AN INVESTIGATION ON EFFECT OF PERFORMANCE APPRAISAL SYSTEM ON EMPLOYEE PERFORMANCE IN THE BANKING SECTOR.

BY

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DECLARATION

I declare that this project represents my own work, except where due acknowledgement is made, and that it has not been previously included in a thesis, dissertation or report submitted to this University or to any other institution for a degree, diploma or other qualifications.

Signature __________________________ Date 26.11.2019

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

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DEFINITION OF TERMS

Performance appraisal: refers to a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organisational objectives.

Performance appraisal system: means the overarching framework an agency establishes in accordance with Government wide regulations to set the parameters for its performance appraisal programs.

Liberalisation: refers to a relocation of previous government restrictions, usually in areas of economic policy.

Solvency: this refers to the capability of meeting financial obligations and also means the ability of a business to have enough assets' to cover its liabilities.

Efficiency: this the ability to accomplish job with a minimum expenditure of time and effort.

Legal issues: this is some form of professional ethics that examines ethical principles or problems that arise in business environment. It is relevant to the conduct of individuals and the entire organisations.

Leadership Training: refers to a process by which an individual develops greater self-confidence, motivation, self-expression and other traits of leadership.
LIST OF ABBREVIATIONS AND ACRONYMS

KCB - Kenya commercial bank
CEO - Chief executive officer
HR - Human resource
HRM - Human resource management
SHRM - Society of human resource management
CBK - Central bank of Kenya
KBA - Kenya bankers association
ABSTRACT

Performance appraisal is a structured formal interaction between subordinate and supervisor that usually takes form of periodic interviews in which the work of the subordinate is examined and discussed. Performance appraisals in most organisations are usually conducted by the department of human resource management, under the supervision of the human resource manager. Performance appraisal is a critical tool for effective human resource management. Therefore, this study aimed to investigate the effect of performance appraisal system on employee performance in the banking sector. The research findings are expected to assist the human resource managers to counsel employees on improving or maintaining job standards. Employees will benefit since they are able to identify their strengths and weaknesses and improve on them. The study investigates whether the following variables had any effect on employee performance in the banking sector. They include; performance appraisal method, leadership training, performance standards, frequency of appraisals and compensation structure. Target population comprised of 43 human resource managers in the 43 bank headquarters based in Nairobi. A descriptive statistics was adopted. The researcher used purposive sampling with a sample size of 43 human resource managers. The researcher used questionnaires as the main data collection instrument. Completed instruments were assembled, edited, coded and interpreted in relation to the research objectives. Data analysis was done using descriptive statistics for quantitative data. On the hand, qualitative analysis was presented using tables, charts and graphs. Out of the target population of 43 respondents, only 34 questionnaires were returned amounting to satisfactory response rate of 79% of whom a slight majority (61.8%) were male while (38.2%) were female. The study also discovered that the banking sector had employed a relatively younger and mature labour force of human resource managers with majority being between 25-30 years. The findings also indicated that majority of employees had worked for a period of 1-5 years who had a degree in education. Out of the five mentioned variables, it was indicated that there was a relationship between them and performance of employees in the banking sector. Therefore, these variables needed to be considered carefully. Although, the respondents indicated a high percentage, on the extent of the effect on each variable, the respondents needed to improve on them by involving the junior staff. This would benefit both the banking sector and the employee.
CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Performance appraisal is defined as a structured formal interaction between a subordinate and supervisor that usually takes form of periodic interviews, in which the work performance of the subordinate is examined and discussed with view to identify weaknesses and strengths as well as opportunities for improvement and skills development (Lopez 1968). Performance appraisal has become a fact of organizational life. Recent research by world at work and consulting (2007) estimates that over 90% of large organisations in Kenya employ some form of systematic employee appraisal and review. Performance appraisal is critically a needed tool for effective human resource management. This in turn, is based on the belief that an effectively designed, implemented and administered performance appraisal system can provide the organisation, the manager and the employee a myriad of benefits (Longenecker 1996).

Annual performance reviews are being replaced with more frequent schedules; quarterly, monthly etc. for all staff in the organisation. Staff performance appraisal also establish individual training needs and enable organisational training needs analysis and planning. Performance appraisal typically feed into organisational annual pay and grading reviews which commonly coincides with the business planning for the next trading year. Performance appraisal generally reviews each individual’s performance against objectives and standards for trading year agreed at the previous appraisal meeting. Performance appraisals are essential for career and succession planning, for individual jobs, and organisation as a whole (Oberg 1990).

Performance appraisal are essential for staff motivation attitude and behaviour development, communicating and aligning individual and organisational aims and fostering between relationships between management and staff. Performance appraisals provide a formal, recorded, regular review of an individual’s performance of people and plan for future development. Daniels (2010) says, managers and appraises commonly dislike appraisal and try to avoid them. Since the appraisal they are daunting and time
The process is therefore seen as a difficult administrative chore and emotionally challenging. No wonder then that appraisals are stressful which then defeats the whole purpose. This can be changed if organisations use appraisals that address whole person development and not discriminate against anyone on grounds of age, gender, sexual orientation, race, religion and disability. Therefore in appraisals you are required to be creative and imaginative in discussing, discovering and agreeing whole person development that people will respond to beyond the usual job skill-set and incorporate this sort of development into the appraisal process (Maslow, 1983). There are various ways of conducting performance appraisals including: judgemental assessment, peer and self-assessment and 360-feedback (Townley, 2000) and ideas change over time as to what are the most effective appraisal methods.

According to Hansen (2004) some people advocate for traditional appraisals and forms, others prefer the modern ones, while others suggest using little more than a blank sheet of paper. Therefore for any performance appraisal of all types to be effective, they must be conducted properly, clearly explained to, agreed by, the people involved. A study by (Locher and Teel 1990) shows that three most common appraisal methods used are rating scales, essay method and management by objectives, but it is probable that there has been a development in appraisals techniques used as time has gone by.

1.1.2 Banking industry

The banking industry in Kenya is governed by the companies’ act, the banking act, the central bank of Kenya act and various prudential guidelines issued by the central bank of Kenya. The banking sector was liberalised in 1995 and exchange controls lifted. The CBK which falls under the ministry of finance docket is responsible for formulating and fostering the liquidity, solvency and proper functioning of the financial system (CBK 2009). Banks have come together under the Kenya bankers association, which serves as a lobby for the banking sector’s interests. The KBA serves a forum to address issues affecting members. Currently, there are 43 licensed commercial banks and 1 mortgage finance company. 31 are locally owned and 13 are foreign owned (CBK 2009). The principal objective of the CBK is to formulate and implement monetary policy directed to achieving and maintaining stability in general level of prices in Kenya. The second principal objective is to foster liquidity, solvency and proper functioning of stable market-based financial
system (CBK 2009). Other secondary objectives of CBK are: To formulate and implement foreign exchange policy, To hold and manage Kenya's foreign exchange reserves, Licenses and supervise authorized dealers in money market, Promote the smooth operation of payments, clearing and settlement systems, Act as a banker and advisor to, as fiscal agent to the government of Kenya and Issue currency notes and coins. Protection of deposits in various banks is done through periodic inspection by CBK and this empowers it to intervene in management of the licensed banks and also in their liquidation of depositors. Funds are deemed to be unsafe and Liquidation of the institution if they do not conform to the regulations of the Act. To prepare for sweeping upgrades of banking, the government has introduced some changes in oversight structure and their top managements. Steady modernization of the financial sector has played a key role in promoting its growth. The introduction of Real Time Gross the Settlement (RTGS) has speeded settlement of online and cheque based payments (CBK 2009).

Tighter supervision of banks, including the introduction of more stringent governance guidelines, has also played a part. So, too, have investment by banks in electronic payment technology and in wider networks of cash-point machines throughout the country. The new Banking Act that took effect in January 2007 is expected to have a strong impact on growth, by improving the lending environment. Under the new law, banks will have access to better credit information from loan applicants, and borrowers will benefit from a legal cap on interest charges. In particular, the law will restrict interest charged on loans to no more than double the principal amount. Banking dominates the financial service sector, representing between 70 and 80 percent of financial assets (CBK 2009).

Effective human resource are considered a key to the sustainability of all the businesses success. They are concerned by recruiting, training and developing suitable personnel who best serve the organizational objective. Human resource management plays a vital role in shaping the behaviors and attitudes towards the organisation (Alexandrine, 2007). Continuous evaluation of employees satisfaction is as well desired to ensure the maximum loyalty and work efficiency to the organisation. Human resource is also concerned with improving employees compensation plans and benefits which can be efficient drivers to increasing motivation and generating mutual benefits to the best of the organisation (Mankidy, 2007).
1.2 Statement of the problem

An effective performance appraisal is meant to motivate staff and develop their attitude and behaviour. The success of every institution depends on the quality and commitment of its human resources. In order to ensure continued efficiency and effectiveness of members of staff, each organisation has to carry out employee performance appraisal from time to time so as to keep them in check and replace, motivate, retain or take any other appropriate action (Morrissey, 2007). According to Margaret (2007), an effective performance appraisal is meant to motivate staff develop their attitude and behaviour. This is achieved through communicating organisational aims and fostering positive relationships between management and staff by providing feedback to both the employee and the management, to be able to plan for the future development.

In organisational planning to fulfil their new role, banks could with benefit practice management development which include; leadership training, improved compensation structure, employee communication and performance appraisal (Kaylan, 2003). Performance management of commercial banks is an important aspect of banking. In the rapid development of financial markets, commercial banks are facing intense competition and various challenges against the already existing performance appraisal (Zhang, 2009). According to the KCB CEO Martin Oduor, KCB found itself at the receiving end when it began losing good staff to the competition. This was attributed to the performance appraisal that had been put in place (Andrea, 2007 Report).

The performance appraisal in the bank had the following challenges; the traditional performance management system appeared to be inadequate in how to measure all round performance, to meet the banking needs, also the bank was putting more emphasis on the financial indicators and ignoring the non-financial indicators. These challenges make the banks not to be able to understand the opportunities and threats facing either, so it is difficult to win the fierce competition (Andrea, 2007 report). This captures and demonstrates the performance appraisal situation in our banking sector in Kenya which needs to be addressed urgently and adequately in order to reap its benefits in enhancing employee performance and consequently employee productivity.
There has been little research in this field of performance appraisal. Most studies discuss performance appraisal that allows employees to develop their skill and to meet business goal (Morrissey, 2007). In addition, no study has been done for an effective appraisal system in banks, therefore this study was intended to find out the appraisal system used in the banking sector and whether it increases the employee performance and is able to accomplish the organisations goals

1.3 Objectives of the study

1.3.1 General objective

The general objective of the study was an investigation on performance appraisal system and their effects on employee performance in the banking sector.

1.3.2 Specific objectives

i. To establish the effect of performance appraisal methods used on employee performance.

ii. To find out the effect of leadership training identified by the current performance appraisal system on employee performance.

iii. To assess whether performance standards put in place affect employee performance.

iv. To establish the effect of frequency in performance appraisal on employee performance.

v. To determine the effect of compensation structure identified by the performance appraisal system on employee performance.

1.4 Research questions

i. Does the performance appraisal method used in the organisation affect employee performance?

ii. Does leadership training identified by the current performance appraisal system affect employee performance?

iii. Does the performance standards put in place affect employee performance?
iv. Does frequency in performance appraisal affect employee performance?

v. Does the compensation structure identified by the current performance appraisal affect employee performance?

1.5 Justification of the study.

The research is unique since not so much has been done in this area of study. There is need to carry out this research since performance appraisal can be an effective tool, if they are used in a constructive and motivating manner. It helps target specific areas of weakness and strengths. The study is of importance to employees since they are able to know their areas where they are under-performing as well as the categories where they excel. It also helps management with means to counsel employees’ on improving or maintaining job standards. Other researchers will be able to use this work to develop further researches with the changing economy.

1.6 Scope of the study

The research study was a survey on all the 43 commercial banks based in Nairobi. The study involved the 43 human resources managers in the banks.

1.7 limitation of the study

- Sensitivity of the research study made some respondents to reluctantly fill in the questionnaire. To offset this problem the researcher assured the respondents that the information that will be collected will be purely for research purposes and will be treated confidentially.

- Some questionnaires were not filled because the HR claimed it was time consuming. To overcome this limitation the researcher convinced the HR that the information collected was to be of great benefit to the banks and they may use the information to improve their performance appraisal system.

- A financial constraint since the researcher was sponsored and was not able to meet the required deadline. To offset these constraints the researcher talked to various sponsors and convinced them on the benefits of the study and also avoided the use of assistants to cut on the expense.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Performance appraisal is a measure of an employee’s work ethic and productivity. It is a tool that benefits both the employee and the company by addressing work performance in terms of attendance, initiative, attitude, judgement and work quality (Faber, 2010). Performance appraisals are just component supported by job descriptions, informal and continuous feedback, manager training, performance standards, disciplinary policies and employee recognition.

Performance appraisal is systematic way of judging the relative importance of an employee in performing his/her task. It is undertaken for the variety of purpose such as to consider employees for salary increases, promotions, transfer and termination of services, to determine training and development needs of the employee, and to establish basis for research and references relating to employee matter (Faber, 2010). Performance appraisal can be defined as a specific evaluation with respect to an individual’s progress in completing specified tasks (Reinhardt, 1991).

According to Moulder (2001) performance appraisals are valued for defining expectations and measuring the extent to which expectations are met. She goes on to state that appraisals can make clear to employees where they are having success and where they need to improve performance. Moulder indicates that appraisals are useful in setting goals and in fostering improved communications among work groups and between employees and supervisors. Over the past quarter century, the purpose of performance appraisal has shifted from tools supporting the activities of management to an increasing trend towards personnel development (Eichel and Bender 1984).

Therefore, performance appraisal has been called an audit function of an organization regarding the performance of individuals, groups and entire divisions. Performance appraisal also helps in assigning right job
to right person and thus prevents the organization from money drain in human resources.

The most difficult part of the performance appraisal process is to objectively and accurately measure employee performance. To measure performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given time period in comparison with the goals set at the beginning of the period. According to Moulder, (2001) measuring encompasses the quality of the accomplishments, the compliance of with the desired standards, the cost involved and the time taken in achieving these results.

The basis of performance appraisal processes and performance management is measuring employee performance. An accurate and efficient performance measurement forms the basis of an accurate performance review and also gives way to judging and measuring employee potential (Moulder, 2001). Some of the tips of measuring employee performance include; clearly defining and developing employee plans of action with their role, duties and responsibilities, keeping in mind some of the organisational outcomes or the achievement of organisational goals, focusing on accomplishments and results rather than on activities. Taking notes of the knowledge, skills and competencies and behaviours of the employees that will help the organisation to achieve its goals (Moulder, 2001).

Feedback about the performance of employees through multi-point feedback and self-assessment is also important. Finally, consider the financial measures like the return on investment, market share and profit generated by the performance of the team. For an organisation to be effective and to achieve its goals it is important to monitor or to measure its employee performance regularly. Timely recognition of the accomplishments motivates the employees and helps improve the performance (Moulder, 2001).

2.1.1. Performance appraisal method

Almost every organization in one way or another goes through a periodic ritual, formally or informally, known as performance appraisal. The formal performance appraisal has been called a tool of management, a control process, an activity and a critical element in human resources allocation. Uses for performance appraisal have included equal employment opportunity considerations, promotions, transfer and salary increases (Divya, 2008).
Performance appraisal methods an employer uses should meet the needs of its workforce. In production-oriented environment a graphic rating scale is more suitable than a narrative essay method. On the other hand, using a narrative essay method is better suited for a smaller workforce of professional employees whose career objectives are different from produce evaluations, while an informal and casual workplace might use employee self evaluations as part of the appraisal process (Longenecker 1996). The narrative essay method, if considered, greatly provides confidence in employees and employers.

Multiple rater system goes as far as involving the use of subordinates in the evaluation process. Subordinate evaluations have generally shown to be more accurate then supervisors in truly reflecting employee performance. Therefore as part of the performance appraisal process, employee self-appraisal should be encouraged (Longenecker 1996).

2.1.2. Leadership training

Leadership training for both newly promoted or hired and seasoned supervisors and managers provides instructions on how to facilitate performance management with the department, supervisors and managers have two primary functions: managing departmental functions and managing people. Striking a balance between the two can be challenging for some leaders whose focus usually leaves managing the workforce a lesser priority. Leadership training needs to focus on the process of managing, motivating and evaluating employee performance which in turn helps supervisors and managers understand the importance of giving equal attention to operations and employee (Goff 1990).

Performance appraisal is only a part of an overall process and it is important that managers see it within its wider context and not as a simple quick fix solution. Leadership training should therefore enable managers and supervisors to be in a position to set objectives, to know how to communicate all aspects of performance and give respect to their subordinates while being their leaders (Evans 2008).

2.1.3. Performance standards

Effective performance appraisals rely on performance standards to determine how well employees complete their job duties, tasks and responsibilities. Performance standards indicate what level of effort is required for an employee to meet or exceed her job
expectations. Performance standards are simple measurements used in the performance appraisal process (Longenecker 1996).

The actual performance appraisals that will be used to rate employees’ performance need to be designed carefully. In developing this appraisal a clear definition of each level of performance should be provided and disseminated to all employees (Evans 2008). Employers and employees must clearly believe that rating higher than average is attainable and achievable. This again will help the employees to clearly understand that the performance standards are accurately reflecting the true level of performance for every employee (Coens and Jenkins, 2000).

2.1.4. Frequency of appraisal

Employee reviews should be performed on a frequent and on-going basis. The actual time difference would vary depending on an organisation, but typically frequency would be bi-monthly or quarterly. By conducting this reviews, selective memory by supervisors or the employee would be avoided and surprises at an annual review is also eliminated (Sahl 1990). The longer the problem is allowed to continue the more difficult it is to take corrective action.

Frequent performance appraisals should eliminate the surprise element and help modify performance prior to any annual review. Frequent reviews also allow for clarification and revision of objectives. This leads to better informed employees who are better equipped to perform the job satisfactorily. In addition frequent reviews give supervisors more opportunity to assure that progress is being made in developmental objectives (Sahl 1990)

2.1.5. Compensation structure

Another element of an effective appraisal is what effect performance has on employee compensation. Annual performance evaluations usually suggest a wage adjustment, salary increase or company bonus as sufficient reward for employees whose performance meets or exceeds expectations. However, when performance appraisals fail to address whether employees will receive monetary recognition for their efforts, it calls into question the effectiveness of a performance management system. For many employers, tying
compensation to employee performance significantly improves their performance management system (Guinn 1991).

While researching for a potential new appraisal both employers and employees should be interviewed. In order for an appraisal to be truly effective in a pay for performance environment it should come as close in time as possible to the conducted review (Jenkins 2000). Therefore if the performance appraisal is well developed to meet the employees needs then this will help motivate and commit the employees to the appraisal process and will allow employees to clearly distinguish between how successful or unsuccessful completion of objectives affects them directly.

### 2.2. Empirical review

Performance continues to be one of the most critical and criticised processes within the discipline of human resource management. There has been an enormous amount of research conducted on performance review making it one of the most praised, criticised and debated human resource management practices (Lawler 1994). However in a world where organisations are struggling to become ‘employers of choice’ and thereby hoping to attract the brightest talent available, corporations simply cannot afford a flawed or weak performance review system (Joinson 2001). In addition, there exists ample evidence to suggest that companies which utilise performance management systems strategically perform more effectively, in financial terms than those firms which invest less in this human resource management process (Glenndining 2002).

Research finding, of Moravac (1981) indicate that the effectiveness of performance appraisal as a mechanism for evaluating performance of an individual and using it as a means for employee growth and development with a view to improving productivity depends upon the effective employee assessment method. The purpose of this paper was to examine changes in performance appraisal practice. This supports the conclusion that the performance appraisal process may help form a communication channel between supervisor and subordinate and also substantiates employee desire for more collaborative appraisal formats.

In another study small firms tended to rely heavily on trait-based approaches, while larger firms relied on a combination of trait, behavioural and results-based techniques. It was
noted that one in five organisations did not give employees the opportunity to review the performance appraisal results Bernadin and Klatt (1985). The purpose of this research was to ascertain whether traditional trends in performance appraisal have persisted throughout the mid-1990s or whether human resource managers have chosen new directions. Specifically, this study surveyed human resource professionals concerning the types of performance appraisal methods used and how such data was utilized.

In another study, it was identified that graphic rating scales (57.1%), the open-ended essay (21.3%) and management-by-objectives (18.1%) as the most popular performance appraisal techniques. Locher and Teel identified a trend towards the use of MBO as popular techniques used. The study found that Performance management techniques for both the effective and less effective organizations are not very different. The greatest difference is the level of active leadership support and championing of the process. Management-by-objectives still maintains a significant following in the workplace, as does the graphic rating scale. The rise of the narrative essay is far from an anomaly. It is only conjecture, but many of the companies may be using the essay as supporting documentation for other performance evaluation formats. However, reliance on the narrative essay as a sole means of appraisal cannot be justified without carefully evaluating the company's goals and how it uses performance appraisal outcomes. In the end, the suitability of the chosen method must be evaluated against (Locher and Teel 1988).

In another survey, appraisal was found to be based on managerial qualities required to perform managerial work. In 73% organisations, the survey reported that 38% of the sample organisations frequently use competencies to clarify what is expected of employees and to link different systems (TV Rao 2004). An Australian study conducted by Australian Catholic University (NSW), in association with the Australian Human Resources Institute, was to compare the findings of earlier studies, and to ascertain whether performance management processes have evolved to provide a more effective strategic tool in the human resource management. The variables considered include; update data on the goals, purposes, types, measures, and communication techniques of contemporary performance management systems, compare these findings with those obtained in earlier Australian studies, and ascertain whether these systems reflect a more strategic HRM perspective. The survey instrument comprised nine sections, covering company detail; the aims of
performa ce management, system type and designers, strategic focus, and use of the Balanced Scorecard (BSC), performance requirements, and communication methods and performance review techniques.

Overall, the findings of the study was that substantial changes have been made with respect to the use, purposes, and nature of performance management systems, and hopefully, that more customised and integrated systems are proposed for the future.

Research by Hay Group (2006), reports that the most admired companies have created performance review systems that takes a well-rounded approach to measuring performance. Such measurement include; teamwork, long term thinking, building human capital, developing and managing talent and customer loyalty. This is compared to average companies which have performance management systems focusing on easily quantifiable measures that impact the bottom-line: profits, growth and operational excellence.

Another research by Institute for corporate productivity (2007), indicates that there are several well designed steps that can make performance management an effective process in any organisation. The study surveyed more than 1000 HR professional representing various industries and company sizes. The key practices for effective performance management include; developmental plans for the future, training provided to managers on how to conduct a performance evaluation, meeting quality of performance appraisals which is measured, the performance appraisal needs to include information other than that based on the judgement of managers and performance review process need to be consistent across the organisations among other practices. According to research team it is not necessary to have all the practices. However, the more an organisation implements the more effective the program.

Thomas and Bertz (2005) report that performance information is most likely to be used for employee development or to administer merit pay. They identified the main developmental uses as improving work performance, communicating expectations, determining employee potential and aiding employee counselling. In addition Hall and Harnen (2007) identified common objectives of performance appraisal as reviewing past performance, rewarding past performance, goal setting for the future performance and employee development. Cleveland and Williams (1989) warned that organisations should exercise caution when
using the same performance appraisal methods for multiple applications since different performance appraisal methods may yield different types of data.

2.3. Conclusions

Developing an effective performance appraisal method requires strong commitment from top management: if the system does not provide linkage between the employee performance and organisational goals it is bound to be less than completely effective (Evans 2008). Once objectives are determined appraisals should be performed frequently to help build the direct communication link. Organisation operating in this time of continual change and global competition cannot afford unmotivated and uncommitted employees (Evans 2008).

2.4. Research gaps

Clearly, the annual performance review was designed for a work environment where control of individual employee performance was a key function. In today’s team and collaborative environment, that perspective no longer makes sense. Supporters of performance review and management systems such as Drucker (1954), Herzberg (1959), Cascio (1999), and Wilson (2001), argue that performance review programs are the logical and preferable means to appraise, to develop, and to effectively utilize, employees’ knowledge and capabilities. Of course, all of these outcomes will only be possible where the end user, the business manager, is educated in the effective processes of performance review and persuaded of the potential benefits of getting it right (Glenndining 2002).

A less supportive perspective of the merits of performance management has been advanced by some leading social scientists. For instance, Deming (1982) has suggested that performance management and review, nourishes short-term performance, annihilating long-term planning, building fear, demolishing teamwork and nourishing rivalry and politics (p.102). Others, including McGregor (1957), Levinson (1970), Lawler (1994), Glover (1996), and Glenndining (2002) critiqued the practical difficulties of performance management systems whilst supporting their underlying principles. Clearly, there is a lack of universal agreement as to the effectiveness of performance management programs.
Uneasiness or resistance to adopting performance appraisal system can be linked to management attitudes and knowledge. For example, recent research (TMP Hudson Global Resources 2003), together with considerable anecdotal industry evidence, suggests that many organisations and their senior managers still regard performance management as a mechanistic annual ritual which is a necessary evil, but has little relevance. Overall, there has been minimal recognition and understanding of the power of performance management practice (Drucker 1954).

The main objective of this study is to identify performance appraisals system used in the banking sector and whether it enhances employee effectiveness. This study targets the banks in the Nairobi area, since it is the busiest with headquarters of most banks. This will fill the gap that managers need to be encouraged and not have an idea that performance appraisal system do not work and that they need to be scrapped off.
2.5. Conceptual framework

Figure 2.1 Conceptual framework

Independent variable

- Performance appraisal method
- Leadership training
- Performance standards
- Frequency of appraisal
- Compensation structure

Dependent variable

Enhance employee performance

- Knowledge
- Skills
- Competencies
- Behaviors

Intervening variables

Source: Researcher, (2012)
2.6. Operationalization of variables

2.6.1. Performance appraisal method

Performance appraisal method is a structured formal interaction between a subordinate and supervisor that usually takes form of periodic interviews. Where the work performance of the subordinate, is examined. It is a critical tool needed for effective human resource management. Therefore the use of any performance appraisal in an organisation should meet the needs of its workforce, be able to motivate employees hence providing great confidence in both employees and employers. This makes performance appraisal method a key tool for effective performance of employees. (Longenecker, 1996).

2.6.2. Leadership training

This is a major aspect of developing an effective performance system. This training should start with a systematic approach to the practice of effective people management (Goff, 1990). Thus training is needed in those levels of management that will be involved in administering the programme and providing training for lower levels of supervision. This in turn will enhance employee performance.

2.6.3 Performance standards

These are simply measurement used in performance appraisal method. The measurement or grading system used to rate employees’ performance needs to be designed carefully. A performance appraisal system which ranks employees according to numerical rating tends to lead to a great deal of average performers. This will help employees to clearly understand that the system is accurately reflecting the true level of performance for every employee (Coens and Jenkins, 2000).

2.6.4 Frequency of appraisal

Employee reviews need to be performed on a frequent and on-going basis. The frequent review will generally eliminate surprise at an annual review. Typically the frequency should be allowed at least bi-monthly or quarterly. People generally tend to remember what happened within the last month or high profile situations (good or bad). Therefore, frequent reviews help eliminate the effects of this unconscious, selective memory. Frequent reviews will help the supervisor and employee know that progress is being made
and at one point the supervisor will be able to re-assign work to allow the completion of the organisations objectives (Sahl, 1990).

2.6.5 Compensation structure

Performance appraisal system attempts to relate pay to performance. In order for an appraisal system to be truly effective in a pay for performance environment, adjustments to pay should come as close in time as possible to the conducted performance review. This immediate effect helps motivate and commit the employee to the appraisal process. It allows employee to distinguish clearly how successful or unsuccessful completion of objectives directly affects them (Coens and Jenkins, 2000).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction.

This chapter will outline methods used to obtain and analyse the data which includes; target population, sampling techniques, data collection data analysis.

3.2. Research Design

The research study adopted a descriptive research method. Since this study sought to investigate the relationship between performance appraisal system and employees' effectiveness descriptive study will lead to an accurate interpretation. Descriptive studies are based on some previous understanding of the research problem; it tries to discover answers to who, what, when, where and sometimes how questions (Kothari, 2003). According to Cooper and Schindler (2003), it also attempts to capture attitude or patterns of past behaviour.

3.3. Target population

There are 43 commercial banks in Kenya. Therefore, the population comprised the 43 human resource managers and employees at various Banks. It is within Nairobi. According to Hussey & Collis (2009), in descriptive studies, various categories of respondents are crucial; in this case it included a survey on the various human resource personnel of the Banks.

3.4. Sampling design and procedures

3.4.1. Sampling techniques and sample size

Sampling refers to the process of selecting a number of individuals for a study in such a way that the individuals selected represents the large group from which they are selected (Mugenda and Mugenda, 2003). The researcher used purposive sampling, which helped the researcher to answer research questions. The sample size comprised of 43 human resource managers one in every bank. Therefore the sample size was 43 people.
3.5. Data collection instruments

The population under study was acquired through the survey kind of research which investigated the relationship between the variables since in this kind of research the problem is structured and well understood Ghauri and Gronhaug (2002). Questionnaires were designed and were distributed to the human resource managers. The questionnaires helped gather the information on the effectiveness of performance appraisal in enhancing employee performance in the banking sector. The questionnaires consisted of both the structured and the unstructured questions.

3.6. Reliability and Validity

3.6.1. Reliability

In qualitative research, reliability is the degree of consistency in assignment of similar words, phrases or other kinds of data to the same pattern or theme by different researchers that is inter-rater reliability (Hussey & Collis, 2009). Reliability also means the degree of consistency that the same researcher assigns similar observations and interpretations at different points in time. The study used a three step measure of reliability. First those items that have been tested for reliability by other researchers as cited in the previous section will be adopted. Secondly the research used the most common measure of internal consistency known as Cronbach Alpha which indicates the extent to which a set of items can be treated as measuring a single latent variable. The recommended value of 0.7 was used as cut off point since a Cronbach Alpha value of less than 0.7 implies that internal consistency among items is weak (Nunnally, 1978). Thirdly the questionnaire was pre-tested with a sample of respondents in order to establish whether the questions therein measure the expected theorized variables in the conceptual framework.

3.6.2. Validity

In qualitative research validity refers to the goodness of data, the kind, accuracy, relevance, richness, colourfulness. Inferential validity in qualitative research can be established in a number of ways. Face validity is said to exist when the research produced the kind of information wanted or expected (Kruger, 2003). Internal validity referred to the internal coherence of the findings and meant checking out responses for consistency, and ruling out ambiguity and contradiction (Robson, 2002). According to Hussey & Collis (2009), criterion validity is said to exist when the interpretations from qualitative research matched the conclusions drawn from alternation procedures. In this case face validity
which is commonly used in research of this nature was applied to determine if the instrument measured what it is supposed to measure. To establish face validity a panel of experts were asked to give their opinion as to whether or not the instrument met this criterion. According to Carmine and Zeller (1979), validity can be assessed using expert opinion and informed judgment.

3.7. Data analysis.

Data analysis was done using statistical package for social science (SPSS) version. Completed instruments were assembled and information analysed. Quantitative data was analysed using descriptive statistics such as means, standard deviation and frequencies and results on average percentage and variability was presented through tables and graphs. Qualitative analysis involved content analysis of data relating to effective performance appraisals method. This included opinions, views, ideas, feelings and tastes.

3.8. Data Presentation

Data collected was presented using tables, charts and graphs to illustrate the study findings. Research findings, conclusions, and recommendations were presented in chapters IV and V respectively.
CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION

4.1. Introduction
This chapter represents the results of the study based on the set objectives and the research questions. The main objective of the study was to find out the relationship between the performance appraisal system and its effect on the employee performance in the banking sector. The results in this chapter are represented in the form of frequency distribution tables, pie charts and graphs

4.1.1. Response rate
Out of the 43 questionnaires distributed to the target population, only 34 questionnaires were returned. This brought about a response rate of 79 % which was good and adequate. This is represented in the response rate table 4.1 below.

**Table 4.1 response rate table**

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Number of questionnaires</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned questionnaires</td>
<td>34</td>
<td>79</td>
</tr>
<tr>
<td>Questionnaires not returned</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Total number of questionnaires</td>
<td>43</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research data (2012)

4.2 General information
The table represents the gender distribution of the population. The table shows that out of the sample size of 34. The female were 38% and the male were 61 % this shows that there is still some gender imbalance in the banking sector. The sector is dominated by the male gender.

**Table 4.2 Gender**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>female</td>
<td>13</td>
<td>38.2</td>
</tr>
<tr>
<td>male</td>
<td>21</td>
<td>61.8</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: research data (2012)
This information is as well represented in the fig 4.1 which shows the composition of the respondents in a chart.

Fig 4.1

Source: research data, 2012

4.2.1. Age distribution

Table 4.3 age distribution

<table>
<thead>
<tr>
<th>age</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>below 25 years</td>
<td>5</td>
<td>14.7</td>
</tr>
<tr>
<td>age 25-30</td>
<td>19</td>
<td>55.9</td>
</tr>
<tr>
<td>age 31-35</td>
<td>10</td>
<td>29.4</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: research data, (2012)

The age distribution is shown in table 4.3 above. This table shows that majority of the respondents fall under the age bracket of between ages of 25-30. The respondents were 19 with a percentage of 55.9%. On the other hand, the respondents of below 25 years were represented by 5 with a percentage of 14.7%. The respondents between the ages of 31-35 years were represented by 10 with a percentage of 29.4%. This shows that the respondents in the target population are still very young and energetic. Other ages were not represented. The same discussion is represented in fig 4.2 below
4.2.2. Highest level of education

The respondents were required to identify the highest level they have attained. Table 4.4 below represents the results as identified by the respondents.

Table 4.4 highest level of education

<table>
<thead>
<tr>
<th>highest education level</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>undergraduate</td>
<td>22</td>
<td>64.7</td>
</tr>
<tr>
<td>postgraduate</td>
<td>12</td>
<td>35.3</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>


According to the table above, the respondents had a University degree. Undergraduates are being represented by 22 respondents with a percentage of 64.7% and the postgraduate with a representation of 12 respondents with a percentage of 35.3%. This is to show that the respondents are well educated and are in a position to make sound decisions. Fig 4.3 accurately represents the data.
4.2.3 years of service

The respondents were required to provide information on the period of service they have worked with the organisation and table 4.5 provides the results.

Table 4.5 years of service

<table>
<thead>
<tr>
<th>years of service</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 years</td>
<td>23</td>
<td>67.6</td>
</tr>
<tr>
<td>6-10 years</td>
<td>11</td>
<td>32.4</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: research data, 2012

According to the frequency table majority of the respondents had worked for a period of 1-5 years. This was represented by 23 respondents with a percentage of 67.6% and the other 11 respondents had worked for 6-10 years with a percentage of 32.4%. This data simply imply that the organizations have employees who have worked for 5 years and below and therefore they still have plenty of time to stay at the sector and therefore the sector does not have to worry of employing new staff very soon. This makes the sector stable for a while and even the employees do not have to worry of losing their jobs, because they need to work for longer. This data is graphically presented in fig 4.4 below.
4.3. Performance Appraisal system

The targeted respondents were asked to verify whether each of their organization has a performance appraisal system. The respondents were quick to answer and according to table 4.6 the answer was positive. Meaning the organization had a performance appraisal system in place this shows that at least the organizations are able to evaluate its employees, identify their strengths and weaknesses and be able to meet the set goals and improve on them. The table below shows the results.

<table>
<thead>
<tr>
<th>Table 4.6 appraisal systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Performance appraisals are valued for defining expectations and measuring the extent to which the expectations are met. Appraisals are useful in setting goals and fostering improved communication among employees and supervisors. On this note the respondents were then asked to identify whether their performance appraisals relate to the statements below and by what extent and the results are shown in table 4.7 below.
Table 4.7 performance appraisals

<table>
<thead>
<tr>
<th></th>
<th>NO EXTENT</th>
<th>LOW EXTENT</th>
<th>SOME EXTENT</th>
<th>HIGH EXTENT</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Evaluation of</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>32</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Promotion of</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>5.9</td>
<td>17</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Job satisfaction of</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>17.6</td>
<td>5</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>Motivation of</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8.8</td>
<td>11</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

Source: research data, 2012

According to table 4.7 above a higher percentage of respondents agreed that the above mentioned statements greatly relate with the performance appraisals in their organisations. As clearly the percentages were as follows; evaluation of employees (94.1%), promotion of employees (44.1%), job satisfaction of employees (67.6%), motivation of employees (58.8%). These clearly indicates that the performance appraisals in the banking sector are used for various purposes as indicated above.

4.3.1 Type of performance appraisal used

According to table 4.8 below, the researcher had identified 15 types of performance appraisals as shown. The researcher then inquired from the respondents in various banks on which type of performance appraisal method was being used and to what extent the results were as table 4.8 indicates.
<table>
<thead>
<tr>
<th>Method</th>
<th>NO EXTENT</th>
<th>LOW EXTENT</th>
<th>SOME EXTENT</th>
<th>HIGH EXTENT</th>
<th>DON’T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Rating scales</td>
<td>3</td>
<td>8.8</td>
<td>8</td>
<td>23.5</td>
<td>8</td>
</tr>
<tr>
<td>Checklist</td>
<td>11</td>
<td>32.4</td>
<td>9</td>
<td>26.5</td>
<td>6</td>
</tr>
<tr>
<td>Forced choice method</td>
<td>33</td>
<td>97.1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Critical incident method</td>
<td>21</td>
<td>61.8</td>
<td>7</td>
<td>20.6</td>
<td>5</td>
</tr>
<tr>
<td>Field review method</td>
<td>16</td>
<td>47.1</td>
<td>4</td>
<td>11.8</td>
<td>12</td>
</tr>
<tr>
<td>Forced distribution method</td>
<td>32</td>
<td>94.1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Performance tests and</td>
<td>17</td>
<td>50.0</td>
<td>4</td>
<td>11.8</td>
<td>5</td>
</tr>
<tr>
<td>observation</td>
<td>3</td>
<td>8.8</td>
<td>0</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Confidential reports</td>
<td>27</td>
<td>79.4</td>
<td>3</td>
<td>8.8</td>
<td>1</td>
</tr>
<tr>
<td>Essay method</td>
<td>18</td>
<td>52.9</td>
<td>7</td>
<td>20.6</td>
<td>7</td>
</tr>
<tr>
<td>Cost accounting method</td>
<td>9</td>
<td>26.5</td>
<td>8</td>
<td>23.5</td>
<td>16</td>
</tr>
<tr>
<td>Comparative evaluation method</td>
<td>3</td>
<td>8.8</td>
<td>1</td>
<td>2.9</td>
<td>29</td>
</tr>
<tr>
<td>Psychological</td>
<td>28</td>
<td>82.4</td>
<td>3</td>
<td>8.8</td>
<td>1</td>
</tr>
</tbody>
</table>
This study is clearly supported by the results that showed that the most common used method of appraisal which had the highest percentage of high extent include; rating scales 26%, confidential report 47%, comparative evaluation method 47% and finally management by objectives 85%.

In the previous studies some of the performance appraisal methods that were commonly used include: graphic rating scales, open-ended essay and management by objectives. Locher and Teel (1988) identified a trend in the use of management by objectives as a popular technique used. They further identified that management by objectives still maintains significance as well as the graphic rating scale.

4.3.2. Effect of performance appraisal method on employee performance

The researcher then wanted to find out whether the respondents agreed that the above four mentioned performance appraisal methods had any effect on performance of employees in the banking sector. This was intended to answer question (i) of research questions and the results, according to the data collected from the respondents were as shown in table 4.9 below.
Table 4.9 Effect of performance appraisal method on employee performance

<table>
<thead>
<tr>
<th>Method</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Rating scales</td>
<td>6</td>
<td>17.6</td>
<td>8</td>
<td>23.5</td>
<td>9</td>
</tr>
<tr>
<td>Checklist</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>11.8</td>
<td>14</td>
</tr>
<tr>
<td>Forced choice method</td>
<td>2</td>
<td>5.9</td>
<td>2</td>
<td>5.9</td>
<td>9</td>
</tr>
<tr>
<td>Critical incident method</td>
<td>1</td>
<td>2.9</td>
<td>14</td>
<td>41.2</td>
<td>10</td>
</tr>
<tr>
<td>Field review method</td>
<td>2</td>
<td>5.9</td>
<td>14</td>
<td>41.2</td>
<td>8</td>
</tr>
<tr>
<td>Forced distribution method</td>
<td>1</td>
<td>2.9</td>
<td>2</td>
<td>5.9</td>
<td>11</td>
</tr>
<tr>
<td>Performance tests and observation</td>
<td>11</td>
<td>32.4</td>
<td>16</td>
<td>47.1</td>
<td>4</td>
</tr>
<tr>
<td>Confidential reports</td>
<td>11</td>
<td>32.4</td>
<td>14</td>
<td>41.2</td>
<td>3</td>
</tr>
<tr>
<td>Essay method</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8.8</td>
<td>11</td>
</tr>
<tr>
<td>Cost accounting method</td>
<td>3</td>
<td>8.8</td>
<td>11</td>
<td>32.4</td>
<td>9</td>
</tr>
<tr>
<td>Comparative evaluation method</td>
<td>22</td>
<td>64.7</td>
<td>3</td>
<td>8.8</td>
<td>6</td>
</tr>
<tr>
<td>Management by objectives</td>
<td>24</td>
<td>70.6</td>
<td>5</td>
<td>14.7</td>
<td>4</td>
</tr>
<tr>
<td>Psychological appraisals</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>11.8</td>
<td>14</td>
</tr>
<tr>
<td>Assessment centres</td>
<td>2</td>
<td>5.9</td>
<td>2</td>
<td>5.9</td>
<td>12</td>
</tr>
<tr>
<td>360-degree feedback</td>
<td>2</td>
<td>5.9</td>
<td>3</td>
<td>8.8</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: research data, 2012
As seen in table 4.9 above the above mentioned performance appraisal method had effect on performance of employees' positively. These can be justified by the high percentages in the strongly agreed and agreed columns. This include; rating scale: strongly agree (17.6%), agree (23.5%), confidential reports: strongly agree (32.4%), agree (41.2%), comparative evaluation method: strongly agree (64.7%) and management by objectives: strongly agree (70.6%), agree (14.7%). These findings support the empirical studies by Locher and Teel (1988) that indicated graphic rating scales, and management by objectives are the commonly used techniques. Management by objectives maintained significance among the methods used and these clearly indicates that the respondents were confident with the methods of appraisal and they will use it at any given time.

4.4. Leadership training
Leadership training in most organizations provides instructions on how to facilitate performance management with the department, the supervisors and the managers. Leadership training focuses mainly on managing, motivating and evaluating employee performance.

4.4.1. Factors of leadership training
Leadership training is extremely important if some factors are overlooked. This helps supervisors and managers to understand the importance of giving equal attention to operations and employees. Managers are also able to set objectives, know how to communicate all aspects of performance and give respect to their subordinates and on this note the researcher wanted to find out whether the factors of leadership training are being practiced within the banking sector. The researcher also went ahead to inquire to what extent these factors were being practiced and the results were as shown in table 4.10 below.
Table 4.10 Leadership training

<table>
<thead>
<tr>
<th>Statement</th>
<th>Not at all</th>
<th>A little true</th>
<th>Somewhat true</th>
<th>True to an extent</th>
<th>Very true</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee training given adequate importance</td>
<td>1</td>
<td>2.9</td>
<td>0</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>Employee training is of sufficient duration</td>
<td>1</td>
<td>2.9</td>
<td>0</td>
<td>6</td>
<td>17.6</td>
</tr>
<tr>
<td>Senior management taking interest in employee training</td>
<td>1</td>
<td>2.9</td>
<td>6</td>
<td>5</td>
<td>14.7</td>
</tr>
<tr>
<td>Adequate emphasis on developing managerial capabilities during training</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>4</td>
<td>11.8</td>
</tr>
<tr>
<td>Employee training periodically evaluated and improved</td>
<td>1</td>
<td>2.9</td>
<td>2</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td>Employee are given opportunities to further their education</td>
<td>1</td>
<td>2.9</td>
<td>3</td>
<td>5</td>
<td>14.7</td>
</tr>
</tbody>
</table>

Source: research data, 2012

According to the results in table 4.10, the following was identified. A high percentage of respondents agreed that training was given adequate importance. This is indicated by (82.4%) response of very true. Another response was that (52.9%) said that the employee training is of sufficient duration and the rest of the percentage divided among other statements. On the other hand (55.9%) of the respondents indicated that emphasis on developing managerial capabilities during training was adequate. Consequently (47.1%) of the respondents generally agreed that training was periodically evaluated and once in a while improved. Finally (38.2%) of the respondents noted that employees are given opportunities to further their education.

This is an indication that all this statements need to be improved for effectiveness. Given that the responses have a high percentage to the positive side but these percentages are still low and the sector needs to take action on the statements and implement them to the fullest capability.
4.4.2. Effects of leadership training on employees performance

The researcher proceeded to inquire from the respondents in the banking sector on whether the leadership factors had any effect on employee performance. This was intended to answer research question (ii) of the study. And table 4.11 below shows the findings.

**Table 4.11 effects of leadership training on employee performance**

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F%</td>
<td>%</td>
<td>F%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Employee training given adequate importance</td>
<td>24</td>
<td>70.6</td>
<td>8</td>
<td>23.5</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>5.9</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Employee training is of sufficient duration</td>
<td>8</td>
<td>23.5</td>
<td>23</td>
<td>67.6</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2.9</td>
<td>1</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Senior management taking interest in employee training</td>
<td>4</td>
<td>11.8</td>
<td>21</td>
<td>61.8</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Adequate emphasis on developing managerial capabilities during training</td>
<td>18</td>
<td>52.9</td>
<td>7</td>
<td>20.6</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2.9</td>
<td>2</td>
<td></td>
<td>5.9</td>
</tr>
<tr>
<td>Employee training periodically evaluated and improved</td>
<td>17</td>
<td>50.0</td>
<td>12</td>
<td>35.3</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Employee are given opportunities to further their education</td>
<td>11</td>
<td>32.4</td>
<td>19</td>
<td>55.9</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>5.9</td>
<td>2</td>
<td></td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

**Source: research data, 2012**

Table 4.11 above shows the results on the effect of employee training on performance. The respondents strongly agreed that when employees are given training, this boosts the performance of employees this was represented by a percentage of 70.6% with a response of 24 respondents. The researcher also found out that a percentage of (67.6%) agreed that sufficient duration was given to employees during training. This statement and the results clearly indicate that there is effect on employee performance since the response was a positive indication. While on management interest in training, there was a percentage of (61.8%) on the higher side and these respondents did agree that this statement had effect on employee performance. 52.9% of the respondents strongly agreed the statement that the banking sector puts adequate emphasis on developing managerial capabilities during training.
training affects employee performance. This shows that these employees would use the managerial skills at their work place and this will lead to improvement of performance.

Employee training was periodically evaluated and improved had 17 respondents represented by (50.0%) who strongly agreed that this had effect on employee performance. This shows that when employees are periodically evaluated, they are always on toes and they are always ready to correct their mistakes and this clearly shows that the banks still have some work to do to improve on the percentage. Finally there was a (55.9%) of respondents who agreed that when employees were given opportunities to further their education, it affects employee performance. This clearly indicates that education increases knowledge that can be used in the sector to improve the performance and therefore the respondents need to work on this area in order to give their employees more opportunities for education. Previous studies by Goff (1990) have indicated that for an effective performance management, there is need to provide training to both managers and employees. Further there was need for employee development through rewarding past performance. These have also shown that with the global change and competition, organizations cannot afford unmotivated and uncommitted employees.

In conclusion since the respondents are in charge of employee training they need to take into consideration the percentages. Even though they are on the positive side they need to be improved

4.5 performance standards
4.5.1 Presence of performance standards

The respondents were also asked whether the performance appraisal system the respective organization had, had any performance standards the results are as show in table 4.12 below.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>34</td>
<td>100.0</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research data, 2012
The results show that 100% of the respondents which were 34 in total agreed that they had performance standards in their performance appraisal system.

The respondents were then asked to identify whether the performance standards had any effect on employee performance the performance standards given include: leadership, team orientation, innovation/creativity, customer service, the problem solving/decision making, interpersonal communication, flexibility, performance management. They were then asked to what extent they affect employee performance. The results were as follows.

4.5.2. Effect of performance standards on employee performance

For performance appraisals to be effective, they rely on performance standards to be able to determine how well employees complete the job duties, tasks and responsibilities. Performance standards if well used help employees understand that they truly reflect the true level of performance in an organization.

Table 4.13 Effect of performance standards on employee performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>NO EXTENT</th>
<th>LOW EXTENT</th>
<th>SOME EXTENT</th>
<th>HIGH EXTENT</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
</tr>
<tr>
<td>Leadership</td>
<td>2 5.9</td>
<td>2 5.9</td>
<td>6 17.6</td>
<td>24 70.6</td>
<td>0 0</td>
</tr>
<tr>
<td>Team orientation</td>
<td>0 0</td>
<td>2 5.9</td>
<td>9 26.5</td>
<td>23 67.6</td>
<td>0 0</td>
</tr>
<tr>
<td>Innovation/creativity</td>
<td>1 2.9</td>
<td>3 8.8</td>
<td>9 26.5</td>
<td>21 61.8</td>
<td>0 0</td>
</tr>
<tr>
<td>Customer service</td>
<td>0 0</td>
<td>0 0</td>
<td>4 11.8</td>
<td>30 88.2</td>
<td>0 0</td>
</tr>
<tr>
<td>Problem solving/decision making</td>
<td>0 0</td>
<td>1 2.9</td>
<td>7 20.6</td>
<td>26 76.5</td>
<td>0 0</td>
</tr>
<tr>
<td>Interpersonal communication</td>
<td>0 0</td>
<td>3 8.8</td>
<td>7 20.6</td>
<td>24 70.6</td>
<td>0 0</td>
</tr>
<tr>
<td>Flexibility</td>
<td>1 2.9</td>
<td>2 5.9</td>
<td>22 64.7</td>
<td>9 26.5</td>
<td>0 0</td>
</tr>
<tr>
<td>Performance management</td>
<td>0 0</td>
<td>3 8.8</td>
<td>9 26.5</td>
<td>22 64.7</td>
<td>0 0</td>
</tr>
</tbody>
</table>

Source: research data, 2012

Table 4.13 above; clearly indicate the results as being positive. This can be noted by the highest percentages on the positive side that is high extent or some extent. The following are the results as shown; leadership (70.6%) high extent. This shows that when leadership is practiced as a performance standard it has some effect on employee performance. Team
orientation (67.6%), high extent. Innovation/creativity (61.8%) high extent, customer service (61.8%) high extent, problem solving/decision making (76.5%) high extent, interpersonal communication (70.6%) high extent, flexibility (64.7%) some extent and performance management (64.7%) high extent.

The results clearly show that if a bank has performance standards put in place they act as a guide to the employees and they struggle to practice them at all cost and this improve employees performance at a high extent. The results indicate that the banking sector has done a tremendous work in this area and this is proven by highest percentage they have. If the results are compared with the empirical studies, Hay group (2006) reported that most admired companies are those that have a well-rounded performance review to measuring performance and this include; teamwork, long term thinking, building capital, developing and managing talent and customer loyalty.

4.6 frequencies in performance appraisal

A review of employees is an on-going process and needs to be performed on a frequent basis. Frequent reviews allows for clarification and revision of objectives. This leads to better informed employees who are better equipped to perform their job satisfactorily.

4.6.1 Frequency of appraisal

The researcher further investigated the frequency of performance appraisal in the banking sector. The respondents were asked to note how frequent their organization practiced performance appraisals and the results were as indicated in fig 4.5 below

Fig 4.5

<table>
<thead>
<tr>
<th>Frequency of Appraisals</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly</td>
<td>20</td>
</tr>
<tr>
<td>Semi-Annually</td>
<td>30</td>
</tr>
<tr>
<td>Yearly</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: research data, 2012
As indicated in figure 4.5 above the majority of the respondents agreed that the performance appraisals in the banking sector are only done: quarterly, semi-annually and yearly. This is indicated by the following percentages: quarterly (17.6%), semi-annually (35.3%) and yearly (47.1%) the results clearly note that majority of the banks practice performance appraisals once a year (yearly).

**4.6.2 Effect of frequency of performance appraisals on employee performance**

The fourth objective of the study was to investigate the effect of frequency of performance appraisals on employee performance. The results were to answer question (iv) of the research questions and the results were as indicated in table 4.14 below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>NO EXTENT</th>
<th>LOW EXTENT</th>
<th>SOME EXTENT</th>
<th>HIGH EXTENT</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
</tr>
<tr>
<td>Weekly</td>
<td>17 50.0 %</td>
<td>1 2.9 %</td>
<td>7 20.6 %</td>
<td>4 11.8 %</td>
<td>5 14.7 %</td>
</tr>
<tr>
<td>Bi-monthly</td>
<td>16 47.1 %</td>
<td>2 5.9 %</td>
<td>8 23.5 %</td>
<td>3 8.8 %</td>
<td>5 14.7 %</td>
</tr>
<tr>
<td>Monthly</td>
<td>16 47.1 %</td>
<td>2 5.9 %</td>
<td>9 26.5 %</td>
<td>1 2.9 %</td>
<td>6 17.6 %</td>
</tr>
<tr>
<td>Quarterly</td>
<td>8 23.5 %</td>
<td>1 2.9 %</td>
<td>10 29.4 %</td>
<td>10 29.4 %</td>
<td>5 14.7 %</td>
</tr>
<tr>
<td>Semi-annually</td>
<td>1 2.9 %</td>
<td>6 17.6 %</td>
<td>14 41.2 %</td>
<td>12 35.3 %</td>
<td>1 2.9 %</td>
</tr>
<tr>
<td>yearly</td>
<td>3 8.8 %</td>
<td>5 14.7 %</td>
<td>18 52.9 %</td>
<td>7 20.6 %</td>
<td>1 2.9 %</td>
</tr>
</tbody>
</table>

Source: research data, 2012

According to the results in table 4.14 above the respondents clearly noted that frequently performing performance appraisals, that is: weekly, bi-monthly and monthly may not have effect in the employee performance. While frequently doing it quarterly, semi-annually and yearly will have influence on employee performance. This is indicated in the percentages above. It is indicated that weekly, bi-monthly and monthly had the highest percentage of 50.0%, 47.1% and 47.1% for no extent respectively. Quarterly, semi-annually and yearly had the highest percentage of 29.4% high extent, 41.2% some extent and 52.9 % some extent respectively. According to the previous studies the actual time for reviewing employees would depend on an organization. Evans (2008) suggested that appraisals should be performed frequently to help build the direct communication link.
To conclude, the results show that the respondents believe by frequently appraising employees quarterly, semi-annually and yearly will yield good results. This is assumed that this way the respondents will have gathered enough information for proper judgment on employees. It is also assumed that by doing it weekly, bi-monthly and monthly is interfering with the daily work of employees and may yield poor results.

4.7 compensation structure

Annual performance evaluations usually suggest a wage adjustment, salary increase or company bonus as a sufficient reward for employees whose performance meets or exceeds the organisations expectations. For most employers tying compensation to employee performance improves their performance management system.

4.7.1. Influence of performance appraisals on compensation structure

Lastly, the researcher inquired from the respondents whether they agree that the results of the performance have any influence on compensation structure and the results are shown below in table 4.15

Table 4.15 influence of performance appraisals on compensation structure

<table>
<thead>
<tr>
<th>Statement</th>
<th>STRONGLY AGREE</th>
<th>AGREE</th>
<th>DISAGREE</th>
<th>STRONGLY DISAGREE</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence of performance appraisal on Compensation structure</td>
<td>20</td>
<td>58.8</td>
<td>12</td>
<td>35.3</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: research data, 2012

The results showed that majority of the respondents agreed that the performance appraisals have influence on the formulation of the compensation structure. This is clearly indicated by the percentages as follows: the highest respondents of 20 with a percentage of (58.8%) strongly agreed that the performance appraisals influence compensation structure and
another high no of respondents which were 12 with a percentage of (35.3%) agreeing on the same.

4.7.2. Effect of compensation structure on employee performance

The fifth objective of the study was to investigate the effect of compensation structure on employee performance and the response was as shown in table 4.16 below

**Table 4.16 Effect of compensation structure on employee performance**

<table>
<thead>
<tr>
<th>Statement</th>
<th>NO EXTENT</th>
<th>LOW EXTENT</th>
<th>SOME EXTENT</th>
<th>HIGH EXTENT</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of compensation structure on employee performance</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>24</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: research data, 2012

The table above clearly indicates that compensation structure has a very big influence on the employee performance positively. This is indicted as follows: there was a response of 10 individuals with a percentage of (29.4%) saying some extent and another 24 respondents with a percentage of (70.6%) high extent. This concludes that if the compensation structure has more benefits then employees performance will improve and if the compensation structure does favour the employees then they will be demotivated to work and their performance greatly affected. These results are supported by the previous studies by Jenkins (2000) who reported that if the compensation structure is well formulated in the performance appraisal system, then it will help motivate and commit employees to the appraisal process and will also allow employees to clearly distinguish between how successful and unsuccessful completion of objectives affects them directly.
CHAPTER FIVE

SUMMARY, FINDINGS, RECOMMENDATION AND CONCLUSION

5.1. Introduction

This chapter consists of a summary of the findings of the research, conclusions relating to the research objectives, suggestions and recommendations on the effect of performance appraisal system on employee performance in the banking sector. The chapter also presents areas of further research.

5.2. Summary of the findings

This study was aimed at investigating the effect of performance appraisal system on employee performance in the banking sector. The study specifically investigated whether the following variables affect employee performance in the banking sector: performance appraisal method, leadership training, performance standards, frequency of appraisals and compensation structure. The study targeted 43 respondents, out of the distributed questionnaires, only 34 were returned and 9 not returned. This was satisfactory response rate of 79%.

Out of the 34 respondents, a slight majority (61.8%) were male while (38.2%) were female. Furthermore, from the data collected most of the respondents (55.9%) were aged 25-30 years. 14.7% were below 25 years and 29.4% aged 31-35 years. This is an indication that the banking sector has majority of its human resources managers being young, mature and energetic. Basing on education levels majority (64.7%) of the respondents had an undergraduate degree while (35.3%) had postgraduate degree. This is an indication that most of the respondents were learned and had experience to handle their respective duties without any problem.

Further findings indicated that majority of the respondents had worked for a period of 1-5 years that is 67.6% and the rest had worked for 6-10 years that is a percentage of 32.4%. this is and indication that the respondents had a lot of time ahead of them to work and the organisation did not have to worry about recruiting other people which is time consuming and always pulls the sector back since the new employees need time to catch up. This shows that the banking sector is still stable for some a while. All respondents (100%)
agreed that they had performance appraisal systems in their organisation and this is an indication that the employees’ performance was evaluated in one way or another.

Upon examining the type of performance appraisal as a method used in the organisation, it was discovered that the most commonly used performance appraisal methods to the high extent include: rating scales (26%), confidential reports (47%), comparative evaluation method (47%) and management by objectives (85%). These percentages indicate the highest extent in which they are used compared to the rest of the methods. However the respondents strongly agreed that these methods had effect on employee performance and this was indicated by the following percentages: rating scales (17.6%), confidential reports (32.4%), comparative evaluation method (64.7%) and management by objectives (70.6%). This indicates that the respondents were confident with the methods and would use them at any given time.

While assessing leadership training. A high percentage (82.4%) agreed that training was given adequate importance. Another response of (52.9%) agreed that training was given sufficient duration. 55.9% of respondents indicated that emphasis on developing managerial capabilities during training was sufficient and also a percentage of 32.4% indicated that employees were given opportunities for further education. This is an indication that even though the percentages were a bit low leadership training was considered in the banking sector and it had effect on employee performance.

Furthermore, while investigating on performance standards (100%) response was witnessed as having performance standards and a higher percentage agreed that the following performance standards were practised and they had effect on employee performance: the extent to which these performance standards had effect were as follows; Leadership(70.6%), team orientation (67.6%), innovation/creativity (61.8%), customer service (61.8%), problem solving/decision making (76.5%), interpersonal communication (70.6%), flexibility (64.7%) and performance management (64.7%). A clear indication that, performance standards are practiced and they act as a guide in improving employee performance.

Upon assessing frequency of appraisal it was unveiled that these banks perform their appraisals quarterly (17.6%), semi-annually (35.3%) and majority yearly (47.1%). These frequencies had effect on employee performance and the following extent in percentages
was discovered: quarterly (29.4%), semi-annually (41.2%) and yearly (52.9%). This is an indication that frequently appraising employees greatly affects employee performance, positively and the organisation yields good results. Upon assessing compensation structure majority of respondents (58.8%) strongly agreed that the performance appraisals influence compensation structure and (35.3%) agreeing that performance appraisal influenced compensation structure. While reviewing the effect of compensation structure on performance of employees majority of the respondents (70.6%) noted that it affects at a high extent while (29.4%) of respondents noted that compensation structure affects employee performance at some extent this indicates that compensation structure spells benefits to employees and salary payments. Without this then the employees' performance drops drastically. Therefore, compensation structure is an important variable to be considered.

5.3. Conclusions

Based on the findings of the study, it can be concluded that all the five variables affected employee performance both negatively and positively. Performance appraisals are useful in setting goals and fostering improved communication among employees and supervisors. This study has clearly indicated that performance appraisals are indeed used in the banks. The most commonly used type of performance appraisals are; rating scales, confidential reports, comparative evaluation and management by objectives. This study is supported by a study done by Locher and Teel (1988) who identified that graphic rating scales, open-ended essay and management by objectives were commonly used and management by objectives being significant. These methods greatly had effect on the employees positively.

Leadership training would provide instructions on how to facilitate performance management. Training also helps managers to understand the importance of giving equal attention to operations and employees. According to a study by Goff (1990) he mentioned that for an effective performance management there is need to provide training to both managers and employees and the study clearly showed that training plays a key role in improving the performance of employees.

Performance appraisals always rely on performance standards to be effective and these enables managers to determine how well employees complete the job duties, tasks, and responsibilities. According to the study the following performance standards: leadership,
team orientation, innovation, customer service, problem solving, interpersonal communication, flexibility and performance management, if practised will improve employees’ performance. This is supported by Hay group (2006) who reported that the most admired companies are those that have a well-rounded performance review to measuring performance and these include; teamwork, long term thinking, building capital, developing and managing talent and customer loyalty.

Frequency of appraisals allows for clarification and revision of objectives. This leads to better informed employees that are better equipped to perform a satisfying job. Banks frequently practice appraisals quarterly, semi-annually and yearly, most of them practicing annually. This greatly affects the performance of employees. According to a study by Evans (2008) the frequency of appraisals will depend on organisations. He suggested that if appraisals are performed frequently they help build the direct communication link.

Finally compensation structure would comprise of wage adjustment, salary increase or company bonus as sufficient reward for employees who performance meets or exceeds the organisations expectations. This greatly improves the employees’ performance if tied together with performance appraisals. Jenkins (2000) reported that compensation structure if well formulated will help motivate and commit employees to the appraisal process and will allow employees to distinguish between how successful and unsuccessful completion of objectives affects them directly.

Therefore, these variables play key role in employee performance and needs consideration in order to improve the working conditions of employees and the banking sector at large.

5.4. Recommendations

Basing on the findings of this research study, the following recommendations were observed: the banking sector is one of the basic sectors in the government of Kenya. Banking dominates the financial service sector representing 70% of financial assets. Therefore, the government needs to protect the banking sector at all costs. Human resources management plays a vital role in shaping behaviours and attitudes of employees. They are concerned with recruiting, training and developing suitable personnel in an organisation. The human resource management is also concerned with evaluation of these employees through the performance appraisal system in their respective organisations
Through the aid of the government the banking sector needs to review their performance appraisals so that virtually all employees are satisfied with the appraisals. Clear leadership training should be adopted and should benefit the organisation and also build the careers of employees. In addition, the sector should be in a position to offer sponsorship for those employees who wish to further their studies. This should benefit both the organisation and the employees and this is positively related to employee performance. Furthermore, to improve on employee performance, performance appraisal systems need to be done frequently and the banking sector to improve on them by involving the junior staff. This in turn will motivate employees to work harder and they will achieve a sense of belonging and the organisation in the end will meet its objectives and meet its goal.

5.5. Suggestions for further research

1. A similar study should be conducted in other sectors especially in sectors experiencing industrial problems or massive employee strikes e.g. the health sector

2. A study on factors that hinder performance appraisals in the banking sector. This will enable the researcher to know whether they can be dealt with, for these appraisals to work.

3. Further studies should be conducted on challenges that face the human resource management while performing performance appraisals
REFERENCES


Eichel and Bender, (1984). *Need for performance appraisal system*; Wiley periodicals Inc.; Wiley


Ghauri and Gronhaug (2002). *Research methods in business studies*. UK University of Manchester; Prentice hall


Hansen, D. (2004.). *Performance Appraisal Tips* -

*home.att.net/pa/performanceappraisal.html* [Accessed on 17th January, 2012]


APPENDIX A: INTRODUCTORY LETTER

Louisa Muhenje Libokoyi
Kenyatta University
P.O. Box 10026-00200,
Nairobi, Kenya.
June, 2012

To:
The Respondents
Bank headquarters
Nairobi, Kenya

Dear respondent,

RE: REQUEST TO FILL IN RESEARCH QUESTIONNAIRE

This is to inform you that the researcher Louisa Muhenje Libokoyi is a student at Kenyatta University, pursuing a Masters degree in Business administration (MBA), human resource management option. The researcher intends to investigate the effect of performance appraisal system on employee performance in the banking sector. In order to complete the above research paper the researcher would kindly request you to fill in the questionnaire provided to assist her collect accurate data for the purpose of improving the performance appraisal system in the banking sector. It is also the assurance of the researcher that the information given will be treated with utmost confidentiality and will not be used for any other purpose other than for the purpose of this project. Your positive response will be highly appreciated. Thank You.

Yours sincerely

Louisa Muhenje Libokoyi
TO WHOM IT MAY CONCERN:

RE: LIBOKOYI MUHENJE LOUISA

This is to confirm that the above named is a Master of Business Administration MBA (HRM) option Student in the School of Business, Kenyatta University.

She is through with course work and has successfully defended her Masters Degree proposal (An Investigation on Effect of Performance Appraisal System on Employee Performance in the Banking Sector) and has done all the corrections that were pointed out by the examiners during the defense. She is now embarking on data collection.

Any assistance accorded her will be much appreciated by this office.

Thank you.

E.N.NYACHOTI
FOR: DOCTORAL AND MBA PROGRAMME COORDINATOR

ENN/nt
APPENDIX C: QUESTIONNAIRE

THE RELATIONSHIP BETWEEN AN EFFECTIVE PERFORMANCE APPRAISAL SYSTEM AND EMPLOYEE PERFORMANCE

Questionnaire for human resource managers in the banks

Dear respondents,

Kindly respond to the following questionnaire as honestly as possible. All information collected will be used for my research work and will be treated with utmost confidentiality.

SECTION A: GENERAL

By the means of tick (✓) kindly indicate an option that best describes you where appropriate. Also fill in the blanks where necessary.

1. Your Gender
   (a). Female ✓ (b). Male ✓

2. Your age Bracket
   a) Below 25 years ✓
   b) 25 – 30 years ✓
   c) 31 – 35 years ✓
   d) 36 – 40 years ✓
   e) 41 – 45 years ✓
   f) 46 – 50 years ✓
   g) Over 51 years ✓

3. Your level of Education
   a) Primary Education ✓
   b) Secondary Education (O level) ✓
c) A - level Education

d) Diploma

e) Bachelor Degree

f) Masters Degree and above

4. Length of service in the organisation.
   a). 1-5 years
   b). 6 – 10 years
   c). 11 – 15 years
   d). 16 – 20 years
   e). 21 years and above

5. Name of your bank?

6. Do you have a performance appraisal system in your bank? Tick (✓)

   a) Yes
   b) No

SECTION B: PERFORMANCE APPRAISAL METHOD

7. To what extent does performance appraisal relate to the following statements in your organization? Tick where appropriate (✓).

<table>
<thead>
<tr>
<th>Statement</th>
<th>No extent</th>
<th>Low extent</th>
<th>Some extent</th>
<th>High extent</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Evaluation of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Promotion of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Job satisfaction of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Motivation of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Others (Specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. What type of performance appraisal method does your organization use? And to what extent. (Tick (√) appropriately.

<table>
<thead>
<tr>
<th>Method</th>
<th>No extent</th>
<th>Low extent</th>
<th>Some extent</th>
<th>High extent</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rating scales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Checklist</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3. Forced choice method</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>4. Critical incident method</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Field review method</td>
<td></td>
<td></td>
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<tr>
<td>6. Forced distribution method</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>7. Performance tests and observation</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>8. Confidential reports</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Essay method</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Cost accounting method</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Comparative evaluation method</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Management by objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Psychological appraisals</td>
<td></td>
<td></td>
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<tr>
<td>14. Assessment centers</td>
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<tr>
<td>15. 360- degree feedback</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
9. To what extent do you agree with the following performance appraisal method as having influence on employee performance?

<table>
<thead>
<tr>
<th>Method</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rating scales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Checklist</td>
<td></td>
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<tr>
<td>3. Forced choice method</td>
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<tr>
<td>4. Critical incident method</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Field review method</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>6. Forced distribution method</td>
<td></td>
<td></td>
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<tr>
<td>7. Performance tests and observation</td>
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</tr>
<tr>
<td>8. Confidential reports</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>9. Essay method</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>10. Cost accounting method</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>11. Comparative evaluation method</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>12. Management by objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Psychological appraisals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Assessment centers</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>15. 360-degree feedback</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECTION C: LEADERSHIP TRAINING**

10. The following is a list of facet (factors) that are related to leadership training in an organisation. To what extent do you relate with the following statement as used in your organisation? Tick (✓) appropriately

<table>
<thead>
<tr>
<th>NO</th>
<th>Statement</th>
<th>Not at all</th>
<th>A little true</th>
<th>Some what true</th>
<th>True to an extent</th>
<th>Very true</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employee training is given adequate importance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Employee training is of sufficient duration.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Senior management takes interest and spends time with the new staff during employee training.

There is adequate emphasis on developing managerial capabilities of the managerial staff through training.

The employee training is periodically evaluated and improved.

Employees are given opportunities to further their education.

11. To what extent do you relate with the following statement as used in your performance appraisal system as affecting employee performance in your organisation? Tick (✓) appropriately.

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employee training is given adequate importance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Employee training is of sufficient duration.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

56
3. Senior management takes interest and spends time with the new staff during employee training.

4. There is adequate emphasis on developing managerial capabilities of the managerial staff through training.

5. The employee training is periodically evaluated and improved.

6. Employees are given opportunities to further their education.

SECTION D: PERFORMANCE STANDARDS

12. Does the performance appraisal system used in your organisation have performance standards?

a). Yes  

b). No  

13. To what extent does your organisation practice the following performance standards?

Tick (✓) appropriately.

<table>
<thead>
<tr>
<th>Statement</th>
<th>No extent</th>
<th>Low extent</th>
<th>Some extent</th>
<th>High extent</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

57
<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2. team orientation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Innovation/creativity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Problem solving/decision making</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Interpersonal communication</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Flexibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Performance Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Other(s)</td>
<td>a.</td>
<td>b.</td>
<td>c.</td>
<td></td>
</tr>
</tbody>
</table>

**SECTION E: FREQUENCY OF APPRAISAL**

14. How frequent does your organization practice performance appraisals?

- a. Weekly  
- b. Bi-monthly  
- c. Monthly  
- d. Quarterly  
- e. Semi-annually  
- f. Yearly  
- g. Other (specify)  

58
15. Do you think by frequently practicing performance appraisal in your organization influences employee performance?

<table>
<thead>
<tr>
<th>frequency</th>
<th>No extent</th>
<th>Low extent</th>
<th>Some extent</th>
<th>High extent</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Weekly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Bi-Monthly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Monthly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Quarterly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Semi-annually</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Yearly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION F: COMPENSATION STRUCTURE

16. Does the results of performance appraisals used in your organisation influence compensation structure? Tick (✓) appropriately.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Agree</th>
<th>Don’t Know</th>
</tr>
</thead>
</table>

17. To what extent does the compensation structure affect employee performance?

<table>
<thead>
<tr>
<th>No extent</th>
<th>Low extent</th>
<th>Some extent</th>
<th>High extent</th>
<th>Don’t know</th>
</tr>
</thead>
</table>

18. What recommendations (Briefly) do you have on the effect of performance appraisal system on employee performance in your organisation?

________________________________________________________

Thank you for your co-operation

59
## APPENDIX D: BUDGET

<table>
<thead>
<tr>
<th>Activity</th>
<th>Activity (Kshs)</th>
<th>Cost (Kshs)</th>
<th>Total Cost (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposal Development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Photocopying</td>
<td>2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>1,000</td>
<td></td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Data Collection</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing of questionnaires</td>
<td>7,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meals</td>
<td>1,500</td>
<td></td>
<td>11,500</td>
</tr>
<tr>
<td><strong>Data Analysis</strong></td>
<td></td>
<td></td>
<td>18,500</td>
</tr>
<tr>
<td><strong>Report Writing</strong></td>
<td></td>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Report Presentation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing</td>
<td>2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Photocopying</td>
<td>2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Binding</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,000</td>
<td></td>
<td>13,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td></td>
<td><strong>34,500</strong></td>
</tr>
</tbody>
</table>
## APPENDIX E: TIME SCHEDULE

<table>
<thead>
<tr>
<th>Activities</th>
<th>weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Proposal Writing</td>
<td></td>
</tr>
<tr>
<td>Proposal Presentation</td>
<td></td>
</tr>
<tr>
<td>Defence</td>
<td></td>
</tr>
<tr>
<td>Data Collection</td>
<td></td>
</tr>
<tr>
<td>Data Analysis</td>
<td></td>
</tr>
<tr>
<td>Report writing</td>
<td></td>
</tr>
<tr>
<td>Report submission</td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX F: LIST OF BANKS IN KENYA

<table>
<thead>
<tr>
<th>NO.</th>
<th>BANK</th>
<th>CONTACT ADDRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>African Banking Corporation Ltd</td>
<td>P.O.Box 46452-00100,Nairobi</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ABC Bank hse, Mezzanine floor, coinage street</td>
</tr>
<tr>
<td>2</td>
<td>Bank of Africa Kenya Ltd</td>
<td>P.O. Box 69562-00400 Nairobi</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Re-Insurance Plaza, Taifa Rd.</td>
</tr>
<tr>
<td>3</td>
<td>Bank of Baroda(K) Ltd</td>
<td>P.O. Box 30033-00100 Nairobi</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baroda House, Koinange street</td>
</tr>
<tr>
<td>4</td>
<td>Bank of India</td>
<td>P.O. Box 30246-00100 Nairobi</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bank of India Building, Kenyatta Ave.</td>
</tr>
<tr>
<td>5</td>
<td>Barclays Bank of Kenya Ltd</td>
<td>P.O. Box 30120-00100, Nairobi</td>
</tr>
<tr>
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<td>Barclays Plaza, Loita Street</td>
</tr>
<tr>
<td>6</td>
<td>CFC Stanbic Ltd</td>
<td>P.O. Box 72833-00200 Nairobi</td>
</tr>
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<td></td>
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<td>CFC Centre, Chiromo Road, Westlands</td>
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<tr>
<td>7</td>
<td>Charter House Bank Ltd</td>
<td>P.O. Box 43252 Nairobi</td>
</tr>
<tr>
<td></td>
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<td>Longonot Place, 6th Floor, Kijabe Street</td>
</tr>
<tr>
<td>8</td>
<td>Chase Bank (K) Ltd</td>
<td>P.O. Box 66015-00800 Nairobi</td>
</tr>
<tr>
<td></td>
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<td>Riverside Mews, Riverside drive.</td>
</tr>
<tr>
<td>9</td>
<td>Citibank N.A. Kenya</td>
<td>P.O. Box 30711-00100 Nairobi</td>
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<tr>
<td></td>
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<td>Citibank House, Upper Hill Road.</td>
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<tr>
<td>10</td>
<td>City Finance Bank Ltd</td>
<td>P.O. Box 22741-00400 Nairobi</td>
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<td></td>
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<td>Unity House, Koinange Street.</td>
</tr>
<tr>
<td>No.</td>
<td>Bank Name</td>
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</tr>
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<tr>
<td>11</td>
<td>Commercial Bank of Africa Ltd</td>
<td>P.O. Box 30437-00100 Nairobi</td>
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<tr>
<td></td>
<td></td>
<td>CBA Building, Mara/Ragati Road, Upper Hill</td>
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<td>12</td>
<td>Consolidated Bank of Kenya Ltd</td>
<td>P.O. Box 51133-00200 Nairobi</td>
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<tr>
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<td>Consolidated Bank House, Koinange Street.</td>
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<tr>
<td>13</td>
<td>Cooperative Bank of Kenya Ltd</td>
<td>P.O. Box 48231-00100 Nairobi</td>
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<tr>
<td></td>
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<td>Co-operative House, Haile Selassie Ave.</td>
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<tr>
<td>14</td>
<td>Credit Bank Ltd</td>
<td>P.O. Box 61064-00200 Nairobi</td>
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<td></td>
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<td>Mercantile House, Ground Floor, Koinange St.</td>
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<td>15</td>
<td>Development Bank of Kenya Ltd</td>
<td>P.O. Box 30483-00100 Nairobi</td>
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<td></td>
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<td>Finance House, 16th Floor, Loita Street.</td>
</tr>
<tr>
<td>16</td>
<td>Diamond Trust Bank Ltd</td>
<td>P.O. Box 61711-00200 Nairobi</td>
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<td></td>
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<td>Nation Centre, 8th Floor, Kimathi St.</td>
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<tr>
<td>17</td>
<td>Dubai Bank Kenya Ltd</td>
<td>P.O. Box 11129-00400 Nairobi</td>
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<td></td>
<td></td>
<td>I.C.E.A. Building, Ground Floor Kenyatta Ave.</td>
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<tr>
<td>18</td>
<td>Ecobank Kenya Ltd</td>
<td>P.O. Box 48584-00100 Nairobi</td>
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<tr>
<td></td>
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<td>Ecobank Towers, 5th Floor, Muindi Mbingu St.</td>
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<tr>
<td>19</td>
<td>Equatorial Commercial Bank Ltd</td>
<td>P.O. Box 52467-00200 Nairobi</td>
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<td></td>
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<td>Equatorial Commercial Bank Centre, Nyerere Rd.</td>
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<tr>
<td>20</td>
<td>Equity Bank Ltd</td>
<td>P.O. Box 75104-00200 Nairobi</td>
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<td>N.H.I.F Building, 14th Floor, Ragati Road/Haile Selassie Avenue junction.</td>
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<tr>
<td>21</td>
<td>Family Bank Ltd</td>
<td>P.O.Box 74145-00200 Nairobi</td>
</tr>
<tr>
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<td>Bank Name</td>
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<tr>
<td>22</td>
<td>Fidelity Commercial Bank Ltd</td>
<td>P.O. Box 34886-00100 Nairobi, I.P.S Building, 7th Floor, Kimathi Street.</td>
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<tr>
<td>23</td>
<td>Fina Bank Ltd</td>
<td>P.O. Box 20613-00200 Nairobi, Fina House, Kimathi Street.</td>
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<tr>
<td>24</td>
<td>First Community Bank Ltd</td>
<td>P.O. Box 26219-00100 Nairobi, Prudential Assurance building, 1st Floor, Wabera Street.</td>
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<tr>
<td>25</td>
<td>Giro Commercial Bank Ltd</td>
<td>P.O. Box 46739-00200 Nairobi, Giro House, Kimathi Street.</td>
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<tr>
<td>26</td>
<td>Guardian Bank Ltd</td>
<td>P.O. Box 67681-00200 Nairobi, Guardian Centre, Biashara Street.</td>
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<tr>
<td>27</td>
<td>Gulf African Bank</td>
<td>P.O. Box 43683-00100 Nairobi, Gemina Insurance Plaza, Kilimanjaro Avenue, Upper hill</td>
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<td>28</td>
<td>Habib Bank A.G. Zurich</td>
<td>P.O. Box 30584-00100 Nairobi, Nagina House, Koinange Street.</td>
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<tr>
<td>29</td>
<td>Habib Bank Ltd</td>
<td>P.O. Box 43157-00100 Nairobi, Exchange Building, Koinange Street.</td>
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<tr>
<td>30</td>
<td>Imperial Bank Ltd</td>
<td>P.O. Box 44905-00100 Nairobi, Imperial Bank House, Bunyala Road, Upper Hill</td>
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<tr>
<td>31</td>
<td>I &amp; M Bank Ltd</td>
<td>P.O. Box 30238-00100 Nairobi</td>
</tr>
<tr>
<td>No.</td>
<td>Bank Name</td>
<td>Address/Location</td>
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<td>32</td>
<td>Kenya Commercial Bank</td>
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<td>Kencom House, Moi avenue.</td>
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<td>33</td>
<td>K-Rep Bank Ltd</td>
<td>P.O. Box 25363-00603 Nairobi</td>
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<td>K-Rep Centre, Wood Avenue, Kilimani.</td>
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<td>34</td>
<td>Middle East bank (K) Ltd</td>
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<td>Mebank Tower-Milimani Road.</td>
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<td>35</td>
<td>National Bank of Kenya Ltd</td>
<td>P.O.Box 72866-00200 Nairobi</td>
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<td></td>
<td></td>
<td>National Bank Building, Harambee Ave.</td>
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<td>36</td>
<td>NIC Bank Ltd</td>
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<td>N.I.C House, Masaba Road.</td>
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<td>37</td>
<td>Oriental Commercial Bank Ltd</td>
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<td>Finance House, Koinange Street.</td>
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<td>38</td>
<td>Paramount universal Bank Ltd</td>
<td>P.O. Box 14001-00800 Nairobi</td>
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<td>Sound Plaza Building, 4th Floor, Woodvale Grove, Westlands</td>
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<td>39</td>
<td>Prime Bank Ltd</td>
<td>P.O. Box 43825-00100 Nairobi</td>
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<td>Prime Bank Building, Chiromo Lane/Riverside Drive, junction, Westlands</td>
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<td>40</td>
<td>Standard Chartered Bank Ltd</td>
<td>P.O. Box 30003-00100 Nairobi</td>
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<td>Stanbank House, Moi Avenue.</td>
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<td>41</td>
<td>Trans-National Bank Ltd</td>
<td>P.O. Box 34353-00100 Nairobi</td>
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<td>Transnational Plaza, Mama Ngina Street.</td>
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<td>42</td>
<td>UBA Kenya Bank Ltd</td>
<td>P.O. Box 34154-00100 Nairobi Apollo Centre, 1st Floor, Ring Road/Vale Close, Westlands.</td>
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<td>43</td>
<td>Victoria Commercial Bank Ltd</td>
<td>P.O. Box 41114-00100 Nairobi Victoria Towers, Kilimanjaro Ave. Upper Hill.</td>
</tr>
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</table>

Source: Central Bank of Kenya, *(Annual Report 2009).*