

## Appraisal of Employee Performance in Geothermal Development Company in Nakuru County, Kenya

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### ABSTRACT

The purpose of the study was to assess the effect of performance appraisal on employee performance of geothermal development company in Nakuru County, Kenya. The study adopted descriptive research study. The target population of the study was 1097 employees which comprised of 79 top level employees and 351 middle level employees and 667 lower level employees from 17 departments in GDC Nakuru County. The study used Nassiuma's (2000) formula to get a sample size of 100. The study further adopted a stratified random sampling from which the sample was allocated to various categories according to their relative sizes. The study collected primary data using questionnaires. Questionnaire included both open and closed ended questions. The pilot study was carried out in Kenya Pipeline Company Nakuru County to assess the effectiveness of the data collection instruments before venturing fully into data collection. This consisted of 11 employees representing 10% of the sample size. The piloted questionnaires were not included in the main study. Cronbach's Alpha was used to determine internal consistency technique. During this initial visit, the researcher explained the purpose of the study to the senior manager in charge of the geothermal development firm in Nakuru County and arrange for data collection. Statistical Package for Social Sciences (SPSS) version 24 was used to evaluate qualitative data. In this study. Both descriptive and inferential statistics was used. The findings revealed that there is strong significant positive relationship between performance appraisal and employee performance in Geothermal Development Company ( $r=0.547$  and  $p<0.05$ ). The study concluded that there is a statically significant relationship between performance appraisal and employee performance in Geothermal Development Company. From the conclusion the researcher recommended that Geothermal Development Company should strictly adhere to performance appraisal results to ensure employee are rewarded and promoted based on performance appraisal results.

**Keywords:** Employee Performance, Geothermal Development Company, Performance appraisal

## I. INTRODUCTION

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is also referred to as performance evaluation, performance review or employee appraisal. All companies use performance appraisals to discover which employees have contributed the most to the company's growth, review progress, and reward high-achieving workers (Singh, & Farouk, 2016). Employee performance appraisal process is crucial for organizations to boost employee productivity and improve their outcomes. Performance appraisals are an annual process where an employee's performance and productivity is evaluated against a predetermined set of objectives. Performance appraisal helps managers and supervisors place the right employee to do the right job, depending on the skill set they possess. Without an ounce of doubt, every organization needs a robust performance appraisal system (Almatrooshi, 2016).

Employee performance is a measurement of how well or how poorly an employee conducts their required job duties and how promptly they meet their deadlines or requirements. Employee performance is one of the most important constructs in both organizational psychology and human resource management (Lodhi, 2015). It is a function that an individual can successfully perform within framework of normal constraints and available resources (Surabaya, 2016). Successful employees meet deadlines, make sales and build the brand via positive customer interactions. When employees do not perform effectively, consumers feel that the company is apathetic to their needs, and will seek help elsewhere. Employees who perform effectively get things done properly the first time, (Vishal, 2016).

Geothermal Development Company is a parastatal within the Ministry of Energy that was established to expedite the development of Kenya's geothermal resources. Nakuru County host more than half of GDC projects in Kenya. The first project is Menengai Geothermal Project which is one of GDC's projects that is under development. It has an estimated geothermal potential of 1600MW (Renkens, 2019). Geothermal energy has the potential to be a significant source of power for Kenya, which is rich in geothermal resources. However, there are several performance issues facing geothermal development companies in the country, which have hampered the growth of the industry. One of the main issues is the high exploration and development costs associated with geothermal energy. Drilling deep into the earth's crust to tap into heat sources is a costly endeavor, and the cost of drilling a single well can range from \$4 million to \$12 million. This can make it difficult for companies to secure the necessary funding for geothermal projects. Another issue facing geothermal development companies in Kenya is the lack of access to funding. While the government has made efforts to support the geothermal industry through various initiatives, such as the Geothermal Development Company (GDC), the amount of funding available is still limited. This can make it challenging for companies to secure the necessary capital to develop geothermal projects.

Despite the employee performance being important to public institutions, Geothermal Development Company is plagued with problems of poor employee performance. 2019 report by Salaries and Remuneration Commission on performance of public servants indicates that more than half of public institution in Kenya, particularly state parastatals, is experiencing declining performance. The performance of geothermal development company has been unsatisfactory, according to a report by a 2019 taskforce on parastatal reforms in Kenya.

One of the factors that has been attributed to poor performance of State Corporation are human resource factors (Taskforce on Parastatal Reforms in Kenya, 2019). Performance appraisal reports, show that staff performance has been lacking in public institutions (GoK, 2019). While geothermal is one of Vision 2030's signature projects, there have been complaints about organizational flaws that have resulted in low productivity, burnout, and staff health issues, as well as increased absenteeism. Geothermal, like any other firm, operates in a dynamic and constantly changing environment. In such like organization employees are faced with a lot of physical and mental hazards on their job which may cause them stress. Therefore, the study sought to assess the effects of performance appraisal on employee performance in geothermal development company in Nakuru County, Kenya.

The study was built on the concept of Appraisal Theory. The theory was spearheaded by Psychologist Lazarus in the year 1972. The core premise of appraisal theory is that appraisal is a process in which values are decided for a number of appraisal elements such as goal relevance and agency, causes and differentiates emotions. Emotions are drawn from our appraisals of experiences, according to the appraisal theory of emotion. Varied people have different reactions to these evaluations. The theory is applicable to the current study since excellent performance requires employees to be psychologically healthy. Psychological behavior is viewed as a relational term, as it is not defined as a certain type of external stimulation or a precise pattern of physiological, behavioral, or subjective responses. Instead, it's seen as a relationship between people and their surroundings. As a result, the theory describes how employee performance is affected by performance appraisal in the Geothermal Development Company.

Chapondda (2016) investigated the impact of a performance appraisal approach on slum-based non-governmental organizations' competitive advantage (NGOs). In this study, a descriptive research design was adopted. A performance appraisal system, according to the study's findings, has contributed in increasing job performance. Routine performance appraisal enhanced employee morale. However, this study concentrated on the performance evaluation approach in non-profit organizations, which are service-oriented, while the current study would be performed in state owned parastatals which is the, Geothermal Development Company profit-oriented state corporation.

Muriuki (2017) conducted research on the impact of performance appraisal on employee motivation at the Ministry of East African Community, Labor, and Social Protection. Because all of the respondents came from various levels or strata within the Ministry, stratified random sampling was utilized. Data was collected using structured questionnaires. According to the findings of the study, there is a strong positive significant correlation between performance management and employee motivation, and the performance appraisal system at the Ministry of Labour, East Africa Community and Social Protection has a significant impact on employee motivation. However, the study focused only on the performance appraisal and employee motivation while the current study will exclusively concentrate on the performance appraisal and employee performance on Geothermal Development Company.

Kagotho (2018) carried a research on the impact of performance reviews on staff members at Gertrude's Children's Hospital. The study method used was a cross-sectional descriptive research design.

The hospital's 250 workers were the study's target group, while 100 employees served as the sample population. 25 employees working at Gertrude's Pangani Clinic participated in a pilot study utilizing questionnaires as the primary data gathering tool. Data analysis was done using descriptive statistics. The results show that performance reviews and feedback are crucially essential because they provide firms a good chance to assess how each employee compares to previously defined standards and expectations.

Kariuki (2019) investigated the impact of performance reviews on workers' productivity in the Barclays Bank of Kenya. The research used a descriptive design and focused on all 479 employees from 51 branches. In the research, 144 people were sampled. Self-administered questionnaires were utilized in the research to gather information. Following that, descriptive statistics like mean, mode, and percentages were used to examine the data. Regression analysis, a kind of inferential statistics, was used to determine the relationship between the independent. According to the research, fair wage methods and managerial assistance have increased employee work satisfaction, which has increased productivity. The research went on to show that the performance reward system, equitable remuneration, and working environment had all improved employee motivation as a result of the performance evaluation processes.

## II. METHODOLOGY

The study adopted descriptive research study. Descriptive research design employs analytical approaches in which the researcher examines existing data, assesses the situation, and collects data that is categorically nominal and qualitative in nature. The study was conducted in Geothermal Development Company in Nakuru town. Nakuru County host most of GDC project in Kenya therefore is ideal for the study since majority of human resource personnel are located within Nakuru County hence the study will reflect the situation in the entire company in Kenya. The target population of the study was 1097 employees which comprised of 79 top level employees and 351 middle level employees and 667 lower level employees from 17 departments in GDC Nakuru County. The study used Nassiuma's (2000) formula to get a sample size of 100. The study further adopted a stratified random sampling from which the samples was allocated to various categories according to their relative sizes.

The study collected primary data using questionnaires. Questionnaire included both open and closed ended questions. The ease of distribution and data gathering, as well as the convenience of data analysis, are among these benefits. The pilot study was carried out in Kenya Pipeline Company Nakuru County to assess the effectiveness of the data collection instruments before venturing fully into data collection. This consisted of 11 employees representing 10% of the sample size. The piloted questionnaires were not included in the main study. Cronbach's Alpha was used to determine internal consistency technique. Internal consistency reliability is a metric for assessing the degree to which different test items probing the same construct give similar responses. The higher the alpha value, the better.

During this initial visit, the researcher explained the purpose of the study to the senior manager in charge of the geothermal development firm in Nakuru County and arrange for data collection. The researcher visited the respondents at their separate offices on the designated dates with the printed questions for distribution. After then, the researcher distributed questionnaires to the study participants, which was collected after two weeks.

Statistical Package for Social Sciences (SPSS) version 24 was used to evaluate qualitative data. In this study, descriptive and inferential statistics was used. Percentages, frequencies, mean, and standard deviation was used in descriptive statistics. Inferential statistic involving the use of correlation and multiple regression analysis. An informed consent was sought from the respondents who also informed that they have a choice to withdraw from the study at their will before the end of the exercise. Approval to conduct the research was given by the Kabarak University Research Ethics Committee, (KUREC-030622) and authority to gather data sought from the National Commission for Science, Technology and Innovation (NACOSTI/P/22/18355) which was include issuance of a research clearance permit.

### III. RESULTS

#### Response Rate

The study issued 100 questionnaires to the top level employees, middle level employees & lower level employees. Out of which 93 questionnaires were properly filled and returned, this represented 93% response rate.

#### Effect of Performance Appraisal on Employee Performance

The study sought to assess the effect of performance appraisal on employee performance in geothermal development company in Kenya. The results are presented in Table 1 below.

**Table 1:**  
*Effect of Performance Appraisal on Employee Performance*

Statements on performance appraisal	SA (%)	A (%)	U (%)	D (%)	SD (%)	Mean	Std
The organization sets objectives for the employees which improves the overall employees performance	68	23	2	4	3	4.258	0.886
The organization sets long-term objectives which enhances the operational performance	69	21	0	5	5	4.403	0.557
Employee provides feedback which makes them fill valued by the organization hence improving performance	40	55	0	2	3	4.145	0.807
Employee feedback boosts their motivation at workplace leading to higher productivity	49	33	12	3	3	4.452	0.592
Continuous review helps to measure employee’s productivity using the set out work plan targets hence improving on their performance	69	21	0	5	5	4.403	0.557
Continuous review improves and guide good behaviors among the employees thus leading to higher performance	40	55	0	2	3	4.145	0.807
The organization sets objectives for the employees which improves the overall employees performance	49	33	12	3	3	4.452	0.592

**Key:** SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree

From the findings 68% of the respondents strongly agreed that the organization sets objectives for the employees which improves the overall employee’s performance, 23% of the respondents agreed, 2% were neutral, 4% disagreed while 3% strongly disagreed. Further 69% of the respondents strongly agreed that the organization sets long-term objectives which enhance the operational performance, 21% of the respondents agreed, 5% were neutral while 5% disagreed. In addition, 40% of the respondents strongly agreed that employee provides feedback which makes them fill valued by the organization hence improving performance, 55% of the respondents agreed, 2% disagreed while 3% strongly disagreed.

The findings further indicate that 49% of the respondents strongly agreed that employee feedback boosts their motivation at workplace leading to higher productivity, 33% of the respondents agreed, 12% were neutral, 3% disagreed while 3% strongly disagreed. In addition, 69% of the respondents strongly agreed that continuous review helps to measure employee’s productivity using the set out work plan targets hence improving on their performance, 21% of the respondents agreed, 5% disagreed while 5% strongly disagreed.

The findings further indicate that 40% of the respondents strongly agreed that continuous review improves and guide good behaviors among the employees thus leading to higher performance, 55% of the respondents agreed, 2% disagreed while 3% strongly disagreed. Finally, 49% of the respondents strongly agreed that the organization sets objectives for the employees which improves the overall employee’s performance, 33% of the respondents agreed, 12% were neutral, 3% disagreed while 3% of the respondents strongly disagreed. The results are consistent with those of Omasete (2014), who found that collaborating with workers to define objectives strengthens a climate of continual feedback and open communication. Employees that have well defined objectives are also more likely to pursue them, take on new tasks, and identify with overarching efforts. Increase the organization's competitive edge to boost production. Employees may be recognized and given rewards during appraisals, and this gives them the chance to feel appreciated for the job they accomplish. Employers may decide whether to reward personnel with compensation raises or promotions by tracking performance and progress towards goals.

**Pearson Correlation**

The findings revealed that there is strong significant positive relationship between performance appraisal and employee performance in Geothermal Development Company ( $r=0.547$  and  $p<0.05$ ). Thus, the results indicate that performance appraisal improves the performance of employees in Geothermal Development Company in Kenya. The findings are in line with those of Gachunga (2016), who contends that performance reviews raise employee morale and encourage them to put in more effort to forward the organization's objectives.

**Table 2:**  
*Correlation Between Performance Appraisal on Employee Performance*

		Performance Appraisal
Employment Performance	Pearson Correlation	.547**
	Sig. (2-tailed)	.002
	N	93

**IV. DISCUSSION**

In summary the findings revealed that the organization sets objectives for the employees which improve the overall employee’s performance. In addition, the findings revealed that organization sets a long-term objective which enhances the operational performance. Furthermore, the findings revealed that employee provides feedback which makes them fill valued by the organization hence improving performance. The findings further revealed that continuous review helps to measure employee’s productivity using the set out work plan targets hence improving on their performance. Continuous review improves and guide good behaviors among the employees thus leading to higher performance. The organization sets objectives for the employees which improves the overall employee’s performance.

## **Conclusion**

From the findings the study concluded that the continuous review improves and guide good behaviors among the employees thus leading to higher performance. The study further concluded that the organization sets objectives for the employees which improve the overall employee's performance. According to the results the study concluded that there is a strong significant positive relationship between performance appraisal and employee performance in Geothermal Development Company.

## **Recommendations**

Performance appraisals are essential for the growth of GDC and its employees. It helps the company to find out whether the employee is being productive or is a liability. It helps the employee to find out where his/her career is heading. It is an essential part of HR management.

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