

**MUSE OF ACADEMIC STAFF PERFORMANCE APPRAISAL TO ATTAIN
COMPETITIVE ADVANTAGE: A COMPARATIVE STUDY OF KENYAN
UNIVERSITIES**

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ABSTRACT

Academic staff performance appraisal aims at determining work results and looks at how best to make human resource management decisions, develop staff successfully, guarantee high level of motivation, productivity and competitiveness. Notably performance appraisal as used today in universities lacks formal goals and is not used to make crucial human resource management decisions on matters of pay, training and development needs analysis and benchmarking with other universities. This study sought to establish the extent to which academic staff performance appraisal systems in Kenyan universities are used to gain competitive advantage. The study objectives were to assess the extent to which Kenyan universities use performance appraisal to determine performance related pay, identify training needs and benchmark to achieve competitive advantage and whether organizational culture acts as a moderator in these relationships. It also sought to determine whether public universities were more competitive than private universities. The methodology included descriptive research design. Universities were stratified into public and private. The target population consisted of full time lecturers numbering 1114 drawn from two public and two private universities selected using stratified purposive sampling. Respondents from various schools were then sampled using simple random method. A pilot study was carried out on a sample of 10 lecturers in order to establish the reliability of questionnaires. Data was collected using semi-structured questionnaires and analyzed using statistical analysis generated using the computer application package SPSS version 11.5. Several methods used to analyze data included descriptive statistics, bivariate correlation (spearman's rho), linear regression and sequential moderated multiple regression analysis. For public universities the findings indicated a linear relationship between training needs analysis, benchmarking and competitive advantage while no linear relationship existed between performance related pay and competitive advantage. Organizational culture acted as a moderator variable and increased the effect of the relationships in all three independent

variables. In private universities there was no linear relationship between performance related pay, training needs analysis and competitive advantage. Organization culture did not increase the effect of the relationships between these two variables and competitive advantage. There was a positive linear relationship between benchmarking and competitive advantage while organizational culture acted as moderator variable in the relationship. Public universities were found to be more competitive than their private counterparts. The study makes the following recommendations, universities could adopt performance related pay to attract and retain best academic staff, ensure talent management, performance based funding, integration of various appraisal techniques to enhance acceptance, adoption of balanced scorecard, and creation of a strong university culture conducive to learning and knowledge management, and involvement of academic staff in decisions affecting them.

Key words: Performance appraisal, Performance Related Pay, Training Needs Analysis, organization culture, Competitive Advantage.

INTRODUCTION

Performance appraisal assesses the performance against pre-determined measures of performance, based on key success factors which may include measures of deviation from the norm, tracking past achievements and measures of output and input (Millmore, et al. 2007). De Nisi and Gonzales (2000) concur that a central goal of performance appraisal is to increase performance at the individual and, subsequently, the organizational level. The dilemma for universities is whether performance appraisal systems can channel the efforts of employees in an organizationally relevant way while recognizing staff concerns for continuing professional development and academic freedom. European universities for a long time had the belief that universities were autonomous, liberal academies committed to independence, neutrality and the advancement of knowledge. According to Turk et al. (2008) appraisal system in American higher educational institutions was based mostly on number and quality of research publications, university and community service and results of the student surveys. The faculty reward system in the United States was based on teaching; scholarship, research and creativity; and university and community service and lecturers were given renewable three year contracts. Simmons (2002) found appraisal criteria commonly used for university lectures in the United Kingdom to be student completion rates, employability of the graduates, staff research, curriculum development, examination results of courses taught, contribution to administration, student evaluation of courses taught, number of research publications produced, research funding generated and liaison with external bodies.

Williams (2003) and Turk (2008) both concur that when integrated with compensation, performance appraisal created a more productive and creative academic environment and guaranteed a highly motivated staff in Jamaican and Estonian universities respectively. Turk et al. (2008) found that Estonian universities did not have a unified appraisal system and universities and their faculties apply various appraisal systems that are in accordance with their specific needs. The appraisal system was based on teaching, research and

development, after which performance bonuses were paid monthly to a lecturer or researcher for one term on the basis of the results from the previous term. Universities are now being subjected to ever increasing levels of accountability, part of which has involved the widespread application of performance appraisal systems. Shahzad et al. (2008) suggest that employee commitment and productivity can be greatly improved with performance appraisal. Twelve leading Pakistan Universities included in the study revealed a great correlation between performance appraisal practices, compensation and promotion though the correlation was low between appraisal and improvement in lecturer performance.

In South Africa, performance appraisal has been used to help public servants know what is expected of them, increase motivation, identify poor performance and improve it, recognize and reward outstanding performance (Erasmus, Schenk, Westhuizen & Wessels, 2005). Mapesela (2009) in their research on performance appraisal in 11 institutions of higher learning in South Africa concluded that most universities conducted top-down approach to appraisal which excluded management staff. There are unclear format procedures creating uncertainty of the system, complicating implementation and most universities lacked management capacity for appraisal. Universities base pay on managerial and financial limitations making it difficult for them to implement performance based pay.

In Kenya State universities have embraced Quality Management Systems and developed variants of performance appraisal systems for use in respective institutions. Ngware and Ndirangu (2007) identified student based appraisal as the most widely used in public universities and even though other techniques such as peer reviews are also used, academics perceive it as an attack on academic freedom and a potential tool to monitor and control them as well as preventing unpopular research or discussion not popular with the university. Moreover peer review has started a culture of criticism and undermining of colleagues. Nyaoga, et al. (2010) found that private universities use ranking performance appraisal systems designed to provide documented constructive feedback regarding performance expectations and spur growth and development. Kenya has 22 chartered public universities, and 9 constituent colleges, 17 chartered private universities and 5 private constituent colleges (CHE 2014). The focus of the study was two public and two private universities. In each category one university was relatively old while the other was relatively young to establish whether being new would differ or be parallel with established ones in terms of competitiveness. The study targeted full time academic/teaching staff in these universities as sought to compare the use of performance appraisal outcome in these institutions of higher learning to achieve competitive advantage.

Statement of the Problem

Performance appraisal is one of the important components in the rational and systematic process of human resource management and a key element of any organization's drive towards competitive advantage through continuous performance improvement. In the absence of a well-structured PAS, managers will have a tendency of judging employee work performance informally and arbitrarily. Performance appraisal systems used in

Kenyan universities have largely relied on student based academic staff appraisal where students may not be in a position to discern the quality or validity of the lecture content as they are usually influenced more by the style of delivery than by the quality of the content. The evaluation report is given directly to the head of department minimizing lecturers' participation in their own appraisal and reducing lecturers' intrinsic motivation which would facilitate growth and development (Ngware and Ndirangu 2007). Graphic rating techniques are also used because they are easy to develop, administer, and interpret, but the rating is qualitative and subjective giving partial judgment of individual performance (Nyaoga, et al. 2010). Peer appraisals also widely used despite bringing a culture of criticism and undermining colleagues, thus any administrative decision based on such appraisal results demoralizes staff and lowers performance of individual, faculty and university. According to Ngware, et al. (2005) performance appraisal in public and private universities is simply an annual exercise and the results are not used to determine reward or promotions for the lecturers. Promotions and training needs analysis are also not based on appraisal results but determined by the university sponsors most of whom are religious organizations (private) thus denying universities a motivated academic staff (Nyaoga, et al. 2010). Kenyan universities rarely use appraisal results to benchmark with other institutions, a practice which would help them identify and adopt good practices. A study carried out by Magutu et al. (2011) found a big gap which needs to be filled through benchmarking to make Kenyan universities international centers of excellence. According to Ng'ang'a (2012) Kenyan universities have slipped in ranking worldwide indicating a low level of lecturer performance and consequently low competitive advantage. Poor appraisal systems have led to significant capacity problems in some faculties and affected the student-lecturer ratio especially for science based courses. Absence of an effective performance appraisal system has also impacted on quality of graduates leaving the local universities who according to Mabururu (2011) are not adequately prepared for the job market in line with market needs and Vision 2030. Generally the public universities appear to be well ahead of their private counterparts in terms of enrolment and partnerships according to findings by Otieno (2007).

Objectives

General Objective

The general objective of this study is to carry out a comparative study of Kenya's public and private universities' on the use of academic staff performance appraisal systems to gain competitive advantage.

Specific Objectives

1. To assess the extent to which Kenyan universities use performance appraisal to determine performance related pay for competitive advantage.
2. To establish the extent to which Kenyan universities use academic staff performance appraisal to identify training needs for competitive advantage.
3. To examine the use of universities academic staff performance appraisal for benchmarking to gain competitive advantage.

4. To examine the moderating effect of organizational culture on use of academic staff performance appraisal to gain competitive advantage in Kenyan universities.

LITERATURE REVIEW

Theoretical Framework

Performance appraisal in private and public sector organizations has been studied from a variety of perspectives. The theoretical framework is based on some of them, which offer different view points on how performance appraisal should be used.

Expectancy Theory

Support for performance related pay is theoretically grounded in expectancy theory proposed by Vroom (1964) and refined by Porter and Lawler (1968) and later by Pinder (1987). The theory is concerned with cognitive antecedents that go into motivation and the way they relate to each other. It is a cognitive process theory based on the idea that people believe there is a relationship between the effort they put, the performance achieved from that effort and the rewards they receive from their effort. It based on assumptions that people join organizations with expectations about their needs, motivations and past experiences. Individual behaviour is a result of conscious choice; people want different things from the organization and will choose among alternatives so as to optimize outcomes for them personally. Expectancy theory consists of expectancy where a person's estimate of the probability that job-related effort will result in a given level of performance. Instrumentality is an individual's estimate of the probability that a given level of achieved task performance will lead to various work outcomes while valence is the strength of an employee's preference for a particular reward. Theoretically a reward has a valence because it is related to an employee's needs; valence provides a link to the need theories of motivation. Vroom (1964) relates motivation, expectancy and valence by the equation $Motivation = Expectancy \times Instrumentality \times Valence$ meaning that higher levels of motivation will result when expectancy, instrumentality and valence are all high than when they are low. Berger (2009) opines that compensation mechanisms can be a powerful incentive in linking performance to reward.

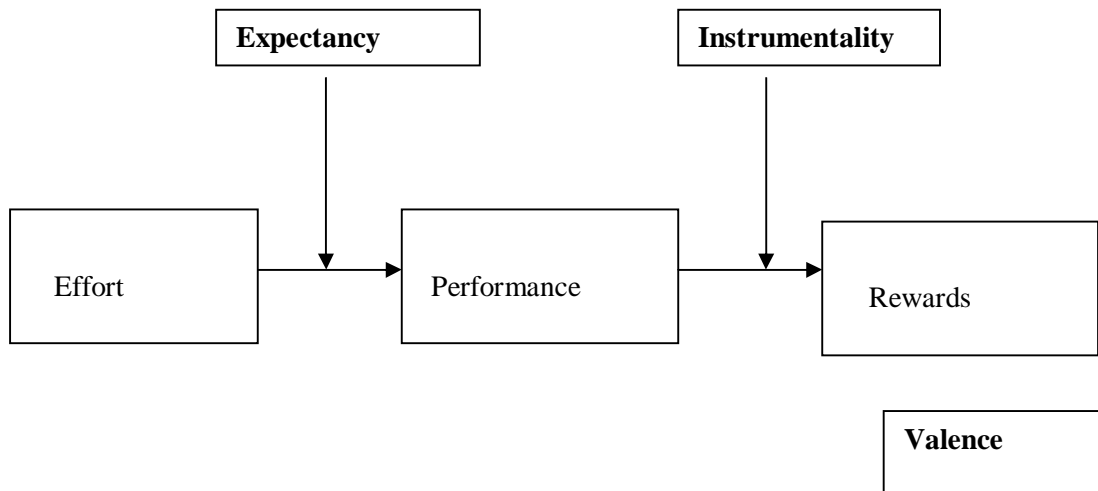


Fig 1: Expectancy Theory

Resource Based View of Competitive Advantage

The resource-based view (RBV) a term originally coined by Wernerfelt (1984) and pursued further by Barney (1986), has emerged as a popular theory of competitive advantage as a substitute to Porter's five forces framework. It supports the contribution of human resource systems in achieving competitive advantage through retaining and development of competencies that are part and parcel of the organizations unique history, produce tacit organizational knowledge and create multifaceted social relationship (Wright and McMahan 1992). It stipulates that fundamental sources and drivers of competitive advantage and superior performance are chiefly associated with the attributes of resources and capabilities which are valuable and costly to copy (Barney 2001). Barney(1986) posits that resources consist of all assets, capabilities, organizational processes, firm attributes, knowledge, information controlled by the organization that enable it to conceive of and implement strategies that improve its efficiency and effectiveness.

Organizations achieve and sustain competitive advantages by deploying precious resources and capabilities that are inelastic in supply (Ray, Barney and Muhanna 2004; Madhani 2009). According to Sheehan and Foss (2007) the resource based view also provides an avenue for organizations to plan and execute organizations strategy by examining the role of their internal resources and capabilities in achieving competitive advantage. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes such as access to resources, or highly trained and skilled human resources that allows it to outperform its competitors (Rijamampianina 2003). An effective performance appraisal system will ensure human resource

competencies are developed to enhance competitive advantage which is a key determinant of superior performance and will ensure survival and prominent placing in the market. The RBV approach enables organizations find out why some organizations perform better than others (Sheehan and Foss 2007).

Organizational Culture

Organization culture is viewed by Sin and Tse (2000) as patterns of shared values and beliefs developed over time, producing behavioural norms that are adopted in solving problems. Denison and Mishra (1995) propose that the fit among strategy, environment and organizational culture is associated with four categories of culture. The categories are based on two factors; the extent to which competitive environment requires change or stability and the extent to which strategic focus and strength is internal or external.

Table: 1: Relationship between environment and strategy to organization culture

Strategic focus	Needs of the environment	
External	Adaptability culture	Mission culture
Internal	Clan culture	Bureaucratic culture

Adapted from Denison and Mishra (1995)

Denison and Mishra (1995), Cameron et al. (2006) and Igor and Skitmore (2006) describe the four categories of culture (also contained in the Competing Values Framework) which include Adaptability culture (Adhocracy) characterized by strategic focus on external environment through flexibility and change to meet customer needs. The cultural values include innovation, creativity, risk taking, promotion of individual initiative and entrepreneurship, flexibility and employee empowerment. The Vision culture is characterized by strategic focus on external environment to meet specific customer needs. Cultural values include goal orientation, clear vision mission, envisioning and communicating a desired future state for the organization, reward system, high level of competitiveness and profit making.

Denison and Mishra (1995), Cameron et al. (2006) describe Clan culture which is characterized by strategic focus on the internal environment focusing on the involvement and participation of the organization's members and on rapidly changing expectations from the external environment. The cultural values are involvement and participation, employee consideration and creativity of employees. The fourth category of culture known as Bureaucratic (Hierarchy) which is characterized by strategic focus on the internal environment and a consistency orientation for a stable environment. The cultural values include symbols, heroes, ceremonies, formal rules and regulations, established

policies and practices, high level of consistency, conformity and collaboration among members.

In his theoretical analysis Barney (1986) posits that core values foster innovativeness and flexibility in organizations and leads to sustained superior financial performance and adds that in order to have competitive advantage, organization culture should be valuable to enable organizations do things differently, rare and imperfectly imitable. In their contribution Kotter and Heskett (1992) suggest that better performing organizations have strong cultures but only if the culture fits the organization’s environment. Better performance is sustained over the long run if the organization culture contains change values leading to the organization to continually re-adapt culturally and otherwise to its environment.

Conceptual Framework

The conceptual framework will cover the following independent variables; use of performance appraisal results for determining performance related pay, identifying training needs, and internal and external benchmarking in public and private universities. Used effectively performance appraisal system will result in competitive advantage which is the dependent variable, by creating world-class universities which are competitive and sustainable.

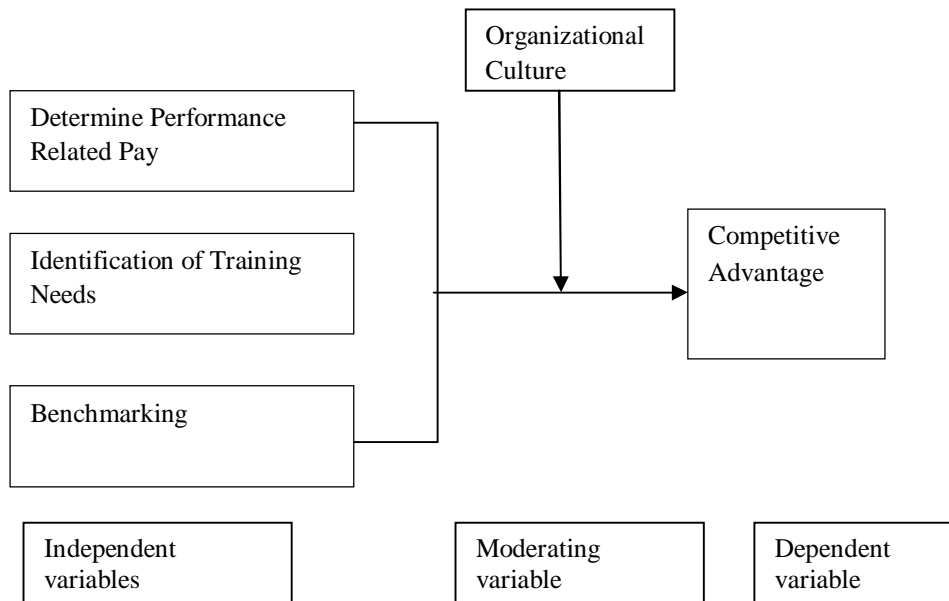


Figure 2: Conceptual Framework

Performance Related Pay

Performance-related pay (PRP) is a method of remuneration that links pay progression to an assessment of individual performance, usually measured against pre-agreed objectives.

Pay increases awarded through PRP are normally consolidated into basic pay although sometimes they involve the payment of non-consolidated cash lump sums. The objectives of PRP systems include encouraging high performance levels by linking performance to pay, embedding an entrepreneurial or high-performance culture across the organization, and the notion of equity or fairness (CIPD 2012). Appraisal/performance related pay is generally used to link progression through a pay band to an assessment of an individual's work performance during a particular reference period, often a year. Alternatively, the reward may be an additional sum of money paid in the form of a bonus. Assessments usually relate to an individual's achievements against agreed objectives relating to output and quality of work but may also include an element of evaluation of personal characteristics, such as adaptability and initiative.

Performance related pay systems are based on the assumption that employees' performance and motivation can be improved by establishing a clear link between efforts and reward through formalized and specified individual targets. According to Piekola (2005) the system improves both productivity and profitability if the compensations are substantial enough and such schemes have substantially improved firm performance without creating much wage pressures. Performance indicators for academic staff according to Simmons (2001) include teaching, number and quality of research publications, writing and marking examination papers for graduate and undergraduate students. Lecturers also mentor and guide the work and research of postgraduate students, attend conferences in specialist subject area to liaise and network with national/international where one may, on occasion, be invited to give presentations and lecture in his/her specialization and/or organize sessions in conferences or workshops. Lecturers may also be appraised on how they participate in external working groups and provide references on behalf of academic colleagues as well as participating in peer review of publications. The desire to have some stability in the workforce participating in performance related pay is also an argument for its use as Piekola (2005) asserts that those employees whose compensation is partly in the form of performance related pay experience higher employment stability.

Hannay and Shelton (2008)) have previously stated that if the organization operates on a philosophy of paying for performance, it is imperative that performance is evaluated accurately. From Barth and Bratsberg's (2008) findings from Norwegian firms, performance-related pay is more prevalent in firms where workers of the main occupation have a high degree of autonomy in how to organize their work and where firms are large but is less common in highly unionized organizations and in firms where wages are determined through centralized bargaining. Results show that performance pay is on the rise in Norway, even after accounting for changes in industry structure, bargaining regime, and union density. They also found that the incidence of performance-related pay relates positively to product-market competition.

Identification of Training Needs Analysis

Performance appraisal identifies the gap between what is happening in the organization and what must happen in terms of employees' behaviours according to their knowledge,

skills, and attitude. Thereafter training needs analysis (TNA) is undertaken to identify these gaps between what the job expects an employee to do, on the one hand, and what the employee is actually doing, on the other. Training needs analysis can be considered as the most important phase in ensuring the effectiveness of planned training and must precede any type a training (Goldsten and Ford 2002). A training needs analysis discovers whether there is a discrepancy or conflict between what an employee ought to be doing and that which he or she can do. The objective of training needs analysis is to collect and evaluate information in order to determine what is currently being done and what should be done in future as suggested by Kirkpatrick (1977) thus results of performance appraisal should be used as a source of training needs analysis to make it effective. The process of training needs analysis according to Reay (1998) and Willis (1998) involve determining the focus for the TNA or the customer; determining and planning the methods of data collection; collecting data from performance appraisals (Leat and Lovell 1997), or review of documents job and task analysis (Reid and Barrington 1999); analysis and interpretation of collected data and ending with proposing and prioritizing solutions or actions. It involves operational and individual analysis using Balanced score card (organizational level), task analysis (operational level) and performance review (individual level).

The concept of TNA is now considered at strategic level as it has developed relationships with several human resource functions such as performance appraisal. According to Sorenson (2002) TNA is a comprehensive study comprising a diagnostic phase which identifies inconsistencies among performance standard, current performance and current competence, and ranking these inconsistencies by prioritizing them in order of severity. The curative phase finds out the causes of the prioritized inconsistencies, and then decides on using training, non-training, or both types of interventions for their solution. Today TNA has become a concern of every proactive manager who uses it for developing and implementing varied practical solutions for individuals, work groups, and organizations (Gupta et al., 2007). According to Stone (2009) organizations have been experiencing a paradigm shift from training as an outcome of TNA to training as an important business strategy that prepares the organization's human resource for and makes them compatible with unavoidable change and opportunity in technology, systems, structures and the nature of work itself . Holton et al. (2000) however cites time and resources as one of the reasons TNA is not a popular option, lack of trainers who possess required knowledge or lack of belief in the effectiveness of the system.

Benchmarking

Benchmarking has been used as a tool, a methodology and a technique for continuous improvements in sectoral operations to gain and maintain competitive advantage and has been defined by Jackson and Lund (2000) as a learning process structured so as to enable those engaging in the process to compare their services/activities/ products in order to identify their comparative strengths and weaknesses as a basis for self improvement and/or self-regulation. Universities and Higher education institutions have an increasing need to benchmark their performance against their peers and benefit in form of

development of the institution's strategy and identify new trends early and gain advantage over others. Researchers McKinnon, et al. (2000) provides a summary of the main approaches to the formulation of benchmarks by distinguishing criterion reference approach which defines the attributes of good practice in a particular area, thus enabling universities to benchmark their success in that area through a direct comparison of their performance against the criterion. In contrast, quantitative benchmarks distinguish normative and competitive levels of achievement, enabling assessments to be made of differences in practice between institutions. Fisher (1996) found benchmarking and performance evaluation to be among the key elements that are essential for reengineering an organization's business processes.

Benchmarking is the most powerful technique for gaining and maintaining competitive advantage according to Codling (1996) and is a key process used widely as an improvement technique within business excellence models. Hinton et al. (2000), when addressing the rapid adoption of business excellence models across Europe, state that organizations striving for business excellence would be hard pressed to do so effectively without benchmarking. Garlick and Pryor (2004) have built upon this notion in their work to further characterize benchmarking in the university as collaboration, organization learning, inclusiveness, reflection, review, leadership and improvement. It also involves assessing the quality and cost performance of practices and processes in the context of industry-wide or function-specific 'best practice' comparisons. Benchmarking can also be used as an ongoing diagnostic management tool focused on learning, collaboration and leadership to achieve continuous improvement in the organization over time and according to Gunasekaran (2002) benchmarking can be used for improving administrative processes as well as instructional models, it helps to overcome resistance to change, provide a structure for external evaluation, and create new networks of communication between institutions where valuable information and experiences on teaching and research can be shared.

Garlick and Pryor (2004) add that universities seek to benchmark in areas such as increasing enrollment and student: staff ratios, introduction of competitive programs, research institutions, provision of quality teaching facilities, establishing linkages and collaborations with industry, research, clear governance structure, as well as community outreach and extension. However Pfeiffer and Sutton (2006) argue that people copy what others do instead of how they think thus end up benchmarking the wrong things. Organizations often have different strategies and different competitive environments, all of which make what they need to do to be successful different from what others are doing. Study shows that many companies in the USA are finding that by looking out of the box they are able to learn improved business processes and are able to refocus their attention to obtain competitive advantage (Prabir 1996). Various types of benchmarking have been used which include competitive benchmarking involving identifying the major competitors of an organization in the marketplace after which the benchmarking team then looks at the competitors' product, cost, technology, service, and the functioning of their organizations. Cooperative benchmarking involves comparing one's own

organization with the best-in-class companies in the worldwide marketplace, not necessarily in the same industry. This form of benchmarking can often be the most beneficial as a source of competitive advantage. Recognizing and adapting innovations to new environments require creative thinking and adaptive behaviour. Matters and Evans (1997) add internal benchmarking which is undertaken against operations and functional or industry benchmarking which is performed externally against industry leaders or the best functional operations of certain companies. Finally, process or generic benchmarking focuses on the best work processes (Finch and Luebbe 1995; Matters and Evans 1997).

Organizational Culture as a Moderator Variable

Organizational culture encapsulates the way an organization performs its business handles its employees, clients, and external community, how often autonomy is allowed in decision making, developing fresh ideas and personal expression, hierarchical order of channel through which information flows, and the levels of employee commitment towards collective objectives of the organization (McNamara 2002). Organizational cultures represent the character of an organization, which directs its employees' day-to-day working relationships and guides them on how to behave and communicate within the organization, as well as guiding how the company hierarchy is built (Ribiere and Sitar 2003). In the Denison Organizational Culture Survey, Denison and Neale (2000) isolated four measurable variables that will be adopted in this research which include employee involvement and participation (also cited by Ramadan 2010) which results in a sense of ownership and responsibility leading to commitment. Consistency is the second variable and is seen when organizational culture comprising of shared values, beliefs and symbols becomes internalized, then consensus and coordination are more effectively achieved. Denison and Neale (2000) also cite adaptability which is based on the need for the organization to recognize changes in the external and internal environment and then make the appropriate responses to accommodate those changes. Finally, broadly shared mission helps the organization find purpose, meaning and direction.

For OC to provide competitive advantage it must be valuable, rare and imperfectly imitable (Peters 1982). Such an organization enjoys sustained competitive advantage that reflects that culture such organizations have organizations culture with a set of values that encourages creativity and innovativeness, supports and values the worth of the employee, obsessed with customer service and satisfaction. Cultural factors that may affect the quality of higher education include attitudes towards meritocracy, academic freedom and shared governance (Parhizgar and Parhizgar 2007). Meritocracy ensures that the most qualified faculty members are recruited, and that they are subsequently treated fairly with regard to their promotions, bonuses and other benefits. Meritocracy is also highly important in deciding who should receive research grants (Liebert 1976). A university that does not adhere to meritocracy does not attract and retain innovative and highly competent people, and instead, sends them to its local, regional, or international competitors. Meritocracy is not likely to be achieved without transparency and shared governance. Legal requirements for transparency in appointments and promotion in Swedish universities, nine of which are ranked among the first 300 universities in the

world, have contributed to higher quality assurance (Svensson 2007). Attitudes towards academic freedom are also highly important in higher education. Academic freedom is an indispensable principle of scholarship (Robert 2006). Universities are supposed to be the ultimate arena in society for open discussion of controversial issues (Robert 2006). Standler (2000) argues that academic freedom for professors leads to better education for students who can be exposed to a wide variety of viewpoints and styles. Academic freedom is the prerequisite for innovation and creativity as it allows students and faculty members to challenge conventional wisdom. The sustainability of academic freedom requires a governance system in which faculty expertise is considered to be the most important factor in academia-related decisions (Gerber 2001). Stressing the link between academic freedom and shared governance, Shrecker (2006) argues that if professors control their academic work it is necessary that they have a say in the way their schools are run. Shared governance fosters a sense of empowerment, encourages staff, and results in improved morale and an improved college environment.

American Universities that have outclassed other universities are known for their high levels of shared governance (Sirvanci 2004). Denison and Mishra (1995) utilizing a more rigorous methodology, discovered that cultural strength was significantly associated with short-term financial performance. Kotter and Heskett (1992) found that organizations with “adaptive values” are strongly associated with superior performance over a long period of time as compared to just short-term performance. These results suggest that culture can affect organizational performance if it is “strong” (wide consensus, deeply internalized and socialised) and appropriate to its environment (relevant to its industry and business conditions). Barney (1986) argued that culture can only be a source of competitive advantage if it is valuable (adds value in some way), rare (cultural attributes not similar to other firms) and imperfectly imitable. In order to enhance competitiveness organizations should cultivate a culture that encourages and provides opportunities for communicating ideas, knowledge, and experiences and Cheng and Hsiang (2007) suggests organizations nurture adhocracy culture to enable knowledge workers learn, feel comfortable, and have the opportunity to be creative and innovative, improving corporate performance and increasing the organization's value while Jones et al (2006) showed that organizational culture can be considered as a knowledge resource and therefore an influence on its competitiveness.

Competitive Advantage

Sustainable competitive advantage is the ability to offer superior customer value on an enduring or consistent basis, a situation in which competitors are unable to easily imitate the firm's capacity for value creation (Anderson 1994). Competitive advantage may be created through human resource management practices that include an effective appraisal system. Performance appraisal systems can be used to encourage employees to learn and share their knowledge with others. These intellectual capital resources are acquired through the process of organizational learning and are seen as being extremely important for sustaining competitive advantage in today's competitive environment (DeNisi 2000).

According to Fisher et al (2000) performance appraisal feedback may lead to action inquiry as an organization intervention to improve competitiveness. A world-class university which is competitive and sustainable is described as an excellent research institution, a place where the best academics want to be and enrolls only the best undergraduates, has a low student/faculty ratio and excels in a large number of disciplines (Tremblay 2000; Altbach 2003; Lagrosen et al. 2004; & Salmi, 2009). According to Neef (2005) such a university has excellent research and teaching facilities, an international outlook with international professors and students, enjoys substantial funding to support the research and teaching activities, is part of and makes effective use of international networks and alliances and produces well-qualified graduates who are in high demand on the labour market. Sterling (2005) adds that it has a clear governance structure that ensures good control of the various activities of the university is well-managed and pursues excellence in its management systems.

A world class university according to Alden and Lin (2004) has a first class management team with strategic vision and implementation plans and continually benchmarks with top universities and departments worldwide and has the confidence to set its own agenda. Pfeffer and Sutton (2001) suggest that when organizations combine its knowledge resources with management practices such as performance appraisal it creates the knowledge-based capabilities it needs to compete successfully in a knowledge-intensive economy. World-class research and development activities (R&D) represent a knowledge-based capability that serves as a competitive advantage for organizations pursuing innovation.

Critique of Existing Literature

It is argued that rather than motivating employees performance appraisal engenders dysfunctional conflict and competition, assigns an inordinate amount of responsibility for poor performance to individual employees while undervaluing the importance of the overall work process, underemphasizes the importance of the work group (Roberts 2003). It is often used as a managerial control device eliciting opinion that performance appraisal is unworkable in universities as it is antithetical to a self governing community of professionals and, an infringement of academic freedom, based on top-down approach to research and teaching which severely restricts creativity and self development. Bryson (2004) and Morris (2005) add that it also closes off unpopular research avenues, undermines collegial academic environment, peer evaluation and review while Simmons (2001) opine that it is used for monitoring and control as opposed to professional development and support. However if situational factors such as organization design, physical facilities were considered the process outcome would be more credible (Roberts 2003). Performance appraisal does not indicate if the efficiency of a research organization is measured in terms of the number of research papers written per researcher, quality of those papers is overlooked and therefore the use of such an appraisal may be contested. To capture this quality consideration as an efficiency indicator, output can be measured in terms of the number of research articles published in refereed journals. According to Youngcourt et al. (2007) research is rated above teaching

and there is a higher perceived link between research output and employee promotion. A multifaceted approach to appraisal should be applied to ensure all aspects that contribute to performance are borne in mind. For an effective performance appraisal process day-to-day issues of the job that affect each employee should be addressed with the help of an easy-to-use tool for managers to make periodic observations of performance as well as a tool for tallying the results of those observations and give periodic feedback instead of relying on the annual appraisal exercise only.

According to Milkovich and Newman (2005) performance-based rewards might represent an appropriate trigger for an internal cultural change to facilitate the introduction of other management systems and may be advocated on the grounds of giving employers more self-determination in wage policies. Several limitations to an actual use of performance appraisal and reward systems have been identified by Beer and Cannon (2004) as well as Latham et al. (2005) who suggest that strong asymmetry information problems arise between the evaluated and evaluators when planning periodic objectives; situational factors, outside the control of individuals, constrain performance. Where effectiveness of organizations is measured based on stakeholders expectations critiques argue that individual stake holders have difficulty explicating their personal expectations for an organization, stake holder's expectations change, sometimes dramatically, over time, a variety of contradictory expectations are almost always pursued simultaneously in an organization.

Vroom's (1964) expectancy theory is widely accepted and practiced but there are a number of critics including Lawler, and Porter (1968) who suggested that Vroom was operating under the assumption that all employees are seeking more power, money or prestige though there are some who might not see a raise as enough motivation to put in more time and effort. Some would prefer a job that promotes work-life balance. Despite these few criticisms, the Expectancy Theory of motivation is a convincing and beneficial model to use when attempting to explore individuals' underlying incentives to engage in setting and achieving goals, especially when applied to the workplace. Moreover the theory tends to be more valid for predicting in situations in which effort-performance and performance-reward linkages are clearly perceived by the individual. Because few individuals perceive, a high correlation between performance and rewards in their jobs.

Sheehan and Foss (2007) argue that Resource Based View theory is not a theory of value creation, but is mainly recognition of the uniqueness that resources must have to yield competitiveness. According to Hoopes and Madsen (2008) RBV is merely one of the explanations which causes intra-industry differences while Hoopes et al. (2003) adds that it is difficult to operationalize. Kraaijenbrink et al. (2010) add that it provides no managerial prescriptions and its applicability is only limited to large organizations. Nemeth (1997) contended that strong culture companies may inadvertently stifle the creativity and innovativeness of their employees through blind commitment to a set of ideas. It makes employees more susceptible to groupthink and less ready to accept different ideas or new modes of thinking. This, therefore, decreases the intellectual

diversity in the company. While strong culture may help the implementation of creative ideas, it may not help to generate them.

Research Gaps

There are a number of valuable studies on performance appraisal systems but none of these provide a clear picture of trends in the last few years which could make appraisal vital in gaining competitive advantage. None has also been able to compare institutions in order to establish their level of competitiveness. This study seeks to isolate performance appraisal as a process of human resource management and its role in bringing about competitive advantage.

RESEARCH METHODOLOGY

Research Design

The research design adopted by the researcher was descriptive. This design was adopted for this study because it involves extensively observing and describing performance appraisal systems and their uses in public and private universities without influencing it in any way (Bell 2010). According to Mugenda and Mugenda (2003) descriptive design involves sampled elements and the variables simply observed and stated as they exist to determine the current status of that population. Borg and Gall (1996) suggest that descriptive survey is intended to produce statistical information thus allowing the researcher to collect information by interviewing or administering a questionnaire in a sample of individuals (Kombo & Tromp, 2006). Creswell (2002) adds that one could adopt a comparative descriptive design where the researcher describes two or more groups of participants and explores for differences. In this study therefore researcher sought to find out how performance appraisal among academic staff in the public and private universities is carried out with a view to compare which one is more effective in creating competitive advantage.

Target Population

The target population for a survey is the entire set of units for which the survey data are to be used to make inferences. Thus, the target population defines those units for which the findings of the survey are meant to generalize. In this research the target population was 1114 full time academic staff from two public and two private universities within the Republic of Kenya (CHE 2011). The universities included Kenyatta University, Masinde Muliro University of science and Technology, Daystar University and Mount Kenya University. In each category one university is relatively old while the other is relatively young to establish whether being new would differ or be parallel with established ones in terms of competitiveness.

Sampling Frame

A sampling frame is the set of source materials from which the sample is selected. The purpose of sampling frame is to provide a means for choosing the particular members of the target population that are to be interviewed in the survey (Cochran 1977). The

sampling frame consisted of male and female lecturers from two public and two private universities in Kenya totaling 1114 and was constructed from lists of lecturers obtained from the different faculties and schools at the universities.

Sample size

Sample size was obtained using the following formula, Taro (1973) where

N= Population size, n = sample size, P is the degree of variability (0.5) and ϵ is the sampling error or level of precision expressed in percentage (5 % or 0.05).

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

$$n = \frac{1114}{1 + 1114(0.05)^2} = 294$$

Sample size was distributed as follows, Kenyatta University (185), Masinde Muliro (62), Mt Kenya (26) and Daystar (21).

Sampling Method

The sample should be assembled in such a way as to be representative of the population from which it is taken (Jennings, 2001). Universities were stratified into private and public to constitute two sub-groups after which each stratum was sampled as an independent sub-population out of which individual elements were selected randomly (Groves et al. 2009). The researcher selected this method because the sub-groups were homogenous. The strata should be mutually exclusive and every element in the population must be assigned to only one stratum. Subgroups were proportional to the population size obtained by selecting subjects so that sub-groups percentages in the population were reflected in the sample (Kombo & Tromp 2006). The universities in each stratum were selected using stratified purposive sampling, a non-probability approach based on age to ensure one relatively 'old' and relatively 'young' is selected to establish whether being new would differ or be parallel with the established ones in terms of competitiveness. Schools in each university were also similarly selected to ensure representation from social sciences, sciences, education and business. This approach as recommended by Paton (1990) illustrates characteristics of particular sub-groups of interest and facilitates comparison between different groups. Simple random sampling was finally used to select full time lecturers as respondents from each school. A complete list of all the lecturers was made and a number assigned to each of them. A set of random numbers, which identified the sample size to be sampled, was drawn. This approach gave every lecturer in the department an equal chance of being selected and gives the

same characteristics and composition as the population (Kothari 2003). Sampling was without replacement and each element was sampled only once.

Data Collection

Primary and secondary sources of data were used in this research. A questionnaire was designed and administered to the academic staff. It was chosen as it provides a more comprehensive view than any other research tool and is able to collect data from a large number of respondents (Kombo & Tromp 2006). It allows the researcher to control and focus responses to the research objectives thus, enhancing relevance of data collected. They are also easy to analyze and most statistical analysis software such as SPSS can be used to process them. Secondary data was obtained from university handbook, policy documents and performance appraisal forms.

Data Collection Procedure

The researcher with the help of assistants delivered the questionnaires to the sampled schools and issued to the respondents. The questionnaires were collected on the same day or on appointment within the period of data collection through the office of the dean. This procedure is economical in time and resources. Performance appraisal documents from the four universities were also analyzed. Secondary data was also obtained by observation of university policy documents and appraisal forms.

Pilot Test

In order to establish the reliability of the questionnaire a pilot study was carried out on a sample of ten lecturers selected using purposive sampling. This study was carried out in form of test-retest where the questionnaires were administered twice with a brief time lapse between the first and second test. The participants in the pilot test did not participate in the main research. Cronbach's alpha was used to assess internal consistency and reliability of the questionnaire based on the feedback of the pilot test.

Reliability Test for the Data

Responses for each of the propositions on uses of performance appraisal (independent variables), organizational culture and competitive advantage were correlated with one another using Cronbach's Coefficient Alpha in order to indicate the level of convergence. From the pilot data the Cronbach's Alpha is .7962 indicating an average level of internal consistency with this specific sample Nunnaly (1978) recommends consistency if alpha exceeds 0.70 while George and Mallery (2003) recommends 0.8 as good. The dependent variable as well as the independent variables were included in the test. This implies that the questionnaire has a great internal consistency.

RESULTS

Response Rate

Out of a sample size was 294 respondents from the public and private universities a total of 172 duly filled questionnaires were returned and used for this study, 135 from private

and 37 from private universities making up a 58.5% response rate close enough to the recommended response rate of approximately 60% which should be the goal of researchers (Draugalis et al. 2008).

Descriptive Statistics

The independent variables in this study were performance related pay, training needs analysis, and benchmarking. The responses obtained from public universities indicate high ineffectiveness with the use of performance related pay mean 3.04 while use of appraisal to determine training needs received average satisfaction mean 3.50 and 3.88 was scored for benchmarking. In the case of private universities use of appraisal to determine pay was considered highly ineffective (mean 2.76) while dissatisfaction was also expressed in the use of appraisal for determining training needs and benchmarking as indicated by mean of 3.27 and 2.54 respectively.

Table 2: Responses for uses of performance appraisal (Independent variables)

	Public			Private		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation
Performance related pay	135	3.0444	.75974	37	2.7613	1.14836
Training needs analysis	135	3.5304	.68035	37	3.2703	.66369
Measure of university effectiveness	135	3.8580	.52528	37	3.5135	.48967
Benchmarking	135	3.8889	.63612	37	2.5405	.45373
Valid N (listwise)	135			37		

Moderating Variable

Organizational culture was used as the moderating variable. It was obtained by computing the mean rating of the following constructs: extent to which Lecturers are involved in making decisions affecting them, extent to which there is consistency in university processes and practices, extent to which the university adapts to internal and external environment and makes appropriate changes, and finally the extent to which the university mission is clearly communicated to lecturers. In the public universities, the mean rating ranged from 3.89 for consistency in university processes and practices, 3.88 for lecturer involvement in making decisions affecting them, 3.84 for clear communication of university mission to 3.85 for ability of the university to adapt to internal and external environment and make appropriate changes. The standard deviation

(from 0.80 to 0.89) shows consistency in the responses and most of the readings were crusted around the mean. In the private universities the mean rating ranged from 3.59 for the extent to which the university adapts to internal and external environment and makes appropriate changes as well as communicating its mission clearly and lecturer involvement. While the score was 3.51 for consistency in university processes and practices as well as clearly communicated university mission. The standard deviation ranging between 0.68 to 0.85 shows that there was a lot of consistency in the way the respondents answered these questions and most ratings were crusted around the mean.

Table 3: Responses for Organizational Culture Constructs

Organization Culture Constructs	Public			Private		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation
Lecturers are involved in making decisions affecting them	135	3.8889	.86098	37	3.5946	.68554
There is consistency in university processes and practices	135	3.8889	.77908	37	3.3514	.75337
University adapts to internal and external environment and makes appropriate changes	135	3.8444	.88829	37	3.5946	.83198
University mission is clearly communicated to lecturers	135	3.8519	.82425	37	3.3514	.85687
Valid N (listwise)	135			37		

Dependent variable

The dependent variable (competitive advantage) was constructed from seven prepositions namely Low student-faculty ratio, Large number of competitive programs, Excellent research institutions and a good reputation, Attracts best academicians and undergraduates, Enjoys substantial funding/linkages with industry, Has and uses international networks and alliances, Produces well qualified graduates.

Table 4: Responses for components of Competitive Advantage

Competitive Advantage Components	Public			Private		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation
Low student-faculty ratio	135	3.7704	.83702	37	3.1892	.70071
Large number of competitive programs	135	3.7852	.90920	37	3.4865	.69208
Excellent research institution with a good reputation	135	3.7407	.88066	37	3.1892	.73929
Attracts best academicians and undergraduates	135	3.8815	.81086	37	3.2703	.73214
Enjoys substantial funding/linkages with industry	135	3.8000	.88773	37	3.1081	.87508
Has and uses international networks and alliances	135	3.7037	.97037	37	3.3514	.71555
Produces well qualified graduates	135	3.7407	.84609	37	3.4865	.65071
Valid N (listwise)	135			37		

The standard deviation was close to 1 (between 0.837 to 0.970) for public universities thus most of the ratings were congregated around the mean of the different propositions as follows ; 3.88 for Attracts best academicians and undergraduates, 3.80 for Enjoys substantial funding/linkages with industry, 3.79 for Large number of competitive programs, 3.77 for Low student-faculty ratio, 3.74 Excellent research institution with a

good reputation and Produces well qualified graduates while has and uses international networks and alliances scored a mean of 3.70. For private universities the standard deviation was (between 0.65 to 0.87) therefore most of the ratings were crusted around the mean of the different prepositions as follows ; 3.48 for large number of competitive programs and producing well qualified graduates, 3.35 for having and using international networks and alliances, 3.27 for attracting best academicians and undergraduates, 3.18 for low student-faculty ratio and being excellent research institutions with a good reputation, and 3.10 for having substantial funding/linkages with industry. Therefore the respondents indicated that all the prepositions were not as successful as the public universities.

Relationships between Independent and Dependent Variables

Spearman’s Rho Correlation analysis was used and provided a correlation coefficient that demonstrated the strength of the relationship between two variables. The correlation matrix between uses of performance appraisal (i.e. performance related pay, training needs analysis, measure of effectiveness and benchmarking) and the dependent variable (competitive advantage) are represented.

Table 5: Correlations coefficients between performance appraisal uses and competitive advantage (Public)

			Competitive Advantage	Performance related pay	Training needs analysis	Benchmarking
Spearman's rho	Competitive advantage	Correlation Coefficient	1.000	.188(*)	.328(**)	.626(**)
		Sig. (2-tailed)	.	.029	.000	.000
		N	135	135	135	135
	Performance related pay	Correlation Coefficient	.188(*)	1.000	.149	.177(*)
		Sig. (2-tailed)	.029	.	.085	.040
		N	135	135	135	135
	Training needs analysis	Correlation Coefficient	.328(**)	.149	1.000	.255(**)

	Sig. (2-tailed)	.000	.085	.	.003
	N	135	135	135	135
Bench marking	Correlation Coefficient	.626(**)	.177(*)	.255(**)	1.000
	Sig. (2-tailed)	.000	.040	.003	.
	N	135	135	135	135

Key

* Correlation is significant at the 0.05 level (2-tailed).

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

In the public universities there was a significant correlation between competitive advantage and benchmarking at 0.626, p-value = 0.000 < 0.01. The correlation between competitive advantage and training needs analysis was 0.328, p-value = 0.000 < 0.01 while that of performance related pay was 0.188, p-value 0.029 > 0.05 which was not statistically significant.

Table 6: Correlations coefficients between Performance Appraisal uses and competitive advantage (Private)

			Competitive advantage	Performance related pay	Training needs analysis	Benchmarking
Spearman's rho	Competitive advantage	Correlation Coefficient	1.000	.220	.254	.584(**)
		Sig. (2-tailed)	.	.190	.130	.000
		N	37	37	37	37
	Performance related pay	Correlation Coefficient	.220	1.000	.285	.218
		Sig. (2-tailed)	.190	.	.087	.196
		N	37	37	37	37
	Training needs analysis	Correlation Coefficient	.254	.285	1.000	.530(**)
		Sig. (2-tailed)	.130	.087	.	.001
		N	37	37	37	37
	Bench marking	Correlation Coefficient	.584(**)	.218	.530(**)	1.000
		Sig. (2-tailed)	.000	.196	.001	.
		N	37	37	37	37

Key

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

The highest correlation in private universities was between using performance appraisal for benchmarking and competitive advantage at 0.584, $p\text{-value} = 0.000 < 0.01$ which was significant. Correlation between training needs analysis with competitive advantage was 0.254, $p\text{-value} 0.130 > 0.05$ while that between performance related pay and competitive advantage was (0.220, $p\text{-value} = 0.190 > 0.05$) which was not statistically significant.

Hypotheses Testing on Relationships between independent and dependent variables

Each hypothesis was tested using linear regression analysis.

H₁: There is a positive relationship between using academic staff performance appraisal in determining pay and gaining competitive advantage.

H₀: There is a negative relationship between using academic staff performance appraisal in determining pay and gaining competitive advantage.

R² represents the multiple correlation coefficient, a measure of the quality of the prediction of the dependent variable competitive advantage in public universities 0.024 (0.24%) is not a good level prediction of how the independent variable (performance related pay) is related to competitive advantage. Performance related pay does not statistically significantly predict competitive advantage since $F(1,133) = 3.202$, $p\text{-value} = 0.076 > 0.05$. Since the significance level is greater than $p\text{-value} (0.05)$ the null hypothesis is not rejected. In the private universities, R is 0.008 which represents the multiple correlation coefficient, a measure of the quality of the prediction of the dependent variable competitive advantage. This is not considered a good level prediction of how the independent variable (performance related pay) is related to competitive advantage in private universities. The proportion of variance in the dependent variable is 0.08% (R square). Performance related pay does not statistically significantly predict competitive advantage since $F(1, 35) = 0.275$, $p > 0.05$. For private universities the significance level 0.603 which is greater than ($>$) the $p\text{-value} 0.05$ thus we do not reject the null hypothesis.

H₁: There exists a significant relationship between using academic staff performance appraisal in identifying training needs and gaining competitive advantage.

H₀: There is no significant relationship between using academic staff performance appraisal in identifying training needs and gaining competitive advantage.

In the public universities 0.123 is not a good level prediction of how the independent variable (training needs analysis) is related to competitive advantage in public universities. The proportion of variance in the dependent variable is 1.23% (R square).

Training needs analysis does however statistically predict competitive advantage since $F(1,133) = 18.634, p < 0.05$. For public universities the significance level 0.000 is less than ($<$) the p-value 0.05 thus we reject the null hypothesis. For private universities, 0.048 is not a good level prediction of how the independent variable (training needs analysis) is related to competitive advantage in public universities. The proportion of variance in the dependent variable is 0.48% (R square). Training needs analysis does not statistically significantly predict competitive advantage since $F(1, 35) = 1.763, p\text{-value} = 0.193 > 0.05$. For private universities the significance level 0.193 is greater than ($>$) the p-value 0.05 thus we do not reject the null hypothesis.

H₀: There is no significant relationship between using academic staff appraisal in benchmarking and competitive advantage.

H₁: There is a significant relationship between using academic staff appraisal in benchmarking and competitive advantage.

R squared was 0.438, and not a good level prediction of how the independent variable (benchmarking) is related to competitive advantage in public universities. The proportion of variance in the dependent variable is 4.38%. Benchmarking does not statistically significantly predict competitive advantage since $F(1,133) = 103.813, p=0.000 < 0.05$. For public universities the significance level 0.000 which is less than ($<$) the p-value 0.05 thus we reject the null hypothesis. R^2 was 0.387 which is not a good level prediction of how the benchmarking is related to competitive advantage in private universities. The proportion of variance in the dependent variable is 3.87% (R square). Benchmarking does not statistically significantly predict competitive advantage since $F(1, 35) = 22.130, p=0.000 < 0.05$. For private universities the significance level 0.000 is less than ($<$) the p-value 0.05 thus we reject the null hypothesis.

Table 7: Estimated Results of Regression Analysis

Variables	Coefficients for Public Universities					Coefficients for Private Universities				
	beta	R ²	t	Sig level	N	beta	R ²	t	Sig level	N
Performance related pay	0.153	0.024	1.789	0.076	135	0.088	0.008	.525	0.603	37
Training needs analysis	0.351	0.123	4.317	0.000	135	0.219	0.048	1.328	0.193	37
Benchmarking	0.528	0.279	10.189	0.000	135	0.622	0.387	4.704	0.000	37

Hypotheses Testing On Moderation

The moderating factor was organizational culture. Sequential moderated multiple regression analysis was used to assess if there is an effect to the relationship between a dependent variable and the independent variables. This procedure is preferred for the test variable R^2 change. It shows the variation explained by the new model as well as the difference in variation explained by the new model after moderation. The results of regression are shown below in table 4.

Table 8: Hypotheses Testing On Moderation

Variables	Coefficients for Public Universities				Coefficients for Private Universities			
	R^2	R^2 change with moderation on OC	P value	N	R^2	R^2 change with moderation on OC	P value	N
Performance related pay	0.024	0.313	0.000	135	0.008	.041	0.229	37
Training needs analysis	0.123	0.449	0.000	135	0.048	0.141	0.022	37
Benchmarking	0.438	0.604	0.001	135	0.387	0.416	0.000	37

H_{0a} Hypothesis: Organizational culture has no significant moderating effect on the use of academic staff performance appraisal to determine pay and gain competitive advantage in public and private universities

In the public universities the interacting variable performance related pay and organizational culture insignificantly correlated with competitive advantage (R^2 change due to moderation =0.313, p-value=0.000< 0.1). According to the test of significance, since the calculated value (p=0.000) was less than the critical value ($\alpha=0.01$, two-tailed sig.), the null hypothesis was rejected. The result demonstrated that the inclusion of the moderating variable organizational culture had increased the effect of performance related pay on competitive advantage. Organizational culture therefore acts as a

moderating variable in this relationship. In the private universities the interacting variable performance related pay and organizational culture insignificantly correlated with competitive advantage (R^2 change due to moderation =0.041, p-value=0.229>0.05). According to the test of significance, since the calculated value (p=0.229) was greater than the critical value ($\alpha=0.05$, two-tailed sig.), the null hypothesis was not rejected. This result demonstrated that the inclusion of organizational culture had not increased the effect of performance related pay on competitive advantage. Organizational culture does not therefore act as a moderating variable in such relationships.

H_{0b} Hypothesis: Organizational culture has no significant moderating effect on the use of academic staff performance appraisal to determine training needs to gain competitive advantage in public and private universities.

In the public universities the interacting variable training needs analysis and organizational culture was fairly significantly correlated with competitive advantage (R^2 change due to moderation =0.449, p-value=.000<0.1). According to the test of significance, since the calculated value (p=0.000) was less than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was rejected. This result demonstrated that the inclusion of organizational culture had increased the effect of training needs analysis on competitive advantage. Organizational culture does therefore act as a moderating variable in such relationships. In the private universities the interacting variable training needs analysis and organizational culture was not significantly correlated with competitive advantage (R^2 change due to moderation =0.142, p-value=0.022>0.01). According to the test of significance, since the calculated value (p=0.022) was greater than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was not rejected. This result demonstrated that the inclusion of organizational culture had not increased the effect of training needs analysis on competitive advantage. Organizational culture does therefore act as a moderating variable in such relationships.

H_{0d} Hypothesis: Organizational culture has no significant moderating effect on the use of academic staff performance appraisal for benchmarking to gain competitive advantage in public and private universities.

In the public universities the interacting variable benchmarking and organizational culture significantly correlated with competitive advantage (R^2 change due to moderation =0.604, p-value=.000<0.1). According to the test of significance, since the calculated value (p=0.000) was less than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was rejected. In the private universities the interacting variable benchmarking and organizational culture significantly correlated with competitive advantage (R^2 change due to moderation =0.416, p-value=.000<0.01). According to the test of significance, since the calculated value (p=0.000) was less than the critical value ($\alpha=0.1$, two-tailed sig.), the null hypothesis was rejected. In both public and private universities therefore, organizational culture does therefore act as a moderating variable between use of benchmarking for competitive advantage.

Discussion

Studies indicate that performance-based pay is on the rise in European central governments (OECD 2004; Marsden 2003; White 2000) while Belfield and Marsden (2003) found that in recent years, performance-related pay has become a standard element of the management toolkit for achieving competitiveness despite the fact that its use is associated with higher intra-workplace inequality. In Finland it is shown that PRP raises productivity and profitability to the same degree of around 6 per cent, but only if high enough while in Indian schools performance related pay was found to improve academic results for private schools (Kingdon and Teal 2006). According to Tomlinson (2000) and Beavis (2003) performance based pay is about motivating people and developing performance oriented cultures, and can increase collegiality, while Solomon and Podgursky (2001) add that PRP will motivate especially if rewards are group based. Badri and Abdulla (2004) examine how institutions of higher education might operationalize faculty performance evaluation in terms of research, teaching and community service and recommend that reward systems be expanded to include promotion decisions, merit pay, tenure, long-term contracts, and annual reward/awards of excellence in research, teaching or service. Against great opposition Swinburne University in Australia introduced performance related pay according to Harkness and Schier (2011) in the face of decreased funding aimed at increased ranking, attracting highly qualified staff, investment in infrastructure and teaching excellence. Faragher (2014) reports from the Policy Exchange Report the plan by the Department of Education in England to introduce performance related pay from September 2014 in a move aimed at attracting more graduates to the profession, push up the quality of teaching with a strong culture of professional development, enable teachers climb the pay ladder far quicker than under the previous regime and generally earn more. This is borrowed from the experience of Shanghai which in 2013 topped the OECD's influential Program for International Student Assessment (PISA) ratings after introducing performance related pay.

In their study Bee and Bee (2003) found that appraisal and training needs analysis ensure that learning in the organization is focused in the right areas and people. Training enables organizations attain higher productivity, efficiency innovations and market leadership and notes that training content must be aligned to the prevailing and projected skills requirement (ILO 2008). Tracey (2004) proposed to use performance analysis as base for TNA while Holton et al. (2000) found that performance appraisal models have one aspect in common – they aim to improve performance by identifying training and non-training interventions. It is important to design training that will respond to trainees' needs. According to Burner (2010) European organizations emphasize on segregation of training and non-training needs because, non-training needs are uncovered during the process of TNA and these require different responses at organization, group and individual levels. TNA identifies solvable problems then training solves them (Sorensen 2002). Muhammad and Rashid (2011) in their research of organizations in Pakistan found that TNA for employees' professional development makes them fit for the future assignments

and helps organizations satisfy its long-range training and development needs. A study by Akinnagbe and Bayeri (2011) in Nigeria found that a TNA on information and communication technology related skills found that lecturers needed upgrading on slide preparation and presentation, data analysis using SPSS and GENSTAT. Similar findings in South Africa by Mgijima (2014) who found fifty percent of lecturers required continuing professional development in several competency areas which included policy areas, ICT, understanding student diversity and recommends regulated, needs-driven and credit bearing mandatory continuing professional development program. Despite these findings Akinyele (2010) while studying private universities in Nigeria found that only 2 percent of lecturers saw performance appraisal as used to identify training needs.

Recent study of companies listed in the Amman Stock exchange by Attiany (2014) found that benchmarking has a significant and positive impact on achieving competitive advantage. Benchmarking as a process for self-evaluation was adapted to higher education in North America in the early 1990s Alstete (1995) and Farquhar (1998), followed rapidly by Australia Massaro (1998) and also in the UK, Jackson and Lund (2000) and continental Europe (Schreiterer 1998). In the global market of higher education there are clearly competitive advantages in establishing and maintaining a reputation for providing good quality education, high academic standards and world-class research output. UK universities are under increasing pressure to show how they perform relative to universities in the global community and there is growing interest in transnational benchmarking to make reliable international comparisons and learn from other higher education systems (Lund and Jackson 2000; Mackie 2000, Fielden and Carr 2000). Benchmarking is a relatively common tool for performance improvement in the UK. Hilton et al. (2000) and Jackson (2001) found that universities in the UK are under increasing pressure to show how they perform relative to universities in the global community and there is growing interest in transnational benchmarking to make reliable international comparisons and learn from other higher educational systems. The Bradley Report (2008) found that Australian universities largely use benchmarking as a process of self regulation to improve performance. In their support of benchmarking for higher education institutions Bender and Schuhsh (2000) are in agreement that benchmarking is more suited to higher education due to its collegial environment which encourages collaboration and cooperation. Benchmarking aims to help higher educational institutions demonstrate the link between people management and institutional objectives and according to the Higher Educational Status Agency report (2010), people management issues such as performance appraisal are considered important and are being measured and assessed in a systematic manner at all levels within the institutions. A survey of benchmarking practices in higher education in Kenya in six public universities found out that continuous improvement systems in Kenyan public universities are good but not excellent (Magutu et al. 2011). The external drivers of change/continuous improvements in public universities are the customers/students as opposed to legislation, while the major internal trigger of change is the actual performance. Magutu et al. (2011) also found the public universities in Kenya to effectively and successfully benchmark for continuous improvement and largely making use of international benchmarks though

most academic programs have not yet reached excellent levels in the global market scale since there is a big gap to make Kenyan public universities international centres of excellence. Hong Kong universities have tried to benchmark with top universities in the world, though they are struggling to compete for limited resources Mok (2005), in order to gain international ranking. Mugenda (2011) in her presentation at a UNESCO Global forum suggested that benchmarking is inevitable as it helps universities stay competitive by transforming organizations processes into strategic tools, helps higher education institutions to compare systematically their practice and performance with peer institutions.

Schmidt et al (2011) found that PRP is implemented in many cases in German public service and that the more participative it is the greater the level of acceptance while Beardwell and Holden (1995) suggest that organizations may introduce performance related pay to facilitate change and encourage flexibility (Mardsen 2004). In their study Piekola and Kauhanen (2006) recommended that for a successful PRP scheme employees must feel they are able to affect the outcomes, the organizational level of the performance measurement should be close to the employee, individual and team level performance measurement, increase the probability that the scheme is perceived to be motivating, employees should be familiar with the performance measures and employees should participate in the design of the PRP scheme. Azordegan et al. (2005) go on to add that the success of any performance based pay depends on a credible supporting performance appraisal framework that is fair and consistently applied. Mardsen et al. (2000) found that when employees thought PRP led managers to set targets more clearly, and if they thought their last appraisal fair, then they were more likely to experience positive incentive effects. Murnane and Cohen (1986) found that where there was teacher involvement in planning the schemes there was general acceptance of the criteria for the awards and a feeling of ownership and performance related pay schemes were most successful. Organizational culture included involvement and ensuring that employees are committed to organizational goals but in a study of learning institutions in Estonia by Irs and Türk (2012) respondents indicated that teachers were not involved enough and were therefore not committed to PRP despite proof that teacher involvement has a statistically significant positive effect on the teachers' attitudes towards the performance management and reward system implemented in their schools. Barth et al. (2008) found that Performance-related pay is more prevalent in firms where the organizational culture allows a high degree of autonomy in how to organize their work, where firms are large, but is less common in highly unionized firms or where wages are determined through centralized bargaining. Results show that performance pay is on the rise in Norway, even after accounting for changes in industry structure, bargaining regime, and union density. Finally, it is found that the incidence of performance-related pay relates positively to product-market competition and foreign ownership. Worker autonomy has the strongest positive effect on individual-based pay schemes such as individual bonuses and performance assessments.

TNA is an important business strategy which prepares the organization's human resource for unavoidable change and also provides opportunity to improve technology, systems,

structures and the nature of work itself and according to Kokavcova and Mala (2009) knowledge based organizations are required to manage talent, learning and emphasize creativity. Institutions with an innovative organizational culture that include knowledge sourcing and sharing training programs can lead to employee autonomy which leads to successful operations. Wright and Gregory (1992) suggest that TNA should be based on culture and organizational philosophy, be proactive, participative and have a cost-benefit analysis. A learning organization that employs knowledge based cultures helps employees target their efforts and promote performance based dialogue (Derven 2008). Training needs analysis needs to be part of the organization training and must be linked to the wider organizational objectives Honey and Mercer (2009) and if performed successfully it affects the other phases of training and more generally organizational effectiveness. Training needs analysis is the first step in any professional approach to training, the foundation for any successful training intervention and linking TNA process with existing organizational process is a key factor in creating a strategic dimension as Holton et al. (2000) notes that compromises have to be made in terms of choices in TNA to accommodate change and cultural issues. In a time of organizational change, a TNA process can get people on board with the change and be a change intervention in itself. Holton et al. (2000) further add that training needs analysis must be linked to performance improvement, capable of being used with all the departments of the organization, be cascaded throughout the organization and give all employees an opportunity for input thus becoming a culture change process. Many universities have embraced Total Quality Management as a culture which integrates and encompasses the goals of the organization with its human, capital and financial resources. Organizational culture and change issues have a great role to play in the development of a needs analysis process (Reed and Vakola 2006) therefore introducing TQM as a culture is only possible through a training needs analysis. Reed and Vakola also (2006) found that culture and change issues arising during the development of the learning and development needs analysis process were very significant; need to be approached as a change management process and linking the needs analysis process with existing organizational processes was a key factor in the success of the process and created a strategic dimension and a balance must be struck between standardization and customization of the needs analysis process to allow for the different structures, subcultures and levels of readiness in the organisation.

According to Kissack and Callahan (2010) organizational culture shapes, influences, and redefines training programs which, in turn, shape, influence, and redefine organizational culture. Including a culture analysis within program planning will ultimately alleviate many of the problems that may arise during the implementation of a training and development program because of cultural resistance and/or clash of values between culture and training. An assessment of the training needs of an organization is done in order to determine whether training is the best solution to address the presenting issues. This analysis consists of analyzing the organization as a whole (e.g. goals, objectives, support of training), the tasks of the jobs (Arthur et al. 2003; Noe 2008; Salas and Cannon-Bowers, 2001) in question, and the employees performing the jobs included in

this needs assessment is an evaluation of trainees' readiness for training; which must be conducive to learning in order for the program to be successful. Kissack and Callahan (2010) concluded that Organizational culture and training and development programs are inextricably linked and that training and development programs must include a culture analysis as part of the program planning process –in particular within, or during, the organizational analysis portion of a needs assessment. The relationship between goal setting and TNA enriches training environment as well as organizational climate because TNA is viewed as a systematic process of determining and then prioritizing training and development as well as organizational goals (Heraty and Morley 2000, Brown 2002, Paton and Pratt 2002, Denby 2010). Collins (2001) suggests that managing change entails deliberate TNA, especially when new system or technology, new products, new market changes Katsanis (2006), new equipments or programs, and revisited mission, laws, and regulations are introduced (Brown 2002). The purpose of identifying training needs, while preparing for change, is to ensure that the new work processes can be introduced in an efficient manner (Chiu et al. 1999).TNA therefore identifies non-training needs that should be used for managing change in the organisation and on the flipside, the lessons learnt from the change management exercise should also be used for the future TNA.

Studies indicate organizational culture has direct influence on projects and if successfully managed can lead to innovative practices and support faster and better learning which in turn can be a source of competitive advantage (Zwikael et al. 2005). Benchmarking is a useful tool which involves relentless pursuit of finding and implementing best practices and involves continuous process of measuring products, services and practices against the toughest competitors or those recognized as leaders. Rondeau and Palfrey (2001) in their study of strategic orientation and benchmarking in Canadian firms found that a firm's corporate culture (including employee empowerment, entrepreneurial culture, goal oriented culture) was found to be associated with the interest of the firm in learning about particular best practices. The firm's strategic orientation like its culture predicts the kind of best practice the firm is interested in benchmarking. To reinforce the assertion that organizational culture influences benchmarking, Brah et al (2000) refer to internal assessment of an organization's culture, training and internal communication while Waters (2004) concur that culture affects strategic management process which include benchmarking. Foster and Gallup (2002) found that communication problems existed between people in different functions during the benchmarking process especially if there is no employee participation. Sweeney (1994) found that 70% of organizations needed better understanding of their own processes before they could benefit from benchmarking with other organizations. Welch and Mann (2001) found that over the last ten years business excellence, performance measurement, and benchmarking have all become important to those organizations pursuing performance improvement. Research in Malaysia by Lee et al. (2006) concluded that employee participation was the most influential factors on benchmarking adoption, followed by top management commitment and role of quality department.

Summary

Performance related pay was found to have no statistically significant prediction on competitive advantage in both public and private universities, data available indicating that it did not significantly affect competitive advantage in universities. The inclusion of organization culture as a moderator variable however increased the effect of performance related pay on competitive advantage in public university but did not act as a moderator in the private universities. In the second research question data available indicated that training needs analysis had a significant and positive effect on competitive advantage in public universities. The inclusion of organizational culture also significantly increased this relationship. Training needs analysis did not statistically significantly predict competitive advantage in private universities nor did the inclusion of organizational culture moderate the relationship between the variables. Benchmarking, the third independent variable seemed to statistically predict competitive advantage in both public and private universities. The inclusion of organizational culture further acted as a moderator increasing the effect of benchmarking on competitive advantage. However public universities had a greater level of prediction of the dependent variable than the private universities. Public universities were found to have a greater competitive advantage than private universities since they had a greater measure of quality of the level of prediction of the dependent variable and there existed a relationship between the dependent and independent variable.

Conclusion

Performance related pay and training needs analysis were found to have significant effect on competitive advantage in public universities while the reverse emerged in private universities. This reduced the ability of private universities to compete with the public counterparts. The reason for this could be that pay in private universities is largely determined by students' fees and therefore hardly based on performance of the lecturer. Training needs analysis and subsequent activities which would include training and development programs may be perceived as too expensive by private universities. In the public universities two of the variables (training needs analysis, and benchmarking) indicated a positive relationship with competitive advantage. This gave the universities a competitive advantage over the private universities. However the levels of prediction and correlation scores are still low suggesting that universities need to effectively make use of the academic staff appraisal results to gain greater competitive advantage. It was evident that in public universities organizational culture had a greater moderating effect on performance related pay, training needs analysis, and benchmarking. This gave the public universities a higher competitive advantage than their counterparts where organization culture only moderated two variables. This implies that the culture of a university cannot be underestimated in implementing procedures and practices as it will greatly influence the outcome. A strong university culture is characterized by shared values, strong norms of behaviour and willingness of faculty members to obey these norms. Private universities were found to be less competitive in all areas tested compared to public

universities implying that Kenyan universities have a lot to learn from each other locally as well as with international universities.

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