



## Effectiveness of employee performance appraisal process in international non-profit organizations in the agricultural sector: Lusaka, Zambia

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### Abstract

The purpose of this research was to investigate the effectiveness of employee performance appraisal process in international non-profit organisations in the agricultural sector in Lusaka, Zambia. These organizations run performance-based projects which are donor funded. The objectives of the study were to investigate the influence of performance appraisals on employee performance, to determine the effectiveness of the recognition and reward system on employee performance; and to examine the effectiveness of employee feedback on employee performance. The problem identified with the international NGOs in the agricultural sector in Lusaka was high staff turnover attributed to the ineffective employee performance appraisal process which affects the organisation's critical success factors. Consequently, this result in loss of donor funding due to poor organizational performance at large. The ripple effect is high attrition levels as retention becomes impossible. This study was carried out because in Zambia and globally most studies done relating to this study were concentrated much on the Civil Service. A descriptive research design was utilized. A pragmatic approach was suitable for this study to allow for the integration of both quantitative and qualitative methods. The study used stratified random sampling to select 120 respondents as sample size from the population of 1200 employees drawn from 11 registered non-profit organisations in the agriculture business from within Lusaka (MCDSS NGO List, 2023). Data was collected using semi-structured interviews and self-administered questionnaires and analyzed using SPSS software, Excel and thematic analysis. For purposes of this research article, the relevant literature was reviewed relating to performance management. The research paper also outlines research problem, the significance of the study, research objectives and presents findings. This research concludes that an effective performance appraisal process in INGOs lead to increased productivity and retention and offers a number of recommendations which may contribute to the body of knowledge on performance management system.

**Keywords:** Employee performance appraisal, feedback, reward system, agricultural sector

### Introduction

The performance management system that the majority of the international non-profit organisations in the agricultural sector operate was adopted from the Zambian government civil service. This is partly because the INGO sector is required to align their policies to the laws of the land (NGO Act No. 16 of 2009) as well as to meet their organisation's objectives as they run performance-based donor funded projects. The employees in this sector are on fixed terms contract, renewable depending on the availability of funds and performance. In addition, the majority of these organisations have been operating in Zambia over 10 years and are donor funded. (INGO Annual Report, 2022). In order to achieve the above and to meet donor expectations, the international non-profit organisations in the agricultural sector in Lusaka, Zambia ensure to hire highly competent individuals who are motivated and eager to learn and make positive contribution. Despite their INGO affiliation, they endeavor to treat and manage their employees in accordance with the laws of the land, in many instances, they offer even better conditions to their employees to make their work as satisfying and pleasant as possible. However, these INGOs still experience annual turnover rates which are higher than the recommended average of 10%. A survey by Parmar, Rajpoot and Bhardwaj (2022) indicated that over 50% of non-profit organizations cannot calculate the cost of employee turnover and have not established or updated their HR strategies for managing performance. Studies revealed that employee turnover jeopardizes the attainment of organizational objectives. In addition, failure to develop

clear strategies to manage performance and promote retention was a big problem in these organisations. It was therefore, critical for the researcher to evaluate the employee performance appraisal process in the International Non-Profit Organisations in the agricultural sector operating in Lusaka, Zambia.

### Statement of the Problem

The main problem facing the International Non-Profit Organisations in the agricultural sector was high staff turnover attributed to the ineffective employee performance appraisal process. High staff turnover in this sector had adversely effected operations of these organisations (INGO Network Report, 2022). The average high staff turnover rate in the last five years was 23% which is substantively above the acceptable rate. The global acceptable employee turnover rate is 10% (Australian HR Institute, 2019). According to Parmar, Rajpoot & Bhardwaj (2022), the impact of poor employee performance on organizations often produces far-reaching consequences and at the extreme, may endanger the efforts to attain organizational objectives. Continued departure of employees affected the organization's critical success factors which ultimately resulted in loss of donor funding. In the period under review, data from one organization from this sector in 2021 lost its major funder resulting in 43% of turnover rate. This study, therefore, aims to assess the effectiveness of employee performance appraisal process in the international non-profit organizations in relation to high staff turnover in the agricultural sector in Lusaka, Zambia.

## Objectives of the Study

**Main objective:** The main research objective of the study was to assess the effectiveness of employee performance appraisal process in the international non-profit organisation in the Agricultural Sector in Lusaka, Zambia.

**Specific objectives:** The specific objectives that will guide the study are; to measure the effectiveness of performance appraisal process on employee performance, to determine the effectiveness of the recognition and reward system on employee performance and finally to examine the effectiveness of employee feedback on employee performance in the international non-profit organisations in the Agriculture Sector in Lusaka, Zambia.

## Significance of the study

The results of this study will contribute to the wealth of knowledge and they will be useful to the following stakeholders: Academicians and Researchers, Policy Regulators and Practitioners.

## Literature Review

### Prior Research

In Zambia most studies done on performance management and or appraisal process are concentrated much on the Zambia civil service. There is limited or no information on studies pertaining to the matter at hand focusing on non-profit making organisations which include the agricultural sector. Some of the studies done in Zambia include; the study conducted by Mate (2006) <sup>[7]</sup> on the performance management package (PMP) in the Zambian civil service whose aim was to evaluate the PMP and particularly examining the key elements of the PMP and its implementation. The study found that although the PMP was launched, briefing meetings and installation workshops were carried out in the sampled organisations; employees were found without work-plans to follow and targets to achieve. Further, the study revealed that failure to adhere to work-plans, was due to poor funding, increased workloads due to manpower shortages and absence of strict follow-ups by managers. Another study by Shamizhinga (2020), also in the civil service aimed to find the challenges that organizations face in implementing performance appraisal process in public institutions. This study highlighted a number of issues to be addressed, such as low employee participation in system planning and implementation, inadequate assessment systems, and ineffective management-employee communication that led to bad management, a lack of clarity, and flawed reward systems. The study by Tembo (2018) <sup>[10]</sup> on the other hand aimed to evaluate how well the performance management process employed by the Zambian public service managed the performance of public service employees. It arrived at a number of conclusions one of which was that; the performance management system in use in Zambia's public sector was unsuccessful since it did not accurately gauge employees' output and did not account for that of workers in the sector.

### Related research

The majority of other studies on this topic globally also point to studies done in the public service. The study of Nuswantoro (2017) conducted a study which focused on whether implementation of a formal performance

management process improved employee performance, drawing perspectives from Indonesian civil servants. The primary aim of the study was to examine whether the implementation of the individual PMS may improve employees' performance by analysing perceptions of Indonesian civil servants towards the ideal view and actual experience. Some findings of this study include, a significant gap between the ideal view of performance management and actual experiences of the respondents. Further, findings suggest that many supervisors have not developed their leadership skills or there is still a practice of nepotism which may impede the development of effective leadership. The study by Sisa (2014) focused on implementation of the Performance Management process in the Ministry of Foreign Affairs and International Co-operation of the Botswana public service. The study found that the implementation of the performance management system in these institutions was problematic because of unclear and ambiguous foreign policy goals and objectives; lack of broad-based support and critical mass of champions of the performance management system; use of command-and-control management model rather than empowerment and the adaptation model among others. Study by Wendy *et al.* (2011) shows how to effectively build and run performance management process as well as how to make successful performance management happen in practice. The main conflict in PM is between overseeing performance and doing paperwork which some employees found to be a laborious task that many workers felt competed with other crucial tasks they were required to complete.

Other studies include research carried out on factors contributing to non-implementation of the performance management policy of the Malawi Civil Service. The main findings from the study were that implementation of the policy was being hampered because of the complex nature of the public service, absence of follow ups and management support, lack of consultations and motivation factors (Chidwala, 2013) <sup>[2]</sup>.

## Theoretical framework

### The Goal-setting theory

The Goal-setting theory is particularly important in explaining performance management process and its uses in organisations. A goal is what a person tries to achieve. It sets the objectives of people's action. The concept can be compared to the idea of purpose and intent in terms of what they mean. The theory proposes that, "human beings are more motivated to act when there is a reward at the end of the performance of a task or behaviour," and this is premised around the objectives of performance appraisal (Noe *et al.*, 2013). Motivation theories and need theories are all theories brought forward in view of understanding what underlying goals determine which kind of behaviour. The goal theory proposes that a reward at the end of a task or behaviour acts as a motivation for the performance of that said task or behaviour. However, the reward should be clearly stated. The end state can be the reward in itself. It is proposed that an efficient goal must have four components: Proximity, difficulty, specificity and feedback. The importance of this theory to the research study can be credited to the works of Locke and Lathan (2018) <sup>[6]</sup> that highlight four mechanisms that connect goals to performance outcomes. Firstly, goals direct attention to priorities that is, when specific goals are set for workers, it

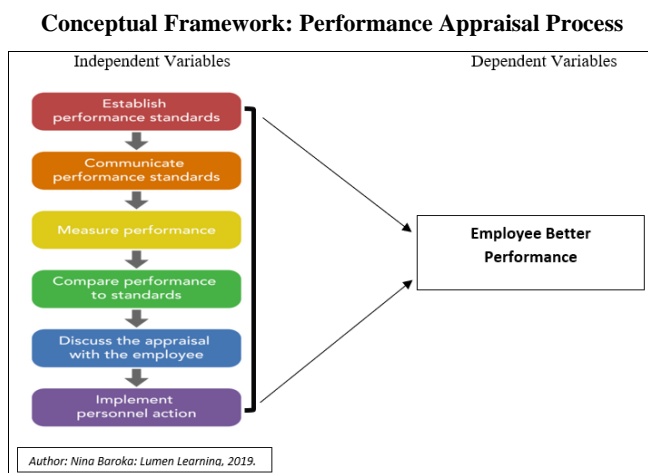
drives their attention to priorities of achieving the goals. Secondly, they stimulate effort, in other words when sets of goals are attached to specific reward system, it stimulates workers to work better and effectively. Thirdly, they challenge people to bring their knowledge and skills to bear to increase their chances of success. Fourthly, the more challenging the goal, the more people will draw on their full repertoire of skills.

**Critiques of the goal setting theory**

The theory suggests that dynamic individually adjustable goals, based on one’s trend and performance, are superior to abroad overarching goals which have more of a hit and miss approach. Arguably, it can be partially accounted for in the theory by setting the right goals. So, it is important to recognize that one goal cannot equally motivate a larger group of individuals with different levels of ability, self-efficacy and potential performance (Goerg, 2015) [3].

**Conceptual framework**

The conceptual framework is based on the research objectives clearly outlining the full cycle of the performance appraisal process. It also responds to the goal setting theory discussed above as well as confirming that all key elements of the performance appraisal process cycle are critical in order to achieve effective results i.e. highly motivated and productive employees translating to organizational success. The conceptual framework of the study summarizes the nature of performance appraisal process as shown in the figure below.



**Research Gaps**

The literature shows that most research related to performance management done in Zambia focused primarily on public-sector performance management. The studies also concentrated on perceptions of performance management by employees and managers. However, little is known about the employee performance appraisal process in international non- profit organizations specifically in the agriculture sector. In addition, previous research did not clearly state how recognition and reward systems affect employees and how that was linked to employee performance appraisal process. The effectiveness of employee feedback on employee performance in the international non-profit organisations in the Agriculture Sector in Lusaka, Zambia cannot be discussed in isolation from performance appraisal process as can be evidenced from the literature review that previous research focused mainly on just performance

management in the public sector leaving out best practices that support employee retention. As a result, this study was carried out to address these gaps in assessing how the effectiveness of employee performance appraisal process in the organisations under review in a holistic approach.

**Methodology**

The research utilized a descriptive research design for this study and numerous sources of data collection methods such as questionnaires, interviews, document reviews and observation techniques were utilized to gather both primary and secondary data. SPSS version 24 and Excel was used to analyse quantitative data while the qualitative data was collected through interviews and open-ended questions, thematic analysis was used to identify patterns, themes, and relationships within the data. The transcribed data was coded and analyzed to identify recurring themes and patterns that relate to the research questions. (Hafsa, 2019) [4]. This study is based on the philosophical framework of pragmatism, which prioritises practical outcomes and problem-solving in research as well as allows for the integration of both quantitative and qualitative methods providing a comprehensive understanding of the performance appraisal process. (Bryman, 2016). The total population of this study was 1200 employees drawn from the eleven-international non-profit organisations in the Agricultural Sector in Lusaka, Zambia. A stratified random sampling was utilized. The total sample size of this study was 120 representing 10% of the total population, this was guided by the study of Mugenda and Mugenda (2013) [8] which suggested that when the study population is less than 10,000, a sample size of between 10% and 30% was a good representation of the target population. (1200 x 10% = n 120).

**Ethical consideration**

This study adhered to ethical principles in research involving human participants. The researcher obtained ethical clearance from the relevant ethics committee before conducting the study. An introductory letter was obtained from the University of Zambia (UNZA) graduate school of business Management and clearance letter was sought from The University of Zambia Humanities and Social Sciences, Research Ethics Committee, before proceeding with the research on effectiveness of the performance appraisal process in the International Non-Profit Organisations sector.

**Results**

A total number of 120 questionnaires were administered to respondents sampled from among employees of international non-profit organisations in the eleven agricultural sector in Lusaka, Zambia. From the distributed questionnaires, a total of 97 were fully completed and returned which represented a response rate of 80% as tabulated:

**Discussions and Findings**

**Objective 1:** The effectiveness of performance appraisal process on employee performance in the international non-profit organisations in the Agriculture Sector in Lusaka, Zambia: While 73% of respondents agreed that that performance appraisals were used as a decision-making tool for improving productivity, prior studies by Tembo (2018) [10] on the contrary assert that the performance assessment

process in the Zambia civil service was unsuccessful because it was not seen to be necessary to fulfil requirements such as promotions and other human resource management decisions. In terms of growth, 56%.7% of respondents either strongly disagreed or disagreed with the statement that performance appraisals in their organisations promoted growth and development. While this is true that growth was achieved through continuous learning and development, the nature of the business in the INGO provided limited space for long term growth due to fast-paced result driven projects. Previous research findings by Boachie-Mensah & Seidu (2012) asserts that, if employees see the Performance Appraisal scheme as a chance for personal growth, they are more likely to embrace it and participate in it. However, with a result like this one, the system does not appear to be doing its part to help with employees' career growth and development. In addition, the results of the study propounded that some of the respondents indicated that the performance appraisal process was unfair and biased because the managers were not objective and sometimes used favouritism. Similarly, findings by Nuswantoro (2017) suggest that many supervisors had not developed their leadership skills or there was still a practice of nepotism which could possibly impede the development of effective leadership. This entailed the supervisors may not have the sufficient capability to assist their employees in developing their performance goals, let alone lead and inspire their employee to improve performance. This result confirms that the performance appraisal process in INGO in the Agriculture Sector in Lusaka, Zambia was unfair and biased which forced employees to exit the organisations.

**Objective 2:** The Effectiveness of the Recognition and Reward System on Employee Performance in the International Non-Profit Organisations in the Agriculture Sector in Lusaka, Zambia”, the results of study revealed that 93.3% of respondents agreed that the reward and recognition opportunities motivated employees and promoted more innovative and creative employees in an organization. The findings which corroborate with a previous study undertaken by Mone and London (2010), that rewarding employees for innovative work practices encourages employees to apply their ingenuity across a variety of tasks. In response as to whether they received these rewards and recognitions; the majority of respondents indicated that these were either not regular or very minimal in the majority of these organization. About 80% of respondents disagreed that their organizations provided competitive rewards and incentives that promote retention. These incentives include; salary increments, performance bonuses, promotions, learning and development opportunities among others. Lack of provision of attractive incentives has made these organisations less competitive in the labour market resulting in high staff movements.

**Objective 3:** The Effectiveness of Performance Feedback on Employee Performance in International Non-Profit Organisations in the Agriculture Sector in Lusaka, Zambia: Performance feedback is essential for fostering a positive work environment and facilitating employee growth and development. The results of the survey reveal that, the majority of the respondents either disagreed or strongly disagreed that the feedback received from their managers was not always constructive, therefore seen as unfair.

Constructive feedback serves as one of the retention strategies in any organization. According to Igbinoba and Ogueyungbo (2022) <sup>[5]</sup>, retention strategies involve a dialogue between employees and management that is focused on the psychological, practical, cultural and political dimensions. This study however, found that managers and their subordinates did not meet regularly to discuss performance which hindered tangible platform to dialogue and address issues appropriately. This calls for urgent action in order to enhance the effectiveness of performance feedback and attrition issues. Required solutions include managerial involvement and ensuring all employees have the opportunity to voice their needs effectively during feedback.

### Conclusions and Recommendations

The International Non-Profit Organisations in the Agriculture Sector operating in Lusaka, Zambia have the potential to be better than where they currently are if they embraced the utilization of the performance appraisal process in an effective way. This process also has the potential to promote growth and high productivity for both employees and organisations. The information drawn from the respondents from the eleven INGO in the Agriculture Sector in Lusaka, Zambia that participated in the study reveal that a number of challenges were experienced with the performance appraisal process in the INGO in the Agriculture Sector in Lusaka, Zambia. These include, lack of commitment to the process, lack of employee engagement for feedback sessions, lack of fairness and objectivity as some managers practiced favoritism which discouraged high flier performers as well as lack of favorable incentives to promote retention which include rewards and recognitions.

This study also reveals that, having an effective performance appraisal in the INGO in the Agriculture Sector in Lusaka, Zambia, has the potential of promoting high productivity in the organisation which include; enhancing the organisations critical success, attract donor funding, promote employee retention, boost staff morale and promote a good organisational culture at large. In addition, an effective process also allows employees to be more creative and innovative as their ideas and expectations highly contribute towards attaining the organisation's strategic objectives.

Based on the study results, it is evidenced that when good performance is recognised and rewarded, it yields even better results and ultimately promote high productivity. Linking employee incentives such as salary increments, bonuses, promotions etc to the performance appraisal process leads to greater interest and motivating in achieving the set targets/objective by employees and greater effort will be applied.

The study demonstrated that the influence of feedback on the performance of employees, creates a level of transparency in the process which eliminates perceptions of favouritism in an organisation. Constructive feedback that is provided frequently also helps build a motivated and better engaged workforce. In addition, the study revealed that, employees that expressed dissatisfaction in the performance appraisal process in their organisations highlighted that there were a lot of inconsistencies in the appraisal process that needed to be dealt with. These include; supervisors not having one-on-one feedback meetings with their employees

during the year, supervisors not giving employees an opportunity to discuss final rating scores also had a negative impact, lack of policy adherence, more specifically lack of adherence to the salary scale structure thereby creating salary discrepancies resulting in wide gaps between salaries, lack of retention strategies and policies in place, among others. These, have however, been highlighted as the most demotivating factors to employees and have contributed to high staff turnover.

### Recommendations

The study recommends optimising the performance management system to improve employee performance as follows:

1. Performance management systems in the International non-profit organisation in the agriculture sector in Lusaka, Zambia should be aligned to the organisational objectives in order to achieve the critical successes of an organisation.
2. Management of the International non-profit organisation in the agriculture sector in Lusaka, Zambia should develop strategies which influence employee's interest to participate in the performance appraisals process to enhance employee's performance which largely contributes to the organisation's performance in order to retain and attract donor funding.
3. Management of the INGOs in the agriculture sector must practice policy adherence when awarding and recognising employees (i.e. salary increments, promotions, training recommendations) in order to maintain objective and transparent and not to randomly award without proper justification.
4. Management to create deliberate standardized platforms to allow dialogue between employees and managers for feedback sessions. For example, having one-on-one quarterly feedback meetings as this helps identify and correct any performance challenges an employee.
5. Management should endeavour to engage their employees on a regular basis during the year before end of the performance management cycle in order to provide constructive feedback for the benefit of both the employee and the organisation.
6. Employee recognition to be practiced frequently as this promote a motivated workforce, creative and innovative workforce, employee retention, good organisational culture, as employees feel appreciated for their contributions to the organisation.
7. Management must ensure the performance appraisal system incentives are tied to performance in order to promote high productivity amongst employees. For example, two of the INGO organisations in this study indicated that the salary increments were awarded on the same percentage across the board. This was not motivating for high flier employees because at the end of the year even poor performers got equal rewards. Therefore, the compensation system should be varied according to employee output.
8. Leadership training for management staff is encouraged in order to orient all supervisors on people's management skills. The study revealed that some leaders lacked leadership skills as some manages were reported to use inappropriate communication during the performance appraisal process instead of constructive

criticism resulting in toxic work culture and ultimately high staff turn-over.

9. Human resources personnel of the INGO sector to standardize performance management refresher courses for all employees on an annual basis in order to ensure everyone was up to speed and doing the right thing during the process.

### Areas for Future Study

This study was limited to International non-profit organisation in the agriculture sector in Lusaka, Zambia. In order to generalise the findings, it is suggested that a similar study be conducted in other sectors such as local non-profit organisations and private companies in Zambia. Secondly, the number of the independent variables (demographic characteristics) needs to be increased as this study only focused on three components of performance management system that influence performance of employees. Future researchers should also focus on other factors influencing the performance of employees in non-profit organisations such as institutional factors, motivational factors and legal factors that are attached to this process.

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