

**INFLUENCE OF PERFORMANCE APPRAISAL ON EMPLOYEE
RETENTION AT EQUITY BANK HEAD OFFICE IN NAIROBI, KENYA**

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DECLARATION AND APPROVAL

Declaration by the Student

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

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Approval by the Supervisor

I confirm that the work reported in this research project was carried out by the candidate under our supervision.

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DEDICATION

This project is dedicated to my family for their endurance throughout my education journey



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I wish to convey my deepest appreciation to all individuals who have played a role in the successful culmination of this research project. First and foremost, I want to express my profound gratitude to my supervisor, DR. Simon Nyakwara, for his invaluable guidance, unwavering support, and constructive feedback that have significantly influenced the outcome of this research. Your encouragement and insights have greatly enhanced the quality and focus of my work. I would like to extend my sincere thanks to the faculty and staff of Business and Economics department of Mount Kenya University for providing the necessary resources and a conducive environment for the execution of this research. The knowledge and skills I have gained from my coursework and interactions with the faculty have been pivotal to the accomplishment of this project. Special appreciation is also due to my colleagues and peers who have offered their assistance and shared their experiences. Your camaraderie and intellectual discussions have enriched my research journey. I am truly grateful for the support and contributions of each and every one of you.

ABSTRACT

Even with the critical role of retention of highly qualified employees in the organization, banks have been losing employees all cadres of employees. Staff retention is important in the success of banking organizations. The study therefore sought to evaluate the influence of appraisal of performance on employee retention at equity bank head office, Kenya. In this study, vroom expectancy theory, goal-setting theory and equity theory were adopted to underpin the relationship between study variables. Descriptive research type will be adopted. The research was carried out in the capital city of Kenya and specifically at equity bank head office. The target population was the 306 staff attached to Equity bank head office in Nairobi Kenya. The staff targeted fall in two distinct levels including management and non-management staff. The researcher adopted stratified random sampling where the target population were segmented into mutually exclusive sub-groups called strata including top managers, middle managers, first line managers and non-management staff. To determine the exact sample size, the study adopted a formula suggested by YaroYarmjne where the sample size was 173 employees. Questionnaire were adopted to collect primary data. The questionnaires were structured and segmented into sections including demographic information, performance appraisal and employee retention. The study was carried out a pilot study at Family bank of Kenya head office where 17 employees participated in the pre-study. The filled questionnaires collected from the filled were checked for completeness to determine the response rate. The questionnaires were then coded and the data entered into SPSS for further analysis. The study first run descriptive statistics analysis using tools such as mean, standard deviation, frequency distribution and percentages where necessary. The study then carried out inferential analysis comprising of bivariate pairwise correlation and multivariate OLS regression analysis to evaluate the association between performance appraisal and employee retention at equity bank head office. The analysis was presented inform of tables accompanied by associated explanations. The objectives were examined at 5% level of significance with p-values less 0.05 showing significant association between dependent and independent variables. Based on regression analysis, the study showed that the influence of target setting on employee retention was positive and Significant. The influence of Performance Measurement on employee retention was positive and Significant. Further, one unit improvement in performance measurement leads to .335 units increase in employee retention. The influence of appraisal feedback on employee retention was positive and Significant. The positive influence means that improving appraisal feedback by one unit leads to improving employee retention by .153 units. The influence of utilization of appraisal report had a positive and significant. The study thus concluded that performance appraisal (target setting, performance measurement, appraisal feedback and utilization of appraisal report) had a significant influence on employee retention at equity bank. The study recommends that management of equity bank to improve performance appraisal through enhancing target setting, putting in place adequate tools of measuring performance level, improving its appraisal feedback loop and improve the utilization of appraisal report to enhance employee retention.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	:	Analysis of Variances
CV	:	Coefficient of Variation
KBA	:	Kenya Bankers Association
HRM	:	Human Resource Management
NACOSTI	:	National Commission of Science Technology and Innovation
OLS	:	Ordinary Least Squares
SD	:	Standard Deviation
SPSS	:	Statistical Package for Social Scientists

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

World over, workforce retention is a concern for managers. Firms spend a big chunk of their resources in recruiting and developing their staff. Any prudent firm will have to find ways of retaining their precisely resources human resources. Employee retention is a headache for firms as employee turnover leads to losses of resources to competitors (Hom, Allen & Griffeth, 2019). Employees are the lifeblood of any business. The Successes and failures of most firms depend on its ability to retain its princely human resources especially the women employees (Nafeesa Begum & Brindha, 2019). Firms can employ a number of strategies to retain employees with one of the leading strategies being the undertaking of an effective performance appraisal (Kanteh & Gibba, 2019). Performance appraisal is an evaluation of staff level of work output with the aim of taking decisions such as training, compensation, promotion, discipline among other decisions (Mulievi & Wanyama, 2019). Organization's management needs to do performance appraisal to be able to take its administrative work such as revising compensation plans, staff discipline and training decisions (Mwema & Gachunga, 2014). Globally, performance appraisal has been playing critical role in retention of qualified staff in various organizations. In the US, Rhash (2019) noted that increase in staff turnover was directly linked to staff performance measurement among the cooperatives. In Britain, Iqbal (2018) revealed that that involvement in goal setting, fairness in performance measurement and timely feedback were critical for staff retention. In Qatar, Mehrez and Alamiri (2019) investigated the causal effect link among employee's perception on fairness of performance appraisal system and intention to leave the firm. The association between perception of fairness of performance appraisal and intention to

leave was weak. In Pakistan, Naseeb, Saif, Khan, and Afaq (2019) evaluated the causal effect link between performance appraisal politics, commitment, job satisfaction and employee attrition in commercial banking firms. The review noted that appraisal politics directly associated with turnover intentions. In Malesia, Abdullah, Shonubi, Hashim and Hamid (2016) examined the causal effect link between job recognition on job contentment in IT firms. The research noted that recognition and appreciation of staff based on the output of performance appraisal enhanced job engagement and retention by extension given that engaged employees rarely leaves the firm.

Regionally in Africa, the association between performance appraisal and staff retention has been evaluated. In Nigeria, Atakpa, Ocheni and Nwankwo (2015) examined the effect performance appraisal purpose on staff retention in service firms. The authors noted that performance appraisal had critical contribution to staff retention. Employees were more engaged in their work and tended to remain longer with the firm if they perceived that information generated during performance appraisal was used for the purpose of recognition, rewards and promotion. In Ethiopia, Fekadu (2019) evaluated the causal effect relationship between the process of performance appraisal system and motivation level of staff in the National Bank of Ethiopia. The study established that performance measurement by use of various tools had a direct association with staff motivation and retention. The study further showed that 34.4% of variation in staff motivation was explained by performance appraisal.

Locally in Kenya, the association between performance appraisal and staff retention has been examined. In the education sector, Muthuri, Momanyi and Nduku (2019) established that performance appraisal was not efficiently done with respondents showing that the process of performance measurement was unfair and biased. In pharmaceutical firms, Wairimu and Ndeto (2019) noted that staff training, recognition

and engagement were directly associated with staff retention. Job training resulting from recommendation from performance appraisal would help employee acquire necessary for job performance hence improved engagement and reduced staff turnover. Engaged workers get highly involved in their work and have low chance of leaving the firm soon. In the banking industry, Kiptoon and Kipkebut (2019) noted that hygiene factors such as motivation based on performance appraisal output had majorly affected employee retention. Specifically, salaries significantly affected employee's retention. Mwangi and Omondi (2016) revealed that staff training, compensation and promotion based on the output of performance appraisal significantly affected staff retention.

Employee retention has been defined as processes by which firms encourage individual employees to continue being part of workforce for a maximum possible time in their career. Issa et al. (2019) defines employee retention as programs and measures carried out to inspire current workforce to remain with employing institutions for a long period. Mandhanya (2019) on the other hand has referred to employee retention as an initiative by management through firm's policies to establish a high level of staff satisfaction with the intent of retaining employees. Samuel and Mazingi (2019) noted that employee retention is a voluntary move by a firm to establish an environment that ensured that staffs are engaged for the long term. Retention is the antonym of staff turnover that refers to staff conscious decision to exit their organisations (Nasir,2020). Employee turnover happens when staff exits their positions and therefore have to be replaced through fresh recruitment. The act of replacing employees that have since existed the firm is a costly affair that gobbles resources and is destructive to continued service delivery. Employee retention is therefore imperative for recruiters to minimum the rate at which employees leave the firm (Njoroge & Nzulwa, 2019).

Employee retention is a complicated concept since firms in practice do not have clear-

cut recipe for retaining staff. Firms can employ a number a strategies to retain employees with one of the leading strategy being the undertaking of an effective performance appraisal (Kanteh & Gibba, 2019). Performance appraisal has been defined as an evaluation of staff out level with the aim of taking decisions such as training, compensation, promotion, discipline among other decisions (Mulievi & Wanyama, 2019). Performance appraisal a systematic and conscious process by which an evaluator or supervisor examines and assesses the work of an employee while comparing it with set targets then reports the variances to senior management for final decision making. An appraisal system is a useful device, which is normally adopted to improve the nature of firm's staff performance (Hom, Allen & Griffeth, 2019). Organization's management needs to do performance appraisal to be able to take its administrative work such as revising compensation plans, staff discipline and training decisions (Mwema and Gachunga, 2014).

Effective performance appraisal is critical to staff retention since the process of performance appraisal as well as the utilization of performance appraisal report impacts on staff retention. Iqbal (2018) while examining the influence of performance appraisal on staff retention revealed that appraisal of employee performance had a major factor on employee retention efforts in organizations. Ameen and Baharom (2019) established a direct link obtaining between effective appraisal of performance and workforce engagement and retention. Ameen and Baharom (2019) noted performance appraisal goals have a major impact on workforce engagement and retention. Through appraisal of performance, the firm can recognise how its diverse labour force is impacted by different salient factors of effective appraisal of performance. Appraisal report should be utilised for purposes including, job promotion, training, recognition and financial reward. The utilization of performance enhances the achievement of firm's strategic outcomes of

employee retention (Wanjala & Kimutai, 2015).

The utilization of performance appraisal for staff retention equity bank is critical. Equity bank just like other commercial banks is operating in highly competitive environment that needs them to retain highly performing employees. Equity bank begun in 1984 as a financial society specialising in housing finance. The bank was initially providing mortgage funds low-income earners who happened to be the majority in the population then. In 1993, it was considered technically, however it was able to transform itself rapidly into microfinance institution before transforming even further into a commercial bank making it inspirational success story. The bank was incorporated in in 2014. The equity group holdings are better positioned to develop and invest in the existing business while courting for new businesses opportunities as critical component of its growth and transformation (Equity Group Holdings, 2020).

1.2 Statement of the Problem

Equity bank just like other organizations are operating in highly competitive environment that needs them to retain highly performing employees (Narayanan, Rajithakumar & Menon, 2019). Even with the critical role of retention of highly qualified employees, equity bank has been losing employees at all cadre. Staff retention is an important factor in effort towards success of banking organizations (Ochieng & Juma, 2019). Jonathan (2019) revealed that commercial banks in Kenya including equity bank have been losing close to one employee in every 5 recruited within the year the employees are recruited. This is approximately 20% of the employee's recruited leading to loss of trained workforce. Additionally, Kenya bankers association (KBA, 2019) reported that commercial banks in Kenya including equity banks have experienced the problem of high staff turnover with the banks losing about 2500 staff across their branches in 2018 alone.

Effective performance appraisal has been identified as one of the strategies that can be employed by organizations in general and equity bank in particular for retaining competent employees within the firm for a longer time (Iqbal, 2018). Performance appraisal has continued to be a critical role of human resource managers globally especially in retention of competent employees. The performance of employees is critical competitiveness of organizations.

Although there are dozens of studies on direct relationship between performance appraisal and staff retention, majority of the empirical literature have been carried outside Kenya. There exists scanty literature on the association between appraisal of performance and workforce retention at equity bank head office. The study sought to examine the influence of performance appraisal on employee retention at equity bank head office in Nairobi, Kenya.

1.3 Purpose of the Study

To examine the influence of performance appraisal on employee retention at equity bank head office in Nairobi, Kenya.

1.4 Objectives of the Study

The study sought to:

- i. To establish the influence of appraisal targets setting on employee retention at equitybank head office in Nairobi, Kenya.
- ii. To examine the influence of performance measurement on employee retention at equitybank head office in Nairobi, Kenya.
- iii. To determine the influence of performance appraisal feedback on employee retention at equity bank head office in Nairobi, Kenya.

- iv. To establish the influence of utilization of appraisal report on employee retention at equity bank head office in Nairobi, Kenya.

1.5 Research Questions

- i. How does targets setting of performance objective influence employee retention at equity bank head office in Nairobi, Kenya?
- ii. How does performance measurement influence employee retention at equity bank head office in Nairobi, Kenya?
- iii. How does appraisal feedback influence employee retention at equity bank head office in Nairobi, Kenya?
- iv. How does utilization of appraisal report influence employee retention at equity bank head office in Nairobi, Kenya?

1.6 Significance of the Study

The study is timely and the information to be generated will be useful for various purposes for different groups including; management of equity bank, government of Kenya and academicians. Regarding management of equity bank, the study would be useful in understanding the role that effective performance appraisal plays retention of highly qualified employees. The top management will find the study insightful in fine-tuning their performance appraisal system to ensure they attract and retain highly performing employees. Moreover, the study, the study will specifically be useful to the head of human resource manager at equity bank on how to perform effective performance appraisal with intent of retaining competent employees.

The study will also be critical to government of Kenya for policy purposes. The ministry of labour in Kenya that is charged with the role of regulating the labour market will find

this study insightful in coming up with policies that encourage firms to retain competent labour force. The ministry will be in apposition to formulate wide polices for employers regarding how to carry out effective performance appraisal for the purpose of retaining workforce. The public service commission of Kenya as an employer would find the study useful when formulating policies of retaining staff through effective performance appraisal.

The study is also critical for researchers and academicians. The study will be useful in bridging knowledge gap on the association between appraisal of performance and workforce retention especially in the context of banking organizations. The study will provide empirical literature to academicians carrying out studies on the link existing between performance appraisal and staff retention. Indeed, the areas of further research that will be reported in the current study will enable future scholars in performance appraisal and employee retention in identifying and fine-tuning their research topics.

1.7 Scope of the Study

The conceptual scope of the research was on the influence of appraisal of performance on workforce retention. Appraisal of performance was the main independent variable and was examined in terms of targets setting, performance measurement, appraisal feedback and utilization of appraisal report. The dependent variable was employee retention. Employee retention was examined based on indicators such average length of stay, staff seeking jobs outside and intension to stay. The geographic scope of the study was equity bank head office in Nairobi County Kenya. The study focused on equity bank given that it is the largest bank in Kenya in 2023 in terms of tier 1 capital, which reached approximately 1.44 billion U.S. Despite its size, it has faced significant employee retention problems hence the need for a study to examine the contribution of performance appraisal to employee retention. The respondent were the staff at all cadres of equity

bank Nairobi head office. The time scope of the study was three weeks in which data was collected and analysed.

1.8 Limitations of the Study

Some of the limitations the researcher faced included: first, the management of equity bank was pensive about the study because the information generated could be used against them. Secondly, some non-management employees were not ready to fill the questionnaires fearing that the information could be used to punish them and finally study participants respondents were not available on the day of the study due to business commitments.

1.9 Delimitations of the Study

To minimize the challenges, the top management of equity bank needed an assurance from the researcher that the data collected and analysed is meant to be used to achieve study purpose only. Non-management staff were made aware the information that would be generated from respondents was for the purpose of the study and would not be directly associated with them. Finally, for respondents who were not available on the day of the study, the researcher organized with the human resource officer to give the questionnaires.

1.10 Assumption of the Study

This empirical examination is based on assumption that the respondents are aware of performance appraisal therefore, they were in a position to comprehend the language of the wordings of the questionnaire. The study also assumed that that the respondents answered the questionnaire items honestly and correctly.

1.11 Operational Definition of Key Terms

Appraisal Feedback: Appraisal feedback is the communication flowing from the employer or management to the employee regarding performance appraisal report.

Employee Retention: Employee retention is the processes by which firms encourage it individual employees to continue being part of workforce for a maximum possible time in their career.

Performance Appraisal: Performance appraisal is an evaluation of a workforce level of performance with the aim of taking decisions such as training, compensation, promotion, and discipline among other decisions

Performance Measurement: Performance measurement is a stage in performance appraisal that involves the actual quantification of the employee performance level based on appraisal tools and is usually carried out by the supervisor or professional evaluator.

Target setting: Target setting is the first stage in performance appraisal where goals to be achieved by individual employees are set in advance. It involves determining the expected level of performance of each post.

Utilization of appraisal report: The last step in performance appraisal where the information generated during performance measurement for each employee is used for various decision- making including training, compensation, promotion, and discipline among other purposes.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter expounds on review of literature elements comprising empirical literature, theoretical literature, and conceptual framework, identification of research gap and recap.

2.1 Empirical Literature Review

An empirical literature review is a systematic approach to synthesizing existing research findings on a specific topic. The main objectives of these reviews are to bring together current knowledge, pinpoint areas that need further exploration, suggest future research paths, and improve comprehension within their respective domains (Elbardan, Kotb & Ishaque, 2023).

2.1.1 Targets Setting and Employee Retention

Target setting is the first stage in performance appraisal where goals to be achieved by individual employees are set in advance. It involves determining the expected level of performance of each post. Performance appraisal systems are integral to human resource management practices worldwide, serving not only as a basis for improving organizational productivity but also significantly impacting employee retention. Globally, the setting of clear, achievable appraisal targets has been recognized as a fundamental element that influences employee satisfaction and retention. According to Sitopu, Sitinjak and Marpaung (2021) effective performance management, which includes well-defined targets, aligns employee objectives with organizational goals, thereby fostering a more engaged and committed workforce. Research by Gallup (2017) found that employees who believe their performances are evaluated fairly are 2.5 times more likely to be engaged at work, which directly correlates with higher retention rates.

Empirical literature has tended to establish association between goalsetting and employee retention. Iqbal (2018) examined the association between appraisal of performance and employee retention. The empirical examination specifically examined the effect of setting of goals, performance measurement, and appraisal feedback on workforce attrition. The research used descriptive design to collect and analyse primary data based on specially formulated questionnaire. The study adopted linear regression with results revealing that appraisal of performance had a major causal effect link with workforce retention. The study specifically revealed that involvement in goal setting, fairness in performance measurement and timely feedback had a significant effect on staff retention.

In the African context, the focus on appraisal targets and employee retention is nuanced by cultural, economic, and structural dynamics distinct to the region. A study by Nze and Iwu (2019) across various African financial institutions suggests that transparent and participative goal-setting during appraisals significantly reduces turnover intentions. Employees feel valued and part of the organizational growth, which increases their inclination to stay with the company. Furthermore, Mwangi et al. (2018) highlight that in African organizations where career development opportunities are linked to appraisal outcomes, there is a noticeable improvement in long-term employee retention.

Mwangi and Njuguna (2019) evaluated the association between performance and strategies of performance appraisal among pedagogics government high schools in Kiambu, Kenya. The research specifically examined the association existing between setting of standards and targets on performance of teachers, to establish the effect of measurement and monitoring of teachers work affect their performance. The research design that was adopted was cross sectional in nature in generating and analysing data from the concerned teachers. The research revealed that targets setting, measuring and monitoring performance and reward influenced teacher's performance in a significant

way. The research concluded that standards setting and targets enable schools to measure progress in achievement of objectives.

Mbiti, Arasa and Kinyili (2019) evaluated the impact of appraisal of performance on university institution performance in Kenya. The research specifically examined the effect of setting of goals, appraisal tools and appraisal feedback on performance of firms. The research used descriptive research design to collect data from the target population from various departments including academic and non-academic departments. The research was based on stratified random sampling where forty-five respondents were picked target population of two hundred and sixty-three. The needed data was generated with the aid of semi-structured questionnaires. Additionally, qualitative data was collected with the help of interview schedule. Quantitative techniques were adopted in data analysis. The regression and correlation showed that performance measurement based on set targets had a direct effect on performance of universities.

Focusing on Nairobi, Kenya, specifically at institutions like Equity Bank, employee retention strategies through appraisal target setting take on additional layers of significance due to the competitive financial services market. A localized study by Okiro and Aduda (2014) found that at Kenyan banks, the clarity of performance targets and the fairness of the appraisal process were directly linked to lower employee turnover rates. Moreover, Equity Bank's approach to integrating continuous feedback mechanisms within the appraisal system has been noted to foster a positive work environment, thereby enhancing employee retention (Kipkemboi, 2020). This regional approach reflects a growing understanding of the direct relationship between strategic appraisal practices and employee retention outcomes in Nairobi's dynamic banking sector.

2.1.2 Performance Measurement and Employee Retention

Performance measurement is a stage in performance appraisal where actual performance

is captured and compared with set targets (Islami, Mulolli & Mustafa, 2018). The performance level is captured using appraisal tools and is usually carried out by the supervisor or professional evaluator. The role of performance measurement in enhancing employee retention is a critical area of study within global human resource management practices. The efficacy of performance measurement systems in fostering organizational commitment and reducing employee turnover has been extensively documented across various industries worldwide. According to Sardi et al. (2021), organizations that implement comprehensive performance measurement frameworks, such as the Balanced Scorecard, experience not only improved operational efficiencies but also enhanced employee engagement and retention. This is attributed to the fact that systematic performance measurement provides employees with clear expectations, regular feedback, and recognition, which are key drivers of job satisfaction and loyalty.

Research in the field suggests that the psychological contract between the employee and the organization, which encompasses mutual expectations and perceived obligations, is significantly reinforced by effective performance measurement practices. A study by Munir (2022) emphasizes that employees are more likely to remain with an organization if they feel their contributions are measured fairly and linked to tangible rewards. Furthermore, transparency in performance metrics correlates with trust in management, which is a fundamental factor in employee retention decisions. Organizations that successfully communicate the outcomes of performance assessments and integrate them into career progression plans see lower turnover rates, as employees perceive opportunities for professional growth and feel more valued within the company.

Mehrez and Alamiri (2019) investigated the causal effect link among employee's perception on fairness of performance appraisal system, work performance and intention to leave the firm. The study targeted physicians employed in the health sector in Qatar.

The research sampled 100 physicians who responded to a questionnaire items. The questionnaire was specifically prepared to evaluate the level of staff satisfaction with performance appraisal and how this influenced their motivation and intention to leave the profession. The study adopted descriptive and inferential statistics where correlation analysis showed direct relationship between the firm's justice during appraisal of performance and workforce satisfaction with process of performance evaluation. In addition, staff satisfaction with performance appraisal was also directly associated with performance at work in a major way. The association between perception of fairness of performance appraisal and intention to leave was weakly associated.

Rhash (2019) evaluated the causal effect association between elements of performance management and financial performance and staff turnover in US. The target population was 831 rural electric cooperatives across the US. Self-administered questionnaires was used in generating needed data and analysis proceeded with inferential statistics. The results revealed that there was a major causal effect link between measurement of performance and staff turnover. The study additionally shows that increase in staff turnover was directly linked to staff performance measurement among the cooperatives. A research paper by Okeke (2018) analyzing various sectors in Nigeria showed that performance measurement systems that are overly rigid or lack transparency can lead to dissatisfaction and increased turnover, particularly if they are not aligned with local values of community and interpersonal relationships. Conversely, when performance measurement practices are perceived as fair and are effectively communicated, they can enhance employee loyalty by reinforcing a sense of achievement and belonging. This suggests that for performance measurement to effectively impact employee retention in Africa, it must be adapted to fit the socio-cultural context of each country or region, incorporating local values into the design and implementation of these systems.

Additionally, the relationship between performance measurement and employee retention in Africa is often influenced by external economic factors, such as job market conditions and economic stability, which can heighten the importance of job security in retention decisions. This complexity underscores the necessity for holistic approaches to performance measurement that consider both global best practices and local adaptations. Fekadu (2019) (2019) evaluated the causal effect relationship between the process of performance appraisal system and motivation level of staff in the National Bank of Ethiopia. Data was collected using self-administered questionnaire. The study adopted correlation and OLS regression to evaluate link between the study performance appraisal process and staff motivation. The study correlation analysis revealed that performance measurement by use of various tools had a direct association with staff motivation. The study further showed that 34.4% of variation in staff motivation was explained by performance appraisal.

Muthuri, Momanyi and Nduku (2019) evaluated the process of performance appraisal among the lecturers in public Technical Training Institutions in Kenya. The study specifically examined the efficiency of the methods adopted in performance appraisal. The study adopted mixed methodology comprising the phenomenology for the qualitative data and Cross-sectional survey for the quantitative data analysis. Stratified, simple random and cluster and purposive sampling methods were adopted. One hundred and ninety lecturers were sampled. Data collection made use of interviews and questionnaires. Qualitative data was analysed using content analysing composing of direct quotes and narratives. The research established that appraisal of performance was not efficiently done with respondents showing that the process of performance measurement was unfair and biased.

2.1.3 Appraisal Feedback and Employee Retention

Feedback is another critical component of performance appraisal process. Muriuki and Wanyoike (2021) noted that appraisal feedback is the kind of response relayed to an employee regarding his or her individual quality and quantity past performance in a past period. Pichler, Beenen and Wood (2018) on the other hand explained that feedback is the kind of information staff receive from their employer about their level of performance. Feedback as an act therefore must involve giving information regarding specific attribute(s) of an employee's work performance.

A comprehensive study by Rudman (2020) in the United States illustrates that organizations with effective feedback mechanisms report higher levels of employee satisfaction and lower turnover rates. This relationship is mediated by several factors including the clarity, frequency, and quality of the feedback provided. Employees who receive regular, specific, and actionable feedback feel more empowered to improve their performance and are more committed to their employer. Moreover, the Harvard Business Review (2015) suggests that feedback that is forward-looking and focused on development rather than solely on evaluation helps in building trust and loyalty among employees.

Selvarasu and Sastry (2014) evaluated the causal effect relationship between appraisal feedback and staff engagement. The study targeted 1174 employees from the Indian leading service firms. The study adopted correlational research design where questionnaires aided the generation of data. The study adopted simple regression to establish the causal effect link between performance feedback and engagement level of staff. The study established that pressure on staff to produce affected performance level of employees. Additionally, the study revealed that performance feedback improves firm's productivity and effectiveness that in turn affects staff engagement level and retention by extension.

In Africa, and particularly within the sub-Saharan region, the cultural context significantly shapes the reception and effectiveness of performance appraisal feedback. Traditional African cultural values often emphasize respect for authority and communal relationships, which can affect how feedback is given and received in the workplace. Studies conducted by authors like Brown, Kraimer and Bratton (2020) highlight that in many African organizations, the hierarchical structure may inhibit open and honest feedback, potentially impacting employee satisfaction and retention negatively. However, when performance appraisal systems are adapted to align with cultural expectations and promote inclusivity, the positive impact on employee retention can be substantial. For instance, a study by Waterwall et al. (2022) found that in Nigerian banks, feedback mechanisms that were culturally sensitive and involved elements of mentoring and coaching were particularly effective in enhancing employee retention. Employees in such environments reported feeling more connected to the organizational goals and more supported in their personal and professional development.

Moreover, the importance of feedback in enhancing employee retention in Africa is increasingly recognized in the context of rapid economic changes and the growing competition for skilled labour. Organizations that excel in providing effective and culturally aligned feedback are better positioned to retain top talent and maintain competitive advantage.

Rajarajeshwari and Cynthia (2020) evaluated the causal effect association between staff retention through three sixty degrees appraisal method. The study revealed that the goal of appraisal of performance is to avail response back on individual worker work output and further creation of training and development program on areas that need improvement. The authors explained that feedback received from three sixty degrees method includes feedback from subordinates, peers at same level, supervisors combined

with self-evaluation. The study research showed that there was direct association between performance feedback based on 360 degrees appraisal technique and staff retention.

Paul, Abeguki, Hezekiah and Ifiavor (2014) examined the impact of appraisal response on firm's competitiveness. The study utilised descriptive design to collect data with results showing that staff revealed that when management delivered consistent feedback to them regarding their performance on the work, the firm was in a position maintain competitive advantage over competing firms. West and Blackman (2015) in same line of study examined the association among feedback, coaching, engagement, commitment and performance level. The study revealed that better performance was correlated timely relaying of feedback to workers. The also established that acquisition of feedback by employees was useful in enhancing performance engagement and attitude to stay within the firm.

2.1.4 Utilization of Appraisal Report and employee retention

According to Singhanian and Kumar (2020) utilization is the last step in performance appraisal where the information generated during performance measurement for each employee is used for various decision-making including training, compensation, promotion, and discipline among other purposes. Ameen and Baharom (2019) in their study proposed a conceptual model that could be adopted to examine the association between appraisal of performance purposes and workforce engagement. The paper was based on critical review of extant literature. The process involved critically analysing past studies with the aim of identifying gaps for further studies. The study noted that the goal of appraisal of performance have a direct significant impact on engagement of workforce. Additionally, the study revealed that varied influencers around performance appraisal purposes impact diverse employees differently. The study revealed further those factors around purposes of performance appraisal including job promotion, training,

recognition and monetary compensation facilitates achievement of firm's effectiveness, strategic outcomes and staff engagement level.

Research by Francis, Enyinna and Nnedinma (2021) highlights that organizations that effectively leverage appraisal reports to inform decision-making about promotions, rewards, and professional development tend to retain talent more successfully. This is because such practices demonstrate to employees that their contributions are valued and that there are tangible career benefits tied to their performance. Additionally, the use of appraisal reports in shaping training programs and defining career paths helps employees see a future within the organization, reducing the likelihood of looking for opportunities elsewhere.

Moreover, the psychological impacts of appraisal reports cannot be overstated. According to Demirkol (2021) specific and challenging goals, when communicated through appraisal reports, enhance employee motivation and satisfaction. When employees receive constructive feedback and see a clear linkage between their efforts and the organizational goals, their emotional attachment to the organization strengthens, which is a crucial factor in retention.

Abdullah, Shonubi, Hashim and Hamid (2016) evaluated the causal effect link between job recognition on job contentment in IT firms in Malaysia. The study adopted cross sectional study type with primary data sourced from staff sampled. The study employed primary data collection tools including questionnaires and interview schedule with analysis of data employing qualitative and quantitative methods. The study revealed that recognition and appreciation of staff based on the output of performance appraisal enhanced the productivity of employees through improved job satisfaction and engagement. Improved intrinsic motivation could be attributing to improved job engagement and retention by extension given that engaged employees rarely leaves the

firm.

In the African business context, particularly within Sub-Saharan Africa, the cultural and economic environment influences how appraisal reports are utilized and their impact on employee retention. African organizations often face unique challenges such as varying levels of technological advancement, which can affect the implementation of systematic appraisal systems. However, studies have shown that in environments where appraisal reports are used transparently and constructively, the impact on employee retention can be markedly positive.

A study by Kamoche (2014) in Kenyan companies revealed that the integration of indigenous management practices with modern HR practices, including the use of appraisal reports, leads to better employee retention. This integration helps in aligning the appraisal processes with local cultural norms, which is crucial for their acceptance and effectiveness. Furthermore, when employees perceive the appraisal process as fair and beneficial for their career growth, their commitment to the organization increases.

Kurdi and Alshurideh (2020) examined the effect performance appraisal purpose on staff retention in Nigerian service firms. The dependent variable was staff retention and the independent variable was performance appraisal purpose. The study revealed that effects of purpose of performance appraisal on staff retention were positive and significant. Employees were more engaged in their work and tended to remain longer with the firm if they perceived that information generated during performance appraisal was used for the purpose of recognition, rewards and promotion.

Iqbal et al. (2016) in the same line of thought as Demirkol (2021) established that staff engagement is said to occur when employees when employees feel involved in decision making them excited about their work. The employees who are happy about their job roles tends to have greater engagement altitudes compared to those who not enthusiastic

enough about their work. Mohda, Shaha and Zailana (2016) noted that that through training opportunities employees are able to improve themselves into efficient and effective employees who are highly engaged in their work

Ldama and Bazza (2015) evaluated the causal effect link between staff retention and training and development methods in commercial banks in Nigerian. The research used survey type study with needed data sourced with structured questionnaires from a sample of one hundred and ninety-seven bank staff. The data was collected was analysed with the help of linear regression with results revealing that improved internal training enhances staff retention and that improved fairness in training policies led to improved staff retention. The study thus concluded that staff development avenues at the disposal of the employees directly majorly affected staff retention.

Wairimu and Ndeto (2019) examined the causal effect link between HRM strategies and workforce attrition rate in pharmaceutical firms operating in Kenya's capital city. The study used ex-post facto study type where data was collected from 42 human resource managers in the concerned firms using questionnaires. Analysis of quantitative data was based on multivariate linear regression analysis to examine the causal link between HRM strategies and staff retention. The study established that staff training, recognition and engagement were directly associated with staff retention. Job training resulting from recommendation from performance appraisal would help employee acquire necessary for job performance hence improved engagement and reduced staff turnover. Engaged workers get highly involved in their work and have low chance of leaving the firm soon. Staff recognition based on performance appraisal output enhances work enjoyment and job satisfaction hence more time is spent on actual working and less on disruptive behaviours like absenteeism. Recognised employees tend to stay longer with the firm compared to employees who are rarely recognised.

Mwangi and Omondi (2016) evaluated the factors affecting employee retention in Kenyan banking firms. The study adopted survey study design where two hundred employees were targeted with one hundred employees finally sampled. Data collection was based on questionnaires and interview schedules specifically prepared in line with research objectives. The regression analysis revealed that staff training, compensation and promotion based on the output of performance appraisal significantly affected staff retention.

Kiptoon and Kipkebut (2019) investigated the influence of hygiene factors on workforce attrition rate in commercial banking institutions in Kenya's capital city. The research specifically examined the impact of supervision, company policies, working conditions, salaries, job security on employee retention. The research used descriptive research design where purposively sampling was adopted in picking thirteen banks from target population of forty-two banks in Kenya. The study adopted questionnaires to collect data with results showing that hygiene factors had majorly affected employee retention. Specifically, supervision and salaries significantly affected employee's retention.

2.2 Theoretical Literature Review

A theoretical review involves analysing and comparing existing theories to understand specific topics deeply. The study on the nexus between performance appraisal and employee retention was underpinned by goal setting theory, Vroom Expectancy Theory and Equity Theory.

2.2.1 Goal Setting Theory

The goal-setting theory was first developed by Locke (1976) with the purpose of theorizing the connection between the establishment of aims and the performance of workers. According to Demirkol (2021), the theory postulates that for employees to be motivated to perform well at work, it is essential for them to focus on their own personal

objectives. For further explanation, the theory says that the setting of goals by workers improves their performance when such people pursue their objectives and achieve them. The theory says that in the event that the employee's goals are not accomplished, they have the option of either improving their performance or revising the goals in order to make them more attainable. According to Robbins and Coulter (2010), after the objectives have been accomplished, the employee gestures to complete the points that are included in the performance assessment framework. It is possible to give workers the impression that they are appreciated inside the firm by including them in the process of goal setting. In the event when the workers accomplish more than the targets, they had set for themselves, the goal setting process may serve as a source of motivation and inspiration for them. According to Swann et al. (2021), when employees believe that the process of goal setting and the accomplishment of objectives is consistent with realistic expectations, they are more likely to devote more time to the process of goal setting.

In contrast to the simple accomplishment of goals, Locke (1976) observed that the objectives that a person sets for themselves serve as a driving force that drives them while they are working. In his studies, Locke observed that the needs and desires of an individual are the primary factors that influence the aims that they establish for themselves. However, the goals that they have set for themselves and are working towards accomplishing are the things that really motivate them. In addition, the theory argues that when workers are prevented from accomplishing the objectives that they had established for themselves, they experience a loss of motivation and a sense of discouragement while they are at work. According to Locke and Latham (2012), the goal setting theory asserts that the performance of workers tends to improve when they are able to establish difficult goals for themselves and when they get support from their employer in the process of accomplishing those goals. A tight connection exists between

this theory and management by objectives, which is a management approach in which managers and workers collaborate to establish goals, work towards reaching those goals, and then evaluate performance by comparing the actual level of performance to standards that were established previously (Locke, 1976).

In the context of this investigation into the cause effect relationship between performance evaluation and employee retention in the banking sector, the theory is appropriate. The theory is particularly pertinent when it comes to analyzing the connection between the setting of objectives and the hiring and retention of workers in the banking sector. When workers in the banking sector such as at Equity Bank are given the opportunity to participate in the process of goal setting, the theory suggests that they become more motivated and more focused on working towards the attainment of their objectives. The motivation that comes from participating in setting objectives and working toward those goals hence increased worker engagement and happiness with the banking firm which in turn leads to a reduction in the likelihood of employee turnover in the banking sector by a significant amount.

2.2.2 Vroom Expectancy Theory

Expectancy Theory, conceptualized by Vroom in 1964, provides a robust framework for understanding motivation within organizational settings. This theory posits that employee motivation is primarily determined by the expected outcomes of their actions. Employees are likely to engage in behaviours they believe will lead to outcomes that are both desirable and rewarded. Conversely, behaviours that do not lead to rewarding outcomes are typically abandoned, suggesting a calculated approach to performance based on expected results (Martin & Tourish, 2017).

Vroom's Expectancy Theory is underpinned by the assumption that behavioural decisions are contingent upon the desired outcomes associated with specific actions. According to

Watters (2021), this theory underscores the idea that individuals are motivated to act in a certain way if they anticipate that their actions will result in desired and tangible rewards. This motivational process is characterized by a sequence where initial efforts are believed to affect performance, and performance, in turn, influences the attainment of rewards.

The theory delineates three critical components: the effort-performance relationship, the performance-reward relationship, and the attractiveness of the rewards. Initially, the effort-performance relationship indicates that if individuals believe that putting in more effort will lead to better performance, they are inclined to work harder (Yoes & Silverman, 2021). This relationship is pivotal because it forms the basis for the motivation to initiate and sustain effort towards task accomplishment. Subsequently, the performance-reward relationship is crucial as it connects the performance to the expected reward. This aspect of the theory implies that for motivation to be sustained, the performance must be perceived as a viable means to achieve valued rewards. Therefore, individuals are motivated to perform at levels that they believe will be duly rewarded (George & Humphrey, 2021).

The third element, the attractiveness of the rewards, refers to how much value individuals attach to the expected rewards. The rewards must not only be aligned with the desires of the employees but also be substantial enough to justify the effort expended. Martin and Tourish (2017) highlight that the perceived attractiveness of these rewards significantly influences the motivation levels of employees, as more attractive rewards stimulate greater effort and commitment to achieving high performance.

Furthermore, Expectancy Theory has practical implications for organizational practices such as performance appraisal and staff retention. The theory suggests that employees are more likely to be motivated and retained if they perceive the performance appraisal

system as fair and believe that it leads to reward outcomes like promotions, salary increments, and professional development opportunities (Min et al., 2020). This linkage emphasizes the importance of transparent and equitable performance appraisal systems that are effectively communicated and understood by employees. In addition to these direct implications, Expectancy Theory also addresses the broader organizational context, suggesting that managers need to ensure that the goals set for employees are achievable and aligned with the rewards offered. This alignment helps in creating a motivated workforce that sees a clear connection between what they do and the benefits they receive. Overall, the effective application of Expectancy Theory within organizations can lead to enhanced employee performance, satisfaction, and retention, thereby contributing to organizational success and stability (Gyepi-Garbrah et al., 2023). Vroom's expectancy theory is critical in explaining the nexus between performance appraisal and employee retention in the banking sector and specifically at equity bank. Vroom's Expectancy Theory offers valuable insights into the motivational processes that govern employee behaviour in banking organizations. By understanding and strategically managing the expectations and perceived outcomes of their employees, managers in banking institutions such as equity bank can significantly enhance motivation, performance, and job satisfaction, ultimately leading to a more dynamic and productive organizational environment and enhanced employee retention.

2.2.3 Equity Theory

Equity Theory, initially proposed by Adams (1963), offers a significant framework for understanding the motivational dynamics within an organization based on perceptions of fairness. Adams posited that employees are motivated not only by absolute rewards but also by their relative value, comparing their inputs and outputs to those of their peers. This relational evaluation forms the core of Equity Theory, suggesting that employees

strive for a fair balance between what they contribute to their job—such as effort, skills, and loyalty—and what they receive in return—like salary, benefits, and recognition (Adams, 1963). In further developing this theory, Adams & Freedman (1976) explained that motivation is heavily influenced by employees' perceptions of fairness within their workplace. When employees perceive an imbalance in the equity of their professional exchange, where their inputs exceed their outcomes, they are likely to experience dissatisfaction. This dissatisfaction can lead to decreased motivation, reduced productivity, or even disruptive behaviours as employees seek to restore balance either by reducing their inputs or by seeking greater rewards (Kollmann et al., 2020).

The application of Equity Theory extends beyond individual perceptions and addresses systemic issues within organizational management. Pritchard (1969) expanded on Adams' original concept by emphasizing that for effective management, it is crucial to understand and manage the perceptions of fairness among employees. According to Pritchard, managers need to ensure that employees feel equitably treated to maintain motivation and job satisfaction. This involves not only equitable compensation but also fair acknowledgment of employee efforts and transparent communication regarding decision-making processes.

Further research by Varghese, Khetade and Shetty (2021) illustrated that employee perceptions of fairness also influence their performance directly. They argued that when employees believe they are treated fairly, they are more likely to be satisfied with their job and perform well. Conversely, perceptions of unfair treatment can lead to disengagement and poor performance. The management's challenge, therefore, is to continuously assess and address the balance of inputs and outcomes to prevent feelings of inequity. Ryan (2016) emphasized the modern implications of Equity Theory in performance appraisal and staff retention strategies. In his study, Ryan identified that

unfair performance evaluations based on biased supervisor judgments or flawed performance measurement tools significantly affect employee morale and retention. Employees perceiving themselves as under-rewarded are prone to distress and dissatisfaction, which might prompt them to leave the organization in search of a fairer workplace.

Equity theory underpins the study on the effect of performance appraisal on employee retention at equity bank. By ensuring that employees perceive an equitable balance between their contributions and rewards, banking organizations such equity bank can enhance employee satisfaction, boost motivation, enhance retention and overall employee performance. The management of commercial banks such as equity bank can harness the best out of the employees and retain them longer when compensation and rewards are equitable and in congruence with efforts that employees put into work. A compensation that is based on accurate measurement of employees' performance results to improved satisfaction and retention of such employees.

2.3 Conceptual Framework

The expected association existing among explanatory and explained variables is referred to as conceptual framework (Kothari, 2004). The independent variables are targets setting, performance measurement, appraisal feedback and utilization of appraisal report and the dependent variable is employee retention at equity bank head office Nairobi Kenya.

Independent variables

Dependent Variable

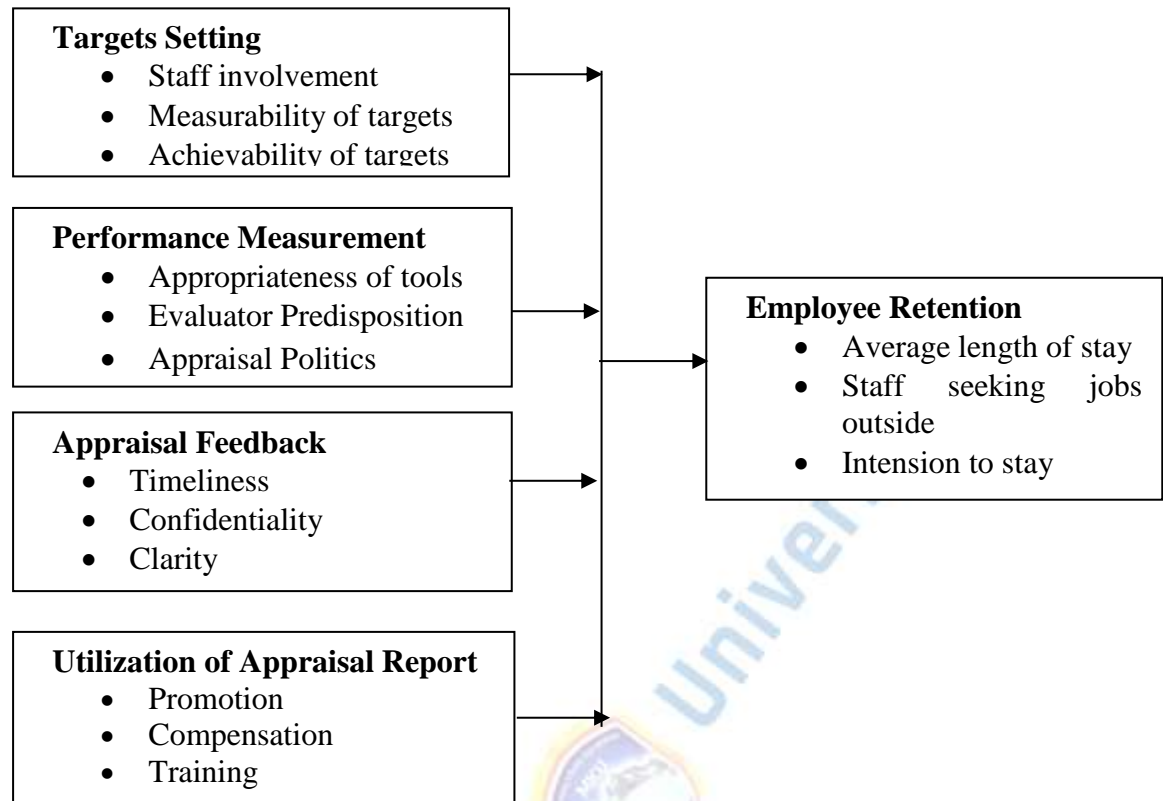


Figure 1: Conceptual Framework

Source: Researcher (2023)

In the Figure 1, the explanatory variable, performance appraisal, were conceptualised into four processes including targets setting, performance measurement, appraisal feedback and utilization of appraisal report. The dependent variable was employee retention. The study expected a significant positive association between appraisal of performance staff retention. Specifically, the study expected that setting of targets should enhance employee retention given that clear and achievable targets motivate employees who are more likely to stay in the firm for a longer time. The study expected that performance measurement has significant influence employee retention especially when the tools used for measurement of actual performance are appropriateness and that the evaluator is unbiased and there is minimal politics involved in performance

measurement. The study also expected that the influence appraisal feedback on employee retention would be positive and significant. Appraisal feedback that is timely, confidential and clarity should encourage employee to stay longer with the firm. Finally, the study expected a significant and positive influence of utilization of appraisal report on employee retention. When appraisal feedback is used in decision-making areas of human resource including promotion, compensation, training among others, then employees feel their personal contribution to the organization is recognised and they would likely to be engaged to the firm longer.

2.4 Recap of Literature

Empirical studies have evaluated the association between performance appraisal and employee retention. Iqbal (2018) specifically revealed that involvement in goal setting, fairness in performance measurement and timely feedback had a significant effect on staff retention. Studies by Nze and Iwu (2019), Mwangi and Njuguna (2019), Mbiti, Arasa and Kinyili (2019) showed that goal-setting during appraisals significantly reduces turnover intentions. Empirical studies by Islami, Mulolli and Mustafa (2018), Mehrez and Alamiri (2019), Rhash (2019), Okeke (2018), Fekadu (2019) 2019) and Muthuri, Momanyi and Nduku (2019) underscores the role of performance measurement in enhancing employee retention in various firms. Further, Rajarajeshwari and Cynthia (2020) revealed that the goal of appraisal of performance is to avail response back on individual worker work output and further creation of training and development program on areas that need improvement. Finally, studies by Ameen and Baharom (2019), Wairimu and Ndeto (2019), Kiptoon and Kipkebut (2019) established utilization of appraisal report for various purposes such as promotion, compensation, training were critical in enhancing employee retention in various settings.

From the examined literature, it is evident that performance appraisal process including

target setting, performance measurement, appraisal feedback and utilization of appraisal report has been critical in enhancing employee retention in various organizations. Therefore, the researcher posits that performance appraisal should enable equity bank Kenya to improve employee retention thereby enhancing overall bank performance.

2.5 Critique of Literature

Iqbal (2018) established that involvement in goal setting; fairness in performance measurement and timely feedback had a major impact on staff retention. However, Iqbal (2018) was not carried out in Kenya and may not be readily applicable in Kenyan setting. Mwangi and Njuguna (2019) revealed that targets setting, measuring and monitoring performance and reward influenced teacher's performance in a significant way. The study was however carried out in educational institution that is not identical to banking sector. Mbiti, Arasa and Kinyili (2019) revealed that performance measurement based on set targets had a direct effect on performance of universities. The study related performance appraisal to performance but ignored staff retention. Amde (2019) revealed that performance measurement by use of various tools had a direct association with staff motivation. The study concentrated on effect of appraisal on motivation however, it did not examine how appraisals affect staff retention. Mehrez and Alamiri (2019) showed direct relationship between the firm's justice during appraisal of performance and workforce satisfaction. The study revealed weak relationship between perception of fairness and intention to leave contrary to theoretical expectation of strong association. Rhash (2019) revealed that there was major link between performance evaluation and staff turnover. However, Rhash (2019) was carried out in the US setting and may not be wholesomely be applicable to Kenyan environment. Naseeb, Saif, Khan, Khan and Afaq (2019) showed that appraisal politics directly associated with turnover intentions. The study however ignored other aspects of performance appraisal affecting staff retention.

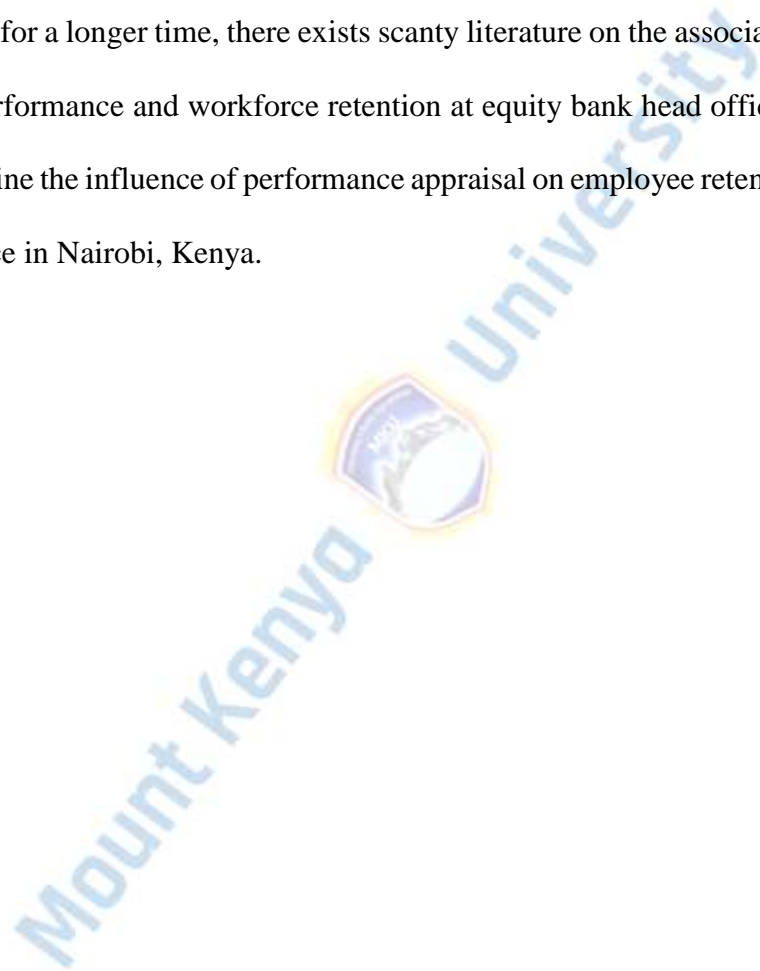
Selvarasu and Sastry (2014) revealed that performance feedback improves firm's

productivity and effectiveness that in turn affects staff engagement level and retention by extension. The study was not carried out in Kenyan in addition to being focusing on one aspect of performance appraisal only. Rajarajeshwari and Cynthia (2020) showed that there was direct association between performance feedback based on 360 degrees appraisal technique and staff retention. The study however focused on one appraisal method only. Paul, Abeguki, Hezekiah and Ifiavor (2014) showed that staff revealed that when management delivered consistent feedback to them regarding their performance on the work, the firm was in a position maintains competitive advantage over competing firms. Ameen and Baharom (2019) noted that the goal of appraisal of performance a have a direct major impact on workforce commitment. Additionally, the study revealed that diverse employees are affected in varied ways by various factors around the goal of appraisal of performance. The study revealed further those factors around purposes of performance appraisal including job promotion, training, recognition and monetary compensation facilitates achievement of firm's effectiveness, strategic outcomes and staff engagement level. The study was not carried in Kenyan setting in addition, the study focused much on effect of appraisal on engagement rather than retention. Wairimu and Ndeto (2019) established that staff training, recognition and engagement were directly associated with staff retention. The study was carried out in pharmaceutical firms and not in banking sector. Mwangi and Omondi (2016) revealed that staff training, compensation and promotion based on the output of performance appraisal significantly affected staff retention even though the study was not carried out in the banking sector. Kiptoon and Kipkebut (2019) revealed that supervision and salaries significantly affected employee's retention.

2.6 Research Gaps

Equity bank just like other organizations are operating in highly competitive environment that needs them to retain highly performing employees (Narayanan, Rajithakumar & Menon, 2019). Even with the critical role of retention of highly qualified employees,

equity bank has been losing employees at all cadre. Jonathan (2019) revealed that commercial banks in Kenya including equity bank have been losing close to one employee in every 5 recruited within the year the employees are recruited. This is approximately 20% of the employee's recruited leading to loss of trained workforce. Even though empirical literature has shown that effective performance appraisal is one of the strategies that can be employed by equity bank in retaining competent employees within the firm for a longer time, there exists scanty literature on the association between appraisal of performance and workforce retention at equity bank head office. The study sought to examine the influence of performance appraisal on employee retention at equity bank head office in Nairobi, Kenya.



CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter captures the techniques that was adopted to collect and analyse data. The chapter specifically elaborates on study type, actual study setting, Population targeted, sampling, data collection tools, reliability & validity and procures for data collection and analysis.

3.1 Research Design

Descriptive research type was useful in establishing the relationship between performance appraisal and employee retention at equity bank head office in Nairobi. Descriptive type of research makes it possible for the researcher to source needed data regarding the study problem (Bloomfield & Fisher, 2019). A descriptive research design is suitable in collecting and analysing study units data at a point in time in order to assess strength of association between study variables (Dannels, 2018). Iqbal (2018) adopted descriptive research type in examining the link between workforce retention and appraisal of performance.

3.2 Location of the Study

The setting of the study was in Nairobi town and specifically at equity bank head office. Nairobi is the capital city of Kenya. The study collected data from employees attached to head office of equity bank. The researcher hoped that data collected would be useful in solving the problem of high staff turnover at the bank to enable equity bank to retain its stock of highly skilled human capital.

3.3 Target Population

The study targeted the 306 staff attached to Equity bank head office in Nairobi Kenya. The staff targeted fell in two distinct levels including management and non-management staff. Target population included all elements that a study refers to and from which a representative sample is picked and generalizations is made (Bell, Bryman & Harley, 2022). Target population is the total number of objects, individuals, elements that is to be studied to establish the association between explanatory and dependent variable about phenomena. The target population is presented in Table 1.

Table 1: Target Population

Strata	Population	Percentage
Top Management	12	3.9
Middle level Management	25	8.1
First line Management	66	21.5
Non-Management staff	203	66.3
Total	306	100.0

Source: Researcher (2023)

3.4 Sampling Procedure and Techniques

Sample size is a representative portion of picked from the population or elements picked from the population to enable data collection, analysis and generalization. To determine the exact sample size, the study adopted a formula suggested by Yaro Yarmjne (1984) as illustrated below.

$$n = \frac{N}{1 + N(e^2)}$$

Where; n = the desired sample size, e = probability of error (0.05) for 95% confidence level. N=the estimate of the population size.

The sample size

$$n = \frac{306}{1 + 306(0.05^2)}$$

$$= 306 / (1 + 306(0.0025))$$

$$= 306 / 1.765$$

$$= 173$$

The sampling procedure can be a probability or non-probability sampling method. The researcher adopted stratified random sampling where the target population was segmented into mutually exclusive sub-groups called strata including top, middle and lower-level management as well as non-management staff. Then proportionate sampling is adopted to pick respondents from each stratum (Cooper & Schindler, 2014) as presented in table 2.

Table 2: Proportionate Sampling

Strata	Population	Percentage (%)	Sample size
Top Managers	12	3.9	7
Middle level Managers	25	8.1	14
First line managers	66	21.5	37
Non-Management staff	203	66.3	115
Total	306	100.0	173

Source: Researcher (2023)

3.5 Construction of Research Instruments

Structured questionnaires, as detailed in appendix II, were utilized to gather the necessary data. According to Cohen (2004), a questionnaire typically consists of a series of written questions to which respondents are expected to respond, often sharing their personal views. The questionnaire was organized into various sections, covering demographic details, performance evaluation, and employee retention. The responses were structured on a Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The use of

questionnaires was favoured because they allow for the efficient collection of data from a broad population in a relatively short period. Moreover, Mugenda & Mugenda (2009) highlight that questionnaires are more cost-effective compared to other data collection methods.

3.6 Data Collection Methods and Procedure

An introductory letter was obtained from the postgraduate studies office at Mount Kenya University (MKU). This letter was used to secure a research permit from the National Commission for Science, Technology, and Innovations. With the permit in hand, the researcher requested permission to conduct the study at the Equity Bank headquarters in Nairobi. The researcher prepared and serialized the questionnaires for distribution. On the study day, the researcher employed the drop-off and pick-up method; the questionnaires were handed over to the bank's public relations officer, who then distributed them to the chosen participants. After one week, the completed questionnaires were collected from the respondents.

3.7 Pilot Test

The study carried out a pre-study to enable the determination of the suitability and accuracy of the data collection tools to be adopted. The pilot study was carried out at Family bank of Kenya head office where 17 employees comprising 10% of the sample size in the actual study participated (Mugenda & Mugenda (2009)).

3.7.1 Validity Test

The term validity as used in research is the extent to which the research instrument being employed in collecting data measures phenomena it set out to measure accurately. The study examined construct and content validity. In research, content validity describes the capability of the research instrument items to collect relevant information for the research

objectives. The questionnaire was also be subjected to an expert in the field of human resource for evaluation in which the adequacy of questionnaire items was evaluated to ensure they could achieve set study objectives. The responses from assessment by expert and pre-study were employed to improve the questionnaire before the actual study. The research also investigated construct validity, which measures how well a set of statements or questions reflects the underlying theoretical constructs. According to Cooper and Schindler (2007), construct validity is typically assessed through factor analysis conducted on data collected in a preliminary study. This analysis depends on the correlations between items; a correlation coefficient typically greater than 0.5 suggests a strong construct validity among the items.

3.7.2 Reliability Test

Reliability is the quality of the data collection tool to consistently give the same results when the instrument is used repeatedly in the same kind of study (Mugenda & Mudenda, 2009). A reliable data collection tool enables duplication of studies without worry over the accuracy and objectivity of the instrument. The researcher used measure of internal consistency where Cronbach alpha was computed from data collected during pilot stage. Cronbach alpha value greater than 0.7 is desirable.

3.8 Data Analysis Methods and Procedures

The completed questionnaires were reviewed for completeness to calculate the response rate. After coding the questionnaires, the data was inputted into the Statistical Package for the Social Sciences (SPSS). Initially, the study conducted descriptive statistical analyses, using methods such as mean, standard deviation, frequency distributions, and percentages where applicable. Subsequently, inferential statistical analyses, including pairwise correlation and ordinary least squares (OLS) multiple regression, were

performed to explore the relationship between performance appraisal and employee retention at Equity Bank's head office. The results were displayed in tables and accompanied by detailed explanations. The study tested the hypotheses at a 5% significance level, with p-values less than 0.05 indicating significant relationships between the dependent and independent variables.

3.8.1 Statistical Model

The study was based on a regression model that shows the mathematical relationship between study variables. The model aided in estimating the parameters of explanatory variables. The statistical model in equation [i] was adopted.

$$ER = \beta_0 + \beta_1 TS + \beta_2 PM + \beta_3 AF + \beta_4 UA + \epsilon \dots \dots \dots (i)$$

Where: ER = Employee Retention

TS= Targets setting

PM= Performance Measurement

AF= Appraisal Feedback

UA= Utilization of Appraisal reports
 ϵ = Error term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Parameter estimates and β_0 = Intercept term

3.9 Ethical Considerations

The researcher first sought introduction letter from school of postgraduate after which research permit will be sought from NACOSTI. The researcher then sought permission to carry out the study from the head of research section through the group CEO Equity bank Nairobi head office. The respondents to take part in the study were required to sign consent note and they were not be required to write their names or any other information that can be specifically identified with a person directly. The data collected was stored in password-protected form to eliminate unauthorized access.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

The study sought to examine the influence of performance appraisal on employee retention at Equity bank head office in Nairobi, Kenya. Specifically, the study focused on four areas of performance appraisal including appraisal targets setting, performance measurement, appraisal feedback and utilization of appraisal report. The data collected was analysed using descriptive and inferential statistics.

4.1 Reliability and Response Rate

4.1.1 Reliability

The study evaluated the reliability of the questionnaire used in the study based on information collected in the pilot study. The reliability test was based on Cronbach alpha where a Cronbach alpha value was expected to be 0.7 and above for reliability of the variable to be established as presented in Table 3.

Table 3: Cronbach Alpha

Variable	Cronbach Alpha	Number of items
Target setting	.786	8
Performance measurement	.734	7
Appraisal feedback	.754	6
Utilization of appraisal report	.751	6
Employee retention	.833	8

Source: Researcher (2023)

The findings presented in Table 3 shows that the questionnaire used in the study was reliable given that all the Cronbach alphas calculated were greater than the cutoff point of .70. The reliability of target setting was .786, performance measurement was .734, and appraisal feedback was .754, utilization of appraisal feedback was .751 and finally,

employee retention was .833. The questionnaire was thus reliable for data collection.

4.1.2 Response Rate

The study issued 173 questionnaires of which 16(9.24%) were not returned, 10 (5.78%) were rejected because they were not adequately filled. The questionnaires that were adequately filled were 147 (84.97%). The response was therefore adequate for further data analysis as noted by Mugenda and Mugenda (2009) who held that response rate of at least 70% is adequate in survey studies. The response rate is presented in Table 4.2.

Table 4. 1: Response Rate

Questionnaires	Frequency	Percentage (%)
Adequately filled questionnaires	147	84.97
Unreturned questionnaires	16	9.24
Rejected questionnaires	10	5.78
Total questionnaires sent	173	100

Source: Researcher (2024)

4.2 Demographic Information

The respondents were distributed based on Position in the bank, education level, work experience and age and analysed using frequency distribution and percentages.

4.2.1 Position in the Bank

The distribution of the respondents was examined in terms of position in the bank. The demographic variable was categorised into top management, middle level management lower-level management and non-management staff (Table 4).

Table 4: Position of the Respondent in the Bank

Variable	Category	Frequency	Percentage
Position in the bank	Top management	9	6.12
	Middle level Management	25	17.00
	Lower-level management	37	25.17
	Non-management staff	76	51.70
	Total	147	100

Source: Researcher (2023)

Regarding position, there were 76(51.7%) non-management staff, followed by 37(25.17%) lower-level management staff, 25(17.00%) were middle management staff and 9(6.12%) were top management staff. The respondents were therefore distributed across different cadres of staff at the equity bank head office hence it presents true picture of the influence of performance and appraisal on staff retention.

4.2.2 Education Level

The distribution of the respondents was examined in terms of highest educational level achieved in the bank. The demographic variable was categorised into Diploma/Certificate, Bachelor's Degree and Postgraduate Degree (Table 5).

Table 5: Education Level of the Respondent

Variable	Category	Frequency	Percentage
Education Level	Diploma/Certificate	34	23.12
	Bachelor's Degree	88	59.86
	Postgraduate Degree	25	17.00
	Total	147	100

Source: Researcher (2023)

Regarding education level, 88(59.86%) of the respondents were had bachelors level education holder, 34(23.12%) were diploma/certificate holders and 25(17.00%) were postgraduate degree holders. Given that majority of respondents were degree holders and above, it can be presumed that they understand issues of performance appraisal and staff retention.

4.2.3 Work Experience

The research also examined the distribution of the respondents based on work experience in years. The demographic variable was categorised into six categories including less than 1 year, 1-3 years, 3-5 years, 5-7 years, 7-10 years and 10 years and above (Table 6). Regarding work experience at the organization, 97(66%) of the respondents had been at the firm for three years and above, and the remaining 50(34%) had been in the firm for three years and below. Given that majority of the respondents had been in the firm for 3

years and above, it can be presumed that their performance has been appraised several times and the performance appraisal report used in various decision-making process including promotion, training and remuneration.

Table 6: Length of Stay of Respondents in the Bank

Variable	Category	Frequency	Percentage
Work experience	less than 1 year	15	10.20
	1-3 years	35	23.80
	3-5 years	43	29.25
	5-7 years	34	23.12
	7-10 years	13	8.84
	10 years and above	7	4.76
	Total		147

Source: Researcher (2023)

4.2.4 Age

The study also examined the distribution of the respondents in terms of age. The demographic variable was categorised into five categories including Less than 25 years , 25- 35 years, 35- 45 years, 45-55 years and Over 55 years (Table 7).

Table 7: Age of the Respondents

Variable	Category	Frequency	Percentage
Age	Less than 25 years	15	10.20
	25- 35 years	57	38.77
	35- 45 years	45	30.61
	45-55 years	23	15.64
	Over 55 years	7	4.76
Total		147	100

Source: Researcher (2023)

The study also evaluated the distribution of respondents in terms of age. 57(38.77%) of the respondents were aged between 25-35 years, 45(30.61%) were aged between 35- 45 years, 23(15.64%) were aged between 45-55 years, 15(10.20%) were aged less than 25 years and finally, 7(4.76%) were aged above 55 years. Majority of the respondents were aged between 25-55 hence it can be concluded that the staff cut across various age groups from those just entering into profession to those almost leaving the profession of banking.

4.3 Results of Descriptive Analysis

The study conducted descriptive analysis on the variables to determine their distribution, focusing on the mean, standard deviation, and coefficient of variation. These variables were assessed using a 5-point Likert scale. The analysed variables included target setting, performance measurement, appraisal feedback, utilization of appraisal reports, and employee retention.

4.3.1 Target Setting

Target setting is the first stage in performance appraisal where goals to be achieved by individual employees are set in advance (Sumelius et al., 2014). The study sought to establish the distribution of the variable target setting in terms of mean and standard deviation. The result is presented in Table 8.

Table 8: Descriptive Summary Statistics on Target Setting

Target setting	Mean	SD
The targets set can be measured accurately	4.551	0.61023
The targets are often realistic given your ability	4.449	0.69424
The targets set are often specific and precise	4.381	0.7793
The targets are set by your supervisor	4.3333	0.64461
Your department s sets daily, weekly, monthly targets	4.2653	0.64454
you are actively involved in the setting of the targets	4.2041	0.50935
The targets are achievable within the set time bound	4.1701	0.72503
You set your own targets as an individual	3.932	0.64454
Overall Mean Score	4.285725	0.65648

Source: Researcher (2024)

Table 8 displays the data analysis for target setting, using the mean and standard deviation (SD). The statement that regarding the measurability of the set targets was supported by majority of respondents as indicated by a mean (M = 4.551) standard deviation (SD= 0.61023) tending to strong agreement. The findings implies that the targets set to be achieved by the staff of the bank are usually measurable accurately. The

statement that the targets are often realistic given employee ability was supported by majority of respondents as depicted by mean response ($M=4.449$) and standard deviation ($SD= 0.69424$) tending to strong agreement. The study also noted that the targets set are often specific and precise as implied by mean ($M= 4.381$) and Standard deviation ($SD=0.7793$) tending to agreement. The findings also showed that the targets are set by employee supervisor as evidenced by mean ($M=4.3333$) and standard deviation ($SD= 0.64461$) tending to agreement. Further, the research noted that employee department sets daily, weekly, monthly targets as evidenced by mean ($M=4.2653$) and standard deviation ($SD= 0.64454$). The study also noted that the employees are actively involved in the setting of the targets shown by mean ($M=4.204$) and standard deviation ($SD=0.50935$). The findings also showed that the targets are achievable within the set time bound as depicted by mean ($M=4.1701$) and standard deviation ($SD= 0.72503$) tending to agreement. Finally, the study revealed that respondents set own targets as depicted by mean ($M=3.932$) and standard deviation ($SD= 0.64454$).

The overall mean ($M= 4.285725$) score of agreement implies that in general, target setting was done for the employees attached to equity bank head office in Nairobi and that it was part of performance appraisal. The findings are in agreement with Gallup (2017) who that found that employees who believe their performances are evaluated fairly are 2.5 times more likely to be engaged at work, which directly correlates with higher retention rates. Iqbal (2018) revealing that appraisal of performance had a major causal effect link with workforce retention.

4.3.2 Performance Measurement

Performance measurement is a stage in performance appraisal where actual performance is captured and compared with set targets (Islami, Mulolli & Mustafa, 2018). The study sought to establish the distribution of performance measurement based on mean and

standard deviation (Table 9).

Table 9: Descriptive Summary Statistics on Performance Measurement

Performance Measurement	Mean	SD
The Human resource department keeps clear and adequate records of your previous performance levels	4.5238	0.57735
There exists a performance appraisal system that is friendly to you and your fellow staff	4.5238	0.623
The performance measurement is not affected by organizational politics	4.4218	0.60732
The supervisor doing performance appraisal is fair and just when measuring your performance	4.3946	0.62546
The measurement of your performance level is frequent and regular.	4.2789	0.54625
The organization uses a variety of performance measurement tools to evaluate your performance	4.2381	0.58909
The tools used by the bank in measuring your performance are appropriate for your job type	3.9252	0.42343
Overall Mean Score	4.3294	0.57027

Source: Researcher (2023)

Table 9 outlines the analysis of performance measurement, focusing on the mean and standard deviation (SD). The findings showed that human resources department maintains clear and comprehensive records of employees past performance, as shown by a mean response score (M = 4.5238) and standard deviation (SD = 0.57735) leaning towards strong agreement. The findings noted that there exists a performance appraisal system that is friendly to staff as depicted by mean response (M= 4.5238) and standard deviation (SD= 0.623) tending to strong agreement. The study revealed that the performance measurement is not affected by organizational politics as depicted by mean (M=4.4218) and standard deviation (SD= 0.60732) tending to strong agreement. It was also noted that the supervisors doing performance appraisal were fair and just when measuring employee performance as depicted by mean (M= 4.3946) and standard deviation (SD= 0.62546) tending to agreement. The measurement of employee performance level was frequent and regular as evidenced by mean (M=4.2789) and

standard deviation (SD= 0.54625) tending to agreement. The bank also uses a variety of performance measurement tools to evaluate your performance as shown by mean (M=4.2381) and standard deviation (SD= 0.58909) of agreement. Finally, the tools used by the bank in measuring employees' performance are appropriate for the job type as evidenced by mean (M=3.9252) and standard deviation (SD= 0.42343).

The overall mean score was 4.3294 implying that the respondents generally agreed that performance measurement was carried out at the bank and was a critical aspect of performance appraisal. The findings agree with Islami, Mulolli and Mustafa, (2018) that noted that performance level is captured using appraisal tools and is usually carried out by the supervisor or professional evaluator. The role of performance measurement in enhancing employee retention is a critical area of study within global human resource management practices.

4.3.3 Appraisal Feedback

Appraisal feedback is the kind of information staff receive from their employer about their level of performance (Pichler, Beenen & Wood, 2018). The study sought to establish the distribution of responses on the statements regarding appraisal feedback based on mean and standard deviation. Table 10 presents the data analysis regarding appraisal feedback. The analysis was based mean and standard deviation (SD). The study showed that equity bank has a feedback relaying system for all employees as depicted by mean (M= 4.3265) and standard deviation (SD= 0.67401) tending to agreement. Employee performance feedback is often compared with those of other employees as evidenced by mean (M=4.2517) and standard deviation (SD= 0.68089) tending to agreement. The study also established that organization feedback system is credible and can be trusted as depicted by mean (M=4.2313) and standard deviation (SD= 0.75005) tending to agreement.

Table 10: Descriptive Summary Statistics on Appraisal Feedback

Appraisal Feedback	Mean	SD
The organization has a feedback relaying system	4.3265	0.67401
Your performance feedback is often compared with those of other employees	4.2517	0.68089
The organization feedback system is credible and can be trusted	4.2313	0.75005
The performance appraisal results are usually made clear without any ambiguity	4.2177	0.73575
The supervisor usually treats your appraisal results confidentially without embarrassing you among fellow employees	4.1088	0.63169
The supervisor usually communicates with you about your performance level in a timely manner	3.8776	0.61819
Overall Mean score	4.1689	0.68176

Source: Researcher (2023)

The study also noted that performance appraisal results are usually made clear without any ambiguity as shown by mean ($M= 4.2177$) and standard deviation ($SD= 0.73575$) tending to agreement. The findings also noted that supervisors usually treat your appraisal results confidentially without embarrassing employees as depicted by mean ($M= 4.1088$) and standard deviation ($SD=0.63169$) tending to agreement. Finally, the supervisors at equity bank usually communicates with employees about their performance level in a timely manner as depicted by neutral mean ($M=3.8776$) and standard deviation ($SD= 0.61819$) tending to agreement.

The overall mean score on statements about appraisal feedback was 4.1689 depicting that in general, the respondents supported the statements and it implies that appraisal feedback was being carried out at the bank and that it was a critical aspect of performance appraisal. Pichler, Beenen and Wood (2018) explained that feedback is the kind of

information staff receive from their employer about their level of performance. Feedback as an act therefore must involve giving information regarding specific attribute(s) of an employee's work performance.

4.3.4 Utilization of Appraisal Report

Utilization is the last step in performance appraisal where the information generated during performance measurement for each employee is used for various decision-making including training, compensation, promotion, and discipline among other purposes (Singhania and Kumar, 2020). The research sought to establish the distribution of responses on the statements about utilization of appraisal report based on mean and standard deviation. Table 11 presents the data analysis regarding utilization of appraisal report. The study revealed that best performing staff are often rewarded during annual staff end year parties as shown by mean (M= 4.381) and standard deviation (SD = 0.54059) tending to agreement.

Table 11: Descriptive Summary Statistics on Utilization of Appraisal Report

Utilization of Appraisal Report	Mean	SD
Best performing staff are often rewarded during annual staff end year parties	4.381	0.54059
HR director of the bank selects staff for training based on performance appraisal report.	4.3673	0.72226
The publicity recognizes top performance of various staff as individuals and in-group.	4.2381	0.61191
Your bank uses performance appraisal report to demote, suspend or dismiss employees who consistently do not meet targets	4.1973	0.84917
You have been promoted in the past based in your performance	4.0408	0.63975
Your salaries and compensation at the bank have been enhanced in the past based on your performance	3.9864	0.43772
Overall mean score	4.2018	0.63356

Source: Researcher (2023)

The findings noted that HR director of the bank selects staff for training based on

performance appraisal report as depicted by mean ($M= 4.3673$) and standard deviation ($SD= 0.72226$) tending to agreement. The finding indicated that the bank publicity recognizes top performance of various staff as individuals and in-group as shown by mean ($M=4.2381$) and standard deviation ($SD= 0.61191$) tending to strong agreement. Equity bank uses performance appraisal report to demote, suspend or dismiss employees who consistently do not meet targets as depicted by mean response ($M=4.1973$) and standard deviation ($SD= 0.84917$) of agreement. The findings also showed that employees at equity bank are promoted based in your performance as depicted by mean ($M=4.0408$) and standard deviation ($SD= 0.63975$). Finally, employees' salaries and compensation at the bank have been enhanced in the past based on their performance as depicted by mean ($M= 3.9864$) and standard deviation ($SD= 0.43772$).

The overall mean score was 4.2018 depicting that overall; the respondents were in agreement with statements about utilization of appraisal report implying that appraisal report was being used for various purposes including training, compensation, dismissals among other decisions. Singhania and Kumar (2020) noted that utilization is the last step in performance appraisal where the information generated during performance measurement for each employee is used for various decision-making including training, compensation, promotion, and discipline among other purposes. Ameen and Baharom (2019) noted that the goal of appraisal of performance have a direct significant impact on engagement of workforce. The study revealed further those factors around purposes of performance appraisal including job promotion, training, recognition and monetary compensation facilitates achievement of firm's effectiveness, strategic outcomes and staff engagement level.

4.3.5 Employee Retention

Employee retention is programs and measures carried out to inspire current workforce to

remain with employing institutions for a long period (Issa et al., 2019). The study sought to establish the distribution of responses on the statements regarding employee retention. The distribution was based on mean and standard deviation as presented in Table 12.

Table 12: Descriptive Summary Statistics on Employee Retention

Statements on Employee Retention	Mean	SD
You are currently not actively looking for another job	4.4694	0.56503
Most of your fellow employee are currently not looking actively looking for other jobs	4.2354	0.62008
You currently not passively looking for another job	4.115	0.67075
There are few employees leaving the organization to competing banks	4.0673	0.54999
You will not leave the organization even if another job opportunity comes up	3.9245	0.6904
Most of your fellow employees are currently not passively looking for other jobs	3.8245	0.73834
Most of your fellow employees intend to work and retire at the bank.	3.6041	0.61865
You intent to work all your life and retire at this bank	3.1293	0.53981
Overall Mean score	3.9211	0.62413

Source: Researcher (2023)

Table 12 presents the data analysis regarding appraisal feedback. The analysis was based mean and standard deviation. The study noted that employee was not actively looking for other jobs as shown by mean (M= 4.4694) and standard deviation (SD= 0.56503) tending to strong agreement. The findings revealed that most of employee at equity bank were not looking actively looking for other jobs then as depicted by mean score (M= 4.2354) and standard deviation (SD=0.62008). The findings showed that few employees were leaving the organization to competing banks as depicted by mean (M= 4.0673) and standard deviation (SD= 0.54999). The statement that respondents would leave the

organization even if another job opportunity comes up was supported by most of the respondents as shown by mean ($M= 3.9245$) and standard deviation ($SD= 0.6904$). The results also showed that most employees were not passively looking for other jobs as depicted by mean ($M= 3.8245$) and standard deviation ($SD= 0.73834$). The findings also showed that a slight majority of equity bank employees intended to work and retire at the bank as shown by mean ($M=3.6041$) and standard deviation ($SD= 0.61865$). Finally, few employees at equity intended to work all their lives and retire at the bank as shown by mean ($M= 3.1293$) and standard deviation ($SD= 0.53981$). The overall mean response score was 3.9211 showing that in general, the respondents were neutral on employee retention at the bank implying that there was problem of staff retention at the bank.

4.4 Correlation Analysis

The study sought to establish the relationship between performance appraisal and employee retention. The aspects of performance appraisal that formed the explanatory variables included target setting, performance measurement, appraisal feedback, utilization of appraisal report. The explanatory variables were correlated amongst themselves and with the dependent variable employee retention based on Pearson correlation coefficient.

The table 13 presents the Pearson correlation coefficients. The correlation between target setting and employee retention was positive and moderate ($r= .655$, p -value = $.000 < .05$). The correlation between performance measurement and employee retention was positive and moderate ($r= .691$, p -value = $.000 < .05$). The association between Appraisal feedback and employee retention was positive and moderate ($r= .672$, p -value = $.000$). Finally, the correlation between utilization of appraisal report and employee retention was positive and moderate ($r= .689$, p -value = $.000 < .05$).

Table 13: Bivariate Pearson Correlation

		TS	PM	AF	UA	ER
TS	Pearson	1	.637**	.735**	.716**	.655**
	Correlation					
	Sig. (2-tailed)		.000	.000	.000	.000
	N	147	147	147	147	147
PM	Pearson	.637**	1	.599**	.629**	.691**
	Correlation					
	Sig. (2-tailed)	.000		.000	.000	.000
	N	147	147	147	147	147
AF	Pearson	.735**	.599**	1	.706**	.672**
	Correlation					
	Sig. (2-tailed)	.000	.000		.000	.000
	N	147	147	147	147	147
UA	Pearson	.716**	.629**	.706**	1	.689**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000		.000
	N	147	147	147	147	147
ER	Pearson	.655**	.691**	.672**	.689**	1
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	147	147	147	147	147

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

TS= Target setting, PM = Performance measurement, AF = Appraisal feedback, UA= Utilization of appraisal report and ER= Employee retention.

Source: Researcher (2023)

4.5 Regression Analysis

The study sought to examine the influence of performance appraisal on employee retention and the study adopted multivariate regression model for the purpose. The regression output included model summary, Analysis of Variances (ANOVA) and regression coefficients as presented in Table 14, Table 15 and Table 16.

Table 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787 ^a	.619	.608	.19837

a. Predictors: (Constant), TS=Target setting, PM= Performance measurement, AF = Appraisal feedback and UA= Utilization of appraisal report

Source: Researcher (2023)

Table 14 presents overall correlation coefficient (R) that gives the overall correlation between performance appraisal and employee retention where the correlation was strong. The coefficient of determination ($R^2 = .619$) implies that performance appraisal explains 61.9% of the variation in employee retention with the remaining 38.1% variation in employee retention being explained by other unobserved variables in that were not studied.

Table 15: Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.078	4	2.270	57.676	.000 ^b
	Residual	5.588	142	.039		
	Total	14.666	146			

a. Dependent Variable: Y= Employee Retention

b. Predictors: (Constant), TS=Target setting, PM = Performance measurement, AF = Appraisal feedback and UA= Utilization of appraisal report

Source: Researcher (2023)

The Table 15 is the analysis of variances (ANOVA) where the p-value generated (p-value = 0.000) is greater than 0.05 level of significance hence it is concluded that performance appraisal has a significant influence on employee retention at Equity Bank head office (F= 57.676, p-value = .000<.05).

Table 16: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.078	.235		4.585	.000
	TS	.086	.037	.097	2.324	.010
	PM	.335	.071	.340	4.736	.000
	AF	.153	.058	.221	2.650	.009
	UA	.184	.061	.250	3.014	.003

a. Dependent Variable: Employee retention

TS= Target setting, PM = Performance measurement, AF = Appraisal feedback, UA= Utilization of appraisal report and ER= Employee retention.

Source: Researcher (2023)

Table 16 presents the regression coefficients based on t-test. The influence of target setting on employee retention was positive and Significant ($\beta_1 = .086$, $t = 2.324$ and p -value = $.010 < .05$). The influence of Performance Measurement on employee retention was positive and Significant ($\beta_2 = .335$, $t = 4.736$ and p -value = $.000 < .05$). The influence of appraisal feedback on employee retention was positive and Significant ($\beta_3 = .153$, $t = 2.650$ and p -value = $.009 < .05$). Finally, the influence of utilization of appraisal report had a positive and significant ($\beta_4 = .184$, $t = 3.014$ and p -value = $.003 < .05$). The intercept term also had a positive and statistically significant influence on employee retention ($\beta_0 = 1.078$, $t = 4.585$ and $p = .000 < .05$). The regression model is thus estimated as:

$$ER = 1.078 + .086TS + .335PM + .153AF + .184UA \dots\dots\dots [1]$$

Where TS= Targets setting, PM= Performance Measurement, AF= Appraisal Feedback, UA= Utilization of Appraisal report, ER= Employee retention.

4.6 Discussion

The section presents the interpretation and discussion of results generated in the descriptive analysis, correlation analysis and regression analysis. The results are interpreted and discussed according to research objectives.

4.6.1 Target Setting and Employee Retention

The overall mean ($M = 4.285$) score of agreement implies that in general, target setting was done for the employees attached to equity bank head office in Nairobi and that it was part of performance appraisal. The correlation between target setting and employee retention was positive and moderate ($r = .655$, p -value = $.000 < .05$) implying that the association between target setting and employee retention was direct such that improved target setting was accompanied by increased employee retention. The regression analysis showed that the influence of target setting on employee retention was positive and

Significant ($\beta_1 = .086$, $t = 2.324$ and $p\text{-value} = .010 < .05$). The positive influence implied that employee retention was being explained by target setting and that improved target setting by one-unit results to improved employee retention by .086 units. Improving target setting in terms of having specific, measurable, achievable, realistic and time targets enhanced the quality of the objectives and improving employee motivation towards achievement of goals. The findings is in agreement with Iqbal (2018) established that involvement in goal setting, had a significant effect on staff retention. Further, Mwangi and Njuguna (2019) revealed that targets setting influenced teacher's performance in a significant way and that standards setting and targets enables schools to measure progress in achievement of objectives. Mbiti, Arasa and Kinyili (2019) showed that performance measurement based on set targets had a direct effect on performance of universities.

4.6.2 Performance Measurement and Employee Retention

The overall mean score on statements about performance measurement was 4.3294 imply that the respondents generally agreed that performance measurement was carried out at the bank and was a critical aspect of performance appraisal. The correlation analysis revealed that the correlation between performance measurement and employee retention was positive and moderate ($r = .691$, $p\text{-value} = .000 < .05$). This implies that improving performance measurement at the bank was accompanied by improving employee retention. Further, regression analysis revealed that the influence of Performance Measurement on employee retention was positive and Significant ($\beta_2 = .335$, $t = 4.736$ and $p\text{-value} = .000 < .05$). The positive influent implied that enhancing performance measurement for the set targets led to improved employee retention such that one unit improvement in performance measurement leads to .335 units increase in employee retention. Accurate measurement of performance level of an employee is necessary for

achieving fairness in compensation hence improved employee retention. The findings are in congruence with Fekadu (2019) 2019) who revealed that performance measurement by use of various tools had a direct association with staff motivation. Mehrez and Alamiri (2019) showed direct relationship between the firm's justice during performance appraisal and staff satisfaction with performance appraisal. In addition, Rhash (2019) revealed that there was significant relationship between performance measurement and staff turnover. Naseeb, et al. (2019) showed that appraisal politics directly associated with turnover intentions.

4.6.3 Appraisal Feedback and Employee Retention

The overall mean score on statements about appraisal feedback was 4.1689 depicting that in general, the respondents supported the statements and it implies that appraisal feedback was being carried out at the bank and that it was a critical aspect of performance appraisal. Correlation analysis showed association between Appraisal feedback and employee retention was positive and moderate ($r = .672$, $p\text{-value} = .000$). The positive correlation implies that improving appraisal feedback was accompanied by increased employee retention. Further, the regression analysis revealed that the influence of appraisal feedback on employee retention was positive and Significant ($\beta_3 = .153$, $t = 2.650$ and $p\text{-value} = .009 < .05$). The positive influence means that improving appraisal feedback by one unit leads to improving employee retention by .153 units. Improving appraisal feedback through means like timely and better communication of performance level is critical in improving how the employee views the organization and encouraging employees to stay longer in the organization. The findings are in line with Selvarasu and Sastry (2014) that established that performance feedback improves firm's productivity and effectiveness that in turn affects staff engagement level and retention by extension. Rajarajeshwari and Cynthia (2020) showed that there was direct association between

performance feedback based on 360 degrees appraisal technique and staff retention. Additionally, Paul, Abeguki, Hezekiah and Ifiavor (2014) revealed that when management delivered consistent feedback to them regarding their performance on the work, the firm was in a position maintain competitive advantage over competing firms. West and Blackman (2015) established that acquisition of feedback by employees was useful in enhancing performance engagement and attitude to stay within the firm.

4.6.4 Utilization of Appraisal Report

The overall mean score for statements regarding utilization of appraisal report was 4.2018 depicting that overall; the respondents were in agreement with statements about utilization of appraisal report implying that appraisal report was being used for various purposes including training, compensation, dismissals among other decisions. Correlation analysis further revealed that the correlation between utilization of appraisal report and employee retention was positive and moderate ($r = .689$, $p\text{-value} = .000 < .05$). The positive correlation implies that improving the utilization of appraisal report for decisions such as promotion, compensation, and training is associated with improving employee retention. In addition, the regression analysis showed that the influence of utilization of appraisal report had a positive and significant ($\beta_4 = .184$, $t = 3.014$ and $p\text{-value} = .003 < .05$). The positive influence implies that the more the appraisal report is used in decision-making, the better the firm will be at retaining employees. In addition, improving utilization of appraisal report by one unit leads to improving employee retention by .003 units. The results are in agreement with Ameen and Baharom (2019) that revealed that factors around purposes of performance appraisal including job promotion, training, recognition and monetary compensation facilitates achievement of firm's effectiveness, strategic outcomes and staff engagement level. Wairimu and Ndeto (2019) established that staff training, recognition and engagement were directly

associated with staff retention. Mwangi and Omondi (2016) revealed that staff training, compensation and promotion based on the output of performance appraisal significantly affected staff retention. Mohda, Shaha and Zailana (2016) noted that that through training opportunities employees are able to improve themselves into efficient and effective employees who are highly engaged in their work.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter presents the summary, conclusion, recommendations and areas for further studies. concerning the examination of the influence of performance appraisal on employee retention.

5.1 Summary of Findings

The study examined the influence of the performance appraisal on employee retention at Equity bank head office in Nairobi. The analysis was based on descriptive and inferential analysis. The findings were organized in terms of study objectives.

5.1.1 Target Setting

The descriptive analysis revealed that overall mean score regarding statements about target setting was 4.285 tending to agreement. The correlation between target setting and employee retention was positive and moderate ($r = .655$, p -value = $.000 < .05$) implying that the association between target setting and employee retention was direct. The regression analysis showed that the influence of target setting on employee retention was positive and Significant ($\beta_1 = .086$, $t = 2.324$ and p -value = $.010 < .05$). Further improved target setting by one unit results to improved employee retention by .086 units.

5.1.2 Performance Measurement

The descriptive analysis showed that overall mean score on statements about performance measurement was 4.3294 hence tending to agreement. The correlation analysis revealed that the correlation between performance measurement and employee retention was positive and moderate ($r = .691$, p -value = $.000 < .05$). Further, regression analysis revealed that the influence of Performance Measurement on employee retention was positive and Significant ($\beta_2 = .335$, $t = 4.736$ and p -value = $.000 < .05$). Further, one

unit improvement in performance measurement leads to .335 units increase in employee retention.

5.1.3 Appraisal Feedback

The descriptive analysis showed that overall mean score on statements about appraisal feedback was 4.1689 tending to agreement. Correlation analysis showed association between Appraisal feedback and employee retention was positive and moderate ($r = .672$, $p\text{-value} = .000$). Further, the regression analysis revealed that the influence of appraisal feedback on employee retention was positive and Significant ($\beta_3 = .153$, $t = 2.650$ and $p\text{-value} = .009 < .05$). The positive influence means that improving appraisal feedback by one unit leads to improving employee retention by .153 units.

5.1.4 Utilization of Appraisal Report

The overall mean score for statements regarding utilization of appraisal report was 4.2018 hence tending to agreement. Correlation analysis further revealed that the correlation between utilization of appraisal report and employee retention was positive and moderate ($r = .689$, $p\text{-value} = .000 < .05$). In addition, the regression analysis showed that the influence of utilization of appraisal report had a positive and significant ($\beta_4 = .184$, $t = 3.014$ and $p\text{-value} = .003 < .05$). Improving utilization of appraisal report by one unit leads to improving employee retention by .003 units.

5.2 Conclusion

The study makes conclusions and generalizations based on study findings. The first objective sought to establish the influence of appraisal targets setting on employee retention at equity bank head office in Nairobi, Kenya. The regression analysis showed that the influence of target setting on employee retention was positive. The positive influence of target setting on employee retention implies that employee retention was

being explained by target setting and that improved target setting leads to improved employee retention. Improving target setting in terms of having specific, measurable, achievable, realistic and time targets enhanced the quality of the objectives and improving employee motivation towards achievement of goals. Further, employees who understands targets to be met and are involved in target setting tends to perform better hence higher job satisfaction and retention.

The second objective sought to examine the influence of performance measurement on employee retention at equity bank head office in Nairobi, Kenya. The regression analysis revealed that the influence of Performance Measurement on employee retention was positive and significant. The positive influent of performance measurement on employee retention implied that enhancing performance measurement for the set targets led to improved employee retention. Accurate measurement of performance level of an employee is necessary for achieving fairness in compensation hence improved employee retention. Employees who view the performance measurement as being accurate will be more committed to the organization hence have a higher likelihood of staying with the firm for a longer period.

The third objective sought to determine the influence of performance appraisal feedback on employee retention at equity bank head office in Nairobi, Kenya. The regression analysis revealed that the influence of appraisal feedback on employee retention was positive and significant. The positive influence of appraisal feedback on employee retention means that improving appraisal feedback leads to improving employee retention. Improving appraisal feedback through means like timely and better communication of performance level is critical in improving how the employee views the organization and encouraging employees to stay longer in the organization.

The study sought to establish the influence of utilization of appraisal report on employee

retention at equity bank head office in Nairobi, Kenya. The regression analysis showed that the influence of utilization of appraisal report had a positive and significant. The positive influence of utilization of appraisal report on employee retention implies that the more the appraisal report is used in decision-making, the better the firm will be at retaining employees. In addition, improving utilization of appraisal report leads to improving employee retention. Further, firms that use appraisal report on a timely manner for decision-making have a higher probability of retaining its employees.

5.3 Recommendations

The study makes a number of recommendations based on the findings and conclusions. Given the positive influence of target setting on employee retention, the study suggests to management of equity bank to improve on target setting through actively involving employees in the setting of the targets. Setting specific, measured, realistic and time bound objectives. Further, employee's management should encourage employees to set own targets as an individual. Improving quality of targets enhances employee motivation towards achievement of goals. The study further recommends that target setting enable other processes such as performance measurement.

Given the positive influence of performance measurement on employee retention, the research recommends to management of Equity bank to put in place adequate tools of measuring performance level. The tools used by the bank in measuring your performance should be appropriate for your job type being evaluated. Further, the bank should use a variety of performance measurement tools to evaluate your performance. Additionally, the supervisor doing performance appraisal ought to be fair and just when measuring performance. The bank management should also ensure that performance measurement is not affected negatively by organizational politics. A performance appraisal system

ought to be friendly to employees and the human resource department should have clear and adequate records of employees' previous performance levels. Finally, the measurement of performance level should be frequent and regular. Accurate measurement of performance level of an employee is necessary for achieving fairness in compensation hence improved employee retention.

The study also established a positive influence of appraisal feedback on employee retention. The study thus recommends to management of equity bank to improve its appraisal feedback loop. The supervisor doing evaluation should communicate with employees about their performance level in a timely manner. The supervisor should also treat appraisal results confidential and refrain from embarrassing employees. Further, the performance appraisal results ought to be made clear and without any ambiguity. The firm should also make sure the feedback relaying system is accessible to all employees and that it is credible and can be trusted. Improving appraisal feedback through means like timely and better communication of performance level is critical in improving how the employee views the organization and encouraging employees to stay longer in the organization.

Finally, given the positive influence of utilization of appraisal report on employee retention, the study suggests to the management of Equity bank to improve the utilization of appraisal report to enhance employee retention. The study recommends that appraisal report should form a basis for promotion. Further, salaries and compensation at the bank should be enhanced based on performance level of the employee. The bank should also use performance appraisal report to demote, suspend or dismiss employees who consistently do not meet targets. The bank should also ensure that the HR director selects staff for training based on performance appraisal report. The bank should also recognize and reward top performance of various staff as individuals and in-group. The more the

appraisal report is used in decision-making, the better the firm will be at retaining employees.

5.5 Suggestions for Further Research

The current study was limited to the influence of performance appraisal on employee retention at equity bank head office in Nairobi Kenya. The study suggests that future studies should be carried out in other banks to encourage industrywide application.



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APPENDICES

Appendix I: Letter of Introduction

Eugenia Otieno

Reg No: MBA/2019/44848

To Equity Bank Head of Research Section

Through the Group Chief executive (CEO)

Dear Sir/Madam

RE: DATA COLLECTION PERMISSION FROM YOUR ORGANIZATION

I am Eugenia Otieno a master's student seeking to collect data on the topic "**influence of performance appraisal on employee retention at equity bank head office in Nairobi, Kenya.**" I am seeking your permission to allow me to collect the data in your bank. I also promise to treat the data collected with utmost confidentiality it deserves.

Thank you.

Yours Sincerely,

Eugenia Otieno

Appendix II: Consent Form

Project title: Influence of performance appraisal on employee retention at equity bank head office in Nairobi, Kenya

I am a student at Mount Kenya University, pursuing a Master of Business Administration with a specialization in Human Resource Management. As part of my academic requirements, I am conducting a study at the head office of Equity Bank in Nairobi County, Kenya. This research aims to explore how performance evaluations affect employee retention at the mentioned location.

For data collection, I will employ questionnaires that will be handled with the highest level of confidentiality and used solely for this study. All transcripts, notes, and computed data will be securely stored and destroyed after the conclusion of the research. Participant responses will be anonymized, and no findings will be attributable to any individual, ensuring they are used exclusively for the purposes of this thesis.

Participants have the right to opt out of answering any question. Pseudonyms will be utilized when presenting results in journals and at conferences to ensure further confidentiality. Participation in this study is entirely voluntary, and participants can withdraw at any time without providing a reason by simply informing the researcher.

For inquiries related to the research or its outcomes, please contact me via email at eugeniaakinyi@ymail.com or by phone at 0708192280. Should there be any complaints, please reach out using the provided contact details.

Office of the Secretary

MKU Ethics Review Committee

P.O. Box 342-1000Thika.

Consent

I have reviewed and understood the information provided above, and I have had the chance to seek clarifications. I am aware that my participation is voluntary and that I can choose to discontinue my involvement at any point without needing to justify my decision. I willingly consent to participate in this study.

Participant's Signature: _____ Date: _____

Researcher's Signature: _____ Date: _____



Appendix III: Questionnaire for the Employees

The questionnaire seeks to collect data concerning the topic “**influence of performance appraisal on employee retention at equity bank, Kenya**”. The data received from you will be handled with utmost confidentiality. Please complete all sections of this document as all the questions are very important for the study.

SECTION A: DEMOGRAPHIC INFORMATION

1. What is your position in the bank?

Top management []

Middle level Management []

Lower level management []

Non-management staff []

2. What is your highest level of education?

Diploma []

Bachelor's Degree []

Postgraduate Degree []

Any other []

3. How long have you been working in this firm?

Less than 1 year []

1-3 years []

3-5 years []

5-7 years []

7-10 years []

10 years and above []

4. What is your current age?

Less than 25 years []

- 25- 35 years []
- 35- 45 years []
- 45-55 years []
- Over 55 years []

SECTION B: TARGETS SETTING

5. Using the key (**Where: strongly agree (SA) = 5; agree(A)= 4; neutral(N) = 3; disagree(D)= 2; strongly disagree (SD)= 1**), Please rate the following statement regarding targets setting in your organization by ticking where appropriate against each statement.

No	Statement	Rating				
		SA	A	N	D	SD
1	Your department s sets daily, weekly, monthly targets					
2	you are actively involved in the setting of the targets					
3	The targets set are often specific and precise					
4	The targets set can be measured accurately					
5	The targets are often realistic given your ability					
6	The targets are achievable within the set time bound					
7	You set your own targets as an individual					
8	The targets are set by your supervisor					

SECTION C: PERFORMANCE MEASUREMENT

6. Using the key (**Where: strongly agree (SA) = 5; agree(A)= 4; neutral(N) = 3; disagree(D)= 2; strongly disagree (SD)= 1**), Please rate the following statement regarding performance measurement in your organization by ticking where appropriate against each statement.

No	Statement	Rating				
		SA	A	N	D	SD
1	The tools used by the bank in measuring your performance are appropriate for your job type					

2	The organization uses a variety of performance measurement tools to evaluate your performance					
3	The supervisor doing performance appraisal is fair and just when measuring your performance					
4	The performance measurement is not affected by organizational politics					
5	There exist a performance appraisal system that is friendly to you and your fellow staff					
6	The Human resource department keeps clear and adequate records of your previous performance levels					
7	The measurement of your performance level is frequent and regular.					

SECTION D: APPRAISAL FEEDBACK

7. Using the key (**Where: strongly agree (SA) = 5; agree (A)= 4; neutral(N) = 3; disagree (D)= 2; strongly disagree (SD)= 1**), Please rate the following statement regarding Appraisal feedback in your organization by ticking where appropriate against each statement.

No	Statement	Rating				
		SA	A	N	D	SD
1	The supervisor usually communicates with you about your performance level in a timely manner					
2	The supervisor usually treats your appraisal results confidentially without embarrassing you among fellow employees					
3	The performance appraisal results are usually made clear without any ambiguity					
4	The organization has a feedback relaying system for all employees					
5	The organization feedback system is credible and can be trusted					
6	Your performance feedback is often compared					

	with those of other employees					
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SECTION E: UTILIZATION OF APPRAISAL REPORT

8. Using the key (**Where: strongly agree (SA) = 5; agree (A)= 4; neutral(N) = 3; disagree (D)= 2; strongly disagree (SD)= 1**), Please rate the following statement regarding utilization of appraisal report in your organization by ticking where appropriate against each statement.

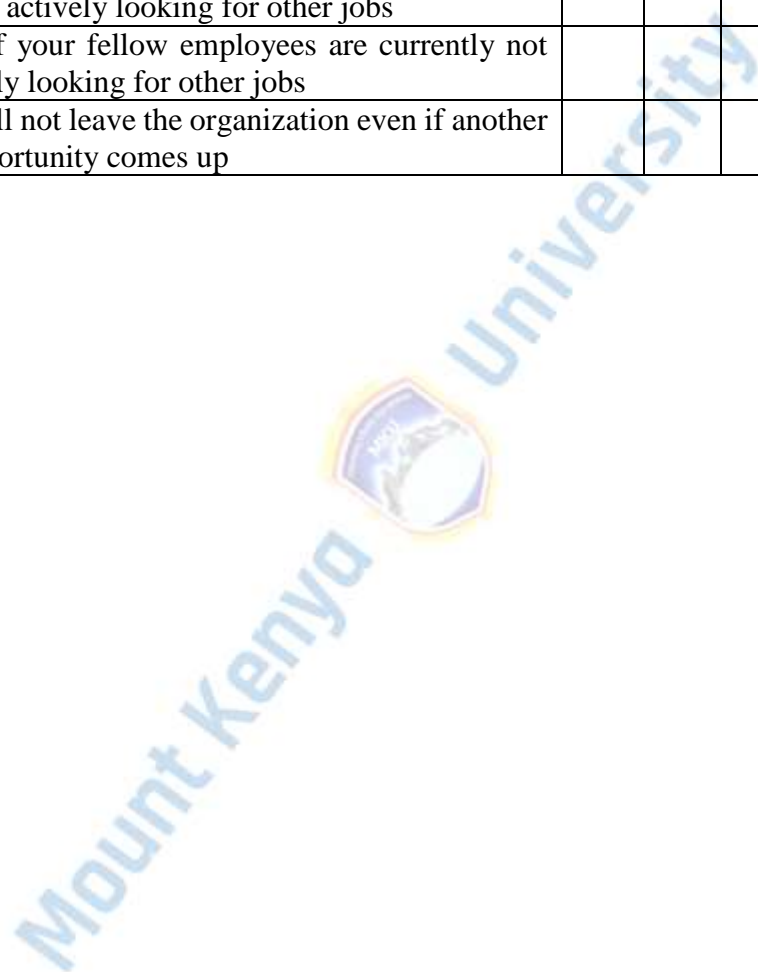
No	Statement	Rating				
		SA	A	N	D	SD
1	Your have been promoted in the past based in your performance					
2	Your salaries and compensation at the bank have been enhanced in the past based on your performance					
3	Your bank uses performance appraisal report to demote, suspend or dismiss employees who consistently do not meet targets					
4	HR director of the bank selects staff for training based on performance appraisal report.					
5	The publicly recognises top performance of various staff as individuals and in-group.					
6	Best performing staff are often rewarded during annual staff end year parties					

SECTION F: EMPLOYEE RETENTION


9. Using the key (**Where: strongly agree (SA) = 5; agree (A) = 4; neutral (N) = 3; disagree (D) = 2; strongly disagree (SD)= 1**), Please rate the following statement regarding employee retention by ticking where appropriate against each statement.

No	Statement	Rating				
		SA	A	N	D	SD

1	You intent to work all your life and retire at this bank					
2	Most of your fellow employees intend to work and retire at the bank.					
3	You are currently not looking actively looking for another job					
4	You currently not passively looking for another job					
5	There are few employees leaving the organization to competing banks					
6	Most of your fellow employee are currently not looking actively looking for other jobs					
7	Most of your fellow employees are currently not passively looking for other jobs					
8	You will not leave the organization even if another job opportunity comes up					



Appendix IV: ERC Letter



Mount Kenya University

REF: MKU/ERC/2051
TO: EUGENIA OTIENO

Date: 26 January 2022

REG: MBA/2019/44848

Dear Sir/Madam,

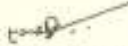
RE: INFLUENCE OF PERFORMANCE APPRAISAL ON EMPLOYEE RETENTION AT EQUITY BANK HEAD OFFICE IN NAIROBI, KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **1124**. The approval period is **26/01/2022 - 25/01/2023**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.


The Chairman
Mount Kenya University
Ethics Review Committee
P. O. Box 342 - 0100, Thika

Dr. Peter G. Kirira
Chairman, Mount Kenya University IERC

Main Campus, General Kigo Road, P.O. Box 342-01000 Thika. Tel: +254 67 2820 000,
Cell: +254 720 730 796, 0709 153 000

Appendix V: Introduction Letter



DIRECTORATE OF GRADUATE STUDIES

MBA/2019/44848

22nd July, 2022

*The Director, Research Coordination Division
National Commission for Science, Technology & Innovation
Utalii House, 8th & 9th Floor
P.O Box 30623- 00100
NAIROBI*

Dear Sir/Madam,

RE: EUGINIA OTIENO- REGISTRATION NO. MBA/2019/44848


The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the **Department of Accounting and Finance** in the **School of Business and Economics**.

The title of her research is *"Influence of Performance Appraisal on Employee Retention at Equity Bank Head Office in Nairobi, Kenya."*

She has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data for her research between **July, 2022 and October, 2022**.

Any assistance accorded to her will be highly appreciated.

Thank you.


Dr. Samuel M. Karenga, Ph.D.
Director, Graduate Studies
Enc.

Mount Kenya University
P.O. Box 342-01000, THIKA
Office of the Director
Graduate Studies

Appendix VI: NACOSTI Permit

Republic of Kenya
National Commission for Science, Technology and Innovation

Ref No: 174364

Date of Issue: 01/August/2022

RESEARCH LICENSE



This is to Certify that Miss. Eugina Akinyi Otieno of Mount Kenya University, has been licensed to conduct research in Nairobi on the topic: **INFLUENCE OF PERFORMANCE APPRAISAL ON EMPLOYEE RETENTION AT EQUITY BANK HEAD OFFICE IN NAIROBI, KENYA** for the period ending : 01/August/2023.

License No: NACOSTI/P/22/19438

174364
Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION

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**INFLUENCE OF PERFORMANCE
APPRAISAL ON EMPLOYEE
RETENTION AT EQUITY BANK
HEAD OFFICE IN NAIROBI,
KENYA**

by EUGENIA OTIENO

Submission date: 08-May-2024 11:28PM (UTC+0300)

Submission ID: 2373254626

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INFLUENCE OF PERFORMANCE APPRAISAL ON EMPLOYEE RETENTION AT EQUITY BANK HEAD OFFICE IN NAIROBI, KENYA

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