

**MEDIATING ROLE OF PERFORMANCE APPRAISAL ON THE
RELATIONSHIP BETWEEN EMPLOYEE ENGAGEMENT STRATEGY
AND SUSTAINABLE FIRM PERFORMANCE OF
COMMERCIAL BANKS IN ELDORET**

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DECLARATION

Declaration by Candidate

This research thesis is my original work and has not been presented for any academic award in any institution, and shall not be reproduced in part or full, or any part without prior written permission from the author or University of Eldoret.

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DEDICATION

I dedicate this thesis to my parents Mr and Mrs Odhiambo and my siblings whose sacrifice, love, encouragement and support have gotten me this far.

ABSTRACT

Employee engagement strategy deals with what an organisation has to do to get the best from its employees. Employees are a very important part of any organisation and in today's competitive business; world organisations should always pursue an employee engagement strategy if they are interested in retaining their employees. The purpose of this study was to determine the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance. The objectives of the study were to determine the effect of goal setting, motivation, leadership, and training and performance appraisal on sustainable firm performance. This study was based on Social exchange theory, competitive theory, and Goal theory. The study adopted an explanatory survey design with the target population being 1150 employees. The sample size was obtained using slovin's formula and a sample size of 297 was used. A structured questionnaire was administered to the respondents and administered by the researcher herself. A pilot test was carried out in Nakuru and experts analyzed the results for validity. Cronbach's alpha was used to test reliability. Data was analyzed using descriptive and inferential statistics. This study could benefit organizations as they could get a clear view on the drivers of employee engagement strategy. Descriptive statistics includes frequencies, percentages and means while inferential statistics was correlation and multiple regressions. Analysed data were presented in form of tables. The linear regression results indicated that $R^2 = 0.624$, this showed that employee engagement strategies predict 62.4% of the variation in sustainable firm performance. The goal setting ($\beta_1=0.336$, $p<0.05$), motivation ($\beta_2=0.219$, $p<0.05$), leadership ($\beta_3=0.197$, $p<0.05$) and training ($\beta_4= 0.156$, $p<0.05$) had significant effect on sustainable firm performance. On indirect effect the model results [$\beta = 0.327$, $t(153) = 8.98$, $p = <.000$] indicated that performance appraisal controlling for employee engagement strategy predicted 69.3% of sustainable firm performance. The effect of employee engagement strategy on sustainable firm performance controlling for performance appraisal was significant, [$\beta = 0.634$, $t(153) = 13.696$, $p = <.000$]. Effect of employee engagement strategy on performance appraisal, was significant, $\beta = 0.301$, $t(154) = 3.03$, $p = <.000$. Performance appraisal partially mediated the relationship between employee engagement strategy and sustainable firm performance. The study recommended that employees should be given clear and specific goals, Employees should be able to satisfy both their organizational and personal goals in line with organizational goals. Leaders should demonstrate strong leadership skills, employees should be trained in order for them to do well in their job and finally performance appraisal should be optimised for effective decision making. The study suggests that a similar study should be done on other government parastatals.

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ABBREVIATIONS AND ACRONYMS

CIPD	Chartered Institute of Personnel Development
EES	Employee engagement strategy
EBIT	Earnings Before Interest and Taxes
MBO	Management by Objective
MSF	Multi source Feedback
ROE	Return on Equity
ROI	Return on investment
SPSS	Statistical Package for Social Sciences
SWOT	Strengths Weaknesses Opportunities and Threats
UOE	University of Eldoret

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CHAPTER ONE

INTRODUCTION

1.0 Overview to the Chapter

This chapter introduces the study. It presents the background of the study, statement of the problem, general objectives, specific objectives, research hypotheses, significance of the study and scope of the study.

1.1 Background of the Study

Sustainable firm performance can be defined as the gauge of prescribed pointers of effectiveness, efficiency, and ecological responsibility such as environment responsibility, profitability, productivity and waste reductions (Ahmed *et al.*, 2010). Financial statement prepared by the company can give the sustainability of firm's performance. A company that is performing well will reinforce management for disclosure report (Herly & Sisnuhadi, 2011). A company's sustainable performance can represent growth internally or externally. External expansion is the leading cause of corporate growth (Selvam *et al.*, 2014).

The employee's future growth prospects can emerge because of factors outside of managerial decision-making, and this can be demonstrated by the size of the business (Shan & McIver, 2011). More studies have shown that the growth of workforce is a major contributor to a policy of loyalty to employees that affects organizational quality (Abu & Som, 2013). Employees want to work for companies and positions that make them feel highly valued and are keen to improve and progress continuously. Employees and workers appreciate sustainable firm performance. According to a report by Towers

Watson (2014) organisations want to introduce sustainable firm performance but because of lack of employee engagement strategy organisations fail at delivering and some cannot affirm if the programs are efficiently working.

It is disengaged employees that bring about a high turnover according to Gallup (2013). It was expected of employees to be committed to the organisation before the 1980s in exchange of employment security. In the 1980s this started to change with organizations realizing that they needed to be more innovative and engaging in their employees' performance due to increased global competition to attain best results employers should create an overall employee engagement strategy (Welbourne, 2007).

Employee engagement strategy is an enabling corporate strategy that sets out how to create an environment where employees' individual objectives are aligned to corporate outcomes and that they have the support they need to perform at their best (Walsh & Loudon, 2015). Employee engagement strategy tends to increase the staff survey response rate engagement score and supports the development of a more engaged workforce who can deliver organisational plan (Heilman, 2011).

In Africa, employee engagement strategy has risen over the past years and stood at 67%. As at 2014, Hewitt (2015) investigated and found that this is attributed to the economic opportunities in the region. This has led to more engaged employees who have focused on motivation, goals, training and leadership. According to Abbott (2014), in Africa the proportion of disengaged employees is similar to that of engaged employees for all professional employees working in organizations and those who have attained higher levels of education.

According to Deloitte Consulting (2014) Kenya ranked employee engagement strategy as their number one priority for retention. According to their report, employee engagement strategy is ranked among the top five most urgent trend to address with the largest capability gap of 28%. The government of Kenya commits to develop its employees and encourage them to train and upgrade their knowledge, skills, attitudes and competencies for performance improvement, effective service delivery and sustainable firm performance. It encourages public servants to undertake firm performance management programs and requires all servants to be eligible for training for at least five days of training in a year and be promoted after 3 years (HRM policies, 2016). This is extended to all commercial banks in Kenya.

According to the Banking Amendment act of Kenya (2009) commercial banks are financial institutions that accept deposits from customers and give loans and provide other services such as mobile banking, internet banking, and Automated Teller Machine services among others to the public. According to the Central Bank of Kenya (2016) currently there are 43 licensed commercial banks and one mortgage finance company. Out of the 43 banking institutions in Kenya 40 were privately owned while the Kenya Government had majority ownership in 3 institutions. Of the 40 privately owned banks, 25 were locally owned while 15 were foreign-owned. The banks use performance appraisal for organizational development, employees' performance, salary increment or distribution of rewards, performance appraisal method used by banks are clearly defined goals, graphic rating scales and comparative banking method (CBK, 2016). One of the major objectives of performance appraisals is to provide employees with targeted feedback and guidance to help them learn grow and develop. Without a development component, performance appraisals would be relegated to the role of a

mirror, showing employees how their performance looks but providing no appraisal (Bersin, 2015). Performance appraisal is a critical mediator in employee engagement strategy and sustainable firm performance.

According to Armstrong (2009) performance appraisal could help fill the gap between employee engagement strategy and sustainable firm performance as it will differentiate satisfactory performers from unsatisfactory ones. The performance appraisal is thought to help the management to perform functions relating to goal setting, motivation, leadership and training. This study investigated the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

The objective of firms is to maximize wealth of the existing shareholders, the changing environment and increasing competition which affects the ability of firms to cope and adopt in the future (Vanitha & Selvam, 2012). Researchers have documented that sustainable firm performance and competition are negatively related. According to (Beiner *et al.*, 2011) in highly competitive markets, the space of profit may be compressed and only efficient firms can survive.

To create a sustainable firm performance, it is vitally important to know which factors most affect Kenyan employees (Heartfield, 2012). Due to stiff competition banks have taken proactive measures of laying off its staff, closing branches and reviewing its operating hours to increase operational efficiency, increase profitability and be sustainable (Kangethe, 2017). There is a major concern by employees in the Kenyan public sector that they remain stagnated in the same position for a long time or watch people with fake certificates climbing the career ladders while them, who have the qualifications, experience, skills and are competent remain stagnated (Wanyoro, 2017). Therefore there is a high risk for these employees who remain stagnated to be among

the first to be cut off during tough economic times without having an opportunity to grow.

According to Yarnall (2008) performance appraisal is the process used as a basis for dialogue about feedback, career aspirations and sustainable firm performance. However competent performance appraisal is an indispensable part of any firm as it helps with employee engagement strategy and sustainable firm growth (Selvarajan & Cloninger, 2016). Despite most organizations conducting performance appraisals, the role of this exercise contributing to sustainable firm performance is unclear. This study therefore investigated the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

1.2 Statement of the Problem

The objective of firms is to maximize wealth of the existing shareholders, the changing environment and increasing competition which affects the ability of firms to cope and adopt in the future (Vanitha & Selvam, 2012). Researchers have documented that sustainable firm performance and competition are negatively related. According to (Beiner *et al.*, 2011) in highly competitive markets, the space of profit may be compressed and only efficient firms can survive.

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1.3 General Objective

The general objective of this study was to establish the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

1.3.1 Specific Objectives

The specific objectives of this study were:

1. To determine the effect of goal setting on sustainable firm performance in commercial banks.
2. To establish the effect of motivation on sustainable firm performance in commercial banks.
3. To evaluate the effect of leadership on sustainable firm performance in commercial banks.

4. To determine the effect of training on sustainable firm performance in commercial banks.
5. To find out the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance in commercial banks.

1.4 Research Hypotheses

Ho1: There was no significant effect of goal setting on sustainable firm performance in commercial banks.

Ho2: There was no significant effect of motivation on sustainable firm performance in commercial banks.

Ho3: There was no significant effect of leadership on sustainable firm performance in commercial banks.

Ho4: There was no significant effect of training on sustainable firm performance in commercial banks.

Ho5: There was no significant mediating effect of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance in commercial banks.

1.5 Significance of the Study

This research will enable commercial bank managers to understand the possible problems in the organization that arise as a result of lack of employee engagement strategy and possibly find a long-term solution to these problems. The study can be of great assistance to policy makers and other organizations as it might enable them understand how employee engagement strategy can be well thought out and monitored and thus the findings can help them boost their level of employee engagement strategy.

Finally, the study might be of great benefit to scholars as it contributes to the body of knowledge. Scholars should be able to read, understand and contribute to this study and its application.

1.6 Scope of the Study

The study was conducted in 43 commercial banks in Eldoret. The researcher collected the data from the employees in commercial banks in the month of August 2018. The respondents were managers and employees. The target number of respondents were 1150 and the sample size was 297. The study sought to find out the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance in commercial banks.

1.7 Limitations of the study

One limitation was that the study being carried out in the banking industry respondents were not willing to share out information that was useful to the study. However it was explained to them that the study was only carried out for educational purpose and thus information collected was highly confidential.

1.8 Operational Definition of Terms

Employee engagement strategy: it refers to the ability to capture the heads, hearts and souls of your employees to instil an intrinsic desire and passion for organisational excellence (McEwen, 2011).

Goal setting: it refers to desired work or business outcomes, as well as the intention or plan of employees to act towards them within a specific time limit (Chartered Institute of Personnel Development, 2016).

Leadership: it is the process of influencing others to understand and agree about what needs to be done and how to do it (Yukl, 2010).

Motivation: it is an internal state that causes people to behave in a particular way to accomplish particular goals and purposes (Denhardt *et al.*, 2008)

Performance Appraisal: it is the key process through which work gets done. It is how organization communicates expectations and drive behaviours to achieve important goals (Pulakos, 2009).

Sustainable performance: it is a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments (Nelson, 2013).

Training: it is the preparation for an occupation or for specific skills (Torrington *et al.*, 2010).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of literature relevant to this study. It commences with the concept of sustainable firm performance and employee engagement strategy in an attempt to provide a strong basis on the concept of theoretical framework and conceptual framework.

2.1 The Concept of Sustainable Firm performance

Sustainable firm performance deals with the environmental standards, social integrity and economic well-being of a business (Bensman, 2014). According to Carter and Rogers (2008) sustainable firm performance is defined as the strategic, transparent integration and achievement of an organization's social, environmental, and economic goals in the systemic coordination of key inter organizational business processes for improving the long-term economic firm performance of the individual company and its supply chains.

There are different ways to measure sustainable firm performance. A common categorization has been to divide performance into financial and non-financial performance (Ittner, 2008). Traditional accounting measurements of financial performance have included sales growth, return on equity (ROE), earnings before interest and taxes (EBIT) and return on investment (ROI), among others (Eldenburg *et al.*, 2010).

According to (Hahn *et al.*, 2010) a single monetary indicator that is based on opportunity costs called sustainable added value can be used to measure the value created by a firm when it reduces or increases the use of different environmental and social resources. Sustainability is a duty that concerns firms' performance. Sustainability practices are associated with an increase in business and profit, and are related to lower expenditures. When firms handle their options in terms of where and how to do business, firm sustainability approaches may be decisive and be different in a positive sense (McElroy & Weng, 2016).

Firms that insist on sustainable added value businesses helps to account for sustainable performance (Ben *et al.*, 2011) found that, stakeholder value is positively related to sustainable firm performance in terms of financial performance, employee engagement, and corporate reputation. Sustainability is effective as an organizing criterion for internal business betterment strategies. Organizations must focus mainly towards the betterment of their society (Abu & Ameer, 2011).

In light of global developments, the perspectives on commercial banks operations have expanded from economic to environmental and social aspects in current trends. Commercial banks are not only aiming to improve operations in terms of flexibility, delivery, quality, and cost, but also attempting to be sustainable and competitive in terms of environmental and social issues (Caniëls *et al.*, 2013).

Firms that are operating in a competitive global environment, studying sustainability issues is necessary and should be prioritized in the decision-making processes by company management (Wu & Pagell, 2011). Commercial banks adopting innovation, in turn, can help firms to increase their market share and to reduce their costs, resulting in greater financial gains and sustainability as supported by (Hofer *et al.*, 2012). At the same time, some studies have suggested that there is a negative relationship between

employee engagement strategy and sustainable firm performance. The main argument here is that sustainable initiatives often increase operational costs and boost product prices, thus having a negative impact on firm performance and market share (Brammer & Millington, 2008).

Given the complexity of the current global operations environment, for instance firms in supply chains should integrate suppliers into their consideration of strategy development. Otherwise, focal companies may face a variety of risks, such as environmental, economic and social risks (Tang & Musa, 2011). According to (Ehrenfeld, 2008) sustainable firm performance should be attained and not managed.

2.2 Employee Engagement Strategy

As a concept that has developed over time, employee engagement strategy has been defined in numerous ways and every person seems to have their own definition (Macey & Schneider, 2008). A study by Juan (2010) indicated that the number of engaged employees falls below average and shows employee engagement strategy has not been effectively managed in many organizations and firms lose between 5% -15% of sales revenue as a result of lack of attention to employee engagement strategy.

Certain barriers may lead to low employee engagement at work which, in turn, brings about complications for employees and challenges for leaders. Moreover, a decline in employee engagement strategy can have an effect on productivity, customer service and performance this is according to (Gatenby *et al.*, 2009). Developing an employee engagement strategy will help avoid pitfalls in the organisation but the management team should be part of the strategy and be ready to invest financially (Mone *et al.*, 2011). Organizations that aspire to have engaged employees should spend considerable

resources to train and motivate employees to improve employee engagement strategy as an effective and sustained employee engagement strategy requires input and buy-in from employees, leadership and other stakeholders, but it is well worth the effort (Xu & Thomas, 2011).

An engaged workforce produces tangible outcomes such as reduced turnover or increased profitability. These are the ultimate goals of an employee engagement strategy and the metrics against which it is evaluated (Van & Oehler, 2013). An employee engagement strategy should include a plan to identify the drivers of employee engagement that is critical in determining employees' level of engagement. There are numerous ways to identify drivers of engagement, including sophisticated statistical modelling of engagement data, holding focus groups discussions to ask employees what is most important or including survey items to the engagement surveys (Christian *et al.*, 2011).

Additionally, employers should communicate to employees that engagement efforts are sincerely geared toward improving the quality of sustainable firm performance (Attridge, 2009). Organisational leaders should never assume they have all the answers as solutions may lie with the employees furthermore employee's participation in making decisions increases their motivation levels as is stated by (Jagoda *et al.*, 2013) that the best employee engagement strategy is from the bottom up. Therefore, this study will be guided by the following elements; goal setting, motivation leadership and training.

2.2.1 Goal Setting

Goal setting refers to desired work or business outcomes, as well as the intention or plan to act towards them within a specific time limit (Chartered Institute of Personnel

Development, 2016). Involving employee in setting personal and organisational goals is important for sustainable firm performance (Locke & Latham, 2013). Employee goal setting brings about growth this is according to (Moynihan, 2008) who found that setting specific goals allows continuous improvement in objectives and sustainable firm performance.

Moreover, Reed (2012) adds that employee goals are related with enhancement of sustainable firm performance because they organize effort, direct attention and encourages determination and plan development. However, Bazerman (2009) pointed out that in some circumstances there might be rise of conflict between the personal goals and firm's goals. Murphy (2013) suggested that measurable and complex goals can contribute to the motivational increase of the individuals and thus enhance the sustainability of firm performance levels.

Yet, complexity of goals does not always motivate employees as argued by (Sinnema & Robinson, 2012) high complexity of goals with a strict time bound might make the goals unattainable. In contrast Lunenburg (2011) opined that goals have an unavoidable influence on the behaviour of the employees and thus influence the long-term performance of the employees and the organization if it is time bound. The acceptance of the goal is the initial step towards the motivation of individuals.

Rug and Wallace (2012) commented that if the goal is attainable and realistic then the rate of acceptance is high and with the acceptance, the individual applies the required degree of determination and self-efficacy in order to complete the goal. But this only depends if the goal is viewed as important by the employee as Lawlor (2012) said the rate of commitment may be hampered if the individual does not find the goal to be important.

Goals should be set according to an individual's skills as not all employees have the same level of skills as pointed out by (Simões *et al.*, 2012) They suggested that difficulty level of the goal should depend upon the human skills present within the organization so that the level is achievable otherwise the goal difficulty with a defined timeline can motivate the employees and reduce their productivity. According to (Ordóñez *et al.*, 2009) individuals tend to act or respond dishonestly in case the goals become unattainable and the time is limited compared to their skills. Thus, it is essential for the organization to set the difficulty levels correctly in order to enhance the sustainability of firm performance.

In order to do so the organizations can conduct a strength weakness opportunities and threats (SWOT) analysis that will reveal the internal strengths weaknesses opportunities and threats of the company in order to help them generate the necessary goal standards. Bennett (2009) concluded that the level of sustainable firm performance sharply declines with the increase in the level of goal difficulty as it creates a convenient environment where the employees engage in corruption, dishonesty and hampers the quality of the firm performance.

Feedback is important in giving direction to employees. However, Krausert (2009) insisted that feedback should be constructive. The leaders and the goal makers should try to be specific while giving feedbacks. They should clearly mention the changes they require. In this regard, Greenberg (2011) commented that feedback could be process oriented or outcome oriented. Thus, by receiving the feedbacks the individuals will be aware that their work is being evaluated and this will minimize their chances of mistakes and act as a moral support for them.

2.2.2 Motivation

Definition of motivation according to Society for Human Resource Management (2010) is the psychological forces that determine the direction of a person's level of effort, as well as a person's persistence in the face of obstacles. The motivation element in employee engagement is intrinsic this is according to (Macey *et al.*, 2009) who commented that when the work itself is meaningful extrinsic motivation does not need to come into play by giving more pay or recognition but the employee yields positive feelings of engagement by the work itself.

Price (2009) pointed out, that all leaders should address themselves to issues of employee motivation because the life span of organizations depends very much on their ability to achieve personal and organizational goals as our behaviour as human beings is "goal-seeking". According to (Robbins *et al.*, 2011) future leaders ought to be selected on the basis of their ability to stimulate organizational motivation. Employees, especially young people, get discouraged when they feel there is little chance of personal growth in their career as young people seek upward movement in their early years of working. Mullins (2010) found that when employees get to know that each one of them has an equal chance of succeeding; it becomes easy for them to put in their best.

Michael and Crispen (2009) stated that having a motivated workforce provides the sustainable firm performance that the firm seeks and better employee performance helps the firm be more sustainable. If employees do not feel that they are fairly evaluated and motivated as well as getting what they deserve either a salary increase or a higher position, they will feel like they are unimportant to the business and hence this can lead them to leave the company which will led to negative impact on the firm's performance sustainability.

A view by (Mansoor, 2008) concluded that motivated and satisfied employees directly affect firm's performance, sustainability, profitability, and eventually its stability. Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations (Shadare *et al.*, 2009). Employer must bear in mind that things that what once worked as motivators such as steady job, good working conditions and reasonable pay might later on work as de motivators. Employers need to know that motivators are not on-going they will wear off and needs constant updating (Bagshawe, 2011).

2.2.3 Leadership

Yukl (2010) defines leadership as the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives. Robbins and Judge (2012) considered the core objective of a leader is to assist subordinates in achieving their objectives successfully, providing the necessary guidance and assistance to attain their goals in addition to those of the organization. Leadership style components that inspire and promote employee opportunities to exercise their abilities and consequently improve job-related resources have positive effects on employee engagement strategy (Breevaart *et al.*, 2014).

According to (Zhu *et al.*, 2009) leadership is linked to employee engagement strategy and the development of dynamic, visionary and creative employees. Leaders demonstrating high levels of engagement encourage employees to be innovative and increase sustainable firm performance levels as engagement impacts the cognitive and emotional aspects of the employees (Kular *et al.*, 2008). Kelly (2009) noted employee effectiveness is influenced by the leaders' charisma, confidence and influence as this is the essence of leadership it is about influencing the behaviour of others.

Additionally, (Golde *et al.*, 2010) stated that leadership demands a sense of purpose and an ability to influence others, interpret situations negotiate and express their views, often in the face of opposition. Two viewpoints on leadership were made by (Lee & Wei, 2008) one is leader-focused, concentrating on leaders' behaviours and traits which are linked to individual, group or organizational outcomes, another one is relationship-focused.

According to Tavanti (2008) leaders who exhibit specific leadership skills usually are known for the ability to obtain results, to control results through structures and processes to solve problems to plan and organise. Moreover (Bennis, 2010) commented that the ability to inspire, trust not charisma is what enables leaders to recruit others to cause a difference. Research conducted by the work foundation (Tamkin *et al.*, 2010) found that outstanding leaders are highly motivated to achieve excellence and are focused on organisation outcomes, visions and purpose, they understand they cannot create a sustainable firm performance themselves but are conduits of sustainable firm performance through their influence on others.

2.2.4 Training

According to (Torrington *et al.*, 2009) training usually implies preparation for an occupation or for specific skills and it is more job-oriented than personal. According to (Lepak & Gowan, 2009) training and development is needed to ensure that new employees are able to do their jobs well. They also add that not only the new employees need training, the changing environment results in change of products, equipment and the way the work is done therefore need to ensure all employees are able to do their work.

Strongman (2013) opines that training motivates employee and makes them more productive innovative and boosts sustainable firm performance. Training has various

forms it can be on the job training, off the job training, classroom training amongst others (Lee *et al.*, 2010). For firms to maintain high levels of productivity, competitive forces dictate that organisations employ staff that are competent, adaptable, progressive and generally flexible in their demand (Nikondrou *et al.*, 2008).

Firms must ensure their employees are properly trained for their tasks. Intense training enhances employee's abilities (Zhang & Li, 2009), when employees have the drive and initiative to expand their knowledge, it is a good sign that they will be able to benefit the company further. Mayfield and Taber (2010) suggested that management should be involved in creating a favourable climate or culture in an organisation, stimulating organizational improvement, and then self-training for additional organisational responsibility, they concluded saying organisations can offer to pay for advancement courses so that their employees will perform at a higher standard.

Furthermore, (Gold & Thorpe, 2010) found that employee attitudes such as company dedication signalled that an individual found the work inspiring and therefore experienced a sense of enthusiasm, significance, pride and challenge in completing tasks. Training of employees is beneficial for the firm as (Johnson, 2011) found out that firms that trains and develops some or all of their employees are more likely to develop and survive than those firms that did not train at all.

2.3 Performance Appraisal

Performance appraisal can be defined as what is expected to be delivered by an individual or a set of individuals within a timeframe. What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered (Kumari & Malhotra, 2012). Another definition is given by (Aguinis, 2009) who said performance appraisal is a process that

provides an analysis of a person's overall capabilities and potential allowing informed decisions to be made for a particular purpose. It is usually completed by an interview, once or twice a year between an employee and his line manager.

According to Obisi (2011), high sustainable firm performance and its resultant efficiency and effectiveness can only be achieved when individuals are continuously appraised and evaluated. This explains why almost every organisation carries out some form of performance appraisal either on its own or as part of their performance management system. When organisations fail to do this, they are slowly reducing the lifespans of their organisation as suggested by Capelli (2008) who wrote that when employees fail in their jobs, part of the organisation also fails.

Performance appraisal is an opportunity for individual employees and those concerned with their performance, typically line managers, to engage in a dialogue about their performance and development, as well as the support required from the manager (Chartered Institute of Personnel Development, 2013). According to Postuma and Campion (2008) performance appraisal is considered to be a key tool for identifying development needs of an individual. Brown (2011) assert that performance appraisal presents a dilemma on managers since one hand they need to give constructive feedback and on the other hand they dislike giving negative feedback therefore managers avoid the process altogether

In recent years, there has been growth in popularity of multisource feedback (MSF) during which individuals receives feedback from different people including peers, subordinates' staff, and customers. This is referred to as 360-degree appraisal feedback (McCarthy, 2010). According to Mullins (2011) there are many advantages associated with the implementation of a performance appraisal, motivation and self-esteem is increased and an improvement in the sustainable firm performance as well is noticed.

2.4 Theoretical Framework

This will cover Social exchange theory, Competitive theory and Goal theory.

2.4.1 Social Exchange Theory

According to (Saks, 2006) a strong theoretical rationale for employee engagement strategy was provided by social exchange theory as he described it. Social exchange theory argues that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence. A basic tenet of social exchange theory is that relationships evolve over time into trusting loyal and mutual commitments as long as the parties abide by certain rules of exchange. These usually involve reciprocity of repayment rules such that actions of one party lead to a response or actions by other party. He argued that one way for individuals to repay their organisation is through their level of engagement.

In other words, employees will choose to engage themselves to varying degrees and in response to the resources that they receive from their organisation. Balain and Sparrow (2009) concluded that to understand what really causes employee engagement strategy and what it causes in turn need to be embedded in a well-founded theory .Social exchange theory is the most appropriate for employee engagement strategy as it sees feelings of loyalty commitment and discretionary efforts as all being forms of reciprocation by employees to their employer over a period of time. Employees are only willing to give back as much as they feel is invested in them.

2.4.2 Competitive Theory

The theory of competitive advantage on sustainable firm performance provides a tool for analysing competitiveness with all its implications. Porter's theory contributes to understanding the sustainable firm performance in trade and profit and giving an edge

to any organisation. Its core, however, focuses upon individual firms in which the principles of sustainable firm performance are applied. His theory begins from individual industries and builds up to the economy as a whole. Since firms compete with each other understanding the way firms create and sustain firm is key. Consideration of the different facets of the competitive diamond of the whole nation is needed. His study is based on four determinants; demand conditions, firm strategy structure and rivalry, related firms and factor conditions which deals with human, physical, knowledge, capital and infrastructure resources (Porter,1990).

2.4.3 Goal Theory

Goal theory, as developed by Latham and Locke (1979) highlights four mechanisms that connect goals to performance outcomes; they direct attention to priorities; they stimulate effort; they challenge people to bring their knowledge and skills to bear to increase their chances of success; and the more challenging the goal the more people will draw on their full repertoire of skills. This theory underpins the emphasis in performance appraisal on setting and agreeing on goals against which performance can be measured and managed.

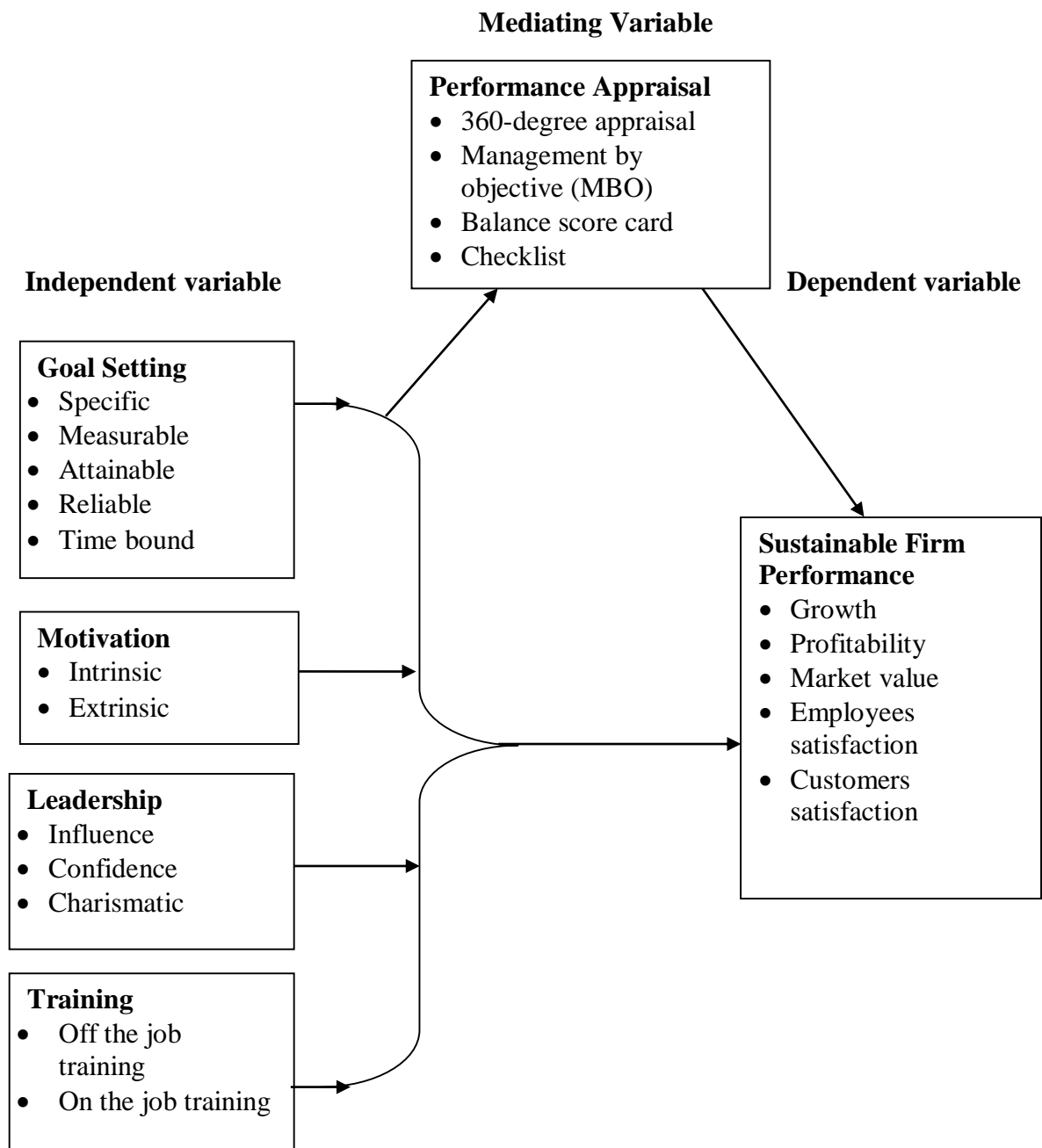
According to (Cole & Kelly, 2011) the real aim of goal setting is for people to know exactly what it is they have to do, when they have to do it and why they have to do it. Goal setting and allowing employee involvement creates higher levels of commitment performance goals and higher chances of sustainable firm performance. Goal-setting theory asserts that people with specific and challenging goals perform better than those with vague goals, such as improve your performance. Thus, goal-setting theory assumes that there is a direct relation between the definition of specific and measurable goals and sustainable firm performance (Locke & Latham, 2002). Goal theory supports the

agreement of objectives, feedback and therefore agrees with review aspects of performance appraisal. In performance appraisal goal setting cannot be overlooked

2.5 Conceptual Framework

The conceptual framework above shows the relationship between employee engagement strategy and sustainable firm performance. The independent variable of the study is employee engagement strategy which looked at the importance of goal setting and focused on setting specific, measurable, attainable, reliable and time bound (SMART) goals. The dependent variable for the study is sustainable firm performance which looked at growth and employee satisfaction. The mediating role of the study is performance appraisal. This shows the relationship between employee engagement strategy and sustainable firm performance

Conceptual Framework



Source: Author (2019)

Figure 2.1 Conceptual framework of mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter looks at the research methodology relevant to this study. It looks at the study area, research design, target population, sampling size and sampling procedures, data collection, validity and reliability of research instruments, measurement of variables, data analysis, model specifications and ethical considerations.

3.1 The Study Area

The study was conducted in commercial banks in Eldoret. This is because most commercial banks in Kenya are struggling to be profitable, sustainable and competitive at the same time and is characterised by laying off its employees during tough times (Omondi, 2016). Eldoret town was able to provide the significant information needed to understand sustainable performance of commercial banks in Kenya.

3.2 Research Design

According to Kombo and Tromp (2006) a research design can be regarded as an arrangement of conditions for collection in a manner that aims at combining relevance with the research purpose. The study employed explanatory research design as it is useful in conducting a study not studied in depth. This design helped in understanding the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance. A survey research design

generally entails investigating populations by selecting samples to analyze and discover occurrences (Mugenda & Mugenda, 1999). Survey design was appropriate for this study as it enabled the researcher to collect as much information as possible and make conclusions from the findings of the study.

3.3 Target Population

Target population refers to the group of people or study subjects of study who are similar in one way or more ways and which forms the subject of the study in a particular survey (Orodho, 2003). The target population of the study was 1150 employees of 42 commercial banks within Eldoret.

Table 3.1 Target Population

Target	Number
Managers	385
union workers	765
Total	1150

3.4 Sample Size and Procedures

A sample is a smaller and more accessible sub set of the sub set population that adequately represents the overall group, thus enabling one to give an accurate picture of the population as a whole (Kothari, 2004). This study used random sampling to select 38 banks. The banks were classified according to the length of service and the tier of the bank. The researcher used proportionate stratified random sampling to get 297 employees. The sample size of the study was determined using Slovin's formula. (Dionco-Adetayo, 2011). The formula is given below.

$$n = \frac{N}{1+NE^2}$$

Where: n = sample size

N = population size

E = margin of error or error tolerance (5%)

1=constant

$$\text{Banks sample size} = \frac{42}{1+42 \times 0.05^2}$$

$$= \frac{42}{1.105}$$

=38banks

$$n = \frac{N}{1+NE^2} = \frac{1150}{1+1150 \times 0.05^2} = 297 \text{ employees}$$

Sample size of managers

$$385/1150 \times 297 = 99$$

Sample size of general workers

$$765/1150 \times 297 = 198 \text{ employees}$$

Table 3.2 Sample Size

Target	Sample size	Bank sample size
Managers	99	$99/297 \times 38 = 13$
Union workers	198	$198/297 \times 38 = 25$
Total	297	

3.5 Data Collection

The study used primary data. The researcher used questionnaires to collect data from the respondents. The questionnaires were administered to the respondents directly by the researcher and collected by the researcher after the respondents had finished. The

researcher used closed-ended questionnaires to collect data from employees using five Point Likert-type Scales. The questionnaires were divided into two sections. Section A containing questions on the personal information of the selected respondents; Section B on various questions of interest that gave an insight of sustainable practices among commercial banks in Kenya. Respondents were the managers and employees of commercial banks in Eldoret Kenya.

3.6 Validity and Reliability of Data

Validity indicates the degree to which instruments measure what they are supposed to measure (Kothari, 2004). The researcher carried out a pilot test in commercial banks in Nakuru. The questionnaires used in this study were given to the independent experts and supervisors to evaluate it for face and content validity as well as for conceptual clarity and investigative bias.

Orodho (2003) notes that reliability of research instruments concerns with the degree to which a particular measuring procedure gives similar results of a number of repeated trials. The study employed the Cronbach's alpha coefficient to measure the internal consistency of the questionnaire. As a general rule a value of $\alpha > 0.7$ was determined by the researcher reliable enough for each of the data sets where α is the item being tested for reliability.

3.6.1 Measurement of Variables

Both the dependent and independent variables were based on multiple-item constructs, and were measured through Likert-type scales. The measurement was adopted from previous studies, 8 items on goal setting was adopted from Stairs and Galpin (2010) 15 items on performance appraisal was adopted from a scale used by Denisi (2011), 11

items on motivation was adopted from Harter and Hayes (2012), 7 items on leadership measures was adopted from Arnold(2013), 6 items on training was adopted from Afshan (2012) and finally 10items on sustainable firm performance was adopted from (Stringer & Shantapriyan, 2012) All were slightly modified to suit the study.

3.6.2 Regression Assumptions

The study was guided by the following assumptions; Homoscedasticity, auto-correlation, normality, linearity and multicollinearity. Normality of data was assessed by examining each scale in terms of skewness and kurtosis. Besides, a visual check on the p-p plots and the histograms together with Kolmogorov-Smirnov test statistic was also used. Though, Tabachnick and Fidell (2007) suggest that samples (> 200) are unlikely to be affected by the skewedness of the data. Multicollinearity was checked using Variance Inflation Factor (VIF) as recommended by Cooper and Schindler (2006). Linearity of relationships of the independent variable and the dependent variables was checked using bivariate scatter plots; plots presenting an oval shape along a straight line confirm linearity of variables. The study used Durbin-Watson test to check on auto-correlation.

3.7 Data Analysis

Data obtained from the field was coded, cleaned, and entered into the computer for analysis using the SPSS. The data was summarized in order to see emerging trends and issues around specific themes, which were dependent on the variables and objectives. The researcher computed the scores from indicators for the variables from various indicators into indices.

According to Kothari (2009) data analysis is the use of descriptive and inferential techniques to determine the effect of independent variable on the dependent variables and its relation as per the number of respondents in the study. Data was analyzed using descriptive and inferential statistics. Descriptive statistical was used to analyse data that included: means, standard deviation, frequencies and percentage. Inferential statistical analysis such as multiple regression model and correlation analysis and PROCESS *Macro* procedure by Hayes (2013) was used.

3.7.1 Model specification

To test the four hypotheses, several models were derived so as to facilitate testing. Multiple regression equations were developed and utilized to test the hypothesized effects. To achieve objectives 1, 2, 3 and 4 being multiple linear regression models were using enter method was used for purpose of hypotheses H₀₁ to H₀₄. This was possible after crafting regression equations constituting the models to be tested. To determine the influence of the independent variables on the dependent variable as captured by the null hypotheses H₀₁ to H₀₄ multiple regression was undertaken using multiple regression models as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e \dots\dots\dots\text{Model 1}$$

Where,

Y = Sustainable firm performance

X₁= Goal setting

X₂= Motivation

X₃= Leadership

X₄= Training

β_0 =Constant

$\beta_1 - \beta_4$ =Regression coefficients

e= Error term

A mediator explains why there is a causal relationship between variables. This means that the independent variable causes the mediator and the mediator in turn causes the dependent variable (Wu *et al.*, 2008). In this study, it would be more informative to interrogate by what means Employee engagement strategy exerts its influence on Sustainable firm performance. This lays the basis for testing the mediation hypothesis, whose procedure was pioneered by Baron and Kenny, (1986). Muller *et al.*, (2005); Preacher *et al.*, (2007 and Preacher and Hayes (2008) acknowledge this procedure. The procedure involves running three regression models thus;

Model I; the predictor variable must significantly predict the outcome variable. Model II; the predictor variable must significantly predict the mediator. Model III; the mediator must then significantly predict the outcome variable in the presence of IV. And for decision rule, the IV must predict the DV less strongly in model III than in model I to confirm a mediated effect.

The study hypothesized that Performance appraisal (PA) is not responsible for the causal effect of Employee engagement strategy (EES) on Sustainable firm performance (SFP). Mediation was tested using PROCESS *macro* which provides for a bootstrap procedure to correct for biases and testing for significance at 95% confidence interval. Following the guideline stated above, the following processes were undertaken;

Step I; the relationship between Employee engagement strategy and SFP was tested and checked for significance; this was a prerequisite to testing the subsequent models (Model 1 and 2).

Step II; The relationship between employee engagement strategy and Performance appraisal by setting the later as the outcome variable in the regression equation was

tested. The objective was to ascertain the significant relationship between Employee engagement strategy and Performance appraisal to proceed.

Step III; The relationship between Performance appraisal and sustainable firm performance while controlling for Employee engagement strategy which involves including both the independent variable and the mediating variable in the regression equation was assessed.

Though traditional procedure of testing mediation has been that of Baron and Kenny (1986) in this study the PROCESS *Macro* procedure by Hayes (2013) was used, in which particular model 4 (Figure 3.1) was adopted. As shown, the indirect effect of Employee engagement strategy (X) on Sustainable firm performance(Y) through Performance appraisal (M) is expressed as the product of *a* and *b*.; while the direct effect of X on Y is represented by *c'*.

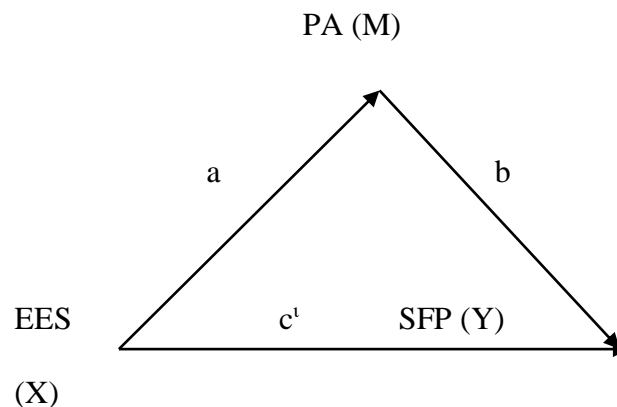


Figure 3.1: Mediation conceptual model (Model 4)

Source: Hayes (2013)

The mediation process in the hypothesized models, I &II shown in the previously was examined by deriving the follow model equations;

$$\text{Model 1; } M = i_1 + aX + eM \dots \dots \dots (3.1 \text{ Direct effect})$$

$$\text{Model 2; } Y = i_2 + c'X + bM + eY \dots \dots \dots (3.2 \text{ Indirect effect})$$

Key;

X : Represents Independent variable Employee engagement strategy

Y: Represents sustainable firm performance.

M : Represents mediating variable performance appraisal.

$i_1 - i_2$; Represents the Y and M intercepts (Constant)

a : Represents the slope coefficients denoting the effect of employee engagement strategy on performance appraisal

b : Represents the slope coefficients denoting effect of Performance appraisal on Sustainable firm performance

c' ; Represents the slope coefficients denoting the indirect effect of Employee engagement strategy on Sustainable firm performance

e_M ; Represents error on the predicted Performance appraisal

e_Y ; Represents error on the predicted Sustainable firm performance

Accordingly, if the effects of employee engagement strategy becomes less significant in model III compared to model I, this is evidence of mediation. To confirm mediation, a Sobel (1982) test result was used and if it turns a significance result then there is a mediated effect.

3.8 Ethical Considerations

The researcher got an introductory letter from University of Eldoret (UOE) and used it to obtain permission to conduct research at the commercial banks. The researcher explained the purpose of the research to the respondents that it was for educational purpose and got their approval before the data was collected. The researcher observed confidentiality from all the data collected. The respondents' information names were not required but instead they used numbers to assure them of anonymity.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter discusses the interpretations and presentations of the findings. The purpose of the study was to establish the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

4.1 Questionnaire Return Rate

This study targeted 1150 employees of commercial banks within Eldoret, 198 respondents were therefore targeted for the study. Questionnaires were distributed to all targeted respondents. However, out of 198 questionnaires distributed only 156 respondents fully filled and returned the questionnaires, this contributed to 78.8% response rate as shown on Table 4.1. This agreed with Babbie, (2004) who asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on these assertions 78.8% response rate is adequate for the study.

Table 4.1 Questionnaire Return Rate

Response	Frequency	Percentage
Returned	156	78.8
Unreturned	42	21.2
Total	198	100.0

4.2 Demographic Information

The study intended to investigate the demographic information of the respondents. These data were important in ascertaining the background of the respondents and how they contributed to the objectives of the research.

4.2.1 Gender of the Respondents

The data collected was presented in Table 4.2. From the findings majority 97(62.2%) of the respondents were male while 59(37.8%) were female, the findings on the gender implied that majority of the respondents were male as depicted by the study results.

Table 4.2 Gender of the Respondents

	Frequency	Percentage
Male	97	62.2
Female	59	37.8
Total	156	100

4.2.2 Age bracket of the Respondents

From the data collected, majority 94(60.3%) of the respondents were aged between 26-45 years, 36(23.1%) of the respondents were aged below 25 years and minority, 26(16.7%) of the respondents were aged above 45 years as presented in Table 4.3. The findings therefore implied that majority of the employees were aged between 26-45 years. This implied majority of the bank employees are majorly composed of youths.

Table 4.3 Age bracket of the Respondents

	Frequency	Percentage
Below 25 years	36	23.1
26-45 years	94	60.3
Above 45 years	26	16.7
Total	156	100

4.2.3 Length of Service in the Organization

From the data collected, majority 77(49.4%) of the respondents had worked in the bank between 11-20years, 46(29.5%) of the respondents had worked for less than 10years and 33(21.2%) of the respondents had worked in the bank for over 20 years as depicted in Table 4.4.

Table 4.4 Length of Service in the Organization

	Frequency	Percentage
Less than 10 years	46	29.5
Between 11-20 years	77	49.4
Over 20 years	33	21.2
Total	156	100

4.2.4 Level of Education of the Respondents

The study results showed that 29(18.6%) of the respondents had certificate level, 43(27.6%) of the respondents had diploma, 61(39.1%) of the respondents had degrees,

19(12.2%) of the respondents had masters and 4(2.6%) of the respondents had doctorate as shown in Table 4.5. This implied that the respondents were learned enough to understand the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

Table 4.5 Level of Education of the Respondents

	Frequency	Percentage
Certificate	29	18.6
Diploma	43	27.6
Degree	61	39.1
Masters	19	12.2
Doctorate	4	2.6
Total	156	100

4.3 Descriptive Statistics

The analysis was done to establish the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance. Descriptive statistics was done in order to get the frequencies, percentages, means and standard deviations of the response in the study. The study used a five-point Likert scale where; 1=Strongly Disagreed, 2=Disagreed, 3=Undecided, 4=Agreed, 5=Strongly Agreed

4.3.1 Goal Setting

The study sought to determine the effect of goal setting on sustainable firm performance in commercial banks. The purpose of this analysis was to get the responses on how goal setting affects sustainable firm performance using frequency on a 5 Likert-scale and study results as presented in Table 4.6. The results revealed that 68(43.6%) of the respondents strongly agreed, 47(30.1%) agreed, 15(9.6%) undecided, 12(7.7%)

disagreed and 14(8.9%) strongly disagreed with the statement that they are given specific goals to achieve monthly (mean= 3.916, standard deviation=1.284).

Further, 64(41%) of the subjects strongly agreed, 53(33.9%) agreed, 11(7.1%) undecided, 20(12.8%) disagreed and 8(5.1%) strongly disagreed with the statement that I am clear about what I am expected to achieve (mean=3.929, standard deviation=1.208). Also, 78(50%) of the subjects strongly agreed, 51(32.7%) agreed, 5(3.2%) undecided, 9(5.8%) disagreed and 13(8.3%) strongly disagreed with the statement that I have an opportunity to participate in the goal setting process (mean=4.102, standard deviation=1.229).

Another 22(14.1%) of the respondents strongly agreed, 126(80.8%) agreed, 2(1.3%) undecided, 1(0.6%) disagreed and 5(3.2%) strongly disagreed with the statement that they receive feedback that helps me improve my performance with a mean of 4.019 and standard deviation of 0.686. Further, 79(50.6%) of the respondents strongly agreed, 57(36.5%) agreed, 5(2.2%) undecided, 1(0.6%) disagreed and 14(8.9%) strongly disagreed with the statement that their work contributes to the overall success of this organization (mean=4.192, standard deviation=1.159).

Also, 89(57.1%) of the respondents strongly agreed, 47(30.1%) agreed, 8(5.1%) undecided, 4(2.6%) disagreed and 8(5.1%) strongly disagreed with the statement that I understand the mission and goals of this organization (mean=4.314, standard deviation=1.046). Finally, 41(26.3%) of the respondents strongly agreed, 95(60.9%) agreed, 6(3.9%) undecided, 6(3.9%) disagreed and 8(5.1%) strongly disagreed with the statement that they are regularly informed about the mission and goals of this organizations (mean=3.994, standard deviation=0.9604).

Table 4.6 Goal setting on Sustainable Firm Performance

Statements		SA	A	UD	D	SD	Mean	SD
I am given specific goals to achieve monthly	F	68	47	15	12	14	3.916	1.284
	%	43.6	30.1	9.6	7.7	8.9		
I am clear about what I am expected to achieve	F	64	53	11	20	8	3.929	1.208
	%	41	33.9	7.1	12.8	5.1		
I have an opportunity to participate in the goal setting process	F	78	51	5	9	13	4.102	1.229
	%	50	32.7	3.2	5.8	8.3		
I receive feedback that helps me improve my performance	F	22	126	2	1	5	4.019	0.686
	%	14.1	80.8	1.3	0.6	3.2		
My work contributes to the overall success of this organization	F	79	57	5	1	14	4.192	1.159
	%	50.6	36.5	3.2	0.6	8.9		
I am regularly informed about the mission and goals of this organizations	F	89	47	8	4	8	4.314	1.046
	%	57.1	30.1	5.1	2.6	5.1		
I am held accountable for achieving goals and meeting expectations	F	41	95	6	6	8	3.994	0.9604
	%	26.3	60.9	3.9	3.9	5.1		

The study findings also revealed that goal setting on sustainable firm performance in commercial banks. This implied that the employees are given clear and specific goals to achieve monthly of which they are also given an opportunity to participate in the goal setting process which contributes to the overall success of this organization. The study results agree with Rug and Wallace (2012) who asserts that the acceptance of the goal is the initial step towards the motivation of individuals.

If the goal is attainable and realistic then the rate of acceptance is high and with the acceptance, the individual applies the required degree of determination and self-efficacy in order to complete the goal. The study results also concur with Reed (2012) who asserts that employee goals are related with enhancement of sustainable firm performance because they organize effort directs attention and encourages determination and plan development.

4.3.2 Motivation on Sustainable Firm Performance

The study sought to determine the effect of motivation on sustainable firm performance in commercial banks. The purpose of this analysis was to get the responses on how motivation affects sustainable firm performance using frequency on a 5 Likert-scale as presented in the table 4.7. The findings indicated that 43(27.5%) of the respondents strongly agreed, 76(48.7%) agreed, 8(5.1%) undecided, 15(9.6%) disagreed and 14(8.9%) strongly disagreed with the statement that they are able to satisfy both my organizational and personal goals this is also evidenced by mean of 3.763 and standard deviation of 1.213. Also, 36(23.1%) of the subjects strongly agreed, 99(63.5%) agreed, 1(0.6%) undecided, 10(6.4%) disagreed and strongly 10(6.4%) disagreed with the statement that their senior treats everyone fairly this is also evidenced by mean of 3.903 and standard deviation of 1.033.

Further, 30(19.2%) of strongly agreed, 109(69.9%) agreed, 7(4.5%) undecided, 6(3.8%) disagreed and strongly 4(2.6%) disagreed with the statement that they feel sufficiently motivated by my supervisors this is also evidenced by mean of 3.994 and standard deviation of 0.719 while 26(16.7%) of the respondents strongly agreed, 123(78.8%) agreed, 1(0.6%) undecided, 1(0.6%) disagreed and strongly 5(3.2) disagreed with the statement that their level of motivation affects my performance this is also evidenced by mean of 4.044 and standard deviation of 0.721.

Another, 11(7.1%) of the respondents strongly agreed, 115(73.5%) agreed, 9(5.8%) undecided, 14(8.9%) disagreed and 7(4.5%) strongly disagreed with the statement that their senior understands the benefits of maintaining a balance between work and personal life this is also evidenced by mean of 3.698 and standard deviation of 0.897.

Furthermore, 21(13.5%) of the respondents strongly agreed, 122(78.2%) agreed, 4(2.6%) undecided, 4(2.6%) disagreed and 5(3.2%) strongly disagreed with the statement that they get excited about going to work this is also evidenced by mean of 3.962 and standard deviation of 0.743. Also, 22(14.1%) of the respondents strongly agreed, 117(75%) agreed, 5(3.2%) undecided, 6(3.8%) disagreed and 6(3.8%) strongly disagreed with the statement that I intend to go on working for this organization this is also evidenced by mean of 3.917 and standard deviation of 0.819.

Another, 27(17.3%) of the respondents strongly agreed, 111(71.2%) agreed, 1(0.6%) undecided, 18(11.5%) disagreed and 8(5.1%) strongly disagreed with the statement that they are prepared to put myself out to do my work this is also evidenced by mean of 3.935 and standard deviation of 0.824. Further, 31(19.9%) of the respondents strongly agreed, 98(62.8%) agreed, 1(0.6%) undecided, 18(11.5%) disagreed and 8(5.1%) strongly disagreed with the statement that my senior fully recognized my achievements this year this is also evidenced by mean of 3.807 and standard deviation of 1.047. Finally, 36(23.1%) of the subjects strongly agreed, 99(63.5%) agreed, 11(7.1%) undecided, 1(0.6%) disagreed and strongly 9(5.8%) disagreed with the statement that my senior praises and recognizes when they do a good job this is also evidenced by mean of 3.783 and standard deviation of 1.187.

Table 4.7 Motivation on Sustainable Firm Performance

Statements		SA	A	UD	D	SD	Mean	SD
I am able to satisfy both my organizational and personal goals	F	43	76	8	15	14	3.763	1.213
	%	27.5	48.7	5.1	9.6	8.9		
My senior treats everyone fairly	F	36	99	1	10	10	3.903	1.033
	%	23.1	63.5	0.6	6.4	6.4		
I feel sufficiently motivated by my supervisors	F	30	109	7	6	4	3.994	0.719
	%	19.2	69.9	4.5	3.8	2.6		
My level of motivation affects my performance	F	26	123	1	1	5	4.044	0.721
	%	16.7	78.8	0.6	0.6	3.2		
My senior understands the benefits of maintaining a balance between work and personal life	F	11	115	9	14	7	3.698	0.897
	%	7.1	73.7	5.8	8.9	4.5		
I get excited about going to work	F	21	122	4	4	5	3.962	0.743
	%	13.5	78.2	2.6	2.6	3.2	3.917	0.819
I intend to go on working for this organization	F	22	117	5	6	6	3.935	0.824
	%	14.1	75	3.2	3.8	3.8		
I am prepared to put myself out to do my work	F	27	111	1	15	2	3.807	1.047
	%	17.3	71.2	0.6	9.6	1.2		
My senior fully recognized my achievements this year	F	31	98	1	18	8	3.967	0.939
	%	19.9	62.8	0.6	11.5	5.1		
My senior praises and recognizes when I do a good job	F	36	99	11	1	9	3.783	1.187
	%	23.1	63.5	7.1	6.4	5.8		

The study findings also revealed that motivation has a positive influence on sustainable firm performance in commercial banks. This implied that the employees should be able to satisfy both my organizational and personal goals. Seniors should be able to treat

employees fairly. Seniors should understand the benefits of maintaining a balance between work and personal life and the employees should be recognized for the work well done in order to realize improvement in the organization.

The study results concur with Price (2009) who points out, that all leaders should address themselves to issues of employee motivation because the life span of organizations depends very much on their ability to achieve personal and organizational goals as our behaviour as human beings is “goal-seeking”. The study also concurs with (Robbins *et al.*, 2011) who asserts that future leaders ought to be selected on the basis of their ability to stimulate organizational motivation. Employees, especially young people, get discouraged when they feel there is little chance of personal growth in their career as young people seeks upward movement in their early years of working.

4.3.3 Leadership on Sustainable Firm Performance

The study sought to determine the effect of leadership on sustainable firm performance in commercial banks. The purpose of this analysis was to get the responses on how leadership affects sustainable firm performance using frequency on a 5 Likert-scale. The findings indicated that 51(32.7%) of the respondents strongly agreed, 72(46.2%) agreed, 12(7.7%) undecided, 10(6.4%) disagreed and 11(7.1%) strongly disagreed with the statement that their senior demonstrates strong leadership skills evidenced by mean of 3.910 and standard deviation of 1.138.

Further, 42(26.9%) of the subjects strongly agreed, 79(50.6%) agreed, 10(6.4%) undecided, 17(10.9%) disagreed and 8(5.1%) strongly disagreed with the statement that their senior challenges me to think of problems in a different way evidenced by mean of 3.833 and standard deviation of 1.100. Also, 44(28.2%) of the respondents strongly agreed, 89(57.1%) agreed, 9(5.8%) undecided, 7(4.5%) disagreed and 7(4.5%) strongly

disagreed with the statement that their senior management lead by example evidenced by mean of 4.00 and standard deviation of 0.964.

Table 4.8 Leadership on Sustainable Firm Performance

Statements		SA	A	UD	D	SD	Mean	SD
My senior demonstrates strong leadership skills	F	51	72	12	10	11	3.910	1.138
	%	32.7	46.2	7.7	6.4	7.1		
My senior challenges me to think of problems in a different way	F	42	79	10	17	8	3.833	1.100
	%	26.9	50.6	6.4	10.9	5.1		
Our senior management lead by example	F	44	89	9	7	7	4.00	0.964
	%	28.2	57.1	5.8	4.5	4.5		
My senior is open and honest in communication	F	8	93	5	14	13	3.737	1.13
	%	5.1	59.6	3.2	8.9	8.3		
My senior cares about what ideas his/her juniors have	F	39	89	8	9	11	3.871	1.075
	%	25	57.1	5.1	5.8	7.1		
My senior inspires me by sharing his plans for the future of the organizations	F	35	75	17	12	17	3.634	1.224
	%	22.4	48.1	10.9	7.6	10.9		
My senior asks me questions that open my thinking	F	51	80	11	6	8	4.025	1.009
	%	32.7	51.3	7.1	3.9	5.2		

Further, 8(5.1%) of the respondents strongly agreed, 93(59.6%) agreed, 5(3.2%) undecided, 14(8.9%) disagreed and 13(8.3%) strongly disagreed with the statement that their senior is open and honest in communication evidenced by mean of 3.737 and standard deviation of 1.13 .39(25%) strongly agreed, 89(57.1%) agreed, 8(5.1%) undecided, 9(5.8%) disagreed and 11(7.1%) strongly disagreed with the statement that

my senior cares about what ideas his/her juniors have evidenced by mean of 3.871 and standard deviation of 1.075 as presented in the table below

Finally, 35(22.4%) of the respondents strongly agreed, 75(48.1%) agreed, 17(10.9%) undecided, 12(7.6%) disagreed and 17(10.9%) strongly disagreed with the statement that my senior inspires me by sharing his plans for the future of the organizations evidenced by mean of 4.025 and standard deviation of 1.009 while 51(32.7%) of the subjects strongly agreed, 80(51.3%) agreed, 11(7.1%) undecided, 6(3.9%) disagreed and 8(5.2%) strongly disagreed with the statement that their senior asks me questions that open my thinking.

The study also revealed that leadership has a positive influence on sustainable firm performance in commercial banks. This implied that in order for the banks to realize sustainable performance a leader should demonstrate strong leadership skills, lead by example, care about what ideas his/her juniors have and inspire the juniors by sharing his/her plans for the future of the organizations.

The study results concur with Kelly (2009) who noted that employee effectiveness is influenced by the leaders' charisma, confidence and influence as this is the essence of leadership it is about influencing the behaviour of others. It also concurs with (Golde *et al.*, 2010) who stated that leadership demands a sense of purpose and an ability to influence others, interpret situations negotiate and express their views, often in the face of opposition.

4.3.4 Training on Sustainable Firm Performance

The study sought to determine the effect of training on sustainable firm performance in commercial banks. The purpose of this analysis was to get the responses on how training affects sustainable firm performance using frequency on a 5 Likert-scale. The

findings indicated that 51(32.7%) strongly agreed, 64(41%) agreed, 15(9.6%) undecided, 11(7.1%) disagreed and 15(9.6%) strongly disagreed with the statement that they receive the training they need to do the job well (mean=3.801, standard deviation=1.241).

Further, 47(30.1%) of the subjects strongly agreed, 82(52.6%) agreed, 14(8.9%) undecided, 5(3.2%) disagreed and 8(5.2%) strongly disagreed with the statement that I get plenty of opportunities to learn from this job (mean=3.994, standard deviation=0.994). Also, 34(21.8%) of the respondents strongly agreed, 97(62.2%) agreed, 11(7.1%) undecided, 6(3.9%) disagreed and 8(5.2%) strongly disagreed with the statement that supervisors tell employees whether they are doing their work as per the training imparted or not (mean=3.917, standard deviation=0.950).

Another, 24(15.4%) of the respondents strongly agreed, 101(64.7%) agreed, 9(5.8%) undecided, 10(6.4%) disagreed and 12(7.7%) strongly disagreed with the statement that training opportunities are provided whenever there is change of technology or promotions (mean=3.737, standard deviation=1.048). Furthermore, 36(23.1%) of the subjects strongly agreed, 106(67.9%) agreed, 7(4.5%) undecided, 2(1.3%) disagreed and 5(3.2%) strongly disagreed with the statement that supervisors support the use of techniques learned in training that employees bring back to their jobs (mean=4.067, standard deviation=0.784).

Finally, 38(24.4%) of the respondents strongly agreed, 75(48.1%) agreed, 19(12.2%) undecided, 12(7.7%) disagreed and 12(7.7%) strongly disagreed with the statement that supervisors help employees set realistic goals for performing their work as a result of training (mean=3.737, standard deviation=1.142) as indicated in table 4.10.

Table 4.9 Training on Sustainable Firm Performance

Statements		SA	A	UD	D	SD	Mean	SD
I receive the training I need to do my job well	F	51	64	15	11	15	3.801	1.241
	%	32.7	41	9.6	7.1	9.7		
I get plenty of opportunities to learn from this job	F	47	82	14	5	8	3.994	0.994
	%	30.1	52.6	8.9	3.2	5.2		
Supervisors tell employees whether they are doing their work as per the training imparted or not	F	34	97	11	6	8	3.917	0.950
	%	21.8	62.2	7.1	3.9	5.2		
Training opportunities are provided whenever there is change of technology or promotions	F	24	101	9	10	12	3.737	1.048
	%	15.4	64.7	5.8	6.4	7.7		
Supervisors support the use of techniques learned in training that employees bring back to their jobs	F	36	106	7	2	5	4.067	0.784
	%	23.1	67.9	4.5	1.3	3.2		
Supervisors help employees set realistic goals for performing their work as a result of training	F	38	75	19	12	12	3.737	1.142
	%	24.4	48.1	12.2	7.7	7.7		

The study results also show that training has a positive influence on sustainable firm performance in commercial banks. This implied that employees need training in order for them to do well in their job. Also, Training opportunities are provided whenever there is change of technology or promotions. Finally, supervisors help employees set realistic goals for performing their work as a result of training.

The study results concur with (Gold & Thorpe, 2010) who found that employee attitudes such as company dedication signalled that an individual found the work inspiring and therefore experienced a sense of enthusiasm, significance, pride and

challenge in completing tasks. The study also concurs with (Johnson, 2011) who found out that firms that train and develop some or all of their employees are more likely to develop and survive than those firms that did not train at all.

4.3.5 Performance Appraisal

The study sought to determine the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance in commercial banks. The purpose of this analysis was to get the responses on the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance in commercial banks using frequency on a 5 Likert-scale.

The results indicated that 60(38.5%) strongly agreed, 63(40.4%) agreed, 17(10.9%) undecided, 7(4.5%) disagreed and 9(5.8%) strongly disagreed with the statement that they are quite satisfied that the objectives agreed upon were fair (mean=4.013, standard deviation=1.095). Also, 30(19.2%) of the respondents strongly agreed, 98(62.8%) agreed, 11(7.1%) undecided, 8(5.1%) disagreed and 9(5.8%) strongly disagreed with the statement that the objectives and standards of performance helped me to focus on what they should be aiming to achieve (mean=3.846, standard deviation=0.985).

Further, 33(21.1%) of the strongly agreed, 96(61.6%) agreed, 9(5.8%) undecided, 7(4.5%) disagreed and 11(7.1%) strongly disagreed with the statement that their senior is always prepared to provide guidance when I face challenges at work (mean=3.853, standard deviation=1.033).

Another, 49(31.4%) strongly agreed, 75(48.1%) agreed, 10(6.4%) undecided, 8(3.2%) disagreed and 14(8.9%) strongly disagreed with the statement that they are encouraged to learn from my mistakes (mean=3.878, standard deviation=1.177). Also, 44(28.2%) of the respondents strongly agreed, 88(56.4%) agreed, 9(5.8%) undecided, 6(3.9%)

disagreed and 9(5.8%) strongly disagreed with the statement that they receive useful and constructive feedback from my manager (mean=3.929, standard deviation=1.048) as presented in table 4.10

Table 4.10 Performance Appraisal

Statements		SA	A	UD	D	SD	Mean	SD
I am quite satisfied that the objectives agreed upon were fair	F	60	63	17	7	9	4.013	1.095
	%	38.5	40.4	10.9	4.5	5.8		
The objectives and standards of performance helped me to focus on what I should be aiming to achieve	F	30	98	11	8	9	3.846	0.985
	%	19.2	62.8	7.1	5.1	5.8		
My senior is always prepared to provide guidance when I face challenges at work	F	33	96	9	7	11	3.853	1.033
	%	21.1	61.6	5.8	4.5	7.1		
I am encouraged to learn from my mistakes	F	49	75	10	8	14	3.878	1.177
	%	31.4	48.1	6.4	5.2	8.9		
I receive useful and constructive feedback from my manager	F	44	88	9	6	9	3.974	1.009
	%	28.2	56.4	5.8	3.9	5.8		
I receive good feedback that helps me improve my performance	F	45	81	13	8	9	3.929	1.048
	%	28.8	51.9	8.4	5.1	5.8		
The performance review meeting was conducted by my manager in a friendly and helpful way	F	47	87	5	9	8	4.00	1.016
	%	30.1	55.8	3.2	5.8	5.1		
If any criticisms were made during the review meeting, they were acceptable because they were based on facts not opinions	F	23	105	12	6	10	3.801	0.959
	%	14.7	67.3	7.7	3.8	6.4		

Also, 45(28.8%) of the respondents strongly agreed, 81(51.9%) agreed, 13(8.4%) undecided, 8(5.1%) disagreed and 9(5.8%) strongly disagreed with the statement that I receive good feedback that helps me improve my performance (mean=4.00, standard deviation=1.016) while 47(30.1%) of the respondents strongly agreed, 87(55.8%) agreed, 5(3.2%) undecided, 9(5.8%) disagreed and 8(5.1%) strongly disagreed with the statement that the performance review meeting was conducted by my manager in a friendly and helpful way (mean=3.801, standard deviation=0.959).

Finally, 23(14.7%) of the subjects strongly agreed, 105(67.3%) agreed, 12(7.7%) undecided, 6(8.3%) disagreed and 10(6.4%) strongly disagreed with the statement that If any criticisms were made during the review meeting, they were acceptable because they were based on facts not opinions. The study results also revealed that performance appraisal had a positive influence as a mediating factor between employee engagement and sustainable firm performance.

4.3.6 Sustainable Firm Performance

The study sought to determine the effect of employee engagement strategy and sustainable firm performance. The purpose of this analysis was to get the responses on employee engagement strategy and sustainable firm performance using frequency and study results presented in Table 4.11. The findings indicated that 55(35.3%) of the respondents strongly agreed, 76(48.7%) agreed, 7(4.5%) undecided, 10(6.4%) disagreed and 8(5.1%) strongly disagreed with the statement that in the past year the company has introduced new products (mean=4.026, standard deviation=1.059).

Also, 42(26.9%) of the respondents strongly agreed, 97(62.2%) agreed, 3(1.9%) undecided, 2(1.2%) disagreed and 12(7.7%) strongly disagreed with the statement that in the past year the company has entered into new markets (mean=3.994, standard deviation=1.019). Further, 37(23.7%) of the respondents strongly agreed, 92(58.9%)

agreed, 13(2.3%) undecided, 6(3.9%) disagreed and 7(4.5%) strongly disagreed with the statement that the company profits keep increasing yearly (mean=4.058, standard deviation=1.723) while 22(14.1%) of the subjects strongly agreed, 107(68.6%) agreed, 8(5.1%) undecided, 10(6.4%) disagreed and 9(5.8%) strongly disagreed with the statement that the company has a very good reputation (mean=3.788, standard deviation=0.964).

Table 4.11 Strategic Firm Performance

Statements		SA	A	UD	D	SD	Mean	SD
In the past year the company has introduced new products	F	55	76	7	10	8	4.026	1.059
	%	35.3	48.7	4.5	6.4	5.1		
In the past year the company has entered into new markets	F	42	97	3	2	12	3.994	1.019
	%	26.9	62.2	1.9	1.2	7.7		
The company profits keep increasing yearly	F	37	92	13	6	7	4.058	1.723
	%	23.7	58.9	8.3	3.9	4.5		
The company has a very good reputation	F	22	107	8	10	9	3.788	0.964
	%	14.1	68.6	5.1	6.4	5.8		
The company has retained most of its employees	F	41	97	11	4	3	4.083	0.778
	%	26.3	62.	7.1	2.6	1.9		
Employee morale is highly considered in the company	F	14	125	5	7	5	3.871	0.759
	%	8.9	80.1	3.2	4.5	3.2		
The company has increased its market share	F	29	120	3	2	2	4.103	0.602
	%	18.6	76.9	1.9	1.3	1.3		
Considerable numbers of customers are referred to buy products in the organization by existing customers	F	10	126	6	7	7	3.801	0.807
	%	6.4	80.7	3.9	4.5	4.5		
There are mechanisms to ensure that customer complaints are resolved to their satisfaction	F	29	121	3	2	1	4.121	0.548
	%	18.6	77.6	1.9	1.3	0.6		
The company obtains frequent feedback from customers about the quality of services provided	F	33	92	9	10	12	3.795	1.088
	%	21.1	58.9	5.8	6.4	7.7		

Another, 41(26.3%) of the respondents strongly agreed, 97(62%) agreed, 11(7.1%) undecided, 4(2.6%) disagreed and 3(1.9%) strongly disagreed with the statement that the company has retained most of its employees (mean=4.083, standard deviation=0.778). Also, 14(8.9%) of the respondents strongly agreed, 125(80.1%) agreed, 5(3.2%) undecided, 7(4.5%) disagreed and 5(3.2%) strongly disagreed with the statement that employee morale is highly considered in the company (mean=3.871, standard deviation=0.759).

Also, 29(18.6%) of the respondents strongly agreed, 120(76.9%) agreed, 3(1.9%) undecided, 2(1.3%) disagreed and 2(1.3%) strongly disagreed with the statement that the company has increased its market share (mean=4.101, standard deviation=0.602). Finally, 10(6.4%) of the subjects strongly agreed, 126(80.7%) agreed, 6(3.9%) undecided, 7(4.5%) disagreed and 7(4.5%) strongly disagreed with the statement that Considerable numbers of customers are referred to buy products in the organization by existing customers (mean=3.801, standard deviation=0.807).

Furthermore, 29(18.6%) of the respondents strongly agreed, 121(77.6%) agreed, 3(1.9%) undecided, 2(1.3%) disagreed and 1(0.6%) strongly disagreed with the statement that there are mechanisms to ensure that customer complaints are resolved to their satisfaction (mean=4.121, standard deviation=0.548) while 33(21.1%) of the respondents strongly agreed, 92(58.9%) agreed, 9(5.8%) undecided, 10(6.4%) disagreed and 12(7.7%) strongly disagreed with the statement that the company obtains frequent feedback from customers about the quality of services provided (mean=3.795, standard deviation=1.088).

The study results also reveal that employee engagement has a positive influence on sustainable firm performance. The study findings agreed with (Mone *et al.*, 2011) who

asserts that developing an employee engagement strategy will help avoid pitfalls in the organisation but the management team should be part of the strategy and be ready to invest financially.

4.4 Testing Assumptions of the Multiple Regression Model

Multiple regression analysis requires certain assumptions to be met before it can be used to analyze any data. These include normality of errors, linearity and independence of errors (William et al., 2013), multicollinearity. Serious assumption violations can result in biased estimates of relationships, over or under-confident estimates of the precision of regression coefficients, and untrustworthy confidence intervals and significance tests (Chatterjee & Hadi, 2012). The following assumptions tests were done:

4.4.1 Test for Autocorrelation

Test for Autocorrelation was done through Durbin-Watson test. The results as indicated in Table 4.12 revealed that Durbin- Watson statistic value was 2.25. This implied that the study variables had independence of errors because it meets the threshold of Durbin-Watson between 0-4. The Durbin Watson test reports a test statistic, with a value from 0 to 4, where: 2 denotes no autocorrelation; $0 < 2 < 2$ denotes a positive autocorrelation; while >2 denotes a negative autocorrelation. The decision rule is that test statistic values in the range of 1.5 to 2.5 are relatively normal. Values outside this range could be cause for concern (Field, 2009).

Table 4.12 Autocorrelation

R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
.790 ^a	.624	.614	.349721	2.25

4.4.2 Test for Multicollinearity

Test for Multicollinearity was done using variance inflation factors (VIF) and tolerance values. The results in Table 4.13 present variance inflation factor results and were found to be less than 10 and thus according to Field, (2009) indicated that there is no Multicollinearity. The VIF and tolerance values for goal setting (Tolerance=0.727; VIF=1.219), for motivation (Tolerance=0.520; VIF=1.567), for leadership (Tolerance=0.460; VIF=1.787) and for training (Tolerance=0.874; VIF=1.212). This implied that there was no multicollinearity among the study variables. The study results According to Field (2009) VIF values in excess of 10 is an indication of the presence of Multicollinearity.

Table 4.13 Multicollinearity

	Tolerance	VIF
Goal setting	.727	1.219
Motivation	.520	1.567
Leadership	.460	1.787
Training	.874	1.212

4.4.3 Normality Assumptions

The normality of data was tested using the Kolmogorov-Smirnov test using the SPSS software. Results from table 4.14 indicated that Kolmogorov-Smirnov values for goal setting were .659; motivation was 1.007; leadership was .690; training was .870 and sustainable firm performance was 2.098. The study results revealed that all the study variables had Kolmogorov-Smirnov values greater than 0.05. This implied that data for the study variables were normally distributed.

In addition, the study revealed that all study variables had significance values of less than 0.05 implying that data were normally distributed. The study findings concur with

Saunders and Thornhill (2012) who noted that if the probability is greater than 0.05, then the data is normally distributed. Also, normality of the data was assumed since the number of observations was large.

Table 4.13 Normality-One-Sample Kolmogorov-Smirnov Test

		Goal setting	motivati on	Leaders hip	Training	Performance
N		156	156	156	156	156
Normal Parameters	Mean					
	Std. Deviation	1.0805	0.8689	0.8080	0.897	0.5458
Most Extreme Differences	Absolute	.127	.194	.133	.167	.404
	Positive	.081	.171	.133	.167	.404
	Negative	-.127	-.194	-.097	-.120	-.193
Kolmogorov-Smirnov Z		.659	1.007	.690	.870	2.098
Asymp. Sig. (2-tailed)		.028	.0262	.029	.036	.000

4.4.4 Linearity Assumptions

Given values of the independent and dependent variables, the unknown regression coefficients can be found by fitting the multiple regression models to the data (Orme & Combs-Orme, 2009). Linearity assumption tested if the relationship between the independent and dependent variables are linear. In this model, the sum of the squared differences between the straight line and the actual data points is minimized.

Linearity assumption was tested for each objective variable as follows. This section tested if there is linear relationship between goal setting and sustainable firm performance. Table 4.14 indicated that there was a significance value ($p < 0.05$), indicating that there was a linear relationship between goal setting and sustainable firm performance. The test for deviation from linearity also has a greater p value ($p = 0.827 > 0.05$) which implied that there was linear relationship between independent and dependent variable.

The study results revealed that there was a significance value ($p < 0.05$), indicating that there was a linear relationship between motivation and sustainable firm performance.

The test for deviation from linearity also has a greater p value ($p = 0.059 > 0.05$) which implied that there was linear relationship between independent and dependent variable.

The study results indicated that there was a significance value ($p < 0.05$), indicating that there was a linear relationship between leadership and sustainable firm performance.

The test for deviation from linearity also has a greater p value ($p = 0.074 > 0.05$) which implied that there was linear relationship between independent and dependent variable.

The study results finally indicated that there was a significance value ($p < 0.05$), indicating that there was a linear relationship between training and sustainable firm performance. The test for deviation from linearity also has a greater p value ($p = 0.074 > 0.05$) which implied that there was linear relationship between independent and dependent variable.

Table 4.14 Linearity Test

	Linearity	Deviation from Linearity
Goal setting	0.037	0.827
Motivation	0.000	0.059
Leadership	0.000	0.074
Training	0.014	0.157

4.5 Correlation Analysis

Preliminary analysis was carried out to determine whether there were significant associations between goal settings, motivation, leadership, training and sustainable firm performance. Pearson's product –moment correlation (r) was used to explore the relationship between the variables, specifically to assess both the direction and strength.

Pearson's product-moment correlation coefficient (r) was used to measure the extent of correlation between variables of the study and to show the strength of the linear relationship between variables in the regression ranges between +1 and -1. Correlation results showed that relationship between goal setting and sustainable firm performance was positive and statistically significant ($r=0.717$, $p<0.05$) as shown in Table 4.15, motivation and sustainable firm performance was positive and significant ($r=0.669$, $p<0.05$). The leadership and sustainable firm performance were positive and significant ($r=0.601$, $p<0.05$) and training and sustainable firm performance was positive and significant ($r=0.512$, $p<0.05$).

Table 4.15: Correlation Coefficient Matrix

		Sustainability	Goal setting	Motivation	Leadership	Training
Sustainable firm performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Goal setting	Pearson Correlation	.717**	1.000			
	Sig. (2-tailed)	.000				
Motivation	Pearson Correlation	.669**	.699**	1.000		
	Sig. (2-tailed)	.000	.023			
Leadership	Pearson Correlation	.601*	.548**	.513*	1.000	
	Sig. (2-tailed)	.000	.002	.019		
Training	Pearson Correlation	.512*	.468*	.386*	.515**	1.000
	Sig. (2-tailed)	.000	.035	.013	.001	

Since the correlation values are not close to 1 or -1 it implied an indication that the factors are sufficiently different measures of separate variables (Cohen, Cohen, West & Aiken, 2013). It is also an indication that variables are no auto correlated (Cohen et al., 2013). Absence of autocorrelation allows the study to utilize all the independent variable.

4.6 Multiple Regression Analysis.

The research used multiple linear regression analysis to determine the linear statistical relationship between the independent variables (Goal setting, motivation, leadership and training), mediating variable (performance appraisal) and dependent variable (sustainable firm performance). The study run regression analysis with independent variables predicting dependent variable and the results. The coefficient of determination (R^2) and correlation coefficient (R) shows the degree of association between the independent variables goal setting, motivation, leadership, training and dependent sustainable firm performance.

4.6.1 Model Summary

The results of the linear regression in Table 4.16 indicated that $R^2 = 0.624$ and $R = 0.790$. R value indicated that there is a strong linear relationship between goal settings, motivation, leadership and training. The R^2 indicated that explanatory power of the independent variables is 0.624. This means that 62.4% of the variation in sustainable firm performance is explained by the regression model. Adjusted R^2 is a modified version of R^2 that has been adjusted for the number of predictors in the model by less than chance. The adjusted R^2 of 0.614 which is slightly lower than the R^2 value is an exact indicator of the relationship between the independent and the dependent variables because it is sensitive to the addition of irrelevant variables.

Table 4.16 Model Summary

Model	R	R square	Adjusted square	R	Std. Error of the estimate
1	.790	.624	.614		.349721

The F test provides an overall test of significance of the fitted regression model. The F value indicated that all the variables in the equation are important hence the overall regression is significant. The F-statistics produced ($F = 62.75251$) was significant at $p=0.000$ thus confirming the fitness of the model and therefore, there is statistically significant relationship between goal setting, motivation, leadership, training and dependent variable sustainable firm performance. Having ensured that the data was normally distributed, multiple regression analysis was done as depicted in Table 4.17.

Table 4.17 Analysis of Variance

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.6998	4	7.675	62.7525	.000
	Residual	18.4681	151	.122		
	Total	49.1678	155			

The study sought to determine the coefficients of study variable. The study results are presented in Table 4.18. The study presented study results on statistical significance of each individual regression coefficient. The β coefficients were all significant to be used for multiple regression as follows; Goal setting ($\beta_1=0.336$, $p<0.05$), motivation ($\beta_2=0.219$, $p<0.05$), leadership ($\beta_3=0.197$, $p<0.05$) training ($\beta_4= 0.156$, $p<0.05$).

This gave an implication that a unit increase in Goal setting caused 0.336-unit increase in sustainable firm performance, a unit increase in motivation caused 0.219 unit increases in sustainable firm performance, a unit increase leadership caused 0.197 unit increases in sustainable firm performance and a unit increase in training caused 0.156 unit increases in sustainable firm performance. Therefore, the multiple regression model equation was developed from the coefficient as shown in equation 4.1;

$$Y = 0.618 + 0.336X_1 + 0.219X_2 + 0.197X_3 + 0.156X_4 + e \dots \dots \dots \text{Equation 4.1}$$

Table 4.18 Coefficient of Sustainable Firm Performance

	Unstandardized Coefficients		Standardized Coefficients		
	β	Std. Error	Beta	<i>t</i>	Sig.
(Constant)	.618	.26245		2.357	.0197
Goal setting	.336	.07001	.259	4.795	.0000
Motivation	.219	.05955	.411	3.678	.0003
Leadership	.197	.06512	.295	3.025	.0029
Training	.156	.06593	.377	2.346	.0202

4.6.2 Summary of Hypotheses Testing

For each hypothesis the decision rule was that if the p –value is less than conventional 0.05 the null hypothesis was rejected and when its above 0.05 we fail to reject the null hypothesis. The null hypothesis **H₀₁** stated that there is no effect of goal setting on sustainable firm performance in commercial banks. However, the study results revealed that goal setting has a positive effect on sustainable firm performance in commercial banks ($\beta=0.336$, $p<0.05$).

Therefore, the study findings rejected the null hypothesis. These study findings concur with Bennett (2009) who found out that the level of sustainable firm performance sharply declines with the increase in the level of goal difficulty as it creates a convenient environment where the employees engage in corruption, dishonesty and hampers the quality of the firm performance.

The null hypothesis **H₀₂** stated that there is no effect of motivation on sustainable firm performance in commercial banks. However, the study results revealed that motivation has a positive effect on sustainable firm performance in commercial banks ($\beta=0.219$, $p<0.05$). Therefore, the study findings rejected the null hypothesis. These study findings concur with Michael and Crispen (2009) who stated that having a motivated workforce provides the sustainable firm performance that the firm seeks and better employee performance helps the firm be more sustainable. If employees do not feel that they are fairly evaluated and motivated as well as getting what they deserve either a salary increase or a higher position, they will feel like they are unimportant to the business and hence this can lead them to leave the company which will led to negative impact on the firm's performance sustainability.

The null hypothesis H_{03} stated that there is no effect of leadership on sustainable firm performance in commercial banks. However, the study results revealed that leadership has a positive effect on sustainable firm performance in commercial banks ($\beta=0.197$, $p<0.05$). Therefore, the study findings rejected the null hypothesis. These study findings concur with (Tamkin *et al.*,2010) who found that outstanding leaders are highly motivated to achieve excellence and are focused on organisation outcomes, visions and purpose, they understand they cannot create a sustainable firm performance themselves but are conduits of sustainable firm performance through their influence on others.

The null hypothesis H_{04} stated that there is no effect of training on sustainable firm performance in commercial banks. However, the study results revealed that training has a positive effect on sustainable firm performance in commercial banks ($\beta=0.156$, $p<0.05$). Therefore, the study findings rejected the null hypothesis. These study findings concur with (Gold & Thorpe, 2010) found that employee attitudes such as company dedication signalled that an individual who found out that the work inspiring and therefore experienced a sense of enthusiasm, significance, pride and challenge in completing tasks.

4.7 Mediation Analysis

The fifth objective was to examine the mediation effect of performance appraisal on the relationship between employee engagement strategy and Sustainable firm performance (SFP). The independent variables representing employee engagement strategy were computed as an independent variable. It was established in the literature that employee engagement strategy influences sustainable firm performance, however the mechanism is unknown, therefore the study hypothesized that one of the mechanisms was performance appraisal. The mediation effect of performance appraisal was

conveniently tested using a special PROCESS Macro tool developed by Hayes (2013) using the regular linear regression menu item in SPSS application version 22.

PROCESS Macro tool is an inbuilt measurement tool with a bootstrapped confidence interval request procedure prescribed by Preacher and Hayes (2008). Mediation effect was tested since the data met the assumptions prescribed by Hayes (2014). The four stages of the mediation process were followed as shown below;

1. Confirmed the significance of the relationship between employee engagement strategy and SFP ($X \rightarrow Y$)
2. Checked and confirmed the significance of the relationship between employee engagement strategy and performance appraisal ($X \rightarrow M$)
3. Ascertained the significance of the relationship between the performance appraisal and the SFP in the presence of employee engagement strategy ($M|X \rightarrow Y$)
4. Examined whether the insignificance (or the meaningful reduction in effect) of the relationship between employee engagement strategy and the SFP in the presence of performance appraisal ($X|M \rightarrow Y$) is there.

The first part of the output indicates all variables in the analysis as hypothesized – the dependent variable SFP \rightarrow (Y), independent variable employee engagement strategy (EES) \rightarrow (X) and mediator performance appraisal (PA) \rightarrow (M). The mediation effect of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance was checked by establishing the indirect, direct and total effect.

4.7.1 Total effect

This was assessed by determining the relationship between employee engagement strategy and sustainable firm performance, (Table 4.19). The model results showed $R^2=0.532$ and was significant ($p<0.000$) an indication that employee engagement

strategy predict 53.2% of sustainable firm performance. In this mediation model, the regression of employee engagement strategy on sustainable firm performance ignoring the mediator was significant, $\beta = 0.733$, $t(154) = 13.23$, $p < .000$.

Table 4.19 Total Effect Summary (Outcome: Sustainable firm performance)

R	R-sq	MSE	F	df1	df2	p
.729	.532	.075	174.923	1.000	154.000	.000
Model						
	coeff	se	t	p	LLCI	ULCI
constant	.780	.215	3.630	.000	.355	1.204
Enga	.733	.055	13.226	.000	.623	.842

This finding meant that a unit increase in employee engagement strategy leads to 0.733 rise in sustainable firm performance. It implies that employee engagement strategy significantly influences sustainable firm performance among commercial banks. Substituting equation with the results becomes equation 4.1 thus;

$$\text{Sustainable firm performance} = 0.780 + 0.733\text{Eng} + 0.215 \dots \dots \dots (4.2)$$

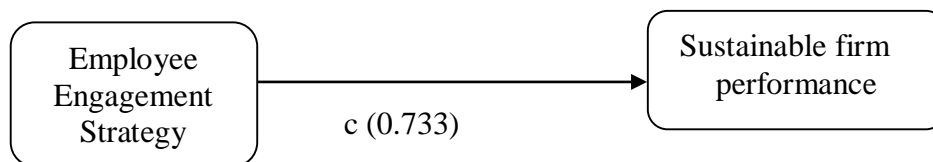


Figure 4.1 Analytical model (Total effect)

4.7.2 Direct effect

The effect of employee engagement strategy on performance appraisal was sought for the purpose of condition two of mediation. Table 4.20 indicates that the $R^2 = 0.056$ and was significant ($p < 0.000$). Therefore, employee engagement strategy predicts 5.6% of performance appraisal. From the mediation regression model, the effect of employee engagement strategy on performance appraisal, was significant, $\beta = 0.301$, $t(154) = 3.03$, $p < .000$.

Table 4.20 Model Summary (Outcome: Performance appraisal)

R	R-sq	MSE	F	df1	df2	p
.237	.056	.243	9.176	1.000	154.000	.003
Model						
	coeff	se	t	p	LLCI	ULCI
constant	2.453	.386	6.360	.000	1.691	3.215
Enga	.301	.099	3.029	.003	.105	.498

From these findings a unit increase in employee engagement strategy causes 0.301 rise in performance appraisal. Thus, employee engagement strategy significantly contributes to the performance appraisal among commercial banks. Substituting equation with the results becomes equation 4.4 thus;

$$SC = 2.453 + .301Eng + 0.386 \dots \dots \dots (4.3)$$

4.7.3 Indirect effect

The indirect effect of performance appraisal on sustainable firm performance, as well as the effect of employee engagement strategy on sustainable firm performance controlling for performance appraisal was sought. The model results [$\beta = 0.327$, $t(153) = 8.98$, $p = <.000$] as summarized in table 4.21. This indicated that performance appraisal controlling for employee engagement strategy predict 69.3% (0.69.3) of sustainable firm performance. Further, the analysis revealed that, the effect of employee engagement strategy on sustainable firm performance controlling for performance appraisal was significant, [$\beta = 0.634$, $t(153) = 13.696$, $p = <.000$].

Table 4.21 Indirect Effects Model Summary (Outcome: Sustainable firm performance)

	R	R-sq	MSE	F	df1	df2	p
Model	.833	.693	.050	172.999	2.000	153.000	.000
		coeff	se	t	p	LLCI	ULCI
constant		-.023	.196	-.116	.907	-.410	.364
Appra		.327	.036	8.979	.000	.255	.399
Enga		.634	.046	13.696	.000	.543	.726

Though the indirect effect remained insignificant at 0.634, it reduced from 0.733 in model I (total effect). Substituting equation with the results becomes equation 4.4 thus;
 Sustainable firm performance = $-.023 + 0.634\text{Eng} + 0.327\text{App} + 0.196\dots\dots\dots$ (4.4)

This finding revealed that, controlling for the mediator (Performance appraisal), employee engagement strategy was significant predictor of sustainable firm performance, as denoted [$c' = 0.634, t(153) = 13.696$], however the magnitude dropped from 0.301, this confirms the presence of partial mediation (Edwards and Lambert 2007 & Kenny and Baron, 1986). Figure 4.2 depicts the analytical mediation frame work.

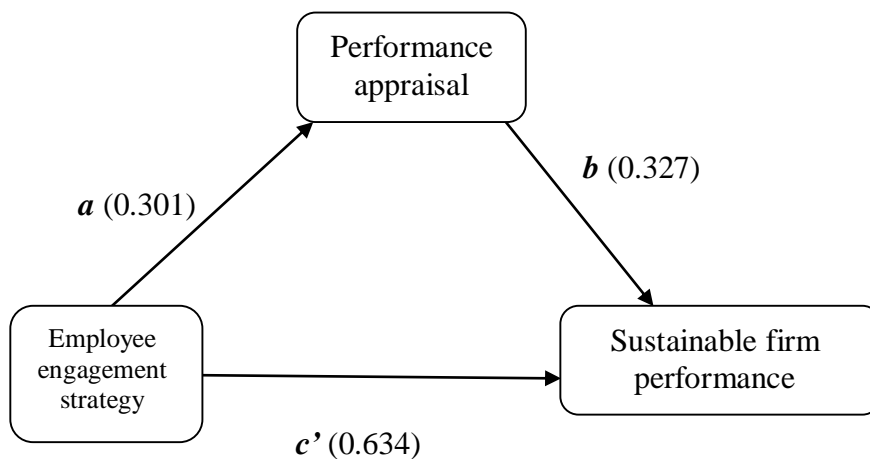


Figure 4.2 Analytical Model; Direct and indirect effect

4.7.4 Confirming Mediation Effect

Muller et al., (2005) suggested a confirmation of the existence of an equity relationship among the parameters of the models. The strength of the mediation was worked out from the Total effect. The mediating effect of performance appraisal was obtained as a product of two indirect paths of sustainable firm performance (CA) denoted as a and b (Figure 4.5) which is equivalent to total effect minus direct effect. This confirms the figures given by regression output on figure 4.2. This figure conforms to regression figure given in Table 4.22

$$\text{Indirect effect} = a \times b \rightarrow (0.301 \times 0.327) = 0.098 = c - c' = (0.733 - 0.634) = 0.099.$$

A bootstrap procedure was used to test statistical significance of indirect effect in mediated models. It provides a 95% confidence interval for the value of the indirect effect ab in terms of unstandardized coefficients. The lower limit of confidence interval was .543 and the upper limit was .726. Since the confidence interval does not include zero at $p < 0.05$, the null hypothesis (H_{05}) that $ab = 0$ was rejected.

Table 4.22 Total, Direct, and Indirect Effects

Effect of X on Y	Total	Direct	Indirect (SC)
Effect	.733	.634	.099
SE	.055	.046	.044
T	13.23	13.696	
P	.000	.090	
LLCI	.623	.543	.015
ULCI	.842	.726	.190

4.7.5 Normal theory tests for indirect effect

A sobel test is also given in the regression output showing partial mediation in the model [$Z = 2.854$, $p = .000$] Table 4.23. This implied that performance appraisal is not

the single dominant mediator and there may be other mediating variables through which employee engagement strategy might influence sustainable firm performance. Therefore, the hypothesis (**H₀₅**) stating that performance appraisal does not mediate the relationship between employee engagement strategy and sustainable firm performance is rejected.

Table 4.23 Normal theory tests for indirect effect

Effect	se	Z	p
.099	.035	2.854	.004

Null Hypothesis **H₀₅** indicated that performance appraisal does not have a significant mediating effect on the relationship between employee engagement strategy and sustainable firm performance in commercial banks. The study findings revealed that performance appraisal have a significant mediating effect on the relationship between employee engagement strategy and sustainable firm performance.

The study rejected the null hypothesis. The study findings concur with Mullins (2011) who asserts that there are many advantages associated with the implementation of a performance appraisal, motivation and self-esteem is increased and an improvement in the sustainable firm performance as well is noticed.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This section will discuss the summary of the findings, conclusions and recommendations. The purpose of the study was to determine the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

5.1 Summary of the Study Findings

Based on data analysis in chapter four, the findings are summarized in this section. The study established the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance.

5.1.1 Goal setting on sustainable firm performance

The first study objective sought to determine the influence of goal setting on sustainable firm performance in commercial banks. The study found out that the respondents agreed on all aspects of Goal setting. The study findings also showed that Goal setting was statistically significant and has a positive influence on sustainable firm performance in commercial banks.

The study rejected the null hypothesis that there is no statistically significant influence of goal setting on sustainable firm performance in commercial banks. The study findings revealed that goal setting has a positive influence on sustainable firm performance.

5.1.2 Motivation on sustainable firm performance

The second study objective sought to determine the influence of motivation on sustainable firm performance in commercial banks. The study found out that the

respondents agreed on all aspects of motivation. The study findings also showed that motivation was statistically significant and has a positive influence on sustainable firm performance in commercial banks. The study rejected the null hypothesis that there is no statistically significant influence of motivation on sustainable firm performance in commercial banks.

The study findings also revealed that motivation has a positive influence on sustainable firm performance in commercial banks.

5.1.3 Leadership on sustainable firm performance

The third study objective sought to determine the influence of leadership on sustainable firm performance in commercial banks. The study found out that the respondents agreed on all aspects of leadership. The study findings also showed that leadership was statistically significant and has a positive influence on sustainable firm performance in commercial banks. The study rejected the null hypothesis that there is no statistically significant influence of leadership on sustainable firm performance in commercial banks. The study findings also revealed that leadership has a positive influence on sustainable firm performance in commercial banks...

5.1.4 Training on sustainable firm performance

The fourth study objective sought to determine the influence of training on sustainable firm performance in commercial banks. The study found out that the respondents agreed on all aspects of training. The study findings also showed that training was statistically significant and has a positive influence on sustainable firm performance in commercial banks. The study rejected the null hypothesis that there is no statistically significant influence of training on sustainable firm performance in commercial banks.

The study findings also revealed that training has a positive influence on sustainable firm performance in commercial banks.

A sobel test given in the regression showed a partial mediation in the model. This implies that performance appraisal is not the single dominant mediator and there may be other mediating variables through which employee engagement strategy might influence sustainable firm performance. Performance appraisal partially mediate the relationship between employee engagement strategy and sustainable firm performance is rejected.

5.2 Conclusions

The study concludes that the employees are given clear and specific goals to achieve monthly of which they are also given an opportunity to participate in the goal setting process which contributes to the overall success of this organization.

The study also concludes that the employees should be able to satisfy both organizational and personal goals. Seniors should be able to treat employees fairly. Leaders should understand the benefits of maintaining a balance between work and personal life and the employees should be recognized for the work well done in order to realize improvement in the organization.

The study further concludes that that in order for banks to realize sustainable performance a leader should demonstrate strong leadership skills, lead by example, care about what ideas his/her juniors have and inspire the juniors by sharing his/her plans for the future of the organizations.

The study finally concludes that that employees need training in order for them to do well in their job. Also, Training opportunities are provided whenever there is change of technology or promotions.

The study concludes that an effective appraisal system can enhance the motivation and performance of the employees leading to the completion of specified work or for attaining or exceeding specified performance targets.

5.3 Implication of the Study

Performance appraisal contributes to the enhancement of cooperation in a company/organization, which in turn is essential for achieving goals. In the common effort of achieving goals, after the performance appraisal procedure, which helps in setting and achieving them, it is more possible to see people cooperating and helping each other. Through the performance appraisal procedure, meaningful goals setting and effort to achieve them end up in motivation and satisfaction/engagement. Constructive criticism that comes as a result of appraisal and its aim is to improve a person's behavior, encouraging positive changes, influences motivation and job satisfaction.

In an environment where performance appraisal helps communication, where an employee can express his/her needs, where strengths are exploited and there is an effort for weaknesses to be improved, employee feels motivated and satisfied. An effective appraisal system can enhance the interest and performance of the employees leading to the completion of specified targets and attainment of specified performance goals. This means that the lack of a fair appraisal score may make the employees work at a normal pace or work below expectation due to how it is conducted.

Performance appraisal gives the staff the opportunity to express their ideas and expectations for meeting the strategic goals of the company. Performance appraisal should be encouraged among the employees to express their ideas and expectations for meeting the strategic goals of the company. Performance appraisal can make the employees' to be aware of what is expected from them and the consequences of their

performance. Performance appraisal should lead to improved employee performance. Performance appraisal should be optimized for effective decision making. This can lead the employees to complete their specified work and exceeding their normal work performance.

5.4 Recommendations

The organization should give clear and specific goals to employees for them to achieve monthly and give them an opportunity to participate in the goal setting process. This will contribute to the overall success of this organization.

The study further recommends that seniors should always treat employees fairly, understand the benefits of maintaining a balance between work and personal life and the employees should be recognized for the work well done in order to realize improvement in the organization.

The study also recommends that leaders should demonstrate strong leadership skills, lead by example, and care about what ideas his /her juniors have and inspire the juniors by sharing his /her plans for the future of the organizations.

The study finally recommends that the employees should be trained always in order for them to do well in their job. There is need for management to enhance the performance appraisal of employees through engagement strategy in order to achieve sustainable firm performance in commercial banks.

The study recommends that the performance appraisal should be optimized to improve the performance of the employees. Performance reviews should be focused on the contributions of the individual employees to meet the organizational goals.

5.5 Suggestions for further study

The researcher suggests that a similar study to be done on other government parastatals for comparison of findings and a general conclusion to be drawn on the perceived relationship between employee engagement strategy and sustainable firm performance.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

Dear Respondent,

I am a post graduate student at the University of Eldoret. In order to fulfil the requirement for the award of a master's degree in Business Management, I am conducting a research entitled the mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm performance. The purpose of this letter is to seek your permission to collect the relevant data from you. The information collected will be treated with utmost confidentiality and will be used for the intended purpose.

Thank you,

Yours faithfully,

Wendy Apiyo

APPENDIX II: QUESTIONNAIRES

Instructions to respondents

- a) Please take time to fill this questionnaire with appropriate responses in the spaces provided, use a tick for your answers in the spaces provided.
- b) DO NOT indicate your name anywhere in this questionnaire.
- c) DO NOT give more than one answer.

PERSONAL DATA

1. Please indicate your gender
 - a) Male
 - b)Female
2. Indicate your age below 25years 26-45 above 45 years
3. Please indicate the length of service in the organisation

 Less than 10 years Between 11-20years Over 20 years
4. Highest level of education

 Certificate Diploma Degree masters doctorate

SECTION B

5. Please indicate your level of agreement on the following questions on sustainable firm performance using the following scales
(1=Strongly Disagree, 2=Disagree, 3=Undecided,4=Agree, 5=Strongly Agree)

Sustainable Firm performance	1	2	3	4	5
1. In the past year the company has introduced new products					
2. In the past year the company has entered into new markets					
3. The company profits keep increasing yearly					
4. The company has a very good reputation					
5. The company has retained most of its employees					
6. Employee morale is highly considered in the company					
7. The company has increased its market share					
8. Considerable numbers of customers are referred to buy products in the organization by existing customers.					

9. There are mechanisms to ensure that customer complaints are resolved to their satisfaction.					
10. The company obtains frequent feedback from customers about the quality of services provided.					

6. Please indicate your level of agreement on the following questions on goal setting using the following scales
(1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree)

Goal setting	1	2	3	4	5
1. I am given specific goals to achieve monthly					
2. I am clear about what I am expected to achieve.					
3. I have an opportunity to participate in the goal setting process					
4. I receive feedback that helps me improve my performance					
5. My work contributes to the overall success of this organisation					
6. I understand the mission and goals of this organisation					
7. I am regularly informed about the mission and goals of this organisation.					
8. I am held accountable for achieving goals and meeting expectations					

7. Please indicate your level of agreement on the following questions on motivation using the following scales
(1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree)

Motivation	1	2	3	4	5
1. I am able to satisfy both my organisational and personal goals					
2. My senior treats everyone fairly					
3. I feel sufficiently motivated by my supervisors					
4. My level of motivation affects my performance					
5. My senior understands the benefits of maintaining a balance between work and personal life					
6. I get excited about going to work					
7. I intend to go on working for this organization					

8. I am prepared to put myself out to do my work					
9. My senior fully recognised my achievements this year					
10. My senior praises and recognizes when I do a good job					
11. When I do a good job, I receive the praise and recognition deserved					

8. Please indicate your level of agreement on the following questions on leadership using the following scales

(1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree)

Leadership	1	2	3	4	5
1. My senior demonstrates strong leadership skills					
2. My senior challenges me to think of problems in a different way					
3. Our senior management lead by example					
4. My senior is open and honest in communication					
5. My senior cares about what ideas his/her juniors have					
6. My senior inspires me by sharing his plans for the future of the organisation					
7. My senior asks me questions that open my thinking					

8. Please indicate your level of agreement on the following questions on training using the following scales

(1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree)

Training	1	2	3	4	5
1. I receive the training I need to do my job well					
2. I get plenty of opportunities to learn from this job					
3. Supervisors tell employees whether they are doing their work as per the training imparted or not					
4. Training opportunities are provided whenever there is change of technology or promotions					
5. Supervisors support the use of techniques learned in training that employees bring back to their jobs					
6. Supervisors help employees set realistic goals for performing their work as a result of training					

9. Please indicate your level of agreement on the following questions on performance appraisal using the following scales (1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree)

Performance Appraisal	1	2	3	4	5
7. I am quite satisfied that the objectives agreed upon were fair					
8. The objectives and standards of performance helped me to focus on what I should be aiming to achieve					
9. My senior is always prepared to provide guidance when I face challenges at work					
10. I am encouraged to learn from my mistakes					
11. I receive useful and constructive feedback from my manager					
12. I receive good feedback that helps me improve my performance					
13. The performance review meeting was conducted by my manager in a friendly and helpful way.					
14. If any criticisms were made during the review meeting, they were acceptable because they were based on facts not opinions					
15. The meeting ended with a clear plan of action for the future which I agreed.					

APPENDIX III: RESEARCH AUTHORIZATION



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349, 3310571, 2219420
Fax: +254-20-318245, 318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/63399/25165**

Date: **24th September, 2018**

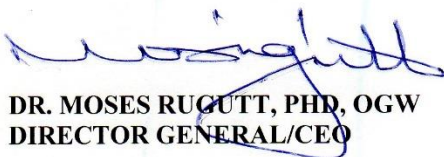
Wendy Eldah Apiyo
University of Eldoret
P. O. Box 1125-30100
ELDORET.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Mediating role of performance appraisal on the relationship between employee engagement strategy and sustainable firm of commercial banks”* I am pleased to inform you that you have been authorized to undertake research in **Uasin Gishu County** for the period ending **20th September, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Uasin Gishu County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.


DR. MOSES RUGUTT, PHD, OGW
DIRECTOR GENERAL/CEO

Copy to:

The County Commissioner
Uasin Gishu County.

The County Director of Education
Uasin Gishu County.

APPENDIX IV: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:
MISS. WENDY ELDAH APIYO
of UNIVERSITY OF ELDORET, 0-30100
Eloret, has been permitted to conduct
research in Uasin-Gishu County
on the topic: MEDIATING ROLE OF
PERFORMANCE APPRAISAL ON THE
RELATIONSHIP BETWEEN EMPLOYEE
ENGAGEMENT STRATEGY AND
SUSTAINABLE FIRM OF COMMERCIAL
BANKS
for the period ending:
20th September, 2019

Permit No : NACOSTI/P/18/63399/25165
Date Of Issue : 21st September, 2018
Fee Received :Ksh 1000



Applicant's Signature


Director General
National Commission for Science,
Technology & Innovation

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013
The Grant of Research Licenses is guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014.

CONDITIONS

- The License is valid for the proposed research, location and specified period.**
- The License and any rights thereunder are non-transferable.**
- The Licensee shall inform the County Governor before commencement of the research.**
- Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.**
- The License does not give authority to transfer research materials.**
- NACOSTI may monitor and evaluate the licensed research project.**
- The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.**
- NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.**

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APPENDIX V: SAMPLE SIZE TABLE

NAME OF BANK	TARGET POPULATION	SAMPLE SIZE
1. ABC Bank (Kenya)	28	8
2. Bank of Africa	27	7
3. Bank of Baroda	27	7
4. Bank of India	27	7
5. Barclays Bank	28	8
6. CFC Stanbic Bank	27	7
7. Chase Bank Kenya	28	8
8. Chase Bank Iman	27	7
9. Commercial Bank	28	8
10. Consolidated Bank	27	7
11. Cooperative Bank	28	8
12. Credit Bank	27	7
13. Development Bank of Kenya	27	7
14. Diamond Trust Bank	27	7
15. Dubai Bank Kenya	27	7
16. Ecobank	28	8
17. Equitorial Bank	27	7
18. Equity Bank	28	8
19. Family Bank	27	7
20. Fidelity Bank	27	7
21. Fina Bank	27	7
22. First Community Bank	7	7
23. Giro Commercial Bank	27	7
24. Guardian Bank	27	7
25. Gulf African Bank	27	7
26. Habib Bank	27	7
27. Habib Bank AG Zurich	27	7
28. I & M Bank	27	7

29.Imperial Bank Of Kenya	27	7
30.Kenya Commercial Bank	27	7
31.K-REP Bank	27	7
32.Kenya Women Microfinance Bank	28	8
33.Middle East Bank Kenya	27	7
34.National Bank of Kenya	27	7
35.Nic Bank	27	7
36.Oriental Commercial Bank	27	7
37.Paramount Universal Bank	27	7
38.Prime Bank	27	7
39.Rafiki Microfinance Bank	27	7
40.Standard Chartered Bank	27	7
41.TransNational Bank	28	8
42Housing and Finance bank	27	7
Total	1150	297

Source: Central Bank of Kenya (2016)

APPENDIX VI: SIMILARITY REPORT

Turnitin

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 - < 1% match (student papers from 09-Nov-2017)
 Submitted to Kenyatta University on 2017-11-09
 - < 1% match (student papers from 23-Oct-2019)
 Submitted to Midlands State University on 2019-10-23