

Resources and Performance Appraisal Implementation: A Case of Deposit Taking Saccos in Kiambu County, Kenya

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Abstract

Performance appraisal implementation involves designing and executing methods and procedures for collecting, analyzing, and reviewing individual or team performance against predefined criteria or standards. This study sought to investigate the effect of resources on determinants of performance appraisal implementation, among Deposit- Taking Sacco's in Kiambu County. The aim is to provide valuable feedback, make informed decisions about rewards, promotions, and development opportunities, and enhance overall organizational performance. This study sought to investigate the effect of resources on determinants of performance appraisal implementation, among Deposit -Taking Sacco's in Kiambu County. The study was anchored on resource-based view theory, goal setting, and Schein's model of organization. The study adopted a descriptive research design. The target population of the study was the senior management staff of the 12 Deposit Taking SACCOS in Kiambu County including Chief Executive Officers managers and heads of departments at the head offices. This study employed a mixed methods approach by using both closed and open-ended questions to collect primary data. The study further employed a census method to gather data. A multiple linear regression model was used to assess the extent to which the independent variables affect the dependent variable. The researcher carried out a pilot test to check for the validity and reliability of the research instrument. The administered questionnaires tested reliable returning a Cronbach's alpha coefficient of 0.7. The study targeted 84 respondents with 72 responding thus giving a response rate of 86 percent. Data was analysed using Statistical Package for Social Sciences (SPSS) version 25 and results were presented in tables and figures. From the findings, the study concludes that resources- significantly and positively affected the performance appraisal implementation of the deposit-taking Sacco in Kiambu. The study recommends that management of the deposit-taking Saccos in Kenya to ensure the availability of resources to implement appraisal. Further research was recommended to replicate a similar study across other financial institutions like commercial banks and microfinance institutions.

Key Words: Resources, Performance Appraisal Implementation, Deposit-Taking Saccos

1.0 Introduction

According to Ibeogu and Ozturen (2015), performance appraisal has its roots and history dating back to the 20th century and can be traced to Taylor's pioneering time and motion studies, as a

distinct and formal management procedure used in the evaluation of work performance. Performance appraisal also dates from the time of the Second World War, the practice is a very ancient art, in the scale of things historical, it might well claim to be the world's second oldest profession (Aydin & Tiryaki, 2018). In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally, and arbitrarily. The Human inclination to judge can create serious motivational, ethical, and legal problems in the workplace. Without a structured appraisal system, there is little chance of enduring that the judgments made will be lawful, fair defensible, and accurate. The performance appraisal system began as a simple method of income justification. That is, 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.

If an employee's performance was found to be less than ideal, a pay cut would follow. On the other hand, if performance was better than what the supervisor expected, a pay rise was in order, little consideration, if any was given to the development possibilities of appraisal, and it was felt that a cut or a pay rise should, provide the only required impetus for an employee to either improve or continue to perform well. These observations were confirmed in empirical studies by Ibeogu and Ozturen (2015) which noted that pay rates were important yes, but they were not the only element that had an impact on employee performance. It was also found out that other issues like morale and self-esteem could sometimes have a major impact on employee performance. In the 1950s 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 (Gomej Mejia, 2019).

From a global context, especially in China, Yin and Zhang (2022) focused on enhancing engineering ethics education (EEE) in the context of green intelligent manufacturing, and it evaluates the implementation performance of the core mechanism of green intelligence EEE and the authors noted that performance appraisal implementation necessity of GI engineering ethics education (EEE) is supported by effective communication, ethics, and support from top management. The study concluded that ethical systems and effective communication should be adopted in promoting performance appraisal systems. In India, Kaushik and Singh (2022) noted

that performance appraisal implementation among advanced manufacturing technologies within small and medium enterprises (SMEs) situated in Northern India requires cultural fits and the adoption of modern resources in terms of technology and digital tools. Through empirical analysis and data collection, the authors noted that the adoption and outcomes of advanced manufacturing technologies in India have led to effective performance appraisal implementation of SME operations.

Regionally and especially in Nigeria, Orji, Olaniyi, Oladele, and Mhirna (2022) investigated the relationship between Strategic Human Resource Management (SHRM) practices and performance appraisal implementation of chosen Deposit Money Banks (DMBs) located in Abuja, Nigeria. The authors employed empirical analysis and data collection to assess the extent to which strategic HRM is associated with improved performance appraisal implementation and it was noted that the banking sector requires resources and effective communications for effective performance appraisal implementation.

Mollel, Mulongo, and Razia (2017) performed a study in Muheza, Tanzania, on public service workers' opinions of performance evaluation management. They discovered that employees see training and development as a critical component affecting job performance. Feedback was also seen as critical in the performance evaluation process since it assists in the remedy of any faults made by the employee. Additionally, promotion is seen as a critical aspect in enhancing effective performance, which results in a rise in organizational output. The research also identified that employees value recognition in the form of various incentives, both positive and negative, because they act as a motivator, promoting higher performance, and when managers make decisions, award promotions, and recognize employees for a job well done, employees perceive these actions as just and fair.

Nationally, and in Kenya, Tumusiime, Mwalw'a, and Okemasisi (2021) delved into the relationship between the implementation of the Teacher Performance Appraisal and Development (TPAD) tool by principals and the subsequent performance of teachers in public secondary schools within Kikuyu Constituency. Through empirical analysis and data collection, The authors confirmed that changes in teachers' instructional quality, professional growth, and effective communication led to effective performance appraisal implementation within the schools. The

study offer insights into how educational policies and tools impact teaching quality and effectiveness in public secondary schools through performance appraisal implementation models.

Performance appraisal implementation refers to the process of putting into action a structured and organized system within an organization to assess and evaluate the performance of its employees (Gomej Mejia, 2019). This involves designing and executing methods and procedures for collecting, analyzing, and reviewing individual or team performance against predefined criteria or standards. The aim is to provide valuable feedback, make informed decisions about rewards, promotions, and development opportunities, and enhance overall organizational performance.

Savings and credit Sacco membership and contributions are both optional; contributions are made on a regular basis and funnelled to a pool where one may get a loan in times of need; and contributions are made on a regular basis and channelled to a pool where one can obtain a loan in times of need (Mongare & Nyakware, 2019). When performance appraisals are widely used in SACCOs, they contribute to improving individual job performance, encouraging teamwork, promoting employee training and development, and enhancing Sacco's ability to hire qualified employees, as well as increasing employees' knowledge of what it takes to have a successful Sacco movement (Mongare & Nyakware, 2019).

The success of any organization is determined by the performance of its employees, it is therefore critical to have a well-thought-out, constructed, and implemented performance appraisal system that assists in increasing employee production (Moyal & Iyengar, 2016). Institutions are highly dependent on the human resource, which fosters customer care relations with prospective clients as well as existing clients. Employees are key stakeholders who directly affect the performance of an organization where successful organizations attract more investors (Cho et al. 2019). According to Mongare & Nyakware (2019), Savings and Credit Cooperatives (SACCOs) often encounter several challenges when attempting to implement performance appraisal systems. One significant challenge is the lack of well-defined and standardized performance metrics that align with the unique nature of SACCO operations. Unlike traditional businesses, SACCOs have a social and community-oriented aspect, which makes it challenging to establish universally applicable performance measures. Balancing financial performance indicators with the cooperative's social objectives, such as member welfare and community development, can lead to confusion and

ambiguity in selecting appropriate evaluation criteria. This struggle to define relevant and balanced performance metrics can hinder the effectiveness of the appraisal process, potentially resulting in a misalignment of incentives and goals among SACCO staff and management (Kaushik & Singh, 2022).

Despite the elaborate specification on appraisal and other human resource practices in organizations, the extent of implementation of performance appraisal in Sacco's in Kenya is not well documented. Additionally, studies on performance appraisal in other organizations have been carried out, but none have focused on Direct Deposit-taking Saccos with their headquarters in Kiambu County. With this background, the researcher is motivated to undertake a study assessing the effect of resources on performance appraisal implementation in Kiambu County SACCOs, namely communication, culture, resources, and employee engagement. Other studies have been undertaken in the banking and health sectors; the current study will focus on DT-Saccos with their headquarters in Kiambu County which are administered by the Ministry of Cooperatives.

2.0 Literature Review

The study aimed to evaluate the effect of resources on performance appraisal implementation in Deposit-Taking SACCOs in Kiambu County. The study was based on the resource-based theory which was initially introduced by Birger Wernerfelt assumes a firm's sustained competitive advantage and superior performance are primarily derived from its unique and valuable resources and capabilities rather than the industry it operates (Wernerfelt, 1984. These resources can include tangible assets (e.g., physical infrastructure), intangible assets (e.g., patents, brand reputation), human capital (e.g., skilled workforce), and organizational processes. The theory suggests that firms with rare, inimitable, non-substitutable, and well-organized resources (often referred to as VRIO resources - valuable, rare, inimitable, and organized) are better positioned to achieve long-term success and outperform their competitors (Isichei et al., 2020).

According to Black, Gardner, Pierce, and Steers (2019), the resources available to an organization, such as financial strength, may have an effect on how performance assessments are implemented. Due to financial limits, supervisors and department heads' suggestions may not always be implemented properly. Salary and promotion raises are two instances of evaluation

recommendations that have a financial influence on the organization's budget. Blanche (2015) examined the variables impacting the execution of performance appraisals in a research done at the National Bank of Kenya. According to the study's findings, there was a positive significant relationship between the incentive system, the assessment technique, appraiser training, and the National Bank of Kenya's performance appraisal implementation. Additionally, the study showed a non-significant negative correlation between performance evaluation adoption and employee attitude.

Jose, Nair, and Kuriakose (2022) also explored the relationship between resources and performance appraisal implementation. The study focused on nurses as a target group and investigate how resources influence performance Appraisal implementation through the lens of personal resources. The study employed a mediating role framework to understand the potential pathway through which resources affect performance appraisal implementation. It was noted that the availability of personal resources, such as psychological well-being and self-efficacy help the performance appraisal implementation. However, this study was done in India.

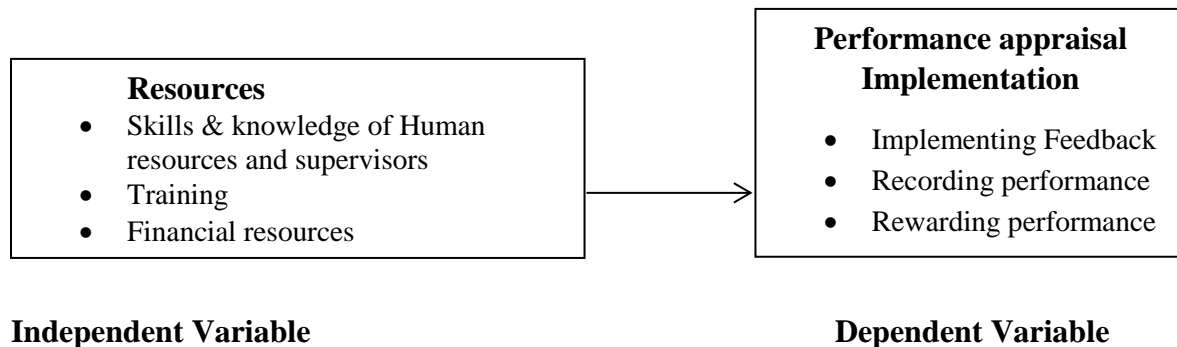


Figure 1.0 Conceptual Framework

Source(Author 2024)

3.0 Methodology

This study adopted descriptive research with the case of Deposit Taking Sacco's with their headquarters in Kiambu County. Descriptive research design describes the characteristic of a given phenomenon under study (Bayucca, 2020) descriptive research was used since it helped to describe the state of affairs as they exist without any manipulation of the variable in the study Kothari (2004) Descriptive research design was be used for purpose of the study to analyze the

determinants of performance appraisal implementation in Saccos in Kiambu County. The study's target population comprised of 84 respondents from the Deposit taking Saccos in Kenya.

In this study Quantitative data collected was sorted, coded, and entered into the Statistical Package for Social Sciences (SPSS). Descriptive statistics in terms of mean and standard deviation were used to analyze the effect of resources on performance appraisal implementation.

The regression model equation for this investigation will be as follows:

$$Y = \beta_0 + \beta_1 X_1 + e$$

Y = Performance appraisal implementation

β_0 = Constant

β_1 = Coefficients for resources

X_3 = Resources

e = Error term

4.0 Results and Discussions

The study sought to investigate the effect of resources on performance appraisal implementation. The table below illustrates the findings from the responses which were based on a Likert scale from 1 to 5 where the respondents were asked to indicate the effect of resources on performance appraisal implementation by checking the relevant box.

Resources And Performance Appraisal Implementation

	Mean	Std. Deviation
The rater has the necessary abilities and training to conduct performance appraisals.	4.0972	.71522
Following the appraisal process, the recommendations provided throughout the process are adopted.	3.4583	.96323
Performance appraisal is conducted regularly	3.8472	.97374
Management is supportive of performance appraisal	4.1806	.58926
Aggregate Mean	3.89	0.81

Source: Survey Data, 2024

The findings on the effect of resource on performance appraisal implementation indicate an aggregate mean of 3.89 and a standard deviation of 0.81. This indicates that the resources have an effect on performance appraisal implementation. Respondents indicate that management is supportive of performance appraisal as shown by the highest mean of 4.18, while the appraiser has the necessary abilities and training to conduct performance appraisals with a mean of 4.09, Performance appraisal is conducted regularly has a mean of 3.84 while the respondents agreed that following the appraisal process, the recommendations provided throughout the process are adopted.

Inferential Statistics

This study sought to find out the effect of resources on performance appraisal implementation in deposit-taking Saccos in Kiambu County. Kenya. To confirm the relationship between resources and the performance appraisal implementation this study used a multiple regression analysis.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig. F Change
1	.495 ^a	.502	.790	.25366	.000

Source Survey data, 2024

The table above indicates that the resources determinants explain 50.2 percent of the of performance appraisal implementation as represented by the r squared value while other elements not captured in this study influence the performance appraisal implementation by 49.8 percent. The study findings showed that deposit-taking Saccos in Kiambu leverage the resources available in their institutions based on the effect of resources on performance appraisal implementation indicating an aggregate mean of 3.89. This also indicates that the resources have an effect on performance appraisal implementation. Respondents indicate that management is supportive of performance appraisal as shown by the highest mean of 4.18, while the appraiser has the necessary abilities and training to conduct performance appraisals with a mean of 4.09, Performance appraisal is conducted regularly has a mean of 3.84 while the respondents agreed that following the appraisal process, the recommendations provided throughout the process are adopted.

Resources are key in the implementation of the performance appraisal as it depends on the available resources such as financial strength affects how the recommendations made are actualized. It's key that the organizations devise a way to ensure proper equitable sharing of

resources which affects how performance appraisals are implemented. Due to financial limits, supervisors' and department heads' suggestions may not always be implemented properly. Salary and promotion raises are two instances of appraisal recommendations that have a financial influence on the organization's budget.

5.0 Conclusion and Recommendations

The study further concludes deposit taking Saccos in Kiambu County highly leverages the resources in the success of the performance appraisal implementation. The specific recommendations in the appraisal process require resources such as financial which are key to the remunerations and motivation of the employees who have been appraised. The resources in an organization include essential skills, knowledge, training, and money, but also human resources, or all players involved in the performance appraisal process and implementation. By availing resources that ensure training, knowledge transfer, and management of the Deposit-Taking Saccos. Since training aims at improving the employees' abilities, knowledge, and competencies, then employees can undertake their job tasks more effectively, and efficiently as well as apply new knowledge to be more innovative at work. Necessary training is given to employees who have not met their targets and to appraisers to appraise fairly.

Recommendations

The study established that resources were key in the implementation of the deposit-taking Saccos in Kiambu to support remuneration, training, and overall motivation of the employees. Therefore, the study recommends that the management of the Deposit-Taking Saccos in Kiambu ensure the equal distribution of resources to ensure that employees are motivated and can perform effectively in their duties. The study also recommends the provision of resources that allow continuous capacity building of employees to effectively execute the deposit-taking Sacco's strategy.

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