
7.	I have a chance to influence my performance goals and standards	
8.	Individual performance goals are reached by agreement between my supervisors and myself	
9.	The goals set for me are in line with the District strategy	
10.	I participate in setting deadlines for achievement of my goals	
11.	My supervisor and I mutually agree on how my performance will be measured	

Performance Appraisal review and feedback process		
12.	My performance is measured as per agreed standards with my supervisors	
13.	My supervisor continuously reviews my performance	
14.	Performance problems are identified and action plans are put in place to address them	
15.	My supervisor is constructive when conducting the appraisal	
16.	Supervisors provide a conducive environment that allows free exchange of ideas in regard to performance related problems	
17.	I am given a written feedback about my performance	
18.	I receive adequate acknowledgement and recognition for my contribution and excellent performance	
19.	Manafwa District has a fair system of appraising its employees	
20.	Supervision focuses on performance not personality during appraisal	
Staff training and development		
21.	I am given opportunity to learn and develop to expand my career options	
22.	I know what skills and competencies are essential for my job performance	
23.	My supervisor and I have constructed a gap analysis	
24.	I have attended a training program in performance appraisal	
25.	The most important reward for performance is in monetary terms	
26.	I believe I am rewarded fairly	
27.	Manafwa District performance appraisal is fair in determining annual increments	
	Please answer the following question. Do you have any additional suggestions for improving the current performance appraisal system?	

Appendix II: INTERVIEW GUIDE FOR KEY INFORMANTS

1. BIO DATA

Department.....

Education level.....

Years of Service

The contribution of performance appraisal process on staff performance

1. Do you think it is necessary to have a formal performance appraisal process in the District?
2. What are your views about the current appraisal process in the District?
3. Please explain how performance appraisal process helps you and your staff to perform better.
4. How does the performance appraisal process motivate staff to perform better?
5. What is your staff immediate response after being appraised?
6. Is staff your performance discussed in detail? Mention any improvements usually suggested?

The contribution of performance based pay on staff performance

7. What rewards or incentives are available to staff that accompany the performance appraisal?
8. In what ways have these rewards and incentives impacted on the performance of staff?

The contribution of staff training on staff performance

9. Do you think a formal appraisal process should include staff training and development program? Why?

10. How did the performance based training program help you? Were you satisfied with it?

Do you have any additional suggestions for improving the current performance appraisal system?

THANK YOU FOR YOUR KIND COOPERATION

Appendix III: MAP SHOWING MANAFWA DISTRICT

