

**THE ROLE OF PERFORMANCE APPRAISAL IN INFLUENCING
EMPLOYEE PRODUCTIVITY IN COMMERCIAL BANKS IN MERU
COUNTY, KENYA**

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DECLARATION AND RECOMMENDATIONS

Declaration

This research thesis is my original work and has not been presented for a degree or any other award in any other university.

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BUS-3-0565-2/2016

Recommendation

We confirm that the work reported in this thesis was carried out by the candidate under our supervision.

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DEDICATION

I dedicate this research work to my Wife Mercy and my two sons Roman and Eden.

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ABSTRACT

Despite the commencement of appraisal on employee performance in the banking industry, a decrease in business ventures, total revenue, and spread per staff in the banks can be blamed for low employee productivity. The general objective of the study was to examine the role of performance appraisal in influencing employee productivity in commercial banks in Meru County, Kenya. Specific objectives were to assess how target setting, reward systems, and feedback & communication influence employee productivity in commercial banks in Meru County. The study was guided by two theories which were goal setting and commitment trust theories. It used a descriptive survey research design in investigating the phenomena. Information was gathered from employees working permanently in the twenty banks located in Meru County. The study employed a census sampling technique and hence all the 213 employees were sampled. The technique was adopted because the target population was relatively small. Primary data was collected through questionnaires. After pre-testing, content and criterion validity of instruments were verified while reliability was measured using Cronbach's alpha coefficient. Descriptive statistics such as frequencies, percentages, means, and standard deviations were computed. Further, correlation and regression analysis were also used to assess the relationship between the independent and the dependent variables, and to also test the research hypothesis. The findings of the study were presented using tables and figures. The study noted that staff members in commercial banks in Meru Town are productive. This was mainly driven by the structured target setting and feedback and communication. However, the performance reward system in the banks did not indicate any predictive ability on employee productivity. The study established that target setting, performance reward setting, and feedback and communication when considered separately, each positively and significantly influence employee productivity. However, when combined, only the target setting could predict employee productivity in commercial banks in Meru Town. Thus, the study concluded that although reward systems and feedback & communication are critical in influencing employee productivity in commercial banks in Meru Town, it is the target setting that matters most. The recommendations done on the target settings were that commercial banks ought to ensure the staff was engaged through being involved in the target setting to improve employee productivity. Recommendation done on performance reward systems were, banks ought to ensure there was a structured performance reward system to ensure their personnel to remain motivated. While on feedback and communication, this study recommended that banks ought to put in place, proper communication channels that would ensure employees became more productive. This study was valuable as it contributed to the improvement of performance contracting practices and policy implementation on performance management.

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ABBREVIATIONS AND ACRONYMS

ATM	Automated Teller Machine
CBK	Central Bank of Kenya
NACOSTI	National Commission for Science, Technology, and Innovation
PRP	Performance Related Pay
ROI	Return on Investment
SPSS	Statistical Package for Social Sciences
U.S.A	United States of America
UK	United Kingdom

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

This study embarked on surveying the role that performance appraisal plays in influencing employee productivity in commercial banks in Meru County, Kenya. The study set out to ascertain the role of performance assessment in influencing employee productivity in commercial banks in Meru County, Kenya. The study was interested in establishing how target setting, performance reward systems, and feedback and communication influenced employee productivity in commercial banks in Meru County.

The chapter started by establishing a background on the key constructs of the investigation, the statement of the problem, the purpose of the study, objectives that guided the research, and the research hypothesis. Also provided are the justification, scope, limitation, and assumptions of the study.

1.1.1 Employee Productivity

Employee productivity is defined as the evaluation of a worker's or a category of worker's efficiency and maybe assessed about the output of an employee in a stipulated duration (Leitao et al., 2019). Further, Nwannebuife (2017) observed productivity as a set standard of the quantity and quality of accomplished tasks taking into account expenses on the resources utilized. An organization's competitive

advantage is enhanced by its level of productivity since its expenses related to the production of goods and services are reduced (Nwannebuife, 2017).

Employee productivity is related to output quantity and quality. It also relates to the timeliness of output, job appearance, or frequency of showing up efficiency, and effectiveness of the accomplished tasks (Kipsegerwo et al., 2016). Estimating or quantifying employee productivity entails establishing the duration that a typical worker is required to generate a stated degree of production. The measuring of employee productivity could also be done by determining the duration that a category of workers employed on a particular activity that included; production, travel, or slack time devoted to waiting for materials or replacing defective apparatus (Karim et al. 2015; Khan, 2013; Moy, 2011).

This particular approach was utilized to establish whether the employees were devoting long durations away from production on alternative facets of the job that could be managed by the business (Kipsegewo et al., 2016). It was of great significance to observe that though quite complex to assess, employee productivity had an unmediated effect on the profits of the business firm (Kwamanga & Achola, 2014). Therefore, it was the duty of employers to inspire their staff to be more productive even though they were supposed to establish a worker's capabilities at the initial job interview (Lawler et al., 2012). In this study employee productivity was measured by employee retention and financial stability because it was the most common way used to measure employee productivity (Kipsegewo et al., 2016; Karim et al. 2015; Kwamanga & Achola, 2014; Khan, 2013).

The meaning of worker profitability has been difficult to conceptualize and quantify (Hanaysha, 2016). For example, the regular meaning of profitability had for the most part stressed the proportion between input expenses and yield esteem, notwithstanding existing related ramifications that it could rely upon the idea of business. In general, there seemed to be equivocalness in conceptualizing, estimating, and testing the precursors of representative profitability. In any case, Hanaysha (2016) characterized typical viability as an assessment of the productivity of an expert or congregation of employees which could be evaluated as the vintage of an employee in a specific duration. A review by Sharma and Sharma (2014) showed that typical viability relied on the quantity of time that an employee was honestly present at their job station, rather than the notch to which they were "intellectually there" or efficiently working during the immediacy at the precise job.

The human productivity in the banking sector depended mainly on how efficiently the workers were managed (Aithal et al., 2018). Along with organizational objectives, each employee's objective is aligned with organizational objectives led to setting up the right target for individual employees. Application of Theory A (theory of accountability) in the banking sector decreased the rigidity and power structure of the organization and focused on changing the outlook of the modern workforce, modifying the perspectives of the employer, improving the management style, and a test for newer forms of governance (Aithal et al., 2018).

The issue of employee productivity is a global concern. In the United States, the Employee productivity index is measured separately for each sector. Collective Employee productivity, referred to as labor productivity is measured as the ratio of the

goods produced compared to the total labor hours consumed in production (United States department of labor, 2017). According to Forbes (2016), employee productivity in America had been on an upward movement; averaging to 1.3 % per annum over the recent past due to improved compensation and employee-management relations.

Among all other organizational resources utilized to realize employee productivity in North America, none were meticulously examined as human resources (Tierney, 2009). This, Tierney argued was because the majority of the undertakings such as; pay, appraisal systems, training, job design, and compensation carried out in a human resource system were tailored to influence both employee and organizational productivity. Voon (2011) reported that in Malaysia the limiting or containing costs related to labor and intensified employee productivity would be done by creating properly defined linkages between pay and performance that were deemed as central or essential human resource management elements of competitive advantage. The introduction of performance appraisal in the banking sector was the latest tool used by bank human resources to improve employee productivity. This study evaluated whether the performance appraisal system and all the activities involved such as target setting, rewarding the performers, continuous feedback, and communication improved employee productivity.

In the United Kingdom, the productivity of employees was measured in terms of output per hour, and it had been on an upward trend due to improved methods of production and use of technology (Martin, 2017). However, current trends indicate a decrease in employee productivity. This has been attributed to the reduced wage rates as a result of the huge labor supply from immigrants. Watson (2009) opined that low-

wage rates were felt by employees in terms of reduced salaries and benefits. These eventually reduced employees' work morale hence their productivity levels also reduced drastically. An examination by Sung and Choi (2014) detailed that interest in data innovation frameworks, bank productivity, obstructions to section, and proficiency of interest in scholarly capital factors, significantly affected scholarly capital execution.

In India, the concern for employee productivity can be dated back to the industrial revolution when the demand for consumer goods was high and this called for increased productivity from workers. In Hinduism, the concern for employee productivity was related to one's fate 'karma' that employees would be rewarded for their good work not only by the bosses but even nature and supernatural would follow do so. To some extent this formed the basis for performance appraisal in the business world; however, the tools for implementation were not clear. This religious belief of 'karma' led to high employee productivity and commitment. The role of the management has been narrowed to helping employees in achieving their targets and communicating the outcomes of achievement or lack of it to the employees (Seth, 2018). Vadrade and Katti (2018) while comparing revenue and spread per staff on both private and public banks, observed that they were noteworthy high. There was significant growth in business ventures, total revenue, return and spread per staff in private banks than in public banks, while other ratios had less influence on employee productivity (Vadrade & Katti, 2018).

Most African countries had the backbone of their economies anchored on agriculture (World Bank, 2017). As such, most workers were manual laborers working on farms.

The report further indicated that their level of employee productivity had been relatively low and has gone up for those farms operating on output-based pay. Work is divided into units and then each unit is allocated a specific amount of pay. Thus, each worker had the opportunity of setting their targets and earnings from the achieved targets. Tea farms and horticultural farms are a good example of such practices.

The level of employee productivity in the Kenyan public sector is wanting leading to the introduction of performance contracting in 2006. With the improvement in target setting, communication, and standardizing of pay, the sector had shown increased employee productivity (Okeyo et al., 2009). Hepngetich and Bula (2017) found that poor communication and lack of objectivity resulted in low employee productivity among bank employees in Nairobi county. Also, low employee productivity due to poor communication, lack of objectivity on both the appraiser and appraisee, and too high targets. The productivity of employees in Kenyan banks could be improved if there was a contribution of staff when setting targets and their interests put into consideration (Hepngetich & Bula, 2017).

Employee productivity in the banking sector was of concern because bank employees were charged with the administrative responsibility of controlling substantial amounts of monies on a day-to-day basis; occasionally their work environments also exposed them to unfriendly customers but are required to practice a higher degree of professional ethics as compared to personnel in many other businesses (Wanjala & Kimutati, 2015).

1.1.2 The Performance Appraisal

Performance appraisal was defined as the discipline of management science concerned with the evaluation process of identifying strengths among employees, their developmental needs and weaknesses within organizations and improving their performance through giving rewards and improving their competencies (Ikramullah, et al., 2012; Armstrong, 2009). Ikramullah et al. (2012) further described it as a process that entailed the existence of an assessment contract to carry out services in line with assented terms, within an accepted duration and utilizing the required capital and performance ideals. Furthermore, the assessment of the performance had been viewed as a constituent or component of comprehensive public sector reforms whose goal is to enhance efficiency and effectiveness and, in the process, minimizing aggregate costs (Wanyama & Kimutai, 2015).

The performance examination is characterized as the strategies and procedures utilized by associations to survey the degree of efficiency of their workers and to furnish them with a criticism (Van & Schod, 2015). This procedure was utilized for both formative and authoritative purposes. The exploration of PA incorporated assessment of the psychometric parts of the examination devices, the psychological procedure and the inclinations in question, and the social setting. Although PA was a significant device for overseeing representatives, administrators, and laborers contended with it (Van & Schod, 2015).

Typical efficiency had regularly remained concurred with key attention provided for by employees' managers (Idowu, 2017). Therefore, various implementation appraisal approaches had periodically been formulated to aid in establishing a worker's

efficiency. The author indicated that there were remarkable optimistic outcomes when an organization applied implementation scrutiny as a motivational instrument. He additionally revealed that the use of multiple assessments approaches aided in getting more protuberant fulfillment and subsequently advanced convincing points. The particular parts of execution examination frameworks that aided in advancing motivation, integrated the linking of efficiency to rewards; employing the PAS to support established targets and yardsticks; employing of PA to aid in acknowledging worker's value and inadequacies and formative needs.

Performance appraisal could be accompanied by a set performance reward system, training allocations, and a clear communication system (Shirley, 2013). Performance appraisal had been embraced by organizations as a tool to manage employee productivity however if the appropriate structures were lacking it led to biasness by the managers or rejection by the staff (Shirley, 2013). White et al. (2010) identified communication channels as a key requirement for effective performance appraisal. Seijts and Latham (2010) argued that employees could not achieve targets that were not communicated.

A communication channel must have a forward message and feedback (Watson, 2009) thus feedback is equally key in achieving the objectives of performance appraisal. It ensured that PA offered a response, inspired enhancement of performance, made effective choices, validated terminations, recognized training and expanded requirements, and protected workers' choices (Van & Schod, 2015). Seijts and Latham (2010), found that employees who were provided with tangible rewards performed better than those provided with intangible rewards. Simmons and Petrescu

(2008) stipulated that a strong, attractive, and just performance assessment structure increased the assurance of experts and enabled the organization to grow and make a profit. Cintron and Flaniken (2011) put across that it was vital to comprehend the assessment procedures utilized because they impacted the expediency of the assessment structure in a firm and the professed or definite profits gotten from its application.

In Britain, regardless of the long-standing attention to the centrality of the work power to the advancement of endeavors, above 80% of the firms measured in the United Kingdom demonstrated a specific frustration with the presentation examination frameworks (PAS), bringing up that it could not move laborers (Dwomoh et al., 2014). The authors contended that a PAS might be influenced by the sort of foundation wherein it was run. Though PAs had experienced normal objection, they had been inherently incorporated in the administration plans of UK organizations (Dauda, 2018).

The response of backups in European nations such as Germany and France to the exposition inspection outline from their American parent firm was inspected by (Bacouel et al., 2015). Notwithstanding existing examination, the outcomes depended on employee observation and broke down in facet varied differences to specific epochs of an exhibition appraisal. The results demonstrated that the underrated highlights of the American way of implementation of valuation progression were not replicated correspondingly in several public situations. On the one hand, employee wishes in France focussed plainly on the exposition standards and the valuation

process. On the other hand, Germans were progressively captivated by valuation outcomes.

In Korea, the way business organizations and public service institutions made use of a performance appraisal system for the development and promotion of their employees was noted by (Conger, 2009). The author further noted that the introduction of performance appraisal systems was carried out by The National Production Board of Korea which instituted general procedures for such assessments and entrusts oversight on senior management of different public service organizations. Xavier (2015) noted that performance appraisal systems were incorporated into the running of manufacturing organizations and that not only were most of these systems effective but had a noticeable influence on employee productivity in India.

Effective performance appraisals systems that integrated performance reward systems positively influenced commercial banks' employee productivity in Bangladesh (Karim et al., 2015). The existence of ineffective performance appraisal systems characterized by; a substandard performance reward system and substandard communication and feedback mechanism resulted in non-commitment among employees adversely influencing their productivity among public sector organizations in Nigeria (Odunayo et al., 2014).

In Tanzania, the importance of adopting active performance assessment structures for monitoring the conduct of public service employees and also an improvement in their productivity in public water companies was reported by (Karia et al., 2015). Further, Karyeija (2010) established that the adoption of performance appraisal systems characterized by a lack of clear targets, substandard performance reward systems that

were driven by a culture of nepotism and corruption, and a non-reliable feedback mechanism adversely influenced employee productivity in Uganda.

Performance appraisal entailed the inclusion of employees in understanding the job expectations and establishing the performance measures with which individuals were evaluated (Singh, 2013). This aimed at documenting employees' performance as well as reaching conclusions concerning each employee. Latham and Mann (2006) noted that the goals of the management differed from that of the employees in that the management aim at gaining control over employees through rewards and punishment. Employees explicitly viewed performance assessment structure as a process that created opportunities for individual development, enhancement of work satisfaction, and participation in organizational processes. To balance off the diversified goals, Lawler (2009) pointed out that the management should strive to develop and perpetuate team spirit and shared objectives.

In Kenya, the general use of performance appraisal systems among commercial banks in Kenya was explored by Mwangi (2013). Though the study found that performance appraisals were carried out in the banks mostly quarterly the study did not quite show the link between the performance appraisals and employee productivity. Another study by Mutahi (2012) evaluated the use of performance appraisals at the National Bank of Kenya. The study found that the 360degree appraisal method and management by objectives among other methods of performance appraisal greatly influenced employee performance at the bank.

1.1 3 The Banking Sector in Kenya

Given the 2018 report from the Central Bank of Kenya, the banking sector was composed of 41 commercial banks, 6 deposit-taking microfinance institutions, 1 mortgage finance company, foreign banks with 5 representative offices, 2 credit reference bureaus, and 115 foreign exchange bureaus. Initially, there were 44 banks however imperial banks, chase banks, and Dubai banks were closed down due to operational issues (Cyton, 2018). Worldwide economies relied profoundly on the vital purpose banks and their staffs played towards their development and in offering outstanding services to their clients (Central Bank of Kenya, 2016).

Brilliant administrations offered by Kenyan banks made a positive observation and everlasting picture according to bank clients. The immense usage of data innovation frameworks in the Kenyan financial industry had changed it to be one of the parts of the economy that was both exceptionally serious and globalized. Despite the way that data advancements such as robotized teller machines and portable banking had comprehensively become the main thrust of most business associations in the financial area (Tongurai, 2018). The workers of these associations remained the bedrock of this financial assistance division that was profoundly digitized (Tongurai, 2018).

It was in the business interest of most Kenyan commercial banks to provide through their employees' unparalleled banking services to their clients. In a similar disposition, commercial banks endeavored to issue financial services and endorse the eminence and competence of their employees. To achieve this superlatively, Kenyan banks had been known to be keen on undertaking performance appraisal to develop the best

packages for training and rehabilitation to equip employees with the requisite expertise and knowledge. Misati et al., (2010) pointed out that Kenyan banks were facing stiff competition and as a remedy to the increased competition, they relied on high employee productivity to cut on cost and improve the profit margins. Concerning the above, Kenyan banks were progressively getting increasingly forceful about rebuilding work in manners that assisted with pushing for higher representative efficiency supported by a variety of advancements and the board rehearses. The presentation of execution amounts in the financial business was given to representatives working for additional hours to satisfy the frequently fierce cutoff times (Beck et al., 2009). This anyway had not improved the representatives' profitability as they were depleted and with a low work spirit (Tongurai, 2018).

1.1.4 Commercial Banks in Meru County

There were twenty commercial banks currently operating in Meru County, through a network of 33 branches (Meru County, 2017). The major commercial banks operating in Meru were a mix of local and international banks and they include Cooperative Bank, Kenya Commercial Bank, ABSA Bank, Equity Bank, National Bank of Kenya, and Standard Chartered Bank. There were several microfinance institutions operating in the county with the major ones being KWFT and Faulu Kenya. There had been continuous moving in of banks over the past few years due to the increased economic growth of Meru County. The many banks equally led to the opening of the central bank in the town.

Meru County was rich in income with a high level of per capita income and disposable income as well. The county had been rated as third in terms of cash

circulation countrywide after Nairobi and Mombasa (Meru County, 2017). The strong banking system supported the economy of the county through loans, payments, and custody of cash. Due to the intense economic activities taking place, banks in Meru County were always put on their toes to provide services to the increasing number of customers, thus highlighting the importance of employee productivity in the county. Banks in Meru County operated under a centralized system countrywide. Thus, they undertook performance appraisal just like other branches and units countrywide. That notwithstanding, it had not been established how influences employee productivity. Ndiba (2014) found that employees in commercial banks in Meru County had moderate productivity and there was room to improve this productivity.

1.2 Statement of the Problem

Commercial banks in Kenya had put in place various measures such as annual performance appraisal, good working environment among others to facilitate the optimal productivity of their employees. The commencement of performance appraisal in the banking industry was meant to contribute to the improvement of productivity of bank employees with the hope to positively influence the overall organization's financial performance.

Ndiba (2014) noted that in Meru County, employees in commercial banks had moderate productivity. However, Ndiba did not cite what needed to be undertaken to improve staff productivity. Graham (2010) showed that there was a robust connection among aspects of performance assessment and the efficiency of individual employees. This study envisaged that enhanced performance appraisal subsequently resulted in better employee productivity.

The creation of both employment and wealth opportunities were described in the economic recovery strategy (Deloitte, 2017). Deloitte elucidated that the banking sector committed to enhancing institutional performance, management, and corporate governance in the finance industry by making use of performance appraisals. However, performance appraisal systems had reduced the banks' employee's level of job to many controls and repetitive tasks; there was neither part for experiment nor room to enhance productivity at work (Wanjala & Kimutai, 2015). Moreover, the Kenya Bankers' Association annual report of 2016 showed that the performance appraisal system was a challenge in the banking industry but it was not clear as to the extent it influences the overall productivity of staff. The report further indicated that since the commencement of performance assessments in the banking area, employees' productivity has reduced by 7.8 % for 6 years. This indicated that its intended purpose was not achieved. This pointed out the need for empirical solutions to this problem to save the financial institutions from collapsing and being put under receivership.

The study considered the role of performance appraisal on employee productivity and in particular how target setting, performance rewarding, continuous communication, and feedback would improve employee efficiency in the banking business. This would help to advance the current employee efficiency with a minimal rate of closure of banks due to low productivity among the employees.

1.3 Purpose of the Study

The purpose of this study was to analyze the role of performance appraisal in influencing employee productivity in commercial banks in Meru County to enhance performance appraisal systems and outcomes in the banking industry.

1.4 Objectives of the Study

- i. To find out the influence of target setting on employee productivity in commercial banks in Meru County.
- ii. To examine the influence of performance reward systems on employee productivity in commercial banks in Meru County.
- iii. To assess the influence of feedback and communication on employee productivity in commercial banks in Meru County.

1.5 Research Hypotheses

H₀₁: There is no significant influence of target setting on employee productivity in commercial banks in Meru County.

H₀₂: There is no significant influence of performance reward systems on employee productivity in commercial banks in Meru County.

H₀₃: There is no significant influence of feedback and communication on employee productivity in commercial banks in Meru County.

1.6 Significance of the Study

It was envisaged that the results of this study would guide the commercial banks under investigation on the formulation process of effective policy measures that they would implement to enhance their systems for performance appraisal. Further, it is anticipated that findings of the scholarly investigation would also be used by commercial bank managers to tackle the causes of their substandard performance in the delivery of service and in particular that which relates to employee productivity.

The bank employees would benefit since the bank's financial performance would go up in terms of profits hence there would be a likelihood of salary increments and less layoff. The bank's customers and society at large would also benefit since they would know that their finances are safe and well utilized since the performance of the bank is reflected in its profits and liquidity ratios.

Additionally, findings of the study provided recommendations that would inform decisions by other researchers to undertake a scholarly investigation on other variables related to systems of implementing performance appraisal not addressed in it. The findings also contributed to new knowledge in the expanse of performance administration in the banking business.

1.7 Scope of the Study

The study focused on the influence of performance appraisal on employee efficiency in commercial banks that have branches in Meru County and therefore its discoveries could be widespread to commercial banks in other counties. According to the Meru County Government department of trade, investment, industrialization, tourism, and cooperatives, there were twenty registered commercial banks in Meru County by the end of 2018. The specific constructs were target setting, performance rewarding, continuous feedback, and communication.

1.8 Limitations of the Study

The study overriding limitation was that the thematic scope of the variables was deemed as corporate classified information and therefore target respondents were not completely willing to respond to the questionnaire items. The researcher had therefore

to clarify the intent of the research to gain their trust. Further, there were concerns over the identity of the respondents. However, the respondents were assured of confidentiality and anonymity. Further to this, the participants were not supposed to indicate their names in the questionnaires.

1.9 Assumptions of the Study

The study was founded on the supposition that the concept of performance appraisal was well understood by the target population and practiced to some extent by commercial banks in Meru County. The researcher also assumed that banks view performance appraisal as means to an end for high-performing banks.

1.10 Definition of Terms

Commercial bank-This is a financial institution that accepts stores, manages fiscal archives, conducts business, personal, and home credits, and provides vital financial matters such as authorizations of business venture accounts to its customers (Saleemi, 2010). This research involved commercial banks operating in Meru County.

Employee-The staff being appraised or one whose performance is being reviewed (Armstrong, 2010). In this study, employees refer to staff working for commercial banks in Meru County.

Employee productivity-This is the assessment of the ability of an employee gains while working over an agreed period (Hanaysha, 2016). In this study, employee productivity was measured in terms of employee retention, financial stability, satisfaction, and problem-solving.

Performance Appraisal-The procedure that methodically and exhaustively involves assessing performance and furnishing with feedback upon which performance harmonization can be undertaken (Graham, 2010). In this study, performance appraisal was represented by the following components: target setting, performance reward system, and feed and communication.

Feedback and Communication- refers to the information given back to an employee concerning his/her performance (Bartz, 2017). In this study, feedback and communication variable was measured in form of an open-door policy, interactivity, inclusion, communication channels, timeliness in communication, and freedom of ideas.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter encompassed the theoretical framework and demonstrated how key concepts related to each other through the conceptual framework and literature reviewed. The empirical review was steered by the research objectives.

2.2 Theoretical Framework

This section contained the theories used in this study. The study was guided by two theories namely goal setting and commitment trust theory. These theories gave the theoretical foundation of the study.

2.2.1 Goal-Setting Theory

The goal-setting theory was developed by Locke in 1968 (Locke & Latham, 1968). The theory showed an inductive connection between the employees' productivity and goal setting of the individual personnel. This theory suggested that if employees set their goals, then this could improve their performance.

A significant component of this hypothesis was that the availability to move in the direction of the accomplishment of an objective was the primary wellspring of employment inspiration. It recommended that unmistakable, precise, and difficult goals were more protuberant rousing mechanisms than modest, wide-ranging, and indistinct goals. Locke recommended that certain and vibrant goals promote more

yield and better efficiency. He further recommended that goals should be applicable and challenging simultaneously giving one a sentiment of pride when accomplished.

This examination depended intensely on the objective setting hypothesis in that it assumes that the distinct representative was anchored on the goals and would not surrender the goal. The goal concern relied on whether the objectives were transparent or if objectives were personally established by a person instead of designated and if the persons define objectives were per the hierarchical objectives and vision. The examination received this model to clarify the job of target setting in execution evaluation which was conceived by this investigation to have consequences for worker profitability.

A focus on individual and mutually agreed set goals were likely to elicit high levels of commitment from employees which ultimately impact the overall employee productivity leading to overall organization performance. This hypothesis proposed that the individual objectives built up by a worker assume a critical job in rousing them for super execution. This was because the representatives continued following their objectives. If these objectives were not accomplished, they either improved their exhibition or adjusted the objectives and made them increasingly practical. If the exhibition improved, it would bring about the accomplishment of the presentation of the board framework points. The weakness of this theory was that goals were set presuming status quo remained but changes could occur because the future was unpredictable which may disrupt overall profit margin as witnessed by rate cap in Kenya (CBK, 2016).

2.2.2 Commitment-Trust Theory

This theory was propagated by Morgan and Hunt in 1994 (Morgan & Hunt, 1994). It suggests that, for any employee productivity, there was a need to demonstrate commitment, trust, and a strong relationship in every activity between the employee and the employer. Morgan and Hunt in 1994 recommended that connection duty and confidence as the main factors for effective connections since they advance agreeable practices among accomplices in a relationship and help them to keep up long haul connections. Morgan and Hunt tried this hypothesis on business connections between car tire retailers and their providers and inferred that it was upheld by the investigated information. The dedication trust hypothesis engendered that trust and responsibility were the main factors that worked as intervening factors. The factors connected five significant precursors, in particular, relationship end costs, shared qualities, relationship advantages, correspondences, and crafty conduct.

Morgan and Hunt (1994) recommended that trust was upgraded when accomplices shared the same qualities and imparted. Trust diminished when accomplices were seen to take part in entrepreneurial conduct. Duty Trust hypothesis indicated that there was must participation in which two gatherings must cooperate to accomplish a shared objective. Morgan and Hunt expressed that participation came about to results that surpassed what might be accomplished in a relationship in which accomplices cooperate. The useful clash was differences that led to an improvement in a relationship. Contradictions had a method for fortifying connections since they could prompt chances to impart and alter desires.

In this study, there was a requirement for the banking area to guarantee the making of a trustful climate since trust urges accomplices to regard clashes as practical and discover win-win arrangements. The dynamic vulnerability was the degree to which accomplices noticed they have adequate data to settle on choices with certainty. This directly affected the responsibility of the executives and representatives. The relationship itself turned into an objective rather than the aftereffect of each endeavor between accomplices. This dedication and trust were viable and valuable to the association if just there was an acceptable criticism system. This theory was beneficial to the banking sector to form an empowering setting that would aid in the implementation of performance appraisals which were geared towards spurring employee's productivity. If the banking sector used this theory, it could aid in the generation of an outstanding connection between the administration and the personnel for better implementation of performance contracts.

2.3 Target Settings and Employee Productivity

Target setting was defined as the establishment of performance standards to assess entire facets of the performance of a business firm's undertakings and objectives as established in the mission statement (Kemboi, 2015). Moy (2011) on performance assessment structures observed that from the commencement of the 1980s, nations such as New Zealand, United Kingdom, Australia, and Sweden, had carried out restructurings whose predominant objective was making public sector institutions more amenable. These restructurings were prompted by the demands for enhancing the general proficiency and efficacy of public spending; minimizing comprehensive degrees of spending; enhancing amenability as well as the openness of the public

segment; and improving the susceptibility of public sector institutions to the wants of residents. A predominant characteristic of these reform programs was the increasing utilization of performance standards and targets to assess all features of the performance of employees.

Teo and Low (2016) looked to learn whether objective setting affects worker viability and at last improves association adequacy in Singapore. The discoveries of this observational research proposed that there was consistent simultaneousness among the examination talk with members that objective establishment had a task to carry out in the connection portrayed in the reasonable model and that it affected representative adequacy and eventually improves association viability. It was nonetheless, not clear, how objective target setting straightforwardly influenced representative profitability particularly in the financial division. Consequently, the present examination looked to determine the impact of target setting on representative profitability in business banks in Meru County, Kenya.

Korir (2014) sought to establish employees' perceptions of the performance appraisal process in G4S Kenya Ltd. The study established that the respondents were aware of the performance appraisal process as it was clearly defined. Most of the respondents had a positive perception about the performance appraisal process which included appraisers being fair, employees involved during target setting, offering corrective action to improve on their performance. The study settled that though performance assessment had generally been embraced in the organization, the way the exercise is managed is a problem. It was noted that though G4S was in the service industry, it however differed from the banking sector which has varying dynamism. The study

did not also address how the target setting influenced employee productivity and hence the need for this study.

Sahai and Srivastava (2012) assessed the target setting with performance assessment in talent management in India. The study indicated that the current plan had a shared objective setting on quantifiable execution measurements. The objective setting was explicit, hence clarified the representatives on what was required out of them. A nearer examination on Samridhi enterprises stipulated that the essential defect in the objective establishment and execution evaluation framework had an individual arrangement of qualities. It was additionally noticed that in any event, for advancement between bunches execution, the evaluation was among the criterion used that was time structured. This additionally demonstrated a suggestion that regardless of the exhibition and exertion, proportion profit that an individual acquired was advanced inside the gathering and among bunches dependent on the involvement. However, this aided in remunerating the individuals who remained for a lengthier duration of time with the firm yet it additionally made disparity and cacophony among the superior workers. This implied that in some instances, results of the target setting were not strictly followed when rewarding employees. This hindered employee productivity.

Latham and Locke (2008) observed that employee motivation in North America and regions of Europe was closely related to the emphasis on setting goals. The conclusion of this study was that goal setting was both pertinent for motivating a member of staff in the private sector equally to those in the public sector. Additionally, it was concluded that those employees who took part in the

determination of their goals performed considerably better compared to their colleagues whose goals were selected for them irrespective of the fact that determination to goal was identical without regard to how the goal was instituted. The participants established objectives that were considerably advanced than those that were allocated by a research and development director. Coherent with objective established theory, the more advanced objectives were, the more employee's productivity became progressive. Additionally, the development in productivity as a result of acclamation, as opposed to financial rewards, was not substantially different. Both resulted in higher employee productivity as compared to public approval. The study however did not address the target setting in the banking segment. Further Sarker (2017) on practices of employee administration and performance in Bangladesh banking segment, found that determination to a performance goal bred the outcome of the decision to apply exertion and to persevere till the objective was achieved, and consequently making use of the knowledge and capabilities already endowed in an individual. An erudition objective attracted awareness from the intended outcome. It required individuals to pay attention to getting acquainted with actual performance.

Research on the positive effects of goal setting on employee productivity by (Metzenbaum, 2006) weighed more in the private than in the public segment. The use of employment examination to create social measures, for which explicit significant standards were set, could be executed effectively on people in the private division. Metzenbaum (2006) referred to phenomenal instances of the advantages of setting explicit high-efficiency result objectives for administrative associations for at least one segment inside them. Metzenbaum also noticed that measures for

persuading a representative in people in general and private areas were to be seen with alert. The basic role of execution of the board examination was the evaluation and advancement of every individual representative, not the association. Results gauges that were far-reaching for instructing an individual representative were normally elusive; however practices recognized through work investigation, indicated what a worker could do to actualize an association's methodology that influenced its net benefits (Metetzenbaum, 2009).

Odunayo et al. (2015) carried out a study on the influence of performance assessment on Nigerian public division. The study concluded that to achieve the desired results from individual employees, the employers had a duty to set clear and achievable targets.

Kemboi's study of 2008 on employee performance in the public sector carried out at Sikri in Kenya revealed that objectives were determined and anchored on the mission statement. In the course of the appraisal, it was generally required of managers that they account for any discrepancy between irrefutable performance and the targets. Concerning the work plan, management targets were instituted by individual objectives and were guided by business strategies and other company documents. Other main deliverables and domains of obligation to which employees would participate were also established. In an ideal situation, a lower cadre employee and manager concurred on the duties and obligations of the employee level.

From the reviewed literature, the target setting was defined as the establishment of performance procedures to assess entire facets of the performance of a firm's functions and goals as documented in the mission report. Most of the reviewed studies

were carried out in public sectors and few were carried out in financial institutions. This study is consequently designed to seal this gap. Further, the existing literature held inconsistent findings on whether employees were supposed to participate in the target setting procedure and on whether they should be allowed to negotiate their targets. Some authors argued that there was a need for employee involvement while others had different opinions. This study was therefore set out to explore whether employee involvement in target setting and opportunity to negotiate targets influenced employee productivity in commercial banks in Meru County. This propagation led to a null hypothesis of no relationship between target setting and employee productivity in commercial banks in Meru County.

2.4 Performance Rewards Systems and Employee Productivity

Reward referred to any expected aspect whether monetary or non-monetary that motivated a precise sequence of deed encouraging individuals to act in a particular manner (Graham, 2010). Graham (2010) classified reward into several types, for example, compensation inducements, moral motivations, non-financial spurs like a public acknowledgment, and prizes.

Performance reward systems are comprised of interrelated procedures and practices that are consolidated to guarantee reward from the organization to the personnel who work to its advantage (Armstrong, 2010). A reasonable exhibition reward framework had a predominant impact on raising lessons of representative and proficient working of the association. The possibility of execution reward frameworks depended on the thought that one raises the representative assurance and the dedication level through

the reasonable prize frameworks (Armstrong, 2012). These frameworks were established to lead to improved profitability in the organization (Armstrong, 2012).

Numerous studies were done on performance reward systems and investigated its relationship with various variables. David and Conway (2011) found that motivator pay was related to apparent market execution in the USA. Representative pay framework brought about better hierarchical execution in Indian firms (Armstrong, 2009). Moyeen and Huq (2001) at Dhaka, Bangladesh, examined human resource management practices of ninety-two average and gigantic business ventures in both public and private areas and ascertained that sixty-two percent of the overviewed associations had a human resource sector.

Khan (2013) contended that in many firms, reward decisions depended on implementation valuations. Nonetheless, assessing a representative's presentation was regularly troublesome. Khan developed a model in which the staff was dubious about their presentation and the director's capacity to survey them. The director issued the employee an exhibition assessment with an outlook on manipulating the representative's observation, and the representative's impression of the chief's ability to examine implementation. Khan (2013) inspected how implementation examinations manipulated the representative's imminent competence. The expectation of the model was reliable with diverse observational findings. It included the discernment that chiefs would in general offer helpful assessments. The results attracted adverse assessments and the insight on the effects of examinations count on the employee's perception of the supervisor's ability to study implementation. It was however unclear whether the model predicted the productivity of commercial bank

employees. Thus, the need to ascertain the impact of performance rewards structure on employee efficiency via empirical study.

Kipsegerwo et al. (2016) evaluated the impacts of the execution of the board procedure on representative efficiency in business banks in Turkana County. The examination built up that the accompanying components of execution of the executives' procedure such as execution evaluation framework, preparing, advancement, and prize framework influenced worker profitability. The investigation did not unmistakably show how extraordinary prize frameworks influenced representative efficiency consequently the need for the present examination.

Odhiambo (2015) on the impact of execution the board rehearses on representative efficiency with attention on Schindler Limited. With respect to the impact of execution examinations on representative efficiency, the discoveries proposed that the evaluation prompts upgraded worker execution in the association. With respect to the impact of remuneration frameworks on worker profitability, the discoveries proposed that representatives were compensated to meet objective efficiency levels. The open door by the supervisor to officially perceive great representative execution prompted work inspiration. At the point when prodigious implementation was observed and later paid, its chances being repeated were extended. The study did not however specify how each reward structure affected employee efficiency hence the need for the current study.

Graham (2010) found in a relative report on association execution in the UK that, for instance, the legislature presented a motivator program for specialists in 2004. That is whereby rewards were granted dependent on the accomplishment of a hundred and

forty-six targets. These objectives concentrated on the huge scope of regions, including medical consideration, practice, association, and patient fulfillment. To have had these reward schemes in an organization, they improved the inspiration of the administration and employees hence their productivity. Productivity was more encouraged through rewards and performance-related pay (PRP). The pay level was important to have had met the minimum requirements before PRP could become a motivator.

The duty of businesses and chiefs to perceive representatives did not just stretch out to their capacity to rapidly pass judgment on individuals, whether these individuals were deserving of affirmation or not. Their commitments could likewise stretch to their capacities to legitimately analyze and profoundly screen their workforce for their concealed demonstrations that could support the association. This included a solid worker execution survey and assessment. Workers were people thus; chiefs took additional consideration on their resolve and feelings. Compensating an underserving representative could devastate the assurance of different representatives; and the inability to perceive a commendable worker could bring down his/her confidence and could likewise result in the demolition of the certainty of associates (Shirley, 2013).

Mutahi and Busienei (2015) noticed that representative acknowledgment might be in the types of grants, worker benefits, advancements, and money related to motivating forces. Nonetheless, a straightforward thank you and round of commendation could likewise turn into a decent type of acknowledgment that could support the confidence of a specific specialist. The significance of perceiving your workers was as significant as making them profitable and accomplishing authoritative objectives. This disclosed

why the inability to perceive representatives as the best resources could result in low worker profitability. A study by Kwamanga and Achola (2014) identified aspects influencing the enactment of performance connected to payments at Kenya's revenue authority. The examination uncovered that worker acknowledgment could at present not simply prevent from affirmations and assessment of representatives since workers had the option to contribute and influence the entire association execution emphatically or adversely.

The prior writing had ordered execution prize in different classes, for example, gainful motivating forces, moral motivators, for example, the best activity, non-money related impetuses, for example, social acknowledgment and grants. Armstrong (2010) noted that a just reward structure played a central role in improving the morale of staff and the effectual operation of the firm. It was clear that the performance reward system was acknowledged as significant and highly recommended in various organizations across different sectors. However, these studies had not discussed the importance of having policies on how to reward the high performers and what could be done to poor performers in the banking sector. In the effort to examine the influences of performance reward systems on employee efficiency in commercial banks in Meru County, this study explored how policies could be put in place to enable rewarding of the high performers and how an employee who performs poorly could be motivated hence a null hypothesis that: there was no relationship between performance reward systems and employee efficiency in commercial banks in Meru County.

2.5 Feedback and Communication, and Employee Productivity

Communication and feedback were defined as the ability to pass the relevant information in an organization, having that information worked on and which is confirmed by a return message on the intended purpose of the communicated message (Mwaura, 2012). Bartz (2017) evaluated correspondence, criticism, and training aptitudes for chiefs. Bartz (2017) contended that the three urgent expertise zones for chiefs performing compelling execution evaluation of staff individuals were correspondence, criticism, and training. Successful verbal relational abilities required for supervisors were: joining in, reflecting, investigating, self-exposure, and acknowledgment. Criticism was the action of the chief giving data to staff individuals comparing how their exhibition was achieving recognized desires. Powerful criticism to staff individuals, explicitly connected to work targets, would progress execution and promote expanded efficiency and fulfillment. Instructing and criticism were profoundly unified ideas, with the differentiation being that input was data and information that portray execution, while training was the help specified to advance execution when input desires were not fulfilled. Viable execution instructing by a supervisor was vital to helping employee achieve their activity desire (Bartz, 2017).

The study carried out by Watson (2010) in the United States found that operative organizational communication was the main influencer for staff involvement and a pointer of good fiscal performance. According to Watson, engaged employees were more likely to be top performers. Watson argued that such employees would blunder twenty percent less than their contemporaries who were not as much involved. They would be more helpful to the firm's transformation and left the organization less

frequently. The Return on Investment (ROI) was also found to be higher for engaged employees. This return on investment included an improvement in employee contentment which led to an improvement in individual efficiency. Human Resource Solutions in 2010, stipulated that the worth of a firm was added through improved employee efficiency. From the engagement surveys, Watson (2010) identified that staff involvement improved worth to the firm by enhancing client contentment. This customer satisfaction reflected in the performance of the employees and as such there was a heightened client's devotion, improved the viability and development of an organization.

Watson Wyatt Worldwide revised its return on investment in 2009 and 2010 and it was established that compelling authoritative correspondence stayed a key motivator of worker obligation and classified implementation. These investigations noticed that best associations focused on interior interchanges and applied their practices to meet individual representative's broadly various necessities. The Watson Wyatt Worldwide study further established that firms that placed funds into feasible correspondence programs and kept representatives involved, had twenty-six percent more typical proficiency rates. They also were highly prone to exceed implementation requirements when compared to the ones who do not involve their staff.

The examination via Carriere and Bourque (2009) in Minnesota uncovered that inner hierarchical correspondence rehearses helped representatives to impart unreservedly their insights. This was clarified by 49.8 percent of the purposes behind the diversity in correspondence contentment; 23.4 percent of the explanations behind the diversity in work contentment; and 17.5 percent of the diversity in classified responsibility.

This recommended interior authoritative correspondence frameworks that didn't fulfill representatives would thus influence their activity fulfillment and hierarchical responsibility. The examination showed that interior correspondence fulfillment affected general occupation fulfillment and authoritative responsibility.

White et al. (2010) documented that core organizational communication in contentment supplemented with a sense of belonging made employees feel the need to act as an advocate for their various organizations at an individual level. Based on these revelations, therefore, it was clear as to why organizations were putting a lot of emphasis on internal communication channels. From the White et al. (2010) study it was found that employees valued face-to-face feedbacks and communication with their bosses and such form of communication increased their level of engagement. Employees indicated that direct communication from their bosses clicked that they were being issued with full information and this made them sense that they are valued, even though the information was not required to do their work.

In 2008, Chen researched Chinese corporations and found that satisfaction with internal organizational feedback and communications was related to job satisfaction hence employee commitment. The study also noted that organizations with diverse beliefs at times differed regarding communication networks. Two-way communication network aided firms to achieve personnel trust and improved obligation hence efficiency was enhanced. This study noted that a two-way communication system in an organization culminated to trust and more obligation during the stress period.

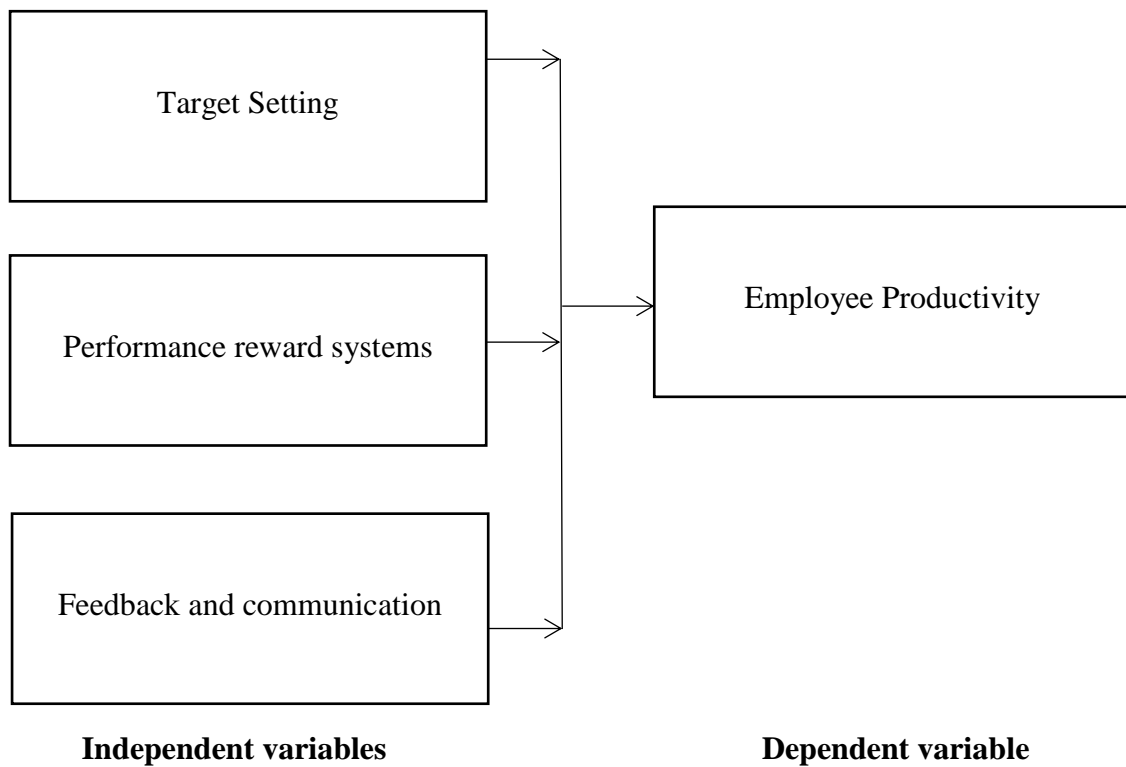
The literature reviewed on this phenomenon showed that feedback and communication were important in any organization since it was the only way the employees could know what was expected of them. Feedback and communication helped in acknowledging if there were any variations between expected and actual performance. Armstrong (2009) argued that feedback and communication should aim at providing employees with unswerving and vibrant information about the efficiency of their productivity. Watson (2010) noted that effective organizational communication was important for employee engagement and involved staff were highly placed to excel. However, Armstrong (2009) noted that a lack of proper communication could lead to misunderstandings which could affect the productivity of the employees. This argument was in agreement with Watson (2010) who stated that internal organizational communication structures that did not gratify staff would in the long-run have a negative impact on their job consummation and the firm's obligation. This study assessed the influence of feedback and communication on employee productivity in commercial banks in Meru County and explored various internal communication avenues such as open-door policy, interactivity, and inclusion and how they could be used to improve the productivity of employees in financial institutions, hence a research hypothesis that: there was no relationship between feedback and communication and employee productivity in commercial banks in Meru County.

2.6 Conceptual Framework

The main constructs were configured to show their effect on the dependent variable as shown below.

Figure 2.1

Conceptual Framework



2.6.1 Description of Variables in the Conceptual Framework

The target setting in this study referred to measurable variables that employees needed to achieve. The employees were to have clear objectives to achieve hence establishing measurable goals and timeframes for review purposes. Target setting was to be measured using parameters such as employees' involvement, how well targets were achieved, and the allowance to negotiate targets and how they affected individual productivity.

A performance reward system in this study is related to programs set up to reward the best performing employees in the firm. This could either be monetary or non-monetary. This was measured by testing whether achievers were well-motivated, whether there were policies to reward high performers, or whether the poor performers were sanctioned, and if there was a non-monetary rewards system.

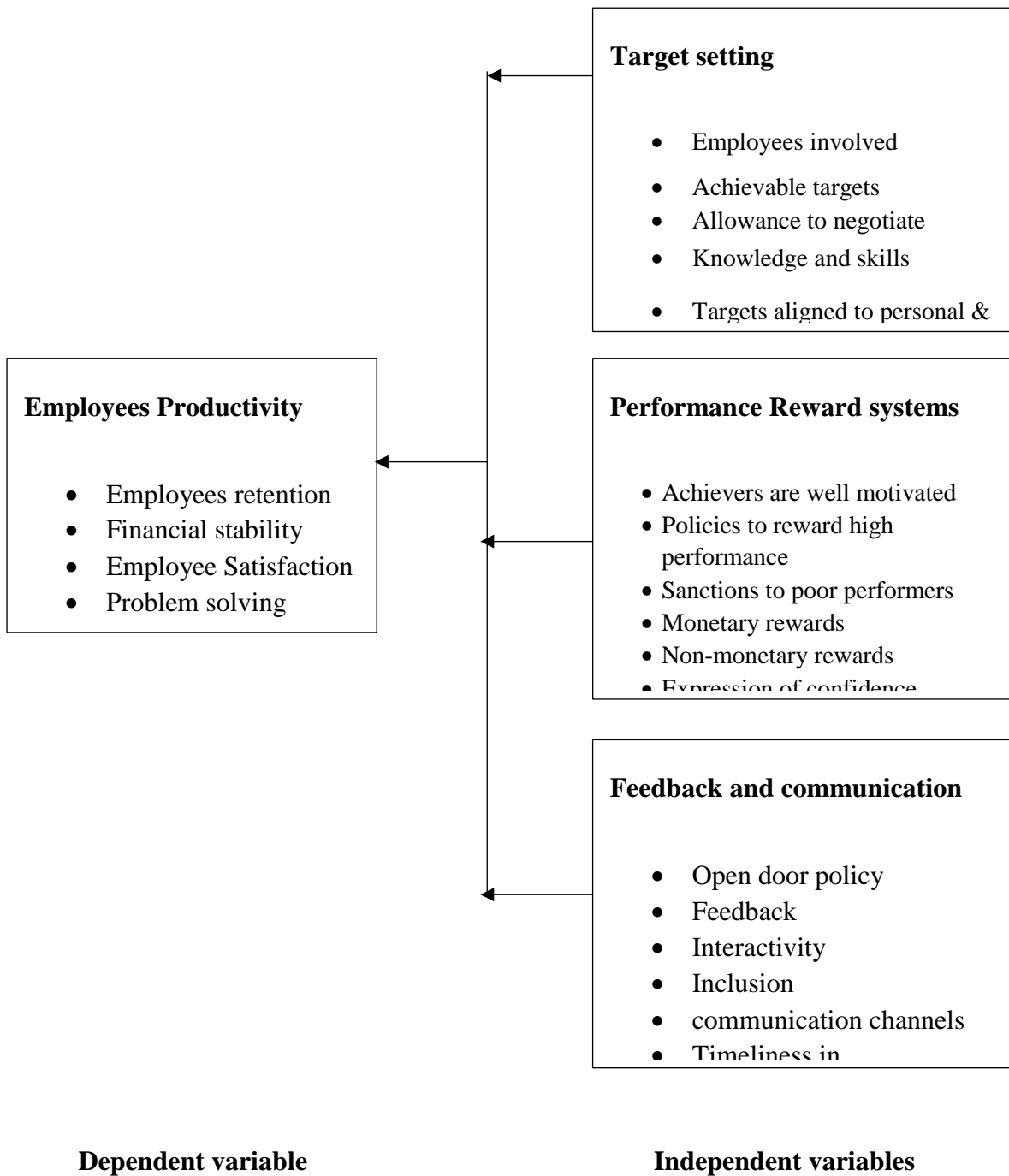
Feedback and communication related to how employees received information on how they were performing their roles and also the flow of communication in the organization. This was measured by finding out if there was an open-door policy, constant and immediate feedback, interactivity, and inclusion. The relationship between these variables has been operationalized in Figure 2.2.

2.6.2 Operational Framework

The following framework was used to operationalize this study.

Figure 2.2

Operational Framework



2.7 Summary of the Chapter and Research Gaps

This chapter presented both empirical and theoretical review on performance appraisal and employees' productivity. Evidence was provided that many of the studies done in this area focused on the implementation of performance appraisal and none investigated the influence of performance appraisal on employee productivity in commercial banks in Kenya. The study further acknowledged the existence of many studies across different sectors of the economy which investigated the relationships of the identified study variables with firms' performance and others with staff productivity. The existing literature discussed the importance of employee commitments and also how one could tell that there was employee commitment in an organization. However, these studies did not highlight how organizations could increase employee commitment to achieve high individual productivity. This study aimed to fill this gap by discussing various aspects such as defined responsibilities, constant feedback, and performance reward systems that organizations could put in place to increase employee productivity. The existing literature further reported inconsistent findings on whether employees were supposed to be involved in the target setting process and also whether they should be allowed to negotiate the targets. Some scholars argued that there was a need for employee involvement while others had different opinions.

From the above discussion, the literature on the performance reward system was acknowledged as vital and needed to be adopted by organizations. However, reviewed studies did not discuss the importance of having policies that guide how to reward the high performers and what should be done to poor performers. Finally, from the

literature reviewed, it was noted that internal organizational communication that did not satisfy employees, was found to have the capability of affecting their job satisfaction and organizational commitment. This study was set to assess the influence of feedback and communication on employee productivity in commercial banks in Meru County. The current study would discuss various internal communication avenues such as open-door policy, interactivity, and inclusion that could be used to improve the productivity of employees in financial institutions.

The contextual adoption of the findings and recommendations in the banking industry possessed some difficulties considering that the banking industry in Kenya was volatile with stiff competition and a decline in profit margins as noted by the majority of commercial banks. This study, therefore, sought to bring into focus the role of performance appraisal in influencing employee productivity in commercial banks in Meru County. The empirical investigation process was informed and guided by two theories namely, goal setting theory and commitment-trust theory. The next chapter looked into the research methodology employed in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provided an account of the entire methodology that was used in implementing this study. It discussed the location of the study, research design, population and sampling design, data collection methods, data analysis, and ethical considerations.

3.2 Location of the Study

The study was carried out in Meru town which is in the eastern part of Kenya. Meru was the headquarters of Meru County and the sixth-largest urban town and food baskets in Kenya. It was a provincial and a commercial center to Eastern and North-Eastern parts of Kenya and entire banking branches in Meru County had an outlet in Meru town (Meru County, 2017). Meru town was preferred for this study because it was one of the few towns after, Eldoret, Mombasa, and Kisumu where there were 20 commercial banks and one currency center of the central bank of Kenya. It was also a cosmopolitan town. Meru town also hosts all the banks in this study unlike other towns Laare, Mikinduri, Nkubu, and Timau, where big commercial banks like Absa, standard chartered and Stanbic was not found. Meru town was also selected because of differing employee turnover in different commercial banks, raising the question as to whether this could be attributed to differing employee output and their respective appraisal.

3.3 Research Design

Kumar (2011) described research design as a structure of investigating, procedural, or a blueprint for gathering, measuring, and analyzing data, and facilitating the flow of research operations. Kothari and Garg (2014) agreed with Kumar by portraying the research plan as the game plan of conditions for assortment and examination of information in a way that means to join relevance to the investigation motive with the economy in technique. This examination utilized an engaging exploration structure. Kothari and Garg (2014) depicted an unmistakable research structure as a plot that pertains to portray exactly the makings of an explicit individual, condition, or a gathering. The use of descriptive research design was appropriate in this study for it offered the opportunity to gather information in all banks in Meru Town which helped to understand the situation descriptively and to empirically test the relationship of the constructs along with its conceptualization of the role of performance assessment and staff efficiency in commercial banks in Meru County.

3.4 Target Population

Lavrakas (2008) characterized a populace as any limited or vast assortment of specific components. The same year, Hyndman and Booth (2008) depicted a populace as the whole assortment of 'things' in which we are keen on. As per (Zikmund et al., 2010; Kothari and Quavar, 2014) a populace alluded to entire subjects at all fields of request. In this study, the target population was 213 permanent employees of the 20 commercial banks in Meru town. The researcher used all the staff to ensure everyone was represented and adequate information was gathered. The data on staffing was

obtained from the Human Resource Office of various banks are summarized as shown in Table 3.1.

Table 3.1

Target Population

Bank	Number of Respondents	Percentage (%)
African Banking Corporation	4	1.9%
Absa Bank	15	7%
Bank of Africa	3	1.4%
Bank of Baroda	5	2.3%
CFC Stanbic Bank	6	2.8%
CBA Bank	5	2.3%
Consolidated Bank	8	3.8%
Credit Bank	8	3.8%
Cooperative Bank	21	9.9%
Diamond Trust Bank	4	1.9%
Equity Bank	30	14%
Family Bank	13	6.1%
Housing Finance	8	3.8%
I&M Bank	7	3.3%
KCB Bank	32	15%
National Bank	14	6.6%
NIC Bank	11	5.2%
Post Bank	4	1.9%
Sidian Bank	6	2.8%
Stanchart Bank	9	4%
Total	213	100%

3.5 Sample Size and Sampling Technique

Lavrakas (2008) depicted a sample size as an example in a synopsis look into establishing as a subcategory of mechanisms drawn from a larger population. Kombo and Tromp (2009) portrayed that sample size was an example of an assortment of components perused for the world to relate to. Before collecting data, it was essential to choose the example size that necessitated an investigation. This examination embraced an evaluation test plan because the populace was not huge. Also, there were efficient structures where the respondents could be found effectively and thus the sample size was all the 213 bank staff (100%). Although the census was considered, the generalization of research findings was done in other counties since each bank that is in Kenya usually had similar operational procedures in all its branches.

3.6 Data Collection Instruments

Primary data was collected by making use of questionnaires that had structured questions as illustrated in appendix II. Cooper and Schindler (2011) described a questionnaire as a research instrument utilized to amass information that certifies approximation for or against a definite standpoint.

The choice of questionnaires in this study was informed by the fact that data could be collected quickly and the researcher would not need to be present. The questionnaire consisted of closed-ended questions. The questions were organized according to subtopics which were derived from the objectives of the study. The questionnaire was confined to 5-point Likert scale kind of questions where the individuals answering the questionnaires were obliged to specify their agreement level with declarations that

were expressed as favorable or unfavorable towards a concept being measured. A five-level response scale that was used was; strongly disagree, disagree, neutral, agree, and strongly agree. According to Cooper and Schindler (2011), Likert scales were the most reliable in this study and provided a greater volume of data than many other scales and, again they were a better approximation of the normal response curve hence the reason they were used in this study. Information for the elements that were included in the questionnaire had been derived from the literature reviewed in Chapter Two.

3.6.1 Data Collection Procedure

The questionnaires were administered utilizing the drop and pick later technique. The surveys were hand conveyed to the respondents with a covering letter from the college (see reference section I). The respondents were advised to finish the surveys in a week and there was a concession to when they would be picked by the specialist. Control was practiced to guarantee that all surveys gave to the respondents were gotten by keeping up a register of polls that were given and which were gotten.

The specialist connected with the help of one research collaborators during information assortment. The exploration colleague was taken through acceptance on the most proficient method to do the information assortment practice before beginning the procedure. The preparation included how to react to the respondents' inquiries and what to do when the respondent was not around to fill in the survey.

3.7 Reliability and Validity of the Study

The data quality in this study was ensured by computing the reliability and validity of the questionnaire.

3.7.1 Reliability

Data reliability is a proportion of inner consistency and normal connection which is estimated utilizing Cronbach's alpha coefficient that ranges somewhere in the range of 0 and 1 (Kothari and Garg, 2014). SPSS programming was utilized to register Cronbach's alpha coefficient. Higher alpha coefficient esteems, implied that scales were progressively solid. As a general guideline, adequate alpha in business research ought to be in any event 0.70 or above. Cronbach's alpha coefficient of 0.76 was gotten and consequently, the instrument was considered dependable.

3.7.2 Validity

Validity alluded to the degree to which an instrument quantified what it was expected to quantify or how honest the examination instruments are (Mugenda, 2011). To discover the legitimacy of the surveys, a pretest was directed. This examination further applied substance and paradigm legitimacy test. Content legitimacy test was completed when one knew whether an example of things mirrored a whole universe of things in a specific theme (Salkind, 2014). As per Mugenda (2011) content legitimacy gauged how much information gathered utilizing a specific apparatus spoke to a particular space of markers or a specific idea. Professionals' review of data collection instruments helped improve content validity (Mugenda, 2011). To validate

the content of the data collecting instrument for this study, industry experts and the research supervisors were requested to go through the questionnaire.

Criterion validity in this study referred to the relationship between a tool or scale and some other measures (Mugenda, 2011). As per Salkind (2014) model legitimacy was done by associating the scores from the test with some other similar measures previously done. The legitimacy of the reasonable structure was controlled by analyzing the various connection coefficients of all the free factors and the proportion of the ward variable. The survey was pretested to guarantee lucidity and substance legitimacy before being managed as portray in area 3.6.3.

3.7.3 Pre-testing of Questionnaire

Cooper and Schindler (2011) stated that a pre-testing study was aimed at ensuring the validity and reliability of the data collection instruments to obtain high-quality data. According to Connelly (2008), at least 10% of the sample projected for the larger study were considered in the piloting sample. Data collection instruments for this study were questionnaires and they were pre-tested on 5 management employees from 5 banks in Nkubu town. In choosing the 5 banks for pre-testing, the researcher used simple random sampling. Just like Meru Town, Nkubu town was also located in Meru County and both share demographic characteristics.

3.8 Data Analysis and Presentation

Data analysis is comprised of analyzing the proof to address the underlying recommendations of the examination. The gathered information was broken down

utilizing SPSS variant 22. The analyst broke down the information utilizing elucidating insights that involved recurrence, rates, and proportions of focal inclination, for example, mean. Likewise, inferential measurable methods were additionally considered especially Pearson connections, straight relapse, and different relapse investigations to build up connections among factors and to test the speculation and the factual model. The discoveries were exhibited in tables, and rates, and were joined by pertinent clarifications. As indicated by Salkind (2014) numerous relapse investigations endeavored to decide if a gathering of factors together anticipated a given ward variable to expand the precision of the gauge. The numerous relapse models for this examination were:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Source; Wooldridge (2009)

Where: Y=Employee productivity

β_0 = Constant

β_1 =Coefficient of independent variables 1, 2, 3,

X_1 = Target setting

X_2 = Performance Reward System

X_3 = Feedback and communication

e =Error term of the model.

β_1 , β_2 , and β_3 represented components alteration in the dependent variable as an outcome of a component alteration in the particular independent variable and it was the quantity of confident outcome.

3.8.1 Measurement of variables

Employee productivity was measured using six items. The first five items were aimed at ascertaining the extent to which individual respondents were productive in their respective commercial banks. The items were modeled in form of a Likert scale showing the extent to which the respondents agreed with specified statements. The sixth item was also in form of a Likert scale although it sought to ascertain the perception of respondents of the general productivity of commercial bank employees. The items for measuring employee productivity were adapted from (Vadrane & Katti, 2018).

Target setting was measured using eight Likert scale items adapted from (Latham & Locke, 2008). The items were aimed at ascertaining whether the respondents were involved in target setting and how the process of target setting allowed them to perform their duties. The items also sought to find out how the targets set aligned with the individual goals of the employees and how they contributed to productivity in general. The items also sought to establish how the target setting contributed to the general satisfaction of the employees in commercial banks. The first six items measured the level of agreement with statements related to the target setting while the eighth item measured the level of satisfaction with the target setting process.

The performance reward systems variable was measured using eleven items adapted from (Mutahi & Busienei 2015; Armstrong, 2010). All the items were in form of a Likert scale. The first ten items sought to establish the reward systems in banks and how the performance reward systems influence the output of employees. The last item sought to find out the extent to which the employees were satisfied with reward systems in banks.

Feedback and communication were measured by eight items adapted from (Bartz 2017 & Watson, 2010). The first seven items sought to ascertain the frequency, timeliness, fairness, and level of participation of employees in communication and feedback. The last item measured the level of satisfaction of employees with feedback and communication in all the banks. All the items were in form of a Likert scale.

3.8.2 Test of Regression Assumptions

Before applying the regression model, diagnostic tests such as the Normality test, Linearity test, Heteroskedasticity tests, auto-correlation test, and Multicollinearity tests were conducted.

3.9 Ethical Considerations

The researcher sought permission from the university to carry out the study. Further, the researcher got a research permit from the National Commission for Science, Technology, and Innovation (NACOSTI) before commencing the data collection exercise.

The individuals answering the questionnaires were notified that the information they gave was only for academic purposes. The researcher notified the individuals

answering the questionnaires of the purpose of the study through a cover letter (see appendix 1). The cover letter also assured individuals answering the questionnaires that information provided in the questionnaire was to be treated with discretion and for this study only.

Further, the investigator also assured the individuals answering the questionnaires of anonymity by asking them not to write their names on the questionnaires. To avoid victimization, each bank was assigned a code starting with A to T for the 20 banks, and finally, when analyzing data, all sources consulted were acknowledged.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, results were presented as guided by the objectives of the study. The study findings were interpreted and discussed accordingly regarding the literature reviewed in Chapter two. First, the reliability of the data collected, and the response rate was provided. This was followed by a description of the demographic information of the respondents. Diagnostic test results were also presented. The chapter then presented the study findings as guided by the objectives where hypotheses were also tested respectively. The chapter wound up by assessing the extent to which performance appraisal influenced employee productivity in commercial banks in Meru County, Kenya.

4.2 Reliability Statistics

Information was first checked to find out its wellness in the examination. This was finished by figuring Cronbach's Alpha worth utilizing SPSS. The outcomes were introduced in Table 4.1. An unwavering quality coefficient showed the integrity of the things in the information for doing a factual investigation.

Table 4.1

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on N of Items	Standardized Items
.919	.917	40

The Cronbach's alpha coefficient was .917. According to Bhattacharjee (2012), the correlation coefficient above 0.7 was adequate and indicated the worthwhile dependability of data in public science study. Thus, the questionnaire was reliable based on these results.

4.3 Response Rate

A total of 213 questionnaires were distributed to permanent personnel of the 20 commercial banks in Meru town. Out of the 213 questionnaires, 181 were given back which indicates 85% reply proportion. This could be attributed to the fact that some of the employees went on leave and others transferred. This could also be attributed to the brevity and clarity of the questions in the questionnaire and reminders sent to respondents by the researcher (Fincham, 2008).

4.4 Background profiles of the Respondents

The frequency results on entire background profiles related to the permanent staff of the 20 commercial banks in Meru town were summarized and presented in Table 4.2.

Table 4.2*Background Profiles of Bank Staff Members in Meru Town*

Category (N = 181)	Frequency	Percent
Gender		
Male	106	58.6
Female	75	41.4
Total	181	100.0
Highest level of education		
Diploma	18	9.9
Degree	153	84.5
Masters and above	10	5.5
Total	181	100.0
Years worked in the bank		
Below 5 years	95	52.5
5-10 years	19	10.5
11- 15 years	58	32.0
16- 20years	9	5.0
Total	181	100.0

According to the results in Table 4.2, there were more male (58.6%) permanent staff than female (41.1%), permanent staff, in the 20 commercial banks in Meru town. Moreover, one hundred and fifty-three permanent staff (84.5%) in the 20 commercial banks in Meru town were degree holders while eighteen (9.9%) of them were diploma holders. Only ten (5.5%) of the staff of the 20 commercial banks in Meru town had a master's degree and above educational qualification. This implied that all permanent

staff in commercial banks in Meru town had at least college education. This meant they had the requisite knowledge and hence expected that their productivity would be high. This argument was in tandem with Nda and Fard (2013) who argued that in an active viable market setting, skilled and knowledgeable human resource distinguished a superior firm from a normal one and thus firms' participating in active training and growth for human capital, accomplished both short- and long-term profits in rappers of staff efficiency. It seemed however that employee productivity was not only premised on their skills and knowledge but rather on other factors, hence, the need to ascertain the contribution of other factors like employee appraisal on productivity.

The results in Table 4.2 also indicated that ninety-five (52.5%) staff of commercial banks in Meru town had been working in the banks for less than five years while fifty-eight (32%) of them had been working there for between eleven to fifteen years. The results also showed that nineteen (10.5%) of the staff in the banks had been working there for between five to ten years while nine (5%) of them had been there for sixteen to 20 years. This meant that less than 50% of the personnel had been with their current employers for less than five years. This could be a pointer to a higher employee turnover or growth of the commercial banks. If the reason was former, then this could be a consequence of demotivation arising probably from a poor appraisal system. This assertion supported Ahmad et al., in 2010 who argued that poor employee appraisal had more implications towards staff quitting intent equated to enthusiasm cause rising from advanced assessment structures.

4.5 Descriptive Statistics on Target Setting

The foremost objective of the research was to establish whether the target setting influenced employee productivity in commercial banks in Meru County. The people answering the questionnaires were requested to designate their agreement rate with the several statements in a 5-level Likert-rating scale (Strongly agree was depicted by five; Agree was depicted by four; Neutral was depicted by three; Disagree was depicted by two; Strongly Disagree was depicted by one). The statements aimed to determine whether there were target settings within commercial banks in Meru town. The statements also sought to ascertain the level of employee participation in the target setting process. The descriptive results were indicated in Table 4.3.

Table 4.3*Descriptive statistics on target setting*

Statements (N = 181)	1	2	3	4	5	M	Std Dev.
My supervisor involves me while setting targets.	86(47.5%)	37(20.4%)	58(32.0%)	0(0%)	0(0%)	1.85	.88
The supervisor allocates achievable targets.	19(10.5%)	66(36.5%)	19(10.5%)	77(42.5%)	0(0%)	2.85	1.09
My supervisor allows me to negotiate the targets being given	55(30.4%)	68(37.6%)	58(32.0%)	0(0%)	0(0%)	2.02	.79
The targets set enable me to utilize my knowledge and skills.	2(2.8%)	1(1.4%)	10(4.1%)	45(63.4%)	13(18.3%)	3.28	1.29
The targets are in line with my goals as well as organizational overall goals	9(5.0%)	29(16.0%)	85(47.0%)	38(21.0%)	20(11%)	3.17	.99
I am trained where I lack skills in order to achieve set targets	0(0%)	0(0%)	67(37.0%)	75(41.4%)	39(22%)	3.85	.75
Employees are involved in setting targets by their supervisors for productivity	123(68%)	19(10.5%)	39(21.5%)	0(0%)	0(0%)	1.54	.83
Aggregate mean						2.65	

The outcomes in Table 4.3 expressed that the many people answering the questionnaires with a mean combined score of 2.65, disagreed with the several claims that intended to establish the influence of target setting on personnel productivity in commercial banks in Meru County. The respondents agreed with the following top three statements (the ones with highest mean scores): The targets set enable me to

utilize my knowledge and skills (mean= 3.28); I am trained where I lack skills to achieve set targets (mean= 3.85), and the targets are in line with my goals as well as organizational overall goals (mean= 3.17). This implied that the target setting mainly considered employee knowledge and skills, training, and organizational goals. This supported Sarker (2017) assertion that the target setting ensured the use of the knowledge and capabilities already endowed in an individual.

The results similarly exhibited that the people responding to the questionnaires did not agree with the following statements (the ones with lowest mean scores): My supervisor involves me while setting targets (mean = 1.85); the supervisor allocates achievable targets (mean = 2.85); the supervisor allows me to negotiate the targets being given (mean = 2.02); and employees are involved in setting targets by their supervisors for productivity (mean = 1.54). This suggested that workers were not incorporated in the target setting by their immediate bosses. This could derail employee productivity since Latham and Locke (2008) established that those employees who took part in the determination of their goals performed considerably better compared to their colleagues whose goals were selected for them, irrespective of the fact that determination to goal was identical without regard to how the goal was instituted. Being uninvolved also deterred some staff members from giving their best since Sarker (2017) in his study found that when employees were involved, they were able to apply effort and to persevere until the goal was achieved.

The results also implied that lack of involving employees in the target setting resulted in ineffective employees. This was supported by Teo and Low (2016) study which indicated that objective establishment influences impacted personnel's efficacy and

eventually expands the firm's growth. The results also implied that lack of employee involvement made employees perceive the performance appraisal system negatively. This supported Korir (2014) who noted that involving employees in the target setting makes them have a positive perception about the performance appraisal process which included appraisers being fair which could offer corrective action to improve on their productivity. Sahai and Srivastava in 2012 also argued that collaborative objectives setting provided precision to the workers on the organization's expectations.

4.6 Descriptive Statistics on Performance Reward Systems

The subsequent need of the study was to examine the influences of performance reward systems on personnel's efficiency in commercial banks in Meru County. The people answering the questionnaires were requested to designate their agreement rate with the several statements in a 5-level Likert-rating scale (Strongly agree was depicted by five; Agree was depicted by four; Neutral was depicted by three; Disagree was depicted by two; Strongly Disagree was depicted by one). The statements sought to assess performance reward systems in commercial banks in Meru County. The statements also sought to ascertain types of performance reward systems used by commercial banks. Outcomes were summarized in Table 4.4.

Table 4.4*Descriptive Statistics on performance reward systems*

Statements (N = 181)	1	2	3	4	5	M	Std Dev.
My bank rewards and recognizes employees who are creative and innovative in doing their job.	0(0%)	19(10.5%)	29(16.0%)	85(47.0%)	48(26.5%)	3.4	.810
There are policies on how to reward high performers in the institution.	0(0%)	19(10.5%)	39(21.5%)	56(30.9%)	57(37.06%)	3.9	.916
There are disciplinary sanctions given to poor performers who do not always achieve their targets	0(0%)	0(0%)	10(5.5%)	143(79%)	28(15.5%)	3.9	1.004
The bank uses both monetary and non-monetary rewards to performers.	0(0%)	0(0%)	10(5.5%)	114(63%)	57(31.5%)	4.1	.449
There are performance-based rewards to improve my productivity and competence	0(0%)	0(0%)	30(16.6%)	85(47%)	66(36.5%)	4.2	.552
Performance rewards help increase my efficiency in resource allocation.	0(0%)	0(0%)	29(16.0%)	86(47.5%)	66(36.5%)	4.2	.703
The employees often receive a thank you	0(0%)	30(16.6%)	48(26.5%)	67(37.0%)	36(19.9%)	4.2	.697

Employees receive a round of applause for good work done.	0(0%)	9(5.0%)	20(11.0%)	96(53.0%)	56(30.9%)	3.6	.987
There are sufficient incentives to perform well at my bank	0(0%)	19(10.5%)	48(26.5%)	59(32.6%)	55(30.4%)	4.1	.782
My supervisor expresses confidence in my ability to perform at a high level.	0(0%)	0(0%)	39(21.5%)	115(64%)	27(14.9%)	3.9	.602
Aggregate mean						3.97	

The results in Table 4.4 showed that majority of respondents, with a mean combined score of 3.97, settled with the several claims that intended to assess performance reward systems in commercial banks in Meru County. All the aspects that were investigated had a high mean value which affirmed that there exist performance reward systems in commercial banks in Meru Town. This implied that there existed a structured way of rewarding employees in commercial banks in Meru Town. This helped avoid rewarding underserving employees which Shirley (2013) argued that it could lower staff confidence and could also destroy the self-worth of different personnel. The top three features in defining performance reward systems were; there were performance-based rewards to improve my productivity and competence (mean =4.26); performance rewards helped increase my efficiency of resource allocation (mean =4.20) and the employees often received a thank you (mean =4.20). This implied that the performance reward system was geared toward improving employee productivity, competence, and efficiency.

This was in tandem with Graham (2010) argument that performance reward schemes in an organization expanded the enthusiasm of the administration and employees, hence their productivity. The aspect of performance reward systems that had the least score was rewarding and recognition of personnel who were inventive and pioneering while working. This implied that the performance reward system was least based on creativity and innovativeness. The aspects assessed in this study indicated that employee reward recognition in commercial banks in Meru County was in tandem with (Mutahi and Busienei, 2015) who indicated that acknowledgment could be achieved by issuing prizes, personnel advantages, elevations, and financial inducements. The findings of this study were also incongruent with Khan (2013) that constructive assessments normally motivated more compared to destructive assessments and the reflection that the influence of assessments rests on the worker's insight of the boss's aptitude to evaluate productivity correctly and fairly. The findings of the current study were also in tandem with (Kipsegerwo et al., 2016) findings that productivity assessment structure; training and growth and reward structure influenced personnel's efficiency. The results also agreed with Odhiambo (2015) that assessment boosted personnel productivity in the firm and that the prospect by the boss to officially identify outstanding personnel performance promoted job enthusiasm.

4.7 Descriptive Statistics on Feedback and Communication

The last objective of the study assessed the effect of feedback and communication on personnel efficacy in commercial banks in Meru County. The people answering the questionnaires were requested to designate their agreement rate with the several

statements in a 5-level Likert-rating scale (Strongly agree was depicted by five; Agree was depicted by four; Neutral was depicted by three; Disagree was depicted by two; Strongly Disagree was depicted by one). The aspects under investigation were largely assessing forms of communication within commercial banks in Meru Town. They also consisted of the level of interactions and type of interaction between employees and their respective supervisors. The results are summarized in Table 4.5.

Table 4.5

Descriptive Statistics on feedback and communication

Statements (N = 181)	1	2	3	4	5	M	Std Dev.
The banks have clear channels of communication between supervisors and employees.	0(0%)	0(0%)	20(11.0%)	76(42.0%)	85(47.0%)	4.36	.674
There is an open-door policy in the bank which enables employees to have the freedom to engage managers on their issues.	0(0%)	29(16%)	10(5.5%)	57(31.5%)	85(47.0%)	4.09	1.079
There is constant interaction between supervisors and employees	0(0%)	0(0%)	29(16.0%)	105(58.%)	47(26.0%)	4.10	.642
There is fairness between the employees and management when providing feedback.	0(0%)	0(0%)	67(37%)	58(32%)	56(30.0%)	3.94	.824
There are clear policies that guides communication and feedback in the bank	0(0%)	0(0%)	20(11.0%)	76(42.0%)	85(47.0%)	4.36	.674
My supervisor timely communicates	0(0%)	0(0%)	69(38.1%)	66(36.5%)	46(25.4%)	3.87	.789

feedback on my performance. My supervisor provides all staff a chance to voice their opinions, and freedom to come up with new and practical ideas, better means to achieve goals or performing tasks, and fresh approaches and solutions to problems.	37(20%)	10(6%)	48(26.5%)	58(32.0%)	28(15.5%)	3.17	1.340
Aggregate mean						3.98	

The outcome in Table 4.5 depicted that many people who were responding to the questionnaires with a mean combined score of 3.98, approved with the several statements that intended to observe the effect of feedback and communication on personnel efficiency in commercial banks in Meru County. All the aspects that were investigated had a high mean value which affirmed that there exist feedback and communication channels in commercial banks in Meru Town. This implied that there existed a structured way of feedback and communication between employees and supervisors in commercial banks in Meru Town.

This was indicative of the existence of proper communication which would ensure employees know what is expected of them as argued by (Armstrong, 2009). The top three features in defining feedback and communication were; there were clear policies that guided communication and feedback in the bank (mean =4.36), the banks had clear channels of communication between supervisors and employee (mean =4.36) and there was constant interaction between supervisors and employees (mean =4.10).

This implied that commercial banks in Meru County had clear policies and structured channels for communication between supervisors and employees in addition to having regular communication between employees and supervisors. This ensured that employees were engaged hence contributing to productivity as argued by (Watson, 2010) who indicated that effective organizational communication was a major influencer for personnel involvement and a parameter of showing outstanding fiscal productivity. The structured form of communication also enabled employees to share freely as argued by Carriere and Bourque in 2009, who established that internal organizational communication practices helped employees to share freely their opinions.

The finding that the majority of supervisors provided timely feedback on employee productivity was incongruent with (Bartz, 2017) the argument that response was the action of the boss giving information to employees relative to how their productivity was meeting acknowledged prospects. This implied that there were effective feedback and communication to personnel, precisely connected to work goals, which ultimately advanced productivity and improved employee efficiency. Most bank's supervisors provided personnel an opportunity to air their grievances; liberty to develop new and achievable solutions; more effective ways to attaining objectives or completing their duties; and new methods and resolutions to hitches implying that there was a chance for being listened to allowed coaching to take place. Bartz (2017) argued that coaching and feedback were highly interrelated concepts and that actual productivity training by a boss was crucial towards aiding an employee to achieve their set goals.

4.8 Descriptive Statistics on Employee Productivity

Employee productivity of staff in commercial banks in Meru County was the dependent variable in this study. The sentiments collected from the respondents aided in measuring the staff productivity in commercial banks within the area of the study. The people answering the questionnaires were requested to designate their agreement rate with the several statements in a 5-level Likert-rating scale (Strongly agree was depicted by five; Agree was depicted by four; Neutral was depicted by three; Disagree was depicted by two; Strongly Disagree was depicted by one). The statements largely dwelt on: meeting targets, willingness to continue working in the banking sector, satisfaction with pay, job enjoyment, and willingness to carry out challenging duties. The descriptive outcomes of definite facets under examination were depicted in Table 4.6.

Table 4.6

Descriptive Statistics on Employee Productivity

Statements (N = 181)	1	2	3	4	5	M	Std Dev.
I always meet my targets.	9(5.0%)	38(21.0%)	37(20.4%)	39(21.5%)	58(32.0%)	3.55	1.271
I don't intend to leave the bank in the near future	19(10.5%)	38(21.0%)	46(25.4%)	20(11.0%)	58(32.0%)	3.33	1.387
I am satisfied with my pay	48(26.5%)	28(15.5%)	47(26.0%)	0(0%)	58(32.0%)	2.96	1.584
I enjoy my work	9(5.0%)	48(26.5%)	66(36.5%)	0(0%)	58(32.0%)	3.28	1.296
I look forward to more challenging duties	9(5.0%)	29(16.0%)	47(26.0%)	9(5.0%)	87(48.1%)	3.75	1.333
Aggregate mean						3.37	

The outcomes in Table 4.6 indicated that many of the people answering questionnaires with a mean combined score of 3.37, agreed with the several statements that intended to determine the productivity of commercial bank staff in Meru Town. This indicated that there was moderate productivity of the staff. This implied that the staff was moderately motivated to perform their duties under their organization's expectations. The following were aspects of productivity that received a high mean score from the respondents: I always meet my targets (mean =3.55), I don't intend to leave the bank soon (mean = 3.33) and I look forward to more challenging duties (3.75). This suggested that many commercial bank personnel in Meru Town were able to meet their set targets. This also implied that the majority of the employees were committed to working for their current institutions in the future. The fact that the employees were willing to continue working in a banking environment and take on more challenging duties was indicative of being motivated.

This finding supported Latham and Locke (2008) observation that employee motivation was closely related to the emphasis on setting goals. The finding was also incongruent with Hanaysha (2016) study which indicated that all of the scopes of a job assignation such as potency, commitment, and interest have a noteworthy constructive influence on personnel efficiency.

The findings were also in tandem with Njuuri (2016) study which reported that work commitment level was directly related to the productivity of the employee. Thus, the fact that most employees were committed to working for their current institution implied that their output was likely to be high. This finding that there was moderate productivity of employees could be related to the communication systems in place

within these commercial banks. This is because Bett (2017) established that if a firm had appropriate instruments that indorsed outstanding communication, efficiency would be supreme and the contrary was also factual. This could also be related to the reward system in place as pointed out by (Sauermann, 2016) who argued that work incentives enhanced productivity. Moderate productivity could also be related to employee work experience because (Okech and Njururi, 2016) argued that employee experience enhances their productivity.

4.9 Diagnostic Tests Results

Before analysis, data were first subjected to several analytic assessments that were designed for regression analysis. The diagnostic tests done included: normality test, linearity test, and heteroscedasticity test.

Normality Test

Normality investigation was done by the use of the Kolmogorov-Smirnov assessment because the individuals answering the questionnaire were more than fifty. Kolmogorov-Smirnov's assessment assumed that data was normally dispersed when the Asymp. Sig. (2-tailed) was greater than the p-value ($P > 0.05$). The result of the normality assessment of this study was revealed in Table 4.7.

Table 4.7*Kolmogorov-Smirnov Test on Normality*

		X1	X2	X3	Y
N		181	181	181	181
Normal Parameters ^{a,b}	Mean	2.7517	3.0517	2.0485	2.7616
	Std. Deviation	0.37067	0.38476	0.27994	0.376
	Absolute	.147	.140	.129	.140
Most Extreme Differences	Positive	.066	.055	.110	.056
	Negative	-.147	-.140	-.129	-.140
Kolmogorov-Smirnov Z		1.210	1.205	1.190	1.200
Asymp. Sig. (2-tailed)		.089	.080	.091	0.071

a. Test dispersal is Normal.

b. Premeditated from data.

Proceeding the results of Kolmogorov-Smirnov assessment, the Asymp Significant value of entire study variables (X1, $P=.089$; X2, $P=.080$; X3, $P=.091$; and Y $P=.071$) were more than 0.05 which designated that data was normally dispersed.

Linearity Test

In this study linearity test was conducted applying Pearson's moment correlation coefficient. The outcomes were documented in Table 4.8.

Table 4.8*Linearity test: ANOVA Results*

			Sum of Squares	df	Mean Square	F	Sig.
		(Combined)	8.5554	46	.244	1.168	.061
Y *	Between Groups	Linearity	0.4968	1	.236	1.781	.091
		Deviation from Linearity	8.0586	45	.253	1.741	.071
		Within Groups	14.1408	134	.161		
X1	Total	22.698	180				
		(Combined)	6.3036	38	.243	1.420	.166
Y *	Between Groups	Linearity	3.8484	1	2.228	12.908	.063
		Deviation from Linearity	2.4552	37	.197	.688	.843
		Within Groups	16.3944	142	.176		
X2	Total	22.698	180				
		(Combined)	3.9744	43	.137	.668	.829
Y *	Between Groups	Linearity	0.4284	1	.230	1.210	.270
		Deviation from Linearity	3.5442	42	.129	.628	.846
		Within Groups	18.7236	137	.176		
X3	Total	22.698	180				

Based on the ANOVA results, the p-value for the connection amid all independent variables (X1, X2, and X3) and Dependent variable (Y) were all greater than 0.05, hence it was concluded that there was a linear connection between the independent variables and the dependent variable.

Test of Heteroskedasticity

The heteroskedasticity assessment was carried out by calculating correlation coefficient values. Outcomes were indicated in Table 4.9.

Table 4.9

Test of Heteroskedasticity: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
	(Constant)	.625	.474	1.123	.110
1	X1	-.062	.061	-.151	.291
	X2	-.052	.063	-.126	.415
	X3	-.036	.067	-.075	.585

a. Dependent Variable

The results showed that all the p-values for independent variables (X1, X2, and X3) were more than 0.05 and thus it was settled that heteroscedasticity concern in the data was not there.

Auto-correlation test

An auto-correlation assessment was done using the Durbin-Watson examination. The correlation between the values of the target setting was 2.10, for performance reward systems were 1.98, and for feedback and communication were 2.18. The values were close to two among all variables suggesting less autocorrelation.

Multicollinearity tests

The study also sought to ascertain the correlation between independent variables using multicollinearity. This was based on collinearity statistics. The outcomes were depicted in table 4.10.

Table 4.10

Multicollinearity tests

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity statistics	
	B	Std Error	Beta			Tolerance	VIF
1 (constant)	8.120	5.012		1.888	.061		
Target setting	.520	.172	.401	3.122	.014	.553	1.912
Performance reward systems	.498	.161	.399	2.152	.022	.552	1.912
Feedback and communication	.465	.133	.401	2.512	.002	.553	1.912

Grounded on the collinearity data, gotten VIF value of 1.912 lied between 1 to 10. It was therefore settled that there were no multicollinearity signs.

4.10 Inferential Statistics and Testing of Hypothesis

Inferential statistical analyses, in this case, bivariate correlation analysis and linear regression analysis were carried out to test the connection between independent and dependent variables. Data on the said variables was first subjected to several diagnostic assessments that intended to validate the conventions of a regression analysis.

4.10.1 Hypothesis Testing

Data for each independent variable (Target setting, X1; Performance Reward System X2; and Feedback and communication, X3) were separately regressed on the dependent variable, Employee productivity (Y), and the results of each model were summarized in Table 4.11, 4.12 and 4.13, whose results were used to test the entire three hypotheses.

In determining the relationship, a Pearson correlation analysis was carried out to find out the relationship between each of the three predictors with the dependent variable.

The results were presented in Table 4.11.

Table 4.3

Performance appraisal and employee productivity: Correlations

		Y	X1	X2	X3
Y	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	181			
X1	Pearson Correlation	.720**	1		
	Sig. (2-tailed)	.000			
	N	181	181		
X2	Pearson Correlation	.255**	.121	1	
	Sig. (2-tailed)	.001	.105		
	N	181	181	181	
X3	Pearson Correlation	.439**	.251**	.805**	1
	Sig. (2-tailed)	.000	.001	.000	
	N	181	181	181	181
N		181	181	181	71

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

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

According to the discoveries in Table 4.11, the entire three predictors, that is, target setting, X1 ($r = .720^{**}$, $P = .000$), performance reward system X2 ($r = .255^{**}$, $p = .001$) and feedback and communication, X3 ($r = .439^{**}$, $p = .000$), were all positively and

significantly correlated to the employee productivity in commercial banks in Meru Town, Kenya.

Table 4.4

Model Summary and the Independent variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
X1	.720 ^a	.518	.515	.873	2.531
X2	.255 ^a	.065	.060	1.215	1.498
X3	.439 ^a	.193	.188	.42343	1.129

a. Predictors: (Constant), X1, X2, X3

b. Dependent Variable: Y

Table 4.12 indicated the three hypothesized forecasters of personnel efficiency in commercial banks in Meru Town and also gave the proportion of disparity that was represented by each of them. The outcome also demonstrated the Durbin-Watson value for each independent predictor, which was found to be above one in each case. This designated that no autocorrelation was established in each case hence each model was pertinent in the analysis.

Table 4.5*Independent variables and Employee Productivity: ANOVA*

Model		Sum of Squares	Df	Mean Square	F	Sig.
X1	Regression	146.408	1	146.408	192.283	.000b
	Residual	136.294	179	0.761		
	Total	282.702	180			
X2	Regression	18.337	1	18.337	12.416	.001b
	Residual	264.365	179	1.477		
	Total	282.702	180			
X3	Regression	54.449	1	54.449	42.7	.000b
	Residual	228.253	179	1.275		
	Total	282.702	180			

a. Dependent Variable: Y

b. Predictors: (Constant), X1, X2, X3

The ANOVA Table 4.13 gave the significance of each model in forecasting the disparities independent variable. The relationship or the influence of the predictor variable was noted as a significant $P < 0.05$. The outcomes revealed that all three predictor variables were statistically significant in representing the disparities in the dependent variable (Y, employee productivity).

Table 4.6*Independent Variables and Employee Productivity: Regression Weights*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.371	.226		1.642	.102		
	X1	1.133	.082	.720	13.867	.000	1.000	1.000
2	(Constant)	.854	.720		1.185	.237		
	X2	.629	.178	.255	3.524	.000	1.000	1.000
3	(Constant)	-.057	.531		-.107	.915		
	X3	.861	.132	.439	6.5r35	.253	1.000	1.000

a. Dependent Variable: Y

Table 4.13 gave a VIF value of 1 for each predictor, which aided in ruling out multi-correlation midst the study variables hence each model was appropriate for data examination and explanations (Salmerón, et al., 2016). The outcome also indicated the coefficient values (regression weights) of each predictor and the equivalent level of significance. The beta coefficients values were used in each case because all the valuables of the predictors had identical Likert scales but the constant value in each model was insignificant.

4.10.2 Hypothesis testing on Influence of target setting on Employee Productivity

The first null hypothesis ($H0_1$) predicted that the target setting had no noteworthy influence on employee productivity in commercial banks in Meru County. According to ANOVA Table 4.11, the computed significance level, $P < .001$ was not as much as the alpha value of 0.05 hence the null hypothesis was vetoed and settled that target

setting had a positive noteworthy connection ($r = .720$ in Table 4.12) with employee productivity in commercial banks in Meru County and its impact is moderate ($R^2 = .518$). This implied that the target setting significantly influenced personnel efficiency in commercial banks in Meru County. The finding supported Latham and Locke (2008) study which established that the target setting enhances personnel efficiency.

This finding also supported Teo and Low (2016) study which indicated that objective establishment had an influence on personnel efficacy and eventually expanded the firm's efficiency. Target setting was a form of involving employees and hence this result supported Korir (2014) who noted that involving employees in the target setting made them have a positive perception about the performance appraisal process which included appraisers being fair which could offer a corrective action to improve on their productivity. Sahai and Srivastava (2012) also argued that collaborative objective establishment provided precision to the personnel on the organization's expectations.

4.10.3 Hypothesis testing on Effect of Performance Reward system on Employee productivity

The second null hypothesis (H_{02}) predicted that the performance reward system had no noteworthy effect on employee productivity in commercial banks in Meru County. The computed P -value was 0.001 at 95% confidence level implying that the performance reward system had a constructive and noteworthy connection ($r = .255$, Table 4.12) with personnel efficiency in commercial banks in Meru County. The null hypothesis was therefore not accepted and settled that the performance reward system

had a noteworthy influence on the personnel efficiency in commercial banks in Meru County. The resulting goodness of fit as depicted in Table 4.12 was $R^2 = .065$, indicated that 6.5% of the variability in Y was explained by the performance reward system. The result implied that the performance reward system was positively and statistically significant in affecting employee productivity in commercial banks in Meru County. The finding supported Armstrong (2010) who ascertained that a just reward structure was a central portion in levitation of employee's confidence and effectual operational of the firm. This was in tandem with Graham (2010) argument that performance reward schemes in an organization expanded the enthusiasm of the administration and employees, hence their increased productivity. The outcome agreed with Mutahi and Busienei (2015) who indicated that acknowledgment could be achieved by issuing prizes, personnel advantages, elevations, and financial inducements.

4.10.4 Hypothesis testing on Influence of Feedback and Communication on Employee Productivity

The third null hypothesis (H_{03}) predicted that feedback and communication had no significant influence on employee productivity in commercial banks in Meru County. According to ANOVA Table 4.11, the computed significance level, $P = .000$ was lower than the alpha value of 0.05, hence, the study rejected the null hypothesis and concluded that feedback and communication had a positive relationship ($r = .438$, Table 4.12) with employee productivity in commercial banks in Meru County, its effects ($R^2 = .193$) was significant. This implied that feedback and communication significantly influenced employee productivity in commercial banks in Meru County.

The findings supported an argument by Watson (2010) who indicated that effective organizational communication was a major influencer for personnel involvement and a parameter of showing outstanding fiscal productivity. The structured form of communication could also enable employees to share freely as argued by Carriere and Bourque (2009), who established that internal organizational communication practices helped employees to share freely their opinions. The finding was also incongruent with Bett (2017) who established that if a firm has appropriate instruments that endorse outstanding communication, efficiency would be supreme and the contrary was also factual.

4.11 Testing of the Overall Model

This study aimed at ascertaining the purpose of performance appraisal in influencing employee productivity in commercial banks in Meru County, Kenya. Having examined the connection of each of the three independent predictors (target setting, X1; performance reward system X2; and feedback and communication, X3) with the dependent variable, employee productivity (Y), it was necessary to find out how the three independent predictors jointly influence in one model the employee productivity in commercial banks in Meru County, Kenya. A multiple linear regression analysis was carried out to test the hypothesized overall model.

A multiple regression analysis was also conducted on the three predictors (target setting, X1; performance reward system X2; and feedback and communication, X3) with the dependent variable, employee productivity in commercial banks in Meru Town, Kenya to further investigate the effects of combined predictors on the dependent variable. Results were shown in Tables 4.15, 4.16, and 4.17.

Table 4.7*Performance appraisal and employee productivity: Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.771	.595	.588	.804	2.698

a. Predictors: (Constant), X1, X2, X3

b. Dependent Variable: Y

Results in Table 4.15 indicated that all the three variables of performance appraisal jointly explained 59.5% ($R^2 = .595$) of the total variations in the employee productivity in commercial banks in Meru Town, Kenya. ANOVA computation for the model as shown in Table 4.16.

Table 4.8*Performance appraisal and employee productivity: ANOVA*

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	168.239	3	56.080	86.719	.000 ^b
1	Residual	114.463	177	.647		
	Total	281.702	180			

a. Dependent Variable: Y

b. Predictors: (Constant), X1, X2, X3

The regression ANOVA in Table 4.16 comprised of all the independent variables (predictor variables) in a solitary model which was established to be effective, ($F_{(5,65)} = 86.719, P < 0.05$), implying that all the three predictors, when collective, created a model that was statistically noteworthy in elucidation the variations in the employee

productivity in commercial banks in Meru Town, Kenya. The Durbin-Watson value of 2.105 in Table 4.12 was higher than 1 which confirmed that no autocorrelation was detected hence the model is reliable. Moreover, Table 4.16 further showed the absence of multicollinearity among the study variables where VIF is less than 10 in each case. The overall results confirmed the hypothesized model that performance appraisal influence employee productivity in commercial banks in Meru County, Kenya.

Table 4.9

Performance appraisal and employee productivity: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.989	.500		-1.976	.050		
1	X1	1.006	.079	.639	12.799	.000	.918 1.089
	X2	-.329	.201	-.133	-1.633	.104	.344 2.906
	X3	.756	.164	.386	4.613	.000	.327 3.056

a. Dependent Variable: Y

Results in Table 4.17 showed that only target setting and feedback and communication positively and significantly influenced employee productivity in commercial banks in Meru Town, Kenya. This finding supported Latham and Locke (2008) observation that employee motivation was closely related to the emphasis on setting goals. The finding is also incongruent with Hanaysha (2016) study which indicated that all of the scopes of a job assignment such as potency, commitment, and

interest had a noteworthy constructive influence on personnel efficiency. The findings were also in tandem with Njuuri (2016) study which reported that work commitment level was directly related to the productivity of the employee. Thus, the fact that most employees were committed to working for their current institution implied that their output was likely to be high. This finding that there was moderate productivity of employees could be related to the communication systems in place within these commercial banks. This also supported Bett (2017) who established that if a firm had appropriate instruments that endorse outstanding communication, efficiency would be supreme and the contrary was also factual. The study findings however differed from Sauermann (2016) who argued that work incentives enhanced productivity. Thus, only the two variables, target setting, and feedback and communication predicted employee productivity succinctly.

Thus, the hypothesized model ($Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + e$) is revised to ($Y = B_0 + B_1X_1 + B_3X_3 + e$). Precisely, the model showed that the employee productivity in commercial banks in Meru County, Kenya is $(-.989 + 1.006 \times \text{target setting}) + (0.756 \times \text{feedback and communication}) + e$. The resulting model in this study was:

$$(Y = B_0 + B_1X_1 + B_3X_3 + e)$$

Where $B_0 = \text{constant} = -.989$

$B_1 = \text{coefficient target setting} = 1.006$

$B_3 = \text{coefficient feedback and communication} = .756$

$$Y = -.989 + 1.006X_1 + 0.756X_3 + e$$

Where:

X1 = target setting,

X3 = feedback and communication,

e = standard error.

The model implied that employee productivity in commercial banks in Meru County, Kenya could be explained by target setting and feedback and communication.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provided a summary of the findings, conclusions, and recommendations of the study. It concluded by making suggestions for further research. The presentation started by providing a synopsis of the study followed by a summary of the key findings. The conclusions and recommendations herein were based on the findings of the study.

The purpose of the study was to assess the influence of performance appraisal on employee productivity in commercial banks in Meru County, Kenya. This was realized by pursuing three research objectives which led to the investigation of the impact of target setting, performance reward system, and feedback and communication on employee productivity in commercial banks in Meru County, Kenya. A review of empirical literature was done based on research objectives; relating the past studies to this study and concerning personnel efficiency. The reviewed studies indicated that there existed knowledge gaps. The study was based on the goal-setting theory and commitment trust theory.

A descriptive survey design was adopted in guiding the investigation process. Data were collected from the permanent staff of commercial banks in Meru County using a structured questionnaire. A Census sampling technique was used since the population was small. Content and construct validity helped to ensure data quality, while Cronbach's alpha value was used to assess the dependability of the tools used in the

research. Descriptive and inferential statistics were employed in the analysis of the research data. Data were presented using tables.

5.2 Summary of the Major Findings

The main findings of this study were identified and summarized under each thematic area of each research objective. The findings on staff efficiency in commercial banks in Meru County, Kenya as ascertained that permanent staff members were productive. Other major findings regarding each objective were highlighted below.

5.2.1 Target Setting and Employee Productivity

The first objective of the study was to establish whether the target setting influenced employee productivity in commercial banks in Meru County. The results indicated that the majority of people who were answering the questionnaires did not agree with the various assertions that aimed to evaluate the influence of target setting on staff efficiency in commercial banks in Meru County. It was found that the target setting mainly considers employee knowledge and skills, training, and organizational goals. The study noted that employees are not consulted when establishing targets by their bosses.

The testing of the hypothesis showed that $P = .000$ was lower than the alpha value of 0.05 hence the null hypothesis was not accepted and settled that target setting had a constructive noteworthy connection ($r = .720$) with staff efficiency in commercial banks in Meru County and its impact was high ($R^2 = .518$).

5.2.2 Performance Reward Systems and Employee productivity

The second objective of the study was to examine the influences of performance reward systems on staff efficiency in commercial banks in Meru County. The results indicated that the majority of respondents agreed with several statements designed to assess performance reward systems in commercial banks in Meru County. All the aspects that were investigated had a high mean value which affirmed that there exist performance reward systems in commercial banks in Meru Town. This was a signal that there existed a structured way of rewarding employees in commercial banks in Meru County. The computed *P*-value was 0.001 at 95% confidence level implied that the performance reward system had a constructive and noteworthy connection ($r = .255$) with employee productivity in commercial banks in Meru County. The null hypothesis was therefore not accepted and settled that the performance reward system had a noteworthy influence on employee productivity in commercial banks in Meru County. However, linear regression specified that the performance reward system did not significantly influence staff efficiency in commercial banks in Meru County, Kenya and hence could not be used to predict employee productivity succinctly.

5.2.3 Feedback and Communication and Employee Productivity

The third objective of the study assessed the influence of feedback and communication on employee productivity in commercial banks in Meru County. The results indicated that the majority of the respondents agreed with the various assertions that aimed to study the influence of feedback and communication on staff efficiency in commercial banks in Meru County. The computed *P* = .000 was lower than the alpha value of 0.05, hence, the study rejected the null hypothesis and

concluded that feedback and communication had a positive relationship ($r = .438$) with employee productivity in commercial banks in Meru County, its effects ($R^2 = .193$) is significant. This implied that feedback and communication significantly influenced employee productivity in commercial banks in Meru County.

5.3 Conclusions

The study noted that staff members in commercial banks in Meru County were productive. This was mainly driven by a structured target setting and feedback and communication. However, the performance reward system in the banks did not indicate any predictive ability for employee productivity. Various conclusions based on study objectives were shown below.

Anchored on the discoveries for objective one, the study concluded that separately, the target setting had a statistically constructive and noteworthy influence on employee productivity. In combination with other variables investigated, the target setting still could predict employee productivity in commercial banks in Meru Town. Thus, the level of target setting in a commercial bank could be used to predict employee productivity to some extent.

Anchored on the discoveries for objective two, the study concluded that separately, the performance reward system positively and significantly influenced employee productivity. In combination with other variables investigated, the performance reward system did not have a predictive ability to influence staff efficiency in commercial banks in Meru County. Thus, the level of the performance reward system in a commercial bank could be used to predict employee productivity.

Following the discoveries for objective three, the study concluded that separately, feedback and communication positively and significantly influence employee productivity. In combination with other variables investigated, feedback and communication did have predictive ability to influence employee productivity in commercial banks in Meru County. Thus, the level of feedback and communication in a commercial bank could be used to ascertain employee productivity to some extent.

5.4 Recommendations

In the interpretation of the above discoveries and suppositions, the study made several recommendations that are presented as per each research objective.

5.4.1 Recommendations on Research Findings

Based on the findings for objective one, the target setting had a statistically constructive and noteworthy influence on staff efficiency. Target setting could enhance staff efficacy and eventually expand organization efficiency. Target setting was a form of involving employees and hence this could motivate them to have a constructive acuity about the performance appraisal process. Goal setting also gave clear direction on the firm's expectations to the staff. Thus, commercial banks ought to ensure the staff was engaged through being involved in the target setting to improve employee productivity.

Based on the findings for objective two, the performance reward system positively and significantly influenced employee productivity although it did not have predictive ability to influence employee productivity in commercial banks in Meru County. Reward schemes enhanced the motivation of the management and staff; hence their

productivity would increase. This could be attained through awards, employee merits, promotions, and monetary incentives. It was recommended that banks ought to ensure there was a structured performance reward system to ensure their personnel to remain motivated.

Results indicated that feedback and communication positively and significantly influenced employee productivity and it did have predictive ability to influence employee efficiency in commercial banks in Meru County. Effective organizational communication was a key influencer for employee participation and a signal of high employee productivity and good financial performance. Internal organizational feedback and communication practices helped employees to share freely their opinions and hence enhancing their productivity. Thus, this study recommended that banks ought to put in place, proper communication channels that would ensure employees became more productive.

5.4.2 Recommendations for Further Research

The overall regression analysis indicated that the performance reward system had an insignificant effect on the productivity of commercial bank employees. This differed from previous studies which had indicated a positive relationship. Thus, there was a need for further study on the influence of the performance reward system on employee efficiency in the banking system.

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APPENDICES

Appendix I: Introduction letter

TONY ALMOKI MATI

P.O.BOX 92 – 60200

MERU

27TH January 2018

Dear sir/ madam,

RE: REQUEST TO PARTICIPATE IN THE STUDY

I am a student at Kenya Methodist University. I am researching *the role of performance appraisal in influencing employee productivity in commercial banks in Meru County, Kenya.*

I have identified you as a resourceful person in this study. Kindly fill in the attached questionnaire which will be collected in a week. Any information obtained for this study will be kept strictly confidential and will only be used for academic purposes. Do not write your name in the questionnaire. Your cooperation will be highly appreciated.

Thank You!

Yours faithfully,

Tony Mati

SECTION B: TARGET SETTING

5. In relation to target setting, tick the most appropriate response choice to the statement made in the table below;

Where 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree And 5=Strongly Agree.

Target Setting	1	2	3	4	5
1. My supervisor involves me while setting targets.					
2. The supervisor allocates achievable targets.					
3. My supervisor allows me to negotiate the targets being given.					
4. The targets set enable me to utilize my knowledge and skills.					
5. The targets are in line with my goals as well as organizational overall goals.					
6. I am trained where I lack the skills to achieve set targets					
7. Employees are involved in setting targets by their supervisors for productivity					

6. How would you rate your target settings in terms of satisfaction in your bank?

- a) Highly satisfied. ()
- b) Slightly satisfied. ()
- c) Neutral. ()
- d) Slightly dissatisfied. ()

e) Highly dissatisfied. ()

SECTION C: PERFORMANCE REWARD SYSTEMS

7. In relation to performance reward systems, tick the most appropriate response choice to the statements made in the table below;

Where 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree And 5=Strongly Agree.

Reward Systems	1	2	3	4	5
1. My bank rewards and recognizes employees who are creative and innovative in doing their job.					
2. There are policies on how to reward high performers in the institution.					
3. There are disciplinary sanctions given to poor performers who do not always achieve their targets					
4. The bank uses both monetary and non-monetary rewards to performers.					
5. There are performance-based rewards to improve my productivity and competence					
6. Performance rewards help increase my efficiency in resource allocation.					
7. The employees often receive a thank you					
8. Employees receive a round of applause for good work done.					

9. There are sufficient incentives to perform well at my bank					
10. My supervisor expresses confidence in my ability to perform at a high level.					

8. How would you rate performance reward systems in terms of satisfaction in your bank?

- a) Highly satisfied. ()
- b) Slightly satisfied. ()
- c) Neutral. ()
- d) Slightly dissatisfied. ()
- e) Highly dissatisfied. ()

SECTION D: FEEDBACK AND COMMUNICATION

9. In relation to your everyday experience of feedback and communication, tick the most appropriate response choice to the statements made in the table below;

Where 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree And 5=Strongly Agree.

Feedback and Communication	1	2	3	4	5
1. The banks have clear channels of communication between supervisors and employees.					
2. There is an open-door policy in the bank which enables employees to have the freedom to engage managers on their issues.					

3. There is constant interaction between supervisors and employees					
4. There is fairness between the employees and management when providing feedback.					
5. There are clear policies that guide communication and feedback in the bank					
6. My supervisor timely communicates feedback on my performance.					
7. My supervisor provides all staff a chance to voice their opinions, and freedom to come up with new and practical ideas, better means to achieve goals or performing tasks, and fresh approaches and solutions to problems.					

10. How would you rate Feedback and Communication in terms of satisfaction in your bank?

- a) Highly satisfied. ()
- b) Slightly satisfied. ()
- c) Neutral. ()
- d) Slightly dissatisfied. ()
- e) Highly dissatisfied. ()

SECTION E: EMPLOYEE PRODUCTIVITY

11. In relation to Employee productivity of your bank, respond to the listed below regarding your institution: Where; 1= strongly agree; 2= agree 3=Neutral; 4= disagree; 5= strongly disagree

Employee Productivity	1	2	3	4	5
1. I always meet my targets.					
2. I don't intend to leave the bank in the near future					
3. I am satisfied with my pay					
4. I enjoy my work					
5. I look forward to more challenging duties					

12. How would you rate employee productivity in terms of satisfaction in your bank?

- f) Highly satisfied. ()
- g) Slightly satisfied. ()
- h) Neutral. ()
- i) Slightly dissatisfied. ()
- j) Highly dissatisfied. ()

Thank you for taking the time to fill in the questionnaire.

Appendix III: Research permit from Nacosti

THIS IS TO CERTIFY THAT:
MR. TONY ALMOKI MATI
of KENYA METHODIST UNIVERSITY,
1678-60100 EMBU,has been permitted
to conduct research in Meru County

on the topic: THE ROLE OF
PERFORMANCE APPRAISAL IN
INFLUENCING THE EMPLOYEE
PRODUCTIVITY IN COMMERCIAL BANKS
IN MERU COUNTY, KENYA

for the period ending:
17th August,2019

.....
Applicant's
Signature

Permit No : NACOSTI/P/18/85716/24481
Date Of Issue : 18th August,2018
Fee Received :Ksh 1000



.....
Director General
National Commission for Science,
Technology & Innovation

Appendix IV: List of all banks in Meru County

- 1. African Banking Corporation**
- 2. ABSA Bank**
- 3. Bank of Africa**
- 4. Bank of Baroda**
- 5. CFC Stanbic Bank**
- 6. CBA Bank**
- 7. Consolidated Bank**
- 8. Credit Bank**
- 9. Cooperative Bank**
- 10. Diamond Trust Bank**
- 11. Equity Bank**
- 12. Family Bank**
- 13. Housing Finance**
- 14. I&M Bank**
- 15. KCB Bank**
- 16. National Bank**
- 17. NIC Bank**
- 18. Post Bank**
- 19. Sidian Bank**
- 20. Stanchart Bank**