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Influence of Behavioral Anchored Rating Scales on Employee Performance at Kenya Commercial Bank

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Abstract:

Behaviorally Anchored Rating Scales, also known as BARS, are a type of performance management scale that use behavior 'statements' as a reference point instead of generic descriptors commonly found on traditional rating scales. BARS method concentrates on traits needed for progressive work performance. It concentrates on various approaches towards work, that is, devotion, processes and efficiency of employees. The method puts emphasis on quality and quantity of work achieved by an employee. This study sought to assess influence of Behavioral Anchored Rating Scales (BARS) on employee performance at Kenya Commercial Bank as the dependent variable. Government policies and employment laws was used as the intervening variable. The expectancy theory, goal setting and equity theory was used to guide the study. A descriptive research design was used, and the population targeted was 235 staff of KCB who included the general operations staff and management staff in various departments of the organization. The size of the sample was 71 respondents and stratified random sampling was adapted in selecting the sample. Primary data was collected through questionnaires. Data processing and analysis was carried out using SPSS whereby several findings were arrived at, key being that BARS helped identify employee qualities like inter-personal relationships; and also helped identify employees job knowledge in a certain field. On overall BARS appraisal method was found to have moderate influence on employee performance. The regression outcomes showed that Behaviorally Anchored Rating Scales appraisal had a progressive but statistically insignificant correlation with employee performance.

Keywords: Employee performance, performance appraisal, Kenya commercial bank

1. Background to the Study

Organizations are continuously seeking to settle and encourage workers to improve performance. Performance appraisal is among the core responsibilities in human resource management. This process seeks to review the workers' job performance towards the institution's set objectives. Worldwide, various performance appraisal methods are embraced, and they depend on company cultures, firm and employee designations. Nowadays, most firms have learned the important part under taken by performance appraisal, as a result its incorporation has exponentially improved. This is embraced by managers in several firms in the endeavor of trying to remain relevant in the economy. Pichler (2012), points out that majority of firms have embraced performance appraisal in order to exploit and optimize the use of company resources to overcome competition in the market. Human resource is the most important resource for institutions to rely on to gain competitive advantage. Nonetheless, a review of human resources should be done continuously to boost productivity (Whiting, Podsakoff & Pierce, 2016).

Of importance to note is that every organization has established either formal or informal methods of performance appraisal to improve employee performance (Iqbal, Akbar & Budhwar, 2015).

1.1. Statement of the Problem

Since performance contracts were introduced in the public sectors in Kenya, the role of performance appraisal has remained unclear although they have been adopted as tools for performance. It is this gap that drove the researcher to investigate the application of these performance appraisal practices in KCB being the largest government shareholding bank in the country. Moreover, the Central Bank of Kenya has an interest on how the bank performs and even supervises its internal affairs unlike the other banks in the country. Coens and Jenkins (2012) argues that discrepancies in appraisal can demoralize workers leading them to quit the organizations. It is therefore necessary to recognize how performance appraisal practices affect employee performance in the organization. This justifies of the study. This study sought to look at the different appraisal practices available in KCB and how they affected performance of the employees.

An assessment of the previous local studies indicates that majority have concentrated on employee appraisal and staff performance. For instance, Gachunga and Mwema (2014) undertook a research on the impact of performance appraisal on employee efficiency in certain organizations. Abaja, Gichuhi and Ochieng (2013) carried out also a study on impact of performance appraisal in relation to employee efficiency. the study was done on supermarkets within Nakuru

town. There is absolutely no study in the public domain which focuses on how various employee appraisal practices influence employees' performance in the banking industry in Kenya. Consequently, this study was done to bridge the gap that existed in the Kenya Commercial Bank.

1.2. Objective of the Study

To assess influence of Behavioral Anchored Rating Scales (BARS) on employee performance at Kenya Commercial Bank.

1.3. Research Question

How does Behavioral Anchored Rating Scales (BARS) influence employee performance at KCB.?

2. Theoretical Review

The theoretical review is meant to provide evidence relevant to the research topic under the study, it here that the researcher analyzed work from other researchers.

2.1. Equity Theory

The theory was advanced by Stacy Williams and it concentrated on equitably distribution of resources. Adams (2011) argues that employees will try to find equity linking the efforts they present in a task and the effect experienced in other displayed products and inputs. Griffin and Moorhead (2012) further stated workers seek fair treatment. The view on equity and fairness by employees is established by comparing themselves with other members of staff in other organizations (Griffin & Moorhead, 2012).

Additionally, workers like comparing their salary and the benefits they get with the ones given by other organizations within the same industry. Due to these comparisons' workers may be motivated or demotivated in the course of performing their duties. (Pride et al., 2012; Griffin & Moorhead, 2012).

Furthermore, Dubrin (2010) declares workers will employ the strongest input in executing the chores as long as this will lead to better performance and better rewards. Workers are inspired by pragmatic results brought about by their efforts. Performance appraisals enable assessment of duties and therefore it creates a way of making the employees efforts to be realized. Griffin and Moorhead (2012) also highlight managerial lessons from equity theory. This makes it therefore essential for workers to comprehend the award system as employees deem rewards in a different way and will all the time carry out equity scrutiny.

Leete (2010) highlights the use of equity theory by using a study that was carried out on motivation parameters used by various business organizations. Staff gratification and motivation is directly linked to award and equity theory. (Leete, 2000; Tortia, 2008). High turnover of staff is experienced where there is lack of employee equity and justice (Geurts, Schaufeli & Rutte, 1999). Ryan (2012) confirms that institutions have challenges in dealing with equity imbalances and does not provide guidance on how to overcome the challenge. The theory provided a pool of wisdom towards determining if indeed employee performance practices possessed fairness/equity during evaluation. Where there is presence of equity awards and disciplinary measures are similar establishing if the employee performance appraisal practices had equity/fairness in respect to evaluation and if the awards and disciplines should be the same to all workers. Workers may exhibit such behaviors like putting less effort, request to be treated better by demanding rewards, looking for ways that makes their tasks look better through differentiation, or even leave the organization due to a feeling of unequal treatment. This theory therefore provides good rapport that workers behavior can be highly determined by the degree of recognition they experience in the workplace.

2.2. Empirical Review

BARS method concentrates on traits needed for progressive work performance. It concentrates on various approaches towards work, that is, devotion, processes and efficiency of employees. The method puts emphasis on quality and quantity of work achieved by an employee. This theory uses behavioral statements to evaluate levels of performance. It comprises of defined but important job aspects that express critical job performance. The reason of BARs is to come up with a way to collect information that can highlight and measure important aspects that make up good performance in a work situation. It is therefore advisable to consider when employing this form of performance appraisal method, the context of a workplace. This is because some competencies are critical than others in a certain job.

2.3. Conceptual Framework

This displays the hypothesized relationship that exist between independent variables and the dependent variable. The framework answers the question how the researcher expects a relationship between all variables (dependent and independent) to exist.

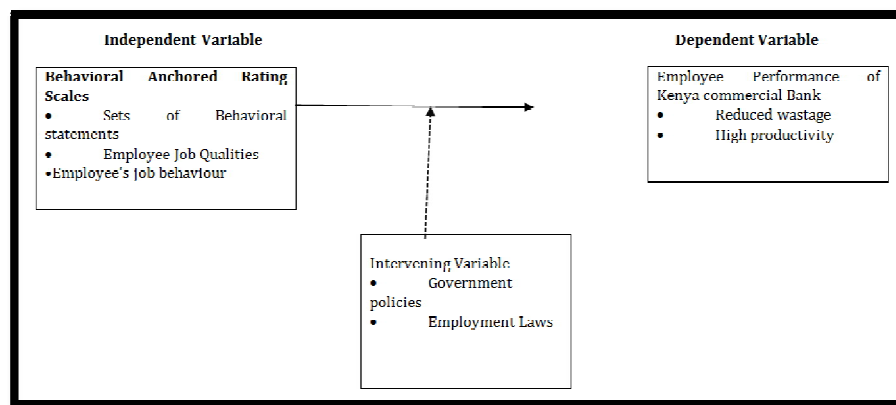


Figure 1: Conceptual Framework
Source: Researcher (2020)

3. Research Methodology & Design

To get information pertaining the present significance of this phenomena to explain 'what existed' regarding conditions or variables present in this study, a descriptive research was used.

3.1. Target Population

The target population of the study consisted of 235 staff members of Kenya Commercial Bank (KCB) who were stationed at the headquarters, Nairobi. The population comprised of both the general operations staff and management staff in various departments of the organization.

3.2. Sampling Procedure, Technique & Sample Size

The study adapted stratified random sampling method while picking the sample. The population was grouped into three sub-groups; that is, the top level/senior managing staff the mid-level management and general operations staff. The study found this technique appropriate since it lessens selection preference and also ensured the sample was accurate and reflected the population studied (Latham, 2017). A 30% sample was taken in each stratum which gave a sample size of 71 respondents.

3.3. Study Findings

The researcher presents the findings from the study and the analysis from the data that was collected from the sampled staff members of Kenya Commercial Bank (KCB) who were stationed at the headquarters, Nairobi. The discussion and analysis were based on the objective study. Among 71 questionnaires given out to respondents, 66 were returned within time for data analysis that represented a response rate of 93%. This response rate was adequate to proceed with the study and form inference on the research objectives.

3.4. Descriptive Analysis of the Effect of Behavioral Anchored Rating Scales (BARS) Appraisal Practice on Employee Performance

In this paragraph the study was geared towards assessing the effect of Behavioral Anchored Rating Scales (BARS) appraisal practice on employee performance at Kenya Commercial Bank. The participants were first requested to show the extent to which KCB adopted Behaviorally Anchored Rating Scales (BARS) form of appraisal. The findings are outlined in table 1.

Extent	Frequency	Percent
Very great extent	14	19.73
Great extent	32	45.09
Moderate extent	11	15.50
Small extent	9	12.68
Total	66	93.0

Table 1: Extent KCB has Adopted BARS Appraisal Method

The findings above show that 45.09% of the respondents indicated that KCB had adopted Behaviorally Anchored Rating Scales (BARS) appraisal method to a great extent whereas 19.73% showed to a very great extent. Alternatively, 15.5% of the participants showed that the bank had adopted BARS appraisal method to a moderate extent while 12.68% revealed the bank had adopted this to a small extent.

The participants were further requested to ascertain the extent of agreement with statements on Behaviorally Anchored Rating Scales (BARS) appraisal method in the bank. The study used a 5-point scale to capture the feedback where 1 represents strongly disagreed and 5 represents strongly agreed and interpreted using mean scores and standard deviation as presented in Table 2.

Statements on BARS appraisal method	Mean	Std. Deviation
The BARS method helps to measure employee performance in a number of areas which include the quality and quantity of work or the fulfillment of tasks.	4.06	0.909
In BARS actual job behavior for an employee is mediated against the desired behavior.	3.89	0.930
The BARS help identify employee qualities like inter-personal relationships.	3.94	0.909
The BARS help identify employees job knowledge in a certain field.	3.86	0.875
BARS help ascertain and quantify the significant components that create effective performance in a job.	4.00	0.992
The traits assessed in the BARS and the criteria are well structured	4.03	0.841

Table 2: BARS Appraisal Method in the Bank

The outcomes in Table 3 illustrate that the respondents established that the BARS method helped to measure performance of employees in a number of areas, that included the quality and quantity of work and the fulfillment of tasks (mean score = 4.06). Also, the respondents established that, the traits assessed in the BARS and the criteria were well structured (mean score = 4.03); and that BARS appraisal method helped pinpoint and measure the important aspects that lead to effective performance in a job (mean score = 4.00). In addition, the respondents were for the agreement that the BARS helped identify employee qualities like inter-personal relationships (mean score = 3.940; and also helped identify employees job knowledge in a certain field (mean score = 3.86). It was also agreed by the respondents that in BARS, an employee's real job trait was judged against the expected behavior (mean score = 3.89).

Extent	Frequency	Percent
Very great extent	12	16.91
Great extent	17	23.95
Moderate extent	23	32.41
Small extent	14	19.73
Not at all	-	-
Total	66	93.0

Table 3: Extent BARS Appraisal Influence Employee Performance

The conclusions in Table 21 illustrate that 32.41% of the respondents indicated that BARS appraisal method impact employee performance to a reasonable extent whereas 19.73% felt that the appraisal method inclined employee performance to an insignificant extent. Nevertheless, 23.95% of the respondents show that that BARS appraisal method influences employee performance to a pronounced extent whereas 16.91% showed to a very pronounced extent.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.777(a)	0.603	0.577	0.23672

Table 4: Model Summary

a. Predictors: (Constant), Behaviorally Anchored Rating Scales Appraisal

The reversion outcomes in Table 4 showed that the value of regression coefficient (R^2) is 0.777 which implied that there was a high relationship among the variables. The results further showed that the value of co-efficient of determination (R Square) is 0.603 which showed that there was a deviation of 60.3% between employee performance and the Behavioral Anchored Rating Scales (BARS) appraisal. The outstanding percentage can be clarified by further variables which were not involved during the study.

3.5. Regression Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.196	4	1.299	23.179	0.001
	Residual	3.418	61	.056		
	Total	8.614	65			

Table 5: ANOVA (b)

a. Predictors: (Constant), behaviorally Anchored Rating Scales appraisal
Dependent Variable: Employee Performance

Table 5 demonstrates the product of the ANOVA investigation and if at all there was a statistically major variance amid the variables in the study. The effects showed that the significance value is 0.001 (i.e., $p = <0.05$), which was below 0.05 and, therefore, there was a statistically significant variation among the variables during the study.

4. Discussion on the Study Results

4.1. Behaviorally Anchored Rating Scales (BARS) and Employee Performance

This study was conducted with the objective of assessing the influence of Behavioral Anchored Rating Scales (BARS) appraisal method on employee performance at Kenya Commercial Bank. Most of the respondents reported that KCB had adopted BARS appraisal method to a great extent. The respondents agreed that BARS method helped to measure employee performance in a number of areas, which included the quality and quantity of work and the fulfillment of activities. The respondents also agreed that the traits assessed in the BARS and the criteria were well structured; and that BARS appraisal method helped to ascertain and to quantify the important mechanisms that sum up to operative performance in a job. In addition, the respondents agreed that the BARS helped identify employee qualities like inter-personal relationships; and also helped identify employees job knowledge in a certain field. On overall BARS appraisal method was found to have moderate influence on employee performance. The regression outcomes showed that Behaviorally Anchored Rating Scales appraisal had a progressive but statistically insignificant correlation with employee performance.

4.2. Conclusions

The study concluded that BARS helped identify employee qualities like inter-personal relationships; and also helped identify employees job knowledge in a certain field. On overall BARS appraisal method was found to have moderate influence on employee performance. The researcher therefore concluded that BARS appraisal method had a progressive but statistically insignificant correlation with employee performance.

5. Recommendations

The study discovered that the morale of the employees highly depends on the existence of fair performance assessment scheme. Apart from this, the working condition, training & development opportunities, job securities and other HR policies have implication on morale of the executives. The study recommends that commercial banks ought to adopt the appropriate performance appraisal whose feedback can help identify employee's weaknesses, strengths and subsequently improve their performance. However, apart from this, employee morale and performance can be enhanced through improving their working conditions, training & development opportunities, job securities and other HR policies that have implications on employee's motivation.

The study also recommended that after identifying employee's weakness through the performance appraisals; the bank should provide training frequently to their employees for the enhancement of ability, competence and efficiency. The bank should also provide compensation that commensurate employee performance.

The study found out that the predetermined parameters in the performance appraisals employed by the bank were set by the supervisors/management. In this regard the study recommended that banks should involve at least some representative of employees from each department during the formation of such plans and setting of goals.

6. Areas for Further Research

The study recommended further study could be undertaken in some other commercial banks in Kenya (in all tiers) for comparison of results; and in order to give a conclusive picture on the performance appraisal practices being employed by commercial banks in Kenya. Any future study should also assess and evaluate more performance appraisal practices not included in this specific study.

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