Evaluation of the Perceptions of Employees on the Effectiveness of Performance Improvement Plans by Commercial Banks in Busia, Kenya

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Abstract: **This study intended to evaluate the perception of employees on the administration of the PIP in commercial banks located in Busia Town in Busia County. The following set of research questions guided the study: What is the employees' perception on the effectiveness of the implementation of the PIP; What are the employees' perceptions of the various aspects of the Performance improvement plans; To what extent do selected factors affect the employees' performance that can lead to PIP administration; To what extent has the implementation of PIP helped employees in improving selected performance indicators; To what extent has the PIP addressed selected performance indicators; What are the alternative methods or measures to Performance improvement plans that can be adopted by the commercial banks and What are the differences in the perceptions of the employees on the effectiveness of the PIP when compared by Gender, Levels of education, type of training and prior knowledge of Performance improvement plans in Commercial banks in Busia County? This study adopted the evaluation research design and targeted all the permanent employees deployed to the various bank branches within Busia Town. The study adopted the use of questionnaires in gathering the required data and used both the descriptive and inferential research methods in analyzing the data. The study has established that the respondents are positive about various elements of the PIP, the PIP have managed to help the employees improve in their areas of operations and the organizations should consider alternative performance management methods.**

Keyword: **Performance Improvement plan; performance management;**

I. INTRODUCTION

In the current extremely competitive environment, organizations have to ensure crest performance of their employees so that they remain comparatively competitive in relation to other organizations. Worldwide, organizations strive to make huge profits because their image is measured on how much profit they make compared to their competitors. In Kenya, it is the same story; organizations are working towards high profits for their image and banks have not been left behind.

Performance improvement plan (PIP) is a major tool that an organization can use in the improvement of its employees` performance. According to Chiang and Birtch (2010), performance improvement plans are used for employees experiencing difficulty in achieving the majority of their overall objectives. It may be necessary if a supervisor determines that an employee's year-to-date performance falls below a reasonable and acceptable level. The plan is designed to provide leadership as coaching and support tool, as well as giving the employee clear direction on improving unsatisfactory performance.

For the desire of optimal performance from employees, organizations are forced to adopt the performance contract management system. In the performance contract management system, the employer and employee agree on what to be achieved in a given period mostly in a year. At the end of the set period/ year, appraisals are done. Employees who achieve their targets are rewarded. Those employees who fall short of their targets are placed on Performance Improvement Plan (PIP) with the intention of helping them to improve on their performance.

After employees have been recruited all efforts should be made to retain the employees in the long term (Luis et al., 2009). PIP is one way of ensuring that the employees are retained by ideally identifying performance problems of employees as they work and looking for ways to improving the weak or poor performances of the employees. The Performance Improvement Plan plays an integral role in correcting performance discrepancies. It is a tool to monitor and measure the deficient work products, processes and/or behaviors of a particular employee in an effort to improve performance or modify behavior. When used properly PIP should have positive effects on the employees' performance, on the other hand if the PIP is not used well it can lead to ill-will and torment. (Torrington, Hall & Taylor, 2008). Performance management origin can be traced from France in the late 1960s. Thereafter, the concept was adopted in India, Pakistan and Korea. In Africa, performance management has been adopted in Nigeria, Ghana, Gambia, and now Kenya, (Mbua, 2013). Performance management has been adopted and practiced in private organizations in Kenya for a longer time than in the public sector.

The purpose of performance improvement plan is to aid supervisors and direct reports in addressing and resolving performance issues. Organizations are mainly concerned about the improvement of employee performance which translates to organization improvement. This study aimed at establishing the perceptions of employees on the effectiveness of the performance improvement plans as undertaken by the commercial banks in Kenya and pursued the following research objectives:

1. To determine employees' perception on the effectiveness of the implementation of the PIP by commercial banks in Busia County?
2. To what extent does the perceptions of the employees differ on the effectiveness of the PIP when compared by Gender, Levels of education, type of training and prior knowledge of Performance improvement plans in Commercial banks in Busia County.

II. THEORETICAL REVIEW

Redman and Wilkinson, (2009) asserts that the practice of performance appraisal has undergone major changes in the past two decades and that performance appraisal developments have been driven by large scale organizational change rather than theoretical advances in the study of performance appraisal. The contributions to the development include the advent of downsizing, decentralization and delayering, work force flexibility, focus on teamwork, culture change programs and new managerial initiatives including programs like total quality management (TQM), business process re-engineering (BPR), emphasis on competency, knowledge management and investment in people. The new developments experienced in the performance appraisal through experimentation and innovation, rather than leading to the diminished use of the appraisal has led to its increased use in helping organizations achieve their objectives. Performance appraisal has become more widespread and organizations that never used the system before have now adopted the system (Redman & Wilkinson, 2009).

Grint (1993), traces formal appraisal back to a third century Chinese practice. In the UK it was first used in a Robert Owens's textile mills. In this Mill, a multi-colored block of wood was hung over the employees` workspace with the front color indicating the foreman`s assessment of the previous day`s conduct. The colors ranged from white for good through to black for bad. Owen also recorded a yearly assessment of employees in a book of character (Redman, et al 2009).

The management by objective (MBO) theory put forward by Peter Drucker in 1954, has had a major influence on how organizations apply the employee appraisals by setting objectives, stipulating the expected performance standards and actions to be taken on non-achievement of the set expectations. Douglas McGregor in his book of 1962 supports Drucker`s theory and suggests that appraisal on performance should be based on Drucker`s concept of MBO. The theory of MBO remains one of the main intellectual inspirations for the use of performance as the appraisal criterion. The theory advocates for employees being involved in setting their own objectives, agreeing on the expected performance standards and setting out measures to be undertaken in case of non-achievement of the set standards. As employees are involved, they become more responsible in striving to achieve the set targets and where they do not achieve, they are more receptive to the outcome of the non-achievement of the set performance objectives. The outcome of non-achievement of set objectives is the employee to be put on P.I.P so that the organization can help the employee know what caused the shortcoming and what to do in order to improve. From the theory of MBO it is indicated that when employees get involved in setting of objectives, measurement standards and action to take in case of falling short of the set objectives, they are more receptive to the outcome. Consequently, the study aimed at establishing how the employees perceive the implementation of the P.I.P in commercial banks in Busia County.

Redman et al., (2009) assert that performance appraisal has become a staple element of HRM practice with human resource managers being keener than their line manager colleagues on performance appraisal.

The theory of performance develops and relates six foundational concepts to form a framework that can be used to explain performance as well as performance improvement plans. To perform is to produce valued results. A performer can be an individual or a group of people engaging in a collaborative effort. Current level of performance of an individual or team depends holistically on 6 components, namely, the environment, level of knowledge, levels of skills, level of identity, personal factors, and fixed factors (Noe et al., 2011). Three factors below are proposed for effective performance improvement plans.

1. Performer's Mindset – Performer's mindset should be engaged in an optimal emotional state of positive thinking.
2. Immersion – Immersing the performer in an enriching environment can elevate performance and stimulate personal as well as professional development. Elements include social interactions, disciplinary knowledge, active learning, emotions (both positive and negative), and spiritual alignment.
3. Reflective Practice – Reflective practice involves actions that help people pay attention to and learn from experiences. Examples include observing the present level of performance, noting accomplishments, analyzing strengths and areas for improvements, analyzing and developing identity, and improving levels of knowledge.

The Concept of Performance

Performance management refers to a set of interrelated practices which are designed to ensure that an individual's overall capabilities and potential are appraised so that relevant goals can be set for work and development (Bratton & Gold, 2007). Asmub (2008), asserts that due to a growing organizational focus on the importance of performance management for employees` performance and development, there has been an increase in the number of studies dealing with issues related to performance management interview in recent years. Looking at the literature on this subject it is evident that performance management focuses on three main areas. The first area that has been on focus is the relationship between performance management interviews and the added organizational value. The second area has focused on the performance management interviews and the employee satisfaction. The third area has focused on the best practice of performance management interviews. The studies have mainly relied on personal experiences, interviews with team leaders and employees and the evaluation of performance management forms. The studies have established guidelines for managers on how to successfully conduct performance management interviews and thus focusing on one participant. The guidelines have not regarded the interview as an interactive session between the team leader and the employees. This means that as much as the guidelines may be workable in theory, they may be difficult to use in real life (Zhang & Lovegrove, 2009)

Pearce and Porter, (1986) argues that strategic tools are useful in the evaluation of employee performance leading to improved employee productivity and the maintenance of quality. One of the important strategic management tools in assessing employee efficiency is the performance appraisal. Pearce and Porter, (1986) proceeds to define performance appraisal as the structured formal interaction on performance evaluation between a supervisor and employee done on either annual or bi-annual basis. Previous studies have shown that performance appraisals administered in the correct manner following proper protocol and designed appropriately can enhance employee and organizational effectiveness. The studies further states that an effective Performance appraisal should on top of setting salaries and making promotion decisions, aid in the development of a performance improvement plan (Manoharan, Muralidharan & Deshmukh, 2011).

In the literature review, the first step is to discuss how to set employee goals. This is because for there to be a performance improvement plan, there must be goals which are not achieved. The review will look at the five principles of goal setting which are clarity, challenge, commitment, task complexity and feedback (McAfee, et al., 1982; Locke, & Latham, 2002). After goals have been set, the stage of delivering and monitoring performance follows. Appraisal can be done informally or formally which is done at specified intervals or periods. In formal appraisal, the appraisal interview are scheduled, carried out and the employee has a role to play in his or her performance appraisal. The principles and techniques of assessment for different job specifications will be discussed. At the end of the interview, the manager must conclude the meeting which should leave the employee energized. The review also looks at the appraiser discomfort and the employee anxiety. Factors that affect performance appraisals have been discussed. After the performance appraisal comes the compensation /reward or the performance improvement plan depending on how well the employee achieved the set targets. Lastly the review looks at the effects of the performance improvement plan as already documented. This review is supposed to find out what scholars have said about the performance improvement plans. Materials to be used in the review will be books, journals, reports, newspapers, research abstracts and the internet.

The Concept of Performance Improvement Plan

As defined earlier, PIP is a set of goals given to an employee as a result of the employee's poor performance. The PIP gives specific details of the areas in which the employee must improve and stipulates the period of time during which that improvement should occur. From the definition it means that PIP is as a result of failing to achieve the set objectives. Therefore, for PIP to take place there must be goals/ targets or objectives that have not been met (Torrington et al., 2008). PIP is done after the team leader has held discussions with the employee and after communicating the business expectations to the employee (Manoharan et al., 2011). At minimal the PIP should clearly show the work shortfall and what should be done by the employee to improve, specify the timings of the PIP review and the frequency indicate the support to be offered and make clear further actions to be taken if the PIP fails (Landan, 2014).

Performance Improvement Plan and Setting Employee Goals

It is truly remarkable that the idea of setting goals for oneself or one`s employees is regarded as new. But everybody from time to time, decides that there is something they want, and mostly will follow the decisions with some sort of plan for getting what they want. It is really simple that there is nothing to argue about but just to do it. It is unimaginable that someone can work towards a goal without knowing it. Therefore, employees must have some goal in mind to be able to determine their progress. Managers must also have the intended goals in mind to be able to direct the employees towards the right direction (Arya & Gupta,2003). Therefore, if a person/employee does not have a goal then he really does not know where he or she is going. In the journal, “a handbook for measuring employee performance 2001”, the message of goal setting clearly comes out that in goal setting the manager directs and gives information while the employee does the actual setting of the goals. In real world experience, targets are cascaded from the top to the bottom and the employees do not have so much say about the targets allocated to him or her. The only assumption is that the goals or targets are set appropriately that is neither too difficult nor easy to achieve. The targets should be specific so that both the employee and manager will know quite clearly whether or not the goal has been achieved.

The manager who wishes to make use of the goal-setting as an employee productivity improvement device must also be a trainer of employees in the goal –setting process (Bratton & Gold, 2007). In the current work environments, managers’ act as trainers, coaches and mentors thus agreeing with the above statement. McAfee and Poffenberger (1982) use the word employee productivity improvement device to mean the modern or contemporary performance improvement plan (PIP). Locke's goal setting theory developed in the late 1960s states that employees are motivated to perform better when goals are specific than vague. Additionally, hard goals are more motivating than easy goals, because it is much more of an accomplishment to achieve something that you have to work for. From one of his research McAfee said `` the results are unequivocal: the harder the goal the higher the level of performance``. In 1968 article "Toward a Theory of Task Motivation and Incentives," Dr. Edward Locke stated that employees were motivated by clear goals and appropriate feedback. Locke went on to say that working toward a goal provided a major source of motivation to actually reach the goal – which, in turn, improved performance. Locke's theory on goal setting is still very valid today after almost 45 years of existence and it has had an impact in the setting of goals in many organizations (McAfee, et al, 1982). From this it is noticed that there exists a relationship between how difficult and specific a goal is and people's performance of a task. For example, if a manager tells an employee to try hard or to do his or her best it is less effective than telling an employee to try and get more than 95% correct (this is more specific)". In 1975, a few years after Locke published his article, another researcher, Dr Gary Latham, studied the effect of goal setting in the workplace. His results supported exactly what Locke had found, and the inseparable link between goal setting and workplace performance was formed. Additionally, work place performance has been established as a significant key for organizations to gain competitive advantage and superior productivity (Azril, 2010).

In 1990, Locke and Latham published their seminal work, "A Theory of Goal Setting and Task Performance." In this book, they reinforced the need to set specific and difficult goals. And they outlined five principles of successful goal setting.

The whole point of goal setting is to facilitate success. As managers set the targets, they must make sure that the conditions surrounding the goals do not frustrate or inhibit employees from accomplishing their objectives. By understanding goal setting theory, one can effectively apply the principles of goal setting to his or her team. Locke and Latham's research of 1990, confirms the usefulness of SMART goal setting, and the theory continues to influence the way performance is measured today. For a manager to be successful in goal setting, the goals should be clear and challenging, should commit self to achieving them, continuously provide feedback on goal performance and take into consideration the complexity of the task. Performance management, performance review and performance appraisal, have been used interchangeably when describing a situation where managers meet with employees to discuss their progress at work. (Torrington, et al, 2008).

Delivering and Monitoring Performance

Once the goals or the targets have been agreed upon, the employees start working towards achieving the performance agreed. The employee and the manager must sign the performance development plan (PDP) as evidence of the agreement. The PDP is a tool that is used to support effective employee performance management. The PDP process encompasses both performance planning and assessment. The planning stage entails the formulation and acceptance of performance expectations, training and development needs as well as organizational support. At the assessment stage, interim reviews which are optional and performance feedback is given with the manager retaining the enabling role of resource mobilization and planning for employee training and ensuring that he remains accessible to the employees (Chevalier, 2007). The performance measures and indicators are useful in assessing the achievement levels for both the performance objectives and standards (Selden & Sowa , 2011). If an employee does not achieve the expected result then the performance improvement plan is initiated and implemented in order to assist the employee improve and come out of the underperformance status. During the delivering stage, the manager may have to deal with a number of performance barriers which may have not been planned for while also being required to review performance expectations, (Torrington, et al, 2008). According to Martin,Blanke, Hanouz, Geiger, and Mia (2009), performance review is required given that organizational performance is affected by various dynamic macro-economic factors such as inflation and price levels, savings and investment. Others include economic output, changes in employment level, national income and the Gross Domestic Product (GDP) growth rate. During favorable periods the economy is good and the banks perform well but in unfavorable economic conditions the banks` performance goes down. The manager must also be accessible as employees may require further information before proceeding. The manager should be encouraged to share with the employee all information likely to affect their performance (Torrington, et al, 2008). While sharing the information, the manager should take care of what he or she says as any negative information will be a reason for the employee not to perform as expected and will put the blame on the manager.

As targets are set considering the budget or corporate objective, there is need to consider how the objectives will be met. That is look at the what (quantitative) and the how (qualitative). Sundarsan (2009) posits that the measurement yardstick should be very clear for example in case of sales, will sales volume be measured in quantity or revenue? During this period of delivering on the agreed targets, the manager should do continuous coaching. Through effective discussion and constructive feedback, the manager is expected to offer guidance to the employee. Additionally, in order to develop the required skills and competencies needed by the employees, the manager can emphasize on practical job experiences. Further, the managers can match employees with performance role models, educate them on how to be high achievers and also facilitate operations of the organization (Torrington, et al, 2008). This is true as employees have a tendency of being so used to their managers that they might not take what they say seriously. Managers should invite other managers and other authorities to periodically talk to employees for motivation.

The employees are encouraged to undertake individual performance reviews in order to plan and prioritize their operations and alert the manager in good time in case they are likely to miss their target. The manager should be holding joint meetings with the employee to share information. There is a need to continuously update the employee's progress and for the manager also to continuously update the employee on any organizational changes that are likely to have some impact on the employee's performance and attainment of set goals/targets (Torrington et al., 2008). It is true that for the employee to be able to achieve his targets, he should be sharing with his manager his progress so that the manager can be able to help him whenever he has a challenge. On the part of the manager, he needs to be communicating efficiently, effectively and on timely basis any organizational changes as the organization operates in a dynamic environment subject to so many changes. These reviews are informal and do not follow any preset timing or methodology. These reviews are useful in assessing, monitoring and controlling the progress of the employees by the managers. During this period the manager can use motivational feedback to encourage the employee to keep up with the good work and developmental feedback to correct the employee. (Torringtonet al., 2008).

The manager is expected to maintain a performance log for his employees so as to be able to provide constant feedback. On the other hand, in order to enhance the objectivity of the performance review and provide a backup trail for performance assessment rating, the employees should maintain evidence of performance. It is during this cycle that employees collect the 360 – degree feedback to be used developmentally and as part of evidence. The employee and the manager need to keep records and evidences so that it is easy during the formal performance reviews. As per experience people tend to forget therefore record keeping will help to get accurate information, measures and rewards, (Torrington et al., 2008).

Performance Management

Arya and Gupta, (2003) asserts that performance management comprises all the organizational processes that are used in the determination of the levels performance by the employees, teams, and the organization and that this performance is contributed to by every human resource function that include human resource planning, employee recruitment and selection, training and development, career planning and development, and compensation (Arya & Gupta, 2003).

Factors that affect performance appraisal

The factors that are considered to affect the performance appraisal of an organization include:

i. Culture – to be operationally effective PIP should be aligned with the culture of employees. Prior research confirms that different people react differently to open feedback. It is considered that participative, frank, and open discussions about performance possess both a motivational and cognitive advantages (Chiang & Birtch, 2010). In Kenya employees come from different backgrounds and diverse cultures, therefore the manager has to be very knowledgeable of all the cultures of his or her employees. An organization's corporate culture can hinder or assist the appraisal process, for instance, a non-trusting culture creates a negative environment that does not encourage high performance by either individuals or teams (Mondy, et al 2005). In a non-trusting culture, the credibility of the appraisal system suffers while in a trusting culture employee have trust in the system.

ii. Fairness – the perception of the employees on fairness of the performance appraisal significantly influence their thinking, feeling and actions while performing their duties (Shrivastava & Purang, 2011).

iii. Openness – In order to ensure openness, the appraisal procedure and protocol and the communication of the related information should be easily available and understandable to the employees (Shrivastava & Purang, 2011). When the system is open employees have the trust in the appraisal and there are no doubts about the reviews.

iv. Manager's knowledge and skill – The managers must be trained on how to use the appraisal system. (Mondy & Noe, 2005). When the managers are well trained, the employee will have confidence in them on using the appraisal system unlike the managers who are not trained. (Torrington, et al 2008)

Performance Improvement Plan (PIP)

The Performance Improvement Plan (PIP) is designed to facilitate constructive discussion between a staff member and his or her supervisor and to clarify the work performance to be improved, (Torrington, et al , 2008). It is implemented at the discretion of the supervisor, when it becomes necessary to help a staff member improve his or her performance. The supervisor, with input from the affected employee, develops an improvement plan; the purpose of the activities outlined is to help the employee to attain the desired level of performance, (Nath, 2011).

The manager and the employee must collaborate to identify clearly the desired behavior. It is easy for the line manager to tell the employee what he should do but in performance management this should not be the case: the two should establish goals that are specific, measurable, attainable, and realistic and time bound (SMART) as well as strategies for overcoming barriers to reach those goals. When using the PIP the manager and the employee should review the following; candidly state the performance to be improved, the level of work performance expected and that it must be performed on a consistent basis, specify the support the manager will provide to assist the employee and how feedback will be given, (Torrington et al, 2008).

During the consultation process the employee should know that if he does not comply with the stipulated plan, then he or she will be subjected to the next step in the organization's disciplinary procedure, (Solomons, 2006). For example, the employee might be moved to another department, demoted or terminated as a result of not improving in performance. Once the program is in place the supervisor should ensure that he adheres to the agreed plan and should monitor the employee's progress constantly and consistently, (Solomons, 2006). During the monitoring, the manager should openly give feedback to the employee on the progress; assure the employee of his availability in case of need, advice the employee which tasks should be prioritized and schedule for the next meeting, (Torrington et al, 2008).

Performance can be improved through training, coaching and giving feedback, mentoring and performance management reviews (Luis, Balkin & Cardy, 2009). As much as PIP is a good tool in Measuring and managing performance there are misunderstandings associated with it where employees involved think that it is an easy way that an organization adopts to be able to get rid of them legally through terminations. While the managers and the organization are interested in improving the employees' performance and termination is the last resort if the employee completely does not show any sign of improvement. Thus, there exists a difference of opinion between the employees and the managers/supervisors on the purpose of the PIP. However, managers must measure performance and provide meaningful feedback to employees if employees are to improve. To do this effectively there should be clear methods of appraisal, spotting performance problems, providing constructive feedback and action to be taken to improve performance. (Luis et al, 2009; Certo & Certo, 2009). The orgasnization should ensure that it follows the right procedure if termination has to be effected to avoid legal suits and penalties. For example an employee who had been employed on 15/03/2011 and terminated in july 2011 by her employer filed a case in 2012 at the Industrial court in Kenya seeking compensation for unfair termination and failure to pay her terminal benefits. The firm claimed that her performance was poor and that reviews had been conducted the fisrt month she was employed and on 10/05/2011 and the poor performance was communicataed to her. The employee claimed that no performance reviews had been conducted on her work.

On ruling, the Judge said that Section 43(1) of the employments Act, provides that in any claim arising out of termination of contract the employer is required to prove reasons for the termination failing which its deemed to have been unfair.Section 45(2)(c) provides that termination is unfair if the employer fails to prove it was done in accordance with fair procedures. The industrial court further stated that once poor performance is noticed, proper procedures should be followed and the employee should be given an opportunity to improve over a reasonable length of time.The judge agreed with the opinion and added that performance appraisal of an employee must actively involve the particicpation of the employee. The Judge added that a credible performance aappraisal process must evidently be participatory and a comment made by a supervisor without particicIpation of an employee cannot pass as performance appraisal. Section 42(1) of the employment Act requires that before terminating employment on the ground of misconduct,poor performance or physical incapacity, the employer shall explain those reasons to the employee in a language he or she understands and the employee is entitled to have a colleague present or union official. The employer must also hear and consider a representation which the employee may make. There was no evidence that the firm had followed the right procedure and the Judge ruled that the termination of the employee for poor performance and misconduct was unfair under the law (Kenyalaw Cause 621, 2012

PIP Goals

Georgia Institute of Technology, 2008 states that PIP aims at fulfilling eight goals as below: -

i. Improve and sustain the desired performance results of each staff member
ii. Address performance discrepancies identified through the performance management process
iii. Identify expected performance results that do not meet performance expectations
iv. Clearly state the required performance improvements
v. Initiate action plans that an employee might take in correcting undesired performance.
vi. Provide a time frame in which performance should improve
vii. State the consequences that will occur if required improvement is not achieved
viii. Establish regular meetings for the supervisor and staff member and facilitate cooperation and ongoing communication

In the Performance Appraisal Improvement Plan, 2007 and Performance Improvement Plan guidelines, 2008 it is agreed that PIP should be implemented to aid in correcting performance challenges associated with the skills and expertise of employees and not used in correcting inappropriate behavioral conduct or a violation of work rules. The two journals agree that to address and correct behavioral challenges, the team leaders should follow the laid down disciplinary procedures. For Georgia Institute of Technology, they follow the Georgia Techs' Corrective Action and Disciplinary Procedures policy 5.13. For G:\COOP\HRD\ allegations of misbehavior are investigated by UWEX Office of Workforce Diversity and Equity in collaboration with the appropriate Cooperative Extension administrative staff.

When used well, PIP leads to improved and higher performance (Chiang & Birtch 2010; Luis et al, 2009). On the other hand, if PIP is not done well it leads to deflated ego, making prospects for improved performance bleak (Mondy & Noe, 2005). This is relevant to the study as the purpose of PIP is to help the employee improve on his or her performance.

PIP helps the manager to identify training and developmental needs of the affected employee and schedule for the training that helps the employee improve on performance. As the manager and employee discuss on what the employee needs to do to improve on performance the developmental needs will be identified and the manager should ensure that he supports the employee to cover the existing gaps. As the employee gets the training and develops his or her challenging areas, the employee's job satisfaction will increase leading to increased morale and motivation (Mondy & Noe, 2005).

PIP creates anxiety in employees and managers which has a negative effect in that it may causes illnesses to the staff leading to increased medical bills and absenteeism (Mondy & Noe, 2005). Because PIP needs time in planning and administering it leads to the manager feeling tired and exhausted. As a result of this the manager wants to hurry up with the exercise and feels relieved once the exercise is over (Mondy& Noe, 2005).

Where the manager and the employee do not agree, PIP leads to confrontational behaviors leading to conflict between the employee and the manager. This leads to dysfunctional behaviors. This is not good as it leads to decreased team work and spirit (Mondy & Noe,2005). The researcher intends to find out the perceptions of employees on the administration of the PIP in commercial banks in Busia County.

III. SUMMARY OF FINDINGS

The study recorded a response rate of 77% and the following is the summary of the major findings. This study adopted the evaluation research design and used primary data with the commercial banks being used as the units of observations while employees of the commercial banks were used as the unit of analysis. The data was collected using self – constructed questionnaire. The data was analyzed through the statistical Package for Social Sciences (SPSS) and the specific statistical tools adopted include the mean, frequency, percentages, Pearson correlation analysis, Analysis of variance (ANOVA), and the Levene's test of equality of variance and T - Test on equality of means.

The study considered a number of demographic variables that are perceived to be critical in influencing the views of the respondents on the various aspects that are being investigated in this particular study. These variables include the gender of respondents, education levels of the respondents, years of service of the respondents, the types and levels of training as well as the designations of the respondents.

The study indicates that 40.2% of the respondents were male and 56.9% were females. Additionally, with regard to levels of education, 80.4% possess a graduate level of education, 7.8% have a diploma qualification and 4.9% have a high school qualification while 3.9% have a post graduate qualification. The study further indicates that 63.7% have had some form of internal in – service training after they joined their current employment. 18.6% of the respondents have had some training at the degree levels while 10.8% and 2.0% have had some form of Diploma training and Postgraduate training respectively. With regard to years of experience, the study indicates that 50.0% have been with their respective organizations for a period of between 1 – 5 years, 23.5% have served for between 6 – 9 years, 13.7% over 10 years and 12.7% have served for less than 1 year. Additionally, the study reveals that 97.1% of employees have some knowledge of what performance improvement plan is while 2.9% had no knowledge of the same.

The study reveals that that while 34.3% of the respondents have not been through a performance improvement plan or its equivalent, most of the respondents at 63.7% have been through the plan or its equivalent. Additionally, 60.8% of the employees who had been through a performance improvement plan had some performance appraisal or evaluation prior to being taken through the performance improvement plans while 9.8% were not given such appraisal.

Performance after performance improvement plan

The study indicates that that with regard to the respondents having improved after them being subjected to the performance improvement plan, 57.8% indicated that their performance appraisal after the performance improvement plan had shown improvement while 8.8% indicated that they did not show any improvement with 33.3% of the respondents failing to respond on the issue. This observation is consistent with the assertion by Nath (2011), that supervisor, with input from the affected employee, develops an improvement plan whose purpose is to undertake activities intended to help the employee to attain the desired level of performance. It also supports the argument by Chiang and Birtch (2010) and Luis et al, (2009), who argued that when used well, PIP leads to improved and higher performance by the employees.

Effects of PIP

The study reveals that in the view of the respondents, after going through the Performance Improvement Plan, the effects has been helpful in improving their performance as employees in the organization to a great extent with a mean of 3.708. This finding is also consistent with the findings by Nath, (2011) that the main intention of developing a performance improvement plan is to undertake activities intended to help the employee to attain the desired level of performance. It also supports the argument by Chiang and Birtch (2010) and Luis et al, (2009) who argued that when used well, PIP leads to improved and higher performance by the employees.

What are the employees' perceptions of the various aspects of the Performance improvement plans by Commercial banks?

The study reveals that with a mean of 2.833, the employees take PIP positively and that PIP motivates employees with a mean of 2.941. Additionally, the managers strive to learn and understand the cultural background of employees with a mean of 3.020 and goals set by the organization are achievable with a mean of 3.108. Further, the study has established that goals set are moderately complex with a mean of 3.157 and that the PIP process is open and done in an honest manner with a mean of 3.167.

The study has also established that employees are committed to their goals with a mean of 3.178 and those who achieve the targets are rewarded for the achievement with a mean of 3.180. With a mean of 3.188, performance appraisals lead to rewards and with a mean of 3.196 performance improvement meetings build the relationship between the employee and manager

Additionally, the study has indicated that employees prepare in advance for the appraisal meeting with a mean of 3.206 and that the performance measurement is clearly understood with a mean of 3.216. The study also reveals that employees always leave the appraisal meeting feeling positive with a mean of 3.228 and employees constantly share the challenges being faced towards the achievement of the targets with the manager with a mean of 3.235.

Further, the study reveals that employees who have been on a role for some time are less likely to undergo PIP with a mean of 3.277 and that PIP helps the manager identify training needs of employees with a mean of 3.324. Additionally, with a mean of 3.330 the setting of the goals involves employees and that managers are easily available for support to the employees with a mean of 3.388 and the goals set are clear with a mean of 3.392 and all employees know the bank's expectations with a mean of 3.396 and that anxiety caused by PIP can lead to employees' bad health with a mean of 3.402.

The study has also established that with a mean of 3.422, feedback and coaching is consistently given to employees by the manager during the period and that the bank provides a conducive environment for the employees to achieve their targets with a mean of 3.423 and the employee plans their work daily with a mean of 3.424 as well as that the PIP administration causes anxiety in employees with a mean of 3.490. The study has also established that there are employees who have gone through the PIP successfully and improved their performance with a mean of 3.5 and that the targets set can change during the period due to other external factors i.e. economic conditions with a mean of 3.5. Finally, the goals set are challenging enough with a mean of 3.55, and there are many challenges being faced by managers during the appraisal periods with a mean of 3.55 as well as that goals/targets are set at the beginning of the specified period with a mean of 3.696 and employees do sign performance development plans at the beginning of the year with a mean of 3.717.

These findings are in agreement with the arguments by a number of authors on various aspects. These include the arguments by Chiang and Birth, (2010) who argue that in order to be operationally effective, PIP should be aligned with the culture of employees. Further, the findings are in agreement with the findings by Torrington et al., (2008), that for PIP to take place there must be goals/ targets or objectives that have not been me as well as the assertion by Bratton and Gold (2007) that a manager who wishes to make use of the goal-setting as an employee productivity improvement device must also be a trainer of employees in the goal –setting process (Bratton & Gold, 2007).

To what extent has the implementation of PIP helped employees in improving selected performance indicators in the commercial banks?

The study reveals that the respondents consider that the performance improvement plans have to a great extent helped the employees to improve on their sales targets with a mean of 4.040; task completion rate with a mean of 4.071 as well as team relationship with a mean of 4.081 Further, the respondent also consider that the performance improvement plans have helped the employees improve to a great extent the customer relation/service with a mean of 4.172 as well as target achievement with a mean of 4.192. Finally, the performance improvement plans have to a great extent helped the employees to improve on the time management with a mean of 4.202 and punctuality with a mean of 4.287. These findings are consistent with the findings by Nath, (2011) that the main intention of developing a performance improvement plan is to undertake activities intended to help the employee to attain the desired level of performance. It also supports the argument by Chiang and Birtch (2010) and Luis et al, (2009) who argued that when used well, PIP leads to improved and higher performance by the employees.

Extent to which PIP or its equivalent addressees selected Performance Indicators

The study reveals that employees consider that the performance improvement plans and its equivalents in their respective organizations have addressed the element of sales targets to a great extent with a mean of 3.833. It has also addressed to a great extent the aspect of punctuality with a mean of 3.980. Additionally, the performance improvement plans and its equivalents in the organizations have addressed to a great extent the aspect of time management with a mean of 4.147 and team relationship with a mean of 4.176 as well as customer relation/service with a mean of 4.265. This finding is consistent with the findings by Nath, (2011) that the main intention of developing a performance improvement plan is to undertake activities intended to help the employee to attain the desired level of performance. It also supports the argument by Chiang and Birtch (2010) and Luis et al, (2009) who argued that when used well, PIP leads to improved and higher performance by the employees.

The Extent of differences in the perceptions of the employees on the effectiveness of the PIP when compared by Gender, Levels of education, type of training and prior knowledge of Performance improvement plans.

The study findings indicate that with a 2 – tailed significance level of 0.542, there is no significance difference in the views of the employees on the effectiveness of the PIP as implemented by the commercial banks on the basis of gender. The study further indicates that with a 2 – tailed significance level of 0.376, there is no significance difference in the views of the employees on the effectiveness of the PIP as implemented by the commercial banks on the basis of levels of education. Additionally, the study shows that with a 2 – tailed significance level of 0.974, there is no significance difference in the views of the employees on the effectiveness of the PIP as implemented by the commercial banks on the basis of type of training received by the employees after their current engagement with the organization and that with a 2 – tailed significance level of 0.276, there is no significance difference in the views of the employees on the effectiveness of the PIP as implemented by the commercial banks on the basis of employees having a prior knowledge of the PIP before its administration by the organization.

The study further indicates that with a 2 – tailed significance level of 0.309, there is no significance difference in the views of the employees on the effectiveness of the PIP as implemented by the commercial banks on the basis of pre – PIP performance appraisal of the employees before its administration by the organization.

The study further conducted a correlational analysis in order to establish if there is any relationship between selected demographic variables and the effectiveness of the PIP administration by the commercial banks. The study shows that on the basis of 2 – tailed correlation significance level of 0.05, there is no significant correlation between genders (.542); Years of service of employees (.020); the employees' levels of education (.197); the training achieved by the employees prior to their current designations (.884) and employees' prior knowledge before the administration of the PIP (.276). Thus, these selected demographic variables may not contribute a lot in influencing the views of the employees on the aspect of effectiveness of the PIP administration.

The study further conducted the Levenes' test for equality of variances as well as the t- test for equality of means among the responses based on the selected demographic variables and the findings shows that based on the Levene's test for equality of variances; with a significance level of .980, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of their gender.

The study further conducted the t – test for equality of means among the responses based on the selected demographic variables and established that based on the t – test for equality of means; with a significance level of .542 when equal variances are both assumed and not assumed, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of their gender. Further, the study findings indicate that based on the Levene's test for equality of variances; with a significance level of .028, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of prior knowledge of the PIP.

Further, the study reveals that based on the t – test for equality of means; with a significance level of .276 when equal variances assumed and .616 when equal variances not assumed, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of their prior knowledge of PIP and that with a significance level of .038, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of employees who have been through a PIP and those who have not been through the PIP.

Additionally, with a significance level of .129 when equal variances are assumed and .261 when equal variances are not assumed, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of employees who have been through a PIP and those who have not been through the PIP and with a significance level of .028, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of employees being taken through performance appraisal prior to PIP.

Finally, the study indicates that with a significance level of .309 when equal variances are assumed and .479 when equal variances are not assumed, there is no significant difference in the views of the employees on the effectiveness of the PIP on the basis of employees being taken through performance appraisal prior to PIP

IV. CONCLUSIONS

Based on the findings of the study, it is concluded that performance improvement plans as implemented by the commercial banks are effective and that the factors that affect the employees job performance that can lead them to be placed on the PIPs are the job design; job targets; pay; relationship; motivation; availability of recreational and other social amenities; appreciation by supervisors; availability of appropriate tools and equipment; recognition for good work done and conducive working environment.

The implementation of the performance improvement plans is effective in improving sales targets; task completion rate; team relationship; customer relation/service; target achievement; time management and punctuality. Further, the performance improvement plans or its equivalent in their organizations have effectively addressed task or work completion rates; job design; pay; customer care and management; job targets; interpersonal relationships; motivation; availability of appropriate tools and equipment; relationship with customer; recognition for good work done; training and development; availability of recreational and other social amenities; conducive working environment; relationship with supervisors; appreciation by supervisors; sales targets; punctuality; time management; team relationship and customer relation/service.

Finally, the study concludes that the selected demographic variables do not significantly influence the perceptions of the employees with regard to the extent of the effectiveness of the performance improvement plans.

V. RECOMMENDATIONS

The study has observed that there are a significant portion of employees who are not knowledgeable on the area of PIP; the organizations should embark on educating their employees on the same. Additionally, organizations should ensure that sufficient performance appraisals are done prior to subjecting employees to PIP since a significant portion of the respondents indicated not having been appraised prior to being placed on PIP.

Further, the study recommends that the various organizations should strive to incorporate all the aspects of PIP administration in their routine PIP schedules since they make significant contributions to the effectiveness of the PIP outcomes. In order to ensure that the administration of the PIPs by the organizations are effective, the organizations should enhance the adoption of the various selected factors that affects the employees' performance and in order to enhance the employees' performance, organizations should focus their PIP towards the identified selected performance indicators in addition to identifying more performance indicators that could be critical to enhancing employees' performance. Finally, the organizations can complement the PIPs with the identified alternative methods / measures in order to improve the overall performance by their employees.

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