THE EFFECTS OF PERFORMANCE APPRAISAL ON EMPLOYEES OF SMALL AND MEDIUM ENTERPRISES IN NAIROBI.

(CASE OF WORKERS IN SMALL AND MEDIUM ENTERPRISES DEALING WITH CLOTHING AND TEXTILE WITHIN WESTLANDS REGION)

BY

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DECLARATION

This project is my original work and I am solely responsible for any omission or errors therein.

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This project work is dedicated to my husband Mbose and my two children Joy and Newton.
ACKNOWLEDGEMENT

All glory and honor to the Almighty God, the giver of wisdom and knowledge for enabling me to finish this work successfully. Profound gratitude and heartfelt thanks go to my dynamic supervisor Dr. Mary Namusonge. Mr. Bett for his guidance and encouragement in accomplishing this work. My appreciation also goes to my colleague Kanyi who assisted me in handling this work and the moral support that he showed. My appreciation also goes to all my colleagues and friends who assisted me in handling the questionnaire. The guidance of the team of my lecturers in the school of Business of Kenyatta University cannot go unnoticed for their tireless work.
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The purpose of this study was to establish the effects of performance appraisal on workers in Small and Medium Enterprises in SMEs in Textile Industry in Nairobi.

According to Mutenyo (2004) lack of consistent, reliable, automatic and well defined policy on SMEs approval leading to promotion and recognition of achievements has led to a very low morale of workers. This effects of performance has led to dissatisfaction with work and has increased subsequent turnover.

The study adopted a descriptive research design. The population consisted of employees in Clothing and Textile Industry in Westlands region of Nairobi. Stratified random sampling was used to arrive at a sample of 150 respondents and data was collected by use of a questionnaire.

Data collected was analyzed by use of descriptive statistics. The study sought to determine whether appraisal of workers lead to motivation and improvement of their performance.

A total number of 59 workers completed the questionnaire and out of the 150 workers in the four selected SMEs

According to the study performance appraisal offered in SMEs had been a positive effects to those who had been transferred, promoted or demoted. The appraisal is also adequate despite the failure to effectively effect it on workers.

From the stud it can be concluded that workers of SMEs have a positive perception towards performance appraisal. The study also concluded that appraisal is not an adequate factor that affects performance of workers, other interventions such as confidential report, working experience and exceptional performance needs to be addressed.
DEFINITION OF TERMS

SMALL AND MEDIUM ENTERPRISES

SMEs sized enterprises are enterprises employing between 1 - 199 employees. They are owner managed and operate as informal (i.e) are characterized by ease of entry, reliance on indigenous resources, labour intensive and adoptive technology among others.

PERFORMANCE APPRAISAL

Performance appraisal is a systematic, periodic and an impartial rating of an employee’s excellence in matters pertaining to his /her present job and his / her potential for better job.

WORKER

This is a person who works in any firm with the aim of accomplishing the set target or assist in meeting the objectives of the firm in return for wages.

EMPLOYER

This is a person who gives work to an employee and in return give wages as compensation for the work done.
DISCIPLINE

Discipline is defined as training or control, often as a system of punishment and self control orderliness, obedience and capacity of corporation.

MOTIVATION

It is a management technique of productivity which enables a person to function in a better way with less supervision.

RECOGNITION

It is realizing the effort put by an individual in any activity.

SALARY ADMINISTRATION

It is setting up the general levels of wages and salaries in the organization following a well conducted Job evaluation based on effective Job analysis and Job descriptions. It generally refers to remuneration of all kinds to employees.
LIST OF ABBREVIATIONS

SMES  Small and Medium Enterprises
PA    Appraisal system
MSMES Micro, Small and Medium Enterprises
HRM  Human resource management
HRP  Human resource planning.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

It is human nature for people to build hopes or to have expectations. This is the same in work situations, whereby employees build hopes, have expectations and want to know how they are doing in the Jobs (Nzuve, 1997).

Performance appraisal is the process through which an individual employee’s behavior and accomplishments for a fixed time period are measured and evaluated (Henderson, 1984).

Performance appraisal is widely used in the society unconsciously and not necessarily in working places. Parents are always evaluating their children; lecturers are ever assessing their learners, while employers evaluate their employees (Tripathi, 1986). It is also done to identify the strengths and weaknesses of the employees so that they can know where they stand and try to improve, to put controls in place so as to retain high standards and uniformity to get database to help make employee decisions such as promotions, demotions, transfers, discipline and separations. It is also used to correct weakness and add strengths through training and coaching. Every worker has a right to be appraised as stated in the employment act of any country. All workers regardless of their
race, individual differences or social background have a right to equal treatment which should be based on performance appraisal. Workers appraisal was put in place for quality assurance, keeping under review standards for quality of work, training and fitness to work for upgrading and promotion among other things (Gupta, 1986).

Workers with rich opportunity to grow and learn are enthusiastic about their work and are motivated to find ways to do even better (Graham and Bennett, 1992). Participative management also motivates workers. Job involvement activities enhance the worker’s satisfaction (Mohrman and Lowler, 1996). Perceptions are often a function of the phenomenal world in which actors are living and as a result the employers world may be very different from the employees world (Nzuve, 1997).

An effective appraisal system should have the following essentials’ creation of a well defined performance factors done with clear objectives and standardization of rating, criteria training of evaluations in philosophy and techniques of appraisal, feedback and participation arrangements should be made to communicate the ratings to both the employees and raters, mutual trust and confidence of employees on the rates. The evaluators should focus on Job related behavior when rating and they should have a formal documentation to be able to justify their ratings. The employees should actively participate in managing performance and in the on-going process of evaluation. Individual differences
should be recognized an observed in any firm when rating is being alone. A post appraisal interview should also be arranged to be done (i.e) a problem - solving interview (Nzuve, 1997)

Performance appraisal of employees serves several purposes (i.e) it can serve as a guide for formulating a suitable training and development program, it also serves as a feedback and as an important incentives to all employees, it can serve as a promotion by identifying the strengths and weaknesses or an employee and it can also serve as a basis for Job change (Tripathi, 1986).

The existence of regular appraisal system tends to make the supervisors and owner / manager more observant of their sub - ordinates. It can also serve as a means for evaluating the effectiveness of workers. It provides rational foundation for the payment of piecework wages, bonus among other things (Tripathi, 1986).

Businesses are of different categories. These are those which are large and are owned by a group of people or an individual, while the rest consist of Micro, Small and Medium (MSME) which are owner managed by the researcher is going to confirm her study on SMEs.

1.1.1 SMALL AND MEDIUM ENTERPRISE

Small and Medium Scale enterprises are business activities which normally have a staff of workers ranging from 1 – 199. However the two types of businesses
have similar characteristics but they differ in size and number of employees involved (Maalu, 1993)

Small Scale Enterprises are business activities comprising of all business activities employing between 1 – 20 locally and 1 – 50 workers globally. They are owner managed, independent and in most cases are family owned.

Medium Enterprises are business activities comprising of all business activities that employs workers ranging between 1 – 199. They are also owner managed, independent, formed by family members, but differ from SEs in that they have developed from Small to Medium. In most cases they have more than one owner who is referred to as directors. Directors may acquire the business through partnership, merging or buying an existing business (March and Taqqu, 1986)

However, both Small and Medium Enterprises have continued to uplift the living standards of people by creating Jobs for them through employment (sessional paper, 2005)

On the other hand SMEs are faced with a lot of constraints that hinders their growth once they have been started. Some die sooner than they started, but this does not mean that employers should not appraise their workers on performance. Most SMEs don’t appraise their employees for fear that they might be asked to pay taxations like the large business. On the other hand, some SMEs have
appraisal system, while others don't have. Below are some of SMEs in clothing and textile in Westlands region of Nairobi that appraise their workers:

- Urembo Fashion Design and Boutique
- Warwick clothing and Textile
- Mark style fashions
- Annabelle ladies cloths

SMEs who appraise their workers operates similar appraisal system where those of same qualifications and rank are placed under the same salary and receive proportional benefits. The owners of the identified businesses met and formulated worker appraisal system with the help of business consultants based in Nairobi. The system is divided into categories. Category one is for those in Job group A to K, second category deals with those workers with salary ranging from Job group L to M while the other category deals with those ranked in high Job groups.

1.2 STATEMENT OF THE PROBLEM

It is important for workers to be appraised continuously by their employers. An effective appraisal system should lead to promotion, pay increases, upgrading of workers, rewards among many other motivating factors. However, official SMEs performance appraisal has been found not to be active according to a discussion held with employers of SMEs at Federation of Kenya employers (February, 2003). The appraisal form found at the Ministry of Labour, organization and manpower
is not applicable to the SMEs. This had lead to most SMEs employers to ignore the importance of worker appraisal on performance.

However some SMEs have workers appraisal system in place which they have formulated within their businesses, but the effects of these systems to the benefits or otherwise of workers are not well known.

Lack of consistent, reliable, automatic and a well defined policy on SMEs appraisal leading to promotion and recognition of achievements has led to a very low morale of workers which has affected their performance due to dissatisfaction with their jobs and has also increased subsequent turnover (Mutenyo, 2004)

It is against this background that this study was to be carried out to investigate the effects of appraisal on workers performance in SMEs in Textile Industry in Westlands region of Nairobi.
1.3 OBJECTIVES OF THE STUDY

I)  GENERAL OBJECTIVES


II) SPECIFIC OBJECTIVES

a) To find out if performance appraisal leads to motivation and promotion of employees

b) To establish whether performance appraisal leads to improvement in salary administration and employees discipline

c) To find out whether performance appraisal is useful in decisions leading to demotions, dismissals or transfers

d) To establish whether employers make use of the system to promote, transfers innovate and motivate their employees.
1.4 RESEARCH QUESTIONS

a) Have the workers performance appraisal in SMEs brought about motivation and promotion of workers?

b) Does performance appraisal lead to improvement in salary administration and discipline?

c) Does performance appraisal leads to demotions dismissals or transfers?

d) Which method(s) are used in determining whether to promote, dismiss, transfer, motivate and discipline?

1.5 SIGNIFICANCE OF THE STUDY

The study aimed at establishing and addressing those results brought about by performance appraisal and gave recommendations on who should benefit from the study and how. Specifically the study shall be useful to the following groups

a) The results of this study shall be beneficial in guiding and directing SMEs human resource in making decisions on workers

b) The Ministry of labour and man power shall use these results to re-organize the existing appraisal system in order to incorporate the SMEs, in a way that they too can use it
c) The SMEs owner managers shall also use this findings to make decisions on workers issues based on promotions, dismissals, discipline, and motivation among others

d) Researchers may also use this study to determine gaps that require to be investigated and advice accordingly

e) Workers may also in some instances use this study to ensure that promotions, demotions, dismissals are genuinely done.

1.6 THE SCOPE OF THE STUDY

The area of the study was performance appraisal among SMEs in textile industry in Westlands of Nairobi. The study focused on the use of employees appraisal system, and mainly concentrated on workers employed by SMEs in Textile. There are over 150 SMEs in Textile in Westlands of Nairobi but the researcher interviewed 59 workers, from selected SMEs in Textile in Westlands in Nairobi.
1.7 ASSUMPTIONS OF THE STUDY

1) Performance appraisal leads to workers being promoted, motivated, paid better, self-disciplined etc.

2) Performance appraisal enables the employers to determine who should be promoted, demoted, disciplined or transferred.

3) There are constraints in SMEs that hinders them from appraising their workers.
CHAPTER TWO

1.0 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter is centered mainly on the literature review relevant to SMEs. Special emphasis is put on the performance appraisal on workers in Nairobi. The review is a collection of literature from various sources, newspapers, rational and international reports, reference books and previous research papers and reports. Specifically the literature review covers areas on, performance appraisal historical perspective, promotion, decision making and personnel organization and planning discipline procedure and proper feed back, motivation and recognition. Covered also include the conceptual frame work.

2.2 PERFORMANCE APPRAISAL HISTORICAL PERSPECTIVE

Performance appraisal is something that is widely used in the society. Parents evaluate their children, teachers evaluate their learners and employers evaluate their employees. However formal evaluation of employee is believed to have been adopted for the instance Dill Scott US Army adopted “man to man” ratings systems for evaluating Military personnel. During 1920 – 1930 hourly paid workers in industrial unit were evaluated on the basis of rating scores.
In 1950’s performance appraisal techniques were used on professional and managerial personnel. Since then tremendous changes have taken place in the concept, techniques and philosophy of employee appraisal. Appraisal is the process through which an individual employee’s behavior and accomplishments for a fixed time of period are measured and evaluated. It is done to identify the strengths and weaknesses of employees so that they can know where they stand and try to improve, to put controls in place, to retain high standards and uniformity and to get database to make personnel decisions such as promotions, pay, placements transfers, demotions, discipline and dismissals. It is used to correct weakness through training and coaching (Tripathi, 1986)

Working environment today is in a state of a great ferment. It is not surprising to hear that workers from a certain firm have gone on strike. These and a host of other controversies have stirred a condition of change and unrest in work places. Employees are employed according to their different profession. Today different professions are undergoing a period of change unlike before where things used to be simple. Nowadays professions are too demanding and challenging calling for intelligence, flexibility and resourcefulness. Technology has replaced what use to work there before calling for more qualified workers (Armstrong, 2001).

In recent years there has been a mass reaction against formal appraisals, largely because of their tendency to decay into routine form filling, because most
managers sometimes copy what they wrote the previous year rather than starting a new form. Managers have failed to continually assess the merits of their workers in order to genuinely promote, dismiss or increase their pay (Mary, 2004).

According to (Kabugah, 2002), appraisal is done by most employers nowadays in order to identify the strengths and weaknesses. This information is then used on the worker to demote, dismiss or transfer him/her. Previous researchers have shown that most managers are bias and don’t analyze employees past successes or experience leading to low morale of workers, and this has led to workers moving to more greener pastures.

2.3 PERFORMANCE APPRAISAL

Performance management is concerned with improving individual and team performance. This is a continuous self - renewing cycle (Armstrong 2001). Studies of performance appraisal of employees both locally and abroad have discovered certain facts, concerning the effects of performance on employees. They found that although objective measures of PA are intuitively attractive, they often suffer from several clear weaknesses. The most serious of which are performance unreliability and modification of performance by situation characteristics of factors that are beyond the employers and employees controls. Again many jobs simply have no good objective indices of performance. Objectives indices can be easily laid down at the lower levels of a firm where the
jobs are generally specific and clearly defined but they are difficult to specify further up in the hierarchy where jobs become more complex and vague (Tripathi, 1986),

The 360-degree feedback is a relatively new feature of performance management. It is the systematic collection and feedback of performance (Ward, 1995). This is a multi-source assessment or a multi-rather feedback which is more all-around performance appraisal method. This current study seeks to find out the effects of PA on the management of employees.

2.4 PROMOTION

Promotion takes place when an employee moves to a position higher than the one formally occupied. His/her responsibility, status and pay also increase. Promotions may be either horizontal or vertical.

Promotion schemes are of value to management and for personnel for greater personal satisfaction and prestige. These schemes offer opportunities to management to provide recognition and incentives to better employees, to correct initial mistakes in appointments and to 'freeze' inefficient personnel. Existence of adequate promotion opportunities generates with an organization beneficial pressures on work performance and desired behavior of all employees. A
promotion scheme is significant to firms irrespective of their sizes and number of employee (Nzuve, 1997).

According to (Sagimo, 2002) the requirements of a sound promotion policy are as follow: It must ensure consideration of all eligible employees and not only those who are highly recognized, it should be open and not closed for all individuals within the company, it should have a defined system for the selection of employees who are to be promoted within a given time; it should provide for a uniform distribution of promotional opportunities throughout the organization; requires that the concerned line needs should finally sanction all promotions; and it must provide for a suitable system of follow up counseling.

Increasing net work - based operations, are becoming a reality, with strategic alliances and partnering arrangements between suppliers and customers becoming common place. In changing organizations, the goals of the business are unlikely to be achieved if the workforce as a whole lacks the skills, resources and motivation to carry out the goals (holbeche, 1998).

Different things may motivate an individual or a group, nevertheless there appears to be more general ways in which managers can make a difference to other people motivation, especially if they are working on eliminating some of the sources of de - motivation, such as low morale, lack of control, lack of promotion, prospects, internal politics, overload, lack of recognition, boring tasks, lack of ownership,
belittling of contribution among others (Holbeche), 1998). Executive appraisal schemes are ineffective, illegitimate and lead to unanticipated consequences. Different types of managers achieve different kinds of success (scoffer, 1974).

Previous research studies shows that promotion based on the number of years one has accumulated can be a de-motivating factor to the hard working employees especially the new and young. Education, ability, qualification and skills should be matched with the job requirements, for fairness in promotion, because promotion must be a part of a definite plan (Mary, 2004). This current study seeks to establish the effects of performance appraisal on employees of small and medium enterprises promotion.

2.5 DECISION MAKING, PERSONNEL, ORGANIZATION AND PLANNING.

Performance appraisal is used to determine decisions made on personnel leading to job changes. A workers job may change following promotion, demotion, transfers and separations. The purposes of job changes are that, they help in improving the organization structure and decisions abolish superfluous positions on the organization chart.

They are used to change job descriptions and to make clear cut authority delegations. They also maximize employee effectiveness and assigns positions where there capabilities may be used to the maximum. Job changes functions as
tools of disciplinary action. Demotions and lay-offs are sometimes used to punish a worker for they cause him/her a loss of status and earnings. A formal job change plan is a ‘must’ in all big and small organizations. It should be a written document. These should be put in place for bringing about changes (Gupta, 1986).

According to (Brown, 2002) proper decisions made on personnel enhances their working morale. Once they understand that promotions, pay increase is based on the decision based on performance they produce quality work. The study seeks to establish whether PA is used to determine the decisions made on personnel job changes.

2.6 HUMAN RESOURCE PLANNING

Human resource planning is the process of determining and assuming that the organizations will have an adequate number of qualified persons, available at the right times, performing duties which meet the needs of the enterprise and which provide satisfaction for the individuals involved (Beach Dale, 1995). HRP is a process of determining manpower needs and formulating plans to meet these needs. It is a future continuous process, which is an integral part of corporate planning. Its basic purpose is to make optimum utilization of a firm’s current and future human resource. Human resource planning is a two-phased process
involving calculation about demand for and supply of human resources, so as to secure equilibrium between the two.

The main HRP objectives are to ensure optimum use of existing human resources, to forecast future requirements for human resources, to provide control measures to ensure that necessary human resources are available when required, to link HRP with organization planning, to assess the surplus and shortage of human resources, to anticipate the impact of technology on jobs and human resources, to determine levels of recruitment and training, to estimate the cost of HRP and housing needs of employees, to facilitate productivity bargaining and to meet the needs of expansion and diversification program. The ultimate purpose is to relate future human resource to future enterprise need so as to maximize the future returns on investment in human resources (Gupta, 1986).

A recent study shows that performance appraisal should be conducted on regular basis. This enables the human resources planners to evaluate comprehensively and objectively with the help of full knowledge and understanding of the job content of employee's performance in that job (Mcgreth, 2004). This current study seeks to establish the effects of performance appraisal on human resource planning in SMEs.
2.7 SALARY ADMINISTRATION

Salary and wage administration generally refers to enumeration of all kinds of employees. The single most important obligations that an employer owes an employee is to pay wages and/ or salary. The purpose of a salary and wage administration policy is to set up the general level of wages and salaries in the business following a well-conducted job evaluation exercise based on effective job analysis and job description. A properly formulated policy further aims at maintain satisfactory internal relationships between earnings and settings up fair and realistic methods of payment (Tripathi, 1986).

A well-considered policy for wages and salaries takes into consideration the organization basic personnel policy and philosophy in respect of wages by paying employees in such a manner as to: Attract, retain and motivate sufficient number of suitable employees to meet service/production needs at the right time and place and for the right duration, encourage personnel to make full use of their abilities and develop their potential for optimum productivity, ensure a high level of quality of output by helping the employees to strive to achieve the targets and objectives of their jobs and of organization and recognize the value of the job in relation to each other, enable employees to share in the growth and prosperity of the organization by rewarding staff in accordance with the value of their contribution, avoid wage drifts and unfair differential encourage personal to accept change and transfer within the organization, present loss of morale through
dissatisfaction with levels of pay and to achieve these aims and objectives at a minimum cost by ensuring that labor costs are suitably controlled in relation to other costs, and in relation to revenue (Sagimo, 2002).

According to (Atieno, 2004) in one of her recent studies, a well conducted PA leads to salary rise. This enables employees to remunerate their workers on the basis of their performance, hence motivating them to work effectively and produce work of high quality standards. This study seeks to establish whether performance appraisal leads to salary increment in SMEs.

2.8 DISCIPLINARY PROCEDURE AND PROPER FEEDBACK

Discipline is defined as a system of punishment and self control orderliness, obedience and capacity for cooperation. It is the managers and supervisors job to promote and maintain this state of discipline in the organization and work places. If an individual does not respond to it, it is the supervisors’ responsibility to administer law so that the work can be done as scheduled. The need for discipline remains vital for the organization to do its job well. The employees must have order and integrity to perform their work according to plan and finish it in good time. The supervisor must be an example in bearing and conduct. Instructions given must be carried out as stipulated by guidelines. Discipline cases should be dealt with expeditiously as possible on the psychological principle of ‘strike the iron when it is still hot’, if you want to change its shape or look (Gupta, 1986).
It is a fundamental principle of discipline procedure that disciplinary action should not be taken against an employee until he/she has been given an opportunity to explain his regularities or offences. This is just a principle of democracy of individual self discipline and self expression. An organization must put in place a well - defined disciplinary procedure, for consistency, fairness and uniformity (Sogimo, 2002).

2.9 MOTIVATION, RECOGNITION AND PROMOTION

Motivation consists of internal process and external incentives, which spur us on to satisfy some need (Nzuve, 1997). Employers use the term motivation to describe the process of directing initiating and sustaining goal - oriented behavior in a working environment Humans have certain social needs that must be met to lead a satisfactory life (GuilFord, 1972). Motivation as a management technique of productivity is an aspect of managerial function of directing under execution. It is necessary as a means to induce people to work, as they are able and are trained to do so willingly (Graham and Bennett, 1992).

A good system of motivation is a coordinated set of inducement, positive and negative, for selective application to elicit the best effort of individual managers. Motivation is important following reasons, saturation of basic needs, this is because a higher need will elicit more effort once basic needs are satisfied,
satisfaction of needs enhancing of a firms image, people prefer to work for an organization because of its image or reputation, a systematic outlook, congenial co-workers and opportunities that can enhance productivity, saturation of work capacity, people have immense reservoirs of physical and mental capabilities untapped by employers, a good motivational system realizes these resources.

This is supported by Maslow’s need hierarchy model on motivational theories, which stipulates that the basic needs must be satisfied first before the desire to satisfy other higher needs is built.

According to Hertzberg one important way to increase intrinsic job satisfaction is through job enrichment deliberate upgrading of responsibility scope and challenge in work. According to Hertzberg’s two factors, a theory man has two different categories of needs, which are independent on each other. These are when people feel dissatisfied about their jobs they are concerned about their jobs; this has to do with work itself. He calls the first category of needs hygiene factors because they describe mans event and serve primary function of preventing job satisfaction. He calls the second category of needs motivators since they seem to be effective in motivating superior performance..

A previous study shows that human being is motivated to work by several factors, conducive environment, better pay, promotion and recognition among others. However for a person to perform well he /she must have the basic needs satisfied
as stipulated by Maslow's needs hierarchy (Guest, 2003). (Mcgreth, 2004) in his recent report on performance has pointed out about employees who are motivated to work are good performers and their work is of high quality standards.

2.10 ORGANIZATIONS REGULATING LABOUR RELATIONS.

In Kenya apart from Ministry of labour organization and manpower there are other bodies that regulate labour relations privately namely, central organization of Trade Unions (COTU), which represents the interests of workers through Trade Unions. Federation of Kenya Employers (FKE) which is the Apex body of employers of Kenya and Industrial Court which settles disputes between employers and employees.

These bodies were established to facilitate good working relationship among the employers and their employees. They also assist both employer and the worker any time a dispute occurs. However, SMEs have not benefited much from these bodies because these organizations don't have defined acts that govern how SMEs should be handled (Mutenyo, 2004).

3.0 SUMMARY

This section has dealt with the existing literature on the performance appraisal. It has specifically looked at historical perspective, performance appraisal, promotion, decision making human resource planning, disciplinary procedure,
motivation and organization regulating labours relations. However none of literature review seems to address the real effects of performance appraisal of workers in SMEs.

4.0 CONCEPTUAL FRAMEWORK

According to (Tripathi, 1986) a well organized performance appraisal system is of a great benefit to a business. Specifically such a system may lead to improvement and innovations, minimal disciplinary cases, better salaries, promotions and more so motivation of workers, one way of conceptualizing this model may be illustrated as shown below:
FIGURE 1: Conceptual Framework

Appraisal of workers

Leads to

Improvement and innovations in their working activities

Minimal disciplinary cases

Improvement in personnel and organization decision.

Better salary

Promotion of workers

Improvement on motivation of workers.

(DEPENDENT VARIABLE)

SOURCE: RESEARCHER (2007)
In view of the above discussion a number of issues come up concerning performance appraisal. It is evident that a lot requires to be done in order to get rid of human error and biases in the carrying out of performance appraisal and also the education of the raters has to be taken more seriously making sure that PA is done with training, coaching, counseling and general development of employees in mind and not for demotions, transfers, discipline, separation, among others.

PA is a key tool in making the most of an organization human resource because what gets measured gets done. PA should be a continuous process managerial appraisal system and serve to reassure significance (Barlow, 1989).

Failure to use appraisal schemes would invite no only a question of organizational legitimacy but would also risk being seen such as capricious, negligent and irrational. The effectiveness of the appraisal process depends on the participants, the methods used and the contextual factors surrounding it. (Shape et al, 1993). Some studies of appraisal have found that potentially the most motivating aspect of the appraise is identification of individual training and development needs (Atieno, 1992). However, in practice, appraises often complain that this aspect of the process is neglected with a lack of follow up once needs have been identified
(shape et al, 1993). Surveys of Managerial appraisal in practice, objectives based approaches appear to dominate.

The problems associated with performance appraisal conducted by supervisor’s appraisal remain the most common approach. This is because the appraising managers do not recognize the need for anyone other than themselves to be involved in the rating process. Appraising managers fear losing influence over promotion decisions. The methods are economical to operate, they underline that managers are responsible and accountable for the performance of their subordinate and they are often found acceptable to those involved (shape et al, 1993).

360 - degree feedback can become a powerful organization intervention to increase awareness of the importance of aligning leader behaviour, work unit results and customer expectations as well as increasing employee participation in leadership development and work unit effectiveness (Armstrong, 2001)

The range of 360 - degree feedback could be extended to include other stakeholders external customers, clients, and suppliers turning it to 540 - degree feedback. A self assessment process may also be incorporated. This will lead to a rounded view of an individual’s / team performance and what its strengths and weaknesses are.
3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter primarily deals with the methodology which was applied in undertaking the research. It outlines the method that was used in data collection the target population, sampling techniques, research design, instrumentation used and data analysis.

3.2 RESEARCH DESIGN

The study used a descriptive research design and sought to find out the effects of performance appraisal on employees of small and medium enterprises in Nairobi. This design was considered appropriate so as to achieve desired representation from Small and Medium enterprises in Textile Industry in Nairobi.
3.3 TARGET POPULATION

The target population was workers in SMEs in Textile Industry in Nairobi province. Specifically it targeted four SMEs in Textile who have employees up to 150. The study considered only those businesses that appraise their employees. The population of interest is summarized in the following table.

<table>
<thead>
<tr>
<th>FIRMS</th>
<th>NO. OF WORKERS</th>
<th>PERCENTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urembo Fashion Design and Boutique</td>
<td>52</td>
<td>35</td>
</tr>
<tr>
<td>Warwick Clothing and Design</td>
<td>44</td>
<td>29</td>
</tr>
<tr>
<td>Mark style Fashions</td>
<td>34</td>
<td>23</td>
</tr>
<tr>
<td>Annabelle Ladies Cloths</td>
<td>20</td>
<td>13</td>
</tr>
<tr>
<td>TOTAL</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: RESEARCHER (2007)
3.4 SAMPLING DESIGN AND TECHNIQUE

The study adopted the stratified random sampling technique because the population existed in strata. Four strata were identified. For each strata, the researcher random sampled each and a total of 59 workers were obtained. Random sampling technique was used because it is suitable for a large group and has a higher efficiency of sampling procedure. The sample was drawn as summarized in the following table.

<table>
<thead>
<tr>
<th>FIRMS</th>
<th>NO. OF WORKERS</th>
<th>RATIO</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Urembo Fashion design and Boutique</td>
<td>52</td>
<td>0.4</td>
<td>21</td>
</tr>
<tr>
<td>Warwick clothing and Design</td>
<td>44</td>
<td>0.4</td>
<td>16</td>
</tr>
<tr>
<td>Mark style fashion</td>
<td>34</td>
<td>0.4</td>
<td>14</td>
</tr>
<tr>
<td>Annabelle ladies cloths</td>
<td>20</td>
<td>0.4</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>150</td>
<td>0.4</td>
<td>59</td>
</tr>
</tbody>
</table>

SOURCE: RESEARCHER (2007)
3.5 DATA COLLECTION

Data was collected by the questionnaire method. The type of data collected included details on promotion, motivation, discipline, innovations and improvements in working activities and improvements in personnel and organizational decision. The questions were directed to respondents by the researcher and were collected on completion.

3.6 DATA ANALYSIS

Data was analyzed using descriptive statistics. This includes proportions, means percentages tables and graphics. A data base package (excel) was utilized in the analysis.

3.7 EXPECTED OUTPUT

This study established facts on the effectiveness of appraisal of SMEs workers in Nairobi province. It determined whether appraisal of workers performance among other motivating factors is effective. The recommendations that are given in this study may help in improving the appraisal system that are in existence, resulting to change in the performance of SMEs workers through improving morale.
CHAPTER FOUR

4.0 RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

This chapter presents the results of data analysis that was collected according to the purpose of the study, which was to establish the effects of performance appraisal on workers in Nairobi. It provides an analysis of the data collected in the form of graphs frequency, tables and percentages.

The data was collected from the four SMEs that were found to be appraising their employees. The information collected from the sample included; performance appraisal on promotion, motivation, discipline, salary administration, demotions dismissals and human resource.

The discussion is organized around the following key issues of the study variables.

4.2 Background information

4.3 Performance appraisal on motivation and promotion of employees.

4.4 Performance appraisal on salary administration.

4.5 Performance appraisal on demotions, dismissals, transfers and discipline.

4.6 Overall effectiveness performance appraisal on SMEs workers.

4.7 Performance appraisal and improvement in working environment.
4.2 SAMPLE CHARACTERISTICS

4.2.1 AGE OF THE SAMPLE

Figure 1 shows that majority of the respondents (44) representing 74.4% fell in the age bracket of between 25-30 years. This age bracket was followed by 15-25 years which had 32 respondents representing 54.2% of the sample, followed by 10-15 age brackets which had 18 respondents representing 30.5% of the sample. The age bracket of between 15-25 years had 15 respondents representing 25.4% of the sample while those over 30 years in the sample were only 12 representing 20.3%. The main age was found to be 30-2 years. However it was clear that most of the respondents were between 25-30 years old.

This finding is in agreement with (GOK, 1999) that shows most people have not yet understood the importance of self-reliance.

FIGURE 2: Age of the sample
4.2.1 GENDER

Figure 2, shows that 80.4% of the respondents were female. This result indicates that respondents were male. This result indicates that female employees are the majority.
FIGURE 3, Gender distribution

20% Male

80.4% Female

TABLE 3, Level of education

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>10</td>
<td>16.9</td>
</tr>
<tr>
<td>Secondary</td>
<td>20</td>
<td>34</td>
</tr>
<tr>
<td>Tertiary</td>
<td>29</td>
<td>49</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
<td>100</td>
</tr>
</tbody>
</table>
The results in table 1 shows that 49% of the employees had gone beyond secondary education, 34% had secondary certificate while only 16.9% who had primary school certificate.

The results indicates that majority of employees had gone beyond secondary school level, and only a few were primary level.

TABLE 4, Business registration

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered</td>
<td>58</td>
<td>98.3</td>
</tr>
<tr>
<td>Not registered</td>
<td>1</td>
<td>1.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
<td>100</td>
</tr>
</tbody>
</table>

As table 4, shows 98.3% the businesses were and only 1.6% were not registered. The respondents (owner) of the unregistered business expressed fear of being taxed by the government. This finding agrees with (GOK 2005) that most SMEs lacks proper information on the requirement of business.
How appraisal has led to motivation and promotion of employees

Relationship between appraisal and motivation of workers

On motivation of workers 20 respondents representing 34% of the sample agreed that performance appraisal standards were realizable while 39 respondents representing 66% of them accepted that there existed set standard which motivated employees to perform higher. However, the respondents noted that there were no regular checks to maintain standards. Such checks lead to modifications of the work standards. The absence of such checks led to low morale among workers.

This finding is in agreement with Mcgreth (2004) who in his report has pointed out that employees who are motivated to work are good performers and their work is of high quality standard.
34% agreed that performance appraisal are realizable while 66% disagree. From these findings it is clear that performance appraisal leading to motivation is not effective in SMEs. They are in agreement with the findings of Mutenyo (2004) that lack of reliable, consistent performance appraisal has led to dissatisfaction of employees at work.

Table 5: Performance appraisal on motivation

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivated</td>
<td>20</td>
<td>34</td>
</tr>
<tr>
<td>Unmotivated</td>
<td>39</td>
<td>66</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5, results indicates that 66% of the employees are not satisfied with the performance appraisal done while 34% were motivated.
PERFORMANCE ON SALARY ADMINISTRATION

Figure 3, shows that 22 respondents representing 37.3% said that their salary increment was based on performance appraisal while 37 respondents representing 62.7% said that their salary increment was not based on PA. This finding is in agreement with Kabugah (2002) who observed that most employees use PA just to identify the strengths and weaknesses of workers. Performance appraisal was not a tool for making major decisions.

FIGURE 3, Administration of salary

Of the 22 respondents who felt that PA led to their salary increase, majority (16) representing 72.7% said that their increase made them to be motivated while 6 respondents representing 27.3% felt that salary increment did not motivate them.
Table 6, the results indicates that 22 respondents representing 37.3% said that appraisal was used in their salary rise while 37 respondents representing 62.7% felt that appraisal was not used in their salary increment. This finding slightly differ with that of Atieno (2004) report that indicates that PA leads to salary rise.

HOW PERFORMANCE APPRAISAL HAS AFFECTED DEMOTION, DISMISSALS, TRANSFER AND DISCIPLINE.

PERFORMANCE APPRAISAL ON TRANSFER

Figure 4, shows that 45 respondents representing 76.2% were transferred or moved to other branches and that appraisal was used to determine this while 14 respondents representing 23.7% had their transfer based on other factors such as the confidential report written by either the manager or supervisor or working experience. The 23.7% respondents further felt that PA had not been properly used. The researcher also noted
that a total of 40 respondents representing 68% saw appraisal very useful and if done proper
ly would improve the working morale of employees. The performance appraisal had positive
effects on workers. These findings are in agreement with Brown (2002) who reported that one reason why employees would perform effectively would be when proper methods are used to make decisions.

FIGURE 4, Usefulness of performance appraisal on transfer

Very useful 76.2%

23.7% useful

Of the 45 respondents who felt that performance appraisal led to their transfer 30 of them representing 66% said yes while 15 respondents representing 34% felt that appraisal was based on other factors such as confidential report, working experience or exceptional performance.
TABLE 7, Usefulness of appraisal on transfer

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very useful</td>
<td>45</td>
<td>76.2</td>
</tr>
<tr>
<td>Useful</td>
<td>14</td>
<td>23.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 7, the results indicates that 45 respondents representing 76.2% had their transfers based on appraisal while 14 respondents representing 23.7% had their transfer based on factors such as the confidential report written by their supervisors. This finding also agrees with Gupta (1986) who said that appraisal is a necessary requirement on any transfer because it improves workers morale that leads to high quality work.

PERFORMANCE APPRAISAL ON DEMOTIONS AND DISMISSALS

Figure 5, shows that 15 respondents representing 25.4% of the sample were demoted basing on PA results. 44 respondents representing 74.6% had not been demoted. This finding also agrees with Sagimo (2002) who pointed out that appraisal need to be used on any demotion or dismissal in order to maintain fairness in an organization. However, these respondents reported PA had led to a few cases dismissals in the organization.
FIGURE 5. Usefulness of performance appraisal on demotion

Of the 25.4% respondents who were demoted majority 10 representing 67% felt that the demotion was done on appraisal while 5 respondents representing 33% felt that appraisal was not but was based on other factors such as merit or working experience. This finding agrees with that of Atieno (2004) who pointed out that nowadays employers are keen on their workers being appraised.

TABLE 8. Usefulness of appraisal on demotion and dismissal

<table>
<thead>
<tr>
<th>Usefulness</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very useful</td>
<td>15</td>
<td>25.4</td>
</tr>
<tr>
<td>Useful</td>
<td>44</td>
<td>74.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 6 the results indicates that 15 respondents representing 25.6% have been demoted. A was used, while 44 respondents representing 74.6% had not been demoted. This finding is in agreement with Guest (2003) who pointed out that it is necessary to appraise workers in order to determine who fit where.

EFFECTIVENESS OF PERFORMANCE APPRAISAL ON SMEs WORKERS

Figure 6, shows that 60% of the respondents indicated that they had been appraised previously. Of these 14% have been appraised twice per year, 20% thrice a year, 20% thrice a year and 6% had been appraised continuously as would have been expected. Most respondents seemed to be aware of the importance of performance appraisal because they registered their disappointment over in the fact that it was not carried out as regularly as expected. They also noted that if performance appraisal was being done more regularly repeatedly then there would be a genuine base of promotions and this would help them (employees) improve themselves. This is in contrast with Kabugah (2002) who is of the view that appraisal is done by employers in order to identify workers strength and weaknesses. This information is then used to demote, dismiss or transfer workers.
Further 22% of the respondents believed that performance appraisal led to improvement and innovation in their work. Of the respondents who had been appraised 22% claimed that performance appraisal led to improvement and innovation in their work activities.

This finding agrees with Armstrong (2002) that performance appraisal improves individual and team performance. He also referred to it as a continuous self-renewing cycle, hence helping employees improve themselves.

FIG 9, Overall effective performance appraisal at work
23% is very low because appraisal should be an important evaluation that assesses the strengths and the weaknesses of both an individual and team work so that the weaknesses are corrected and in most cases changed into strengths. With such a low percentage the standards and uniformity are comprised. Again job changes decisions will then be based on biased factors such as the supervisor’s confidential report. The existence of a regular appraisal system tends to make supervisors more observant on their subordinates not to mention the rational foundation for the payment of piecework, wages, bonus and others.

4.1 SET STANDARDS

This study revealed that set standards existed but were rarely used. Respondents indicated that if set standards were regularly used, work performance would improve The workers suggested that the set standards should be modified in the following ways. various ways:

a) Increase frequency of worker inspection and suspension

b) Use of expected evolution/appraises

c) Provide feedback to the workers

d) The PA process should be more of advisory than harassment of workers.

e) Appraisal to be conducted on continuous basis.
Performance appraisal would be a more rational uniform and realistic tool for promotion. 11% of the workers were promoted due to a confidential report written by their supervisors. This is not a very reliable tool because it could be vulnerable to human biases such as nepotism and tribalism. Exceptional performance was only used on 2% for promotion. This shows that it negligible and less effective.

4.2 SUMMARY OF FINDINGS

The study was undertaken on specific SMEs that deal with clothing and textile to investigate on the effects of appraisal on workers performance if it is being carried. This study discovered that 64% of workers in SMEs have never been appraised. This therefore, would mean that although there is performance appraised system design for SMEs by various consultants modeled on the one from the Ministry of labour, organization and human resource, the system is not being used.

The study revealed that workers in SMEs have been promoted at least three times since they started working but performance appraisal was not used in these promotions. Working experience, supervisors confidential report, mass promotion are some of the methods that were used to promote workers.
85% of workers from the selected SMEs in clothing and Textile have been transferred from their stations to other branches. Reasons for transfers are numerals (i.e) supervisors reports, managers recommendations, personal requests, but basically performance appraisal has not been used.

Discipline of workers has been rare but about 13% of the workers in questions were moved from one branch to another on personal request. Feedback from appraisal was not used because proper appraisal had not been done. The study also revealed that an appraisal system for workers in same SMEs is in place but those who are supposed to effect it do not seem to be doing it effectively. The workers seemed to be eager to be appraised so that they could be promoted genuinely, because they feel that lack of continuous appraisal has stagnated them in the same job group for a long time. 13% of the employers revealed that feedback from appraisal was not used because proper appraisal is never done. They entirely depend on work experience and managers confidential reports which they expressed to be the major problem.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

5.1 INTRODUCTION

This chapter presents the summary of, conclusions and also suggests some ways of improving the system of performance appraisal of workers in order to bring about better performance, motivation and a higher self-esteem of workers. The chapter also highlights the limitations that were encountered during the study. Recommendations and conclusions are suggested for further research.

5.1.2 SAMPLE CHARACTERISTICS

The study established that 80.4% of the sample employees were female while 20% of the employees were male. This study found that the average age of the employees is 30 years, but majority of them 76% fell in the age bracket of between 25-30 years. Most businesses 98.3% were registered while only 1.6% were not registered.
The study established that 34% of the employees accepted that appraisal standards were realizable while 66% felt that the existing standards are working but needed to be checked regularly if they were going to be used and that they should be done genuinely. On salary increments, 37.3% said that appraisal was used to make such demotions. 62.7% felt that appraisal was not genuine.

On transfer matters 66% indicated that appraisal was quite genuine while 34% registered disappointment on the method used. Those not happy mentioned that transfers were based on other factors such as confidential report or working experience.

The study also revealed that most employers don’t use the appraisal as expected. This is shown by the high percentage 74.6% of employees who felt that demotion and discipline was based on other factors such as confidential report written by their managers.
5.1.4 OVERALL EFFECTIVENESS PERFORMANCE APPRAISAL AT WORK

This study revealed that set standards were rarely used. The study also established that the 23% of appraisal was very effective while the large percentage 77% showed that PA was ineffective. Most workers showed disappointments with overall performance appraisal.

5.2 CONCLUSION

From this study, it can be conclude that:

(a) Majority of the workers have a good perception of performance appraisal because it is necessary. It makes them motivated to work and improve their morale that leads to them producing quality work.

(b) Performance appraisal is important, if carried out regularly, it can be a genuine base of promotions, demotions, discipline and transfers.

(c) Performance appraisal leads to improvement and innovations at work.
Performance appraisal is not the only tool that is used to promote, demote, discipline, transfer and dismiss workers. Other methods like supervisor’s recommendations, managers confidential letters, exceptionally good performance and experience, workers personal request are also used.

Majority of the employees have not benefited on the basis of performance appraisal rather only a few who felt that it has benefited them.

The method of appraisal used lacked continuity even some employees felt it required some regular checks.

SMEs can help in improving PA, if only it is used consistently.

Performance appraisal in most SMEs is done by most employers in order to identify the strength and weaknesses of their employees where by the information is used to demote, transfer, discipline or increase salary.

5.2 RECOMMENDATIONS

From this study it can be recommended that

1. Performance appraisal alone cannot be used in determining whether an employee require to be promoted, dismissed, transferred or disciplined. Other factors such as working experience, good performance can also be used.
2. For performance appraisal to be effective enough a well constructed appraisal system need to be put in place, and be checked regularly.

3. The method used to in appraising workers in SMEs should be improved and be used all the time.

4. Extension officers should be put in place to be advising employers of SMEs on PA and ensuring that it is done as it should be.

5. The government should come up with a an PA system that suit SMEs and ensure it is followed properly.

6. PA should be made as compulsorily at all levels of working places in order to stop people from looking for white collar job and instead become]me self-reliance.

7. There should be set standards which workers should aim at achieving and checks such as inspections which should be done often to maintain the set standards.

8. The government must be concerned with the SMEs employers conduct their appraisal because this is the only way workers can be motivated leading to a developed country
9. Employers will need to motivate their workers through PA by training development.

5.3 RECOMMENDATIONS FOR FURTHER RESEARCH

This research looked at the effects of performance appraisal on workers in SMEs in Nairobi. Another research can be carried out to compare the performance of the appraised workers and those that have not been appraised. Research can also be carried out to look at the effects of PA on SMEs.
BIBLIOGRAPHY


THE EFFECTS OF APPRAISAL ON SMEs workers in CLOTHING AND TEXTILE IN NAIROBI.

Dear Respondent,

I am an MSC in Entrepreneurship student at Kenyatta University undertaking the above named study as a requirement for the award of master’s degree in Entrepreneurship. The purpose of this questionnaire is to collect data, which will assist in getting more information you give shall be used exclusively for academic purpose and will be treated with utmost confidentiality.

Please answer as honesty as possible.

Your cooperation and assistance will be highly appreciated.

MBURIAH BETH SIGN ------------------------- DATE------------------
MSC Student

Dr. Mary Namusonge Sign ------------------------- DATE -------------------
Supervisor
APPENDIX II

QUESTIONNAIRE FOR EMPLOYER

Any information you provide shall be held in confidential and is only to be used for the purpose for this study.

INSTRUCTIONS.

i) Read all questions carefully

ii) Tick the correct answer in the box, provided and explain where applicable

SECTION A

BACKGROUND INFORMATION

1. Years of service

2. Your salary scale

3. Your position in the business

4. Sex: Female Male

5. Age of your business

   5 - 10 years

   10 - 15 years

   15 - 25 years

   25 - 30
6. Name of the business

7. a) Is your business registered?
   i) Yes
   ii) No

b) If no, what is / are the reasons?

8. What are your main business activities?

9. What is the mission statement (vision) of your business?

SECTION B

ORGANIZATION STRUCTURE

10. Who are the main owners of the business?

11. How is the business structure from the top to bottom?

12. How many employees do you have in your firm?
13. What is your role in the business?

----------------------------------------------------------------------------------------------------------------------

14. What part do your employees play in business management?

----------------------------------------------------------------------------------------------------------------------

15. Do you have a board of Directors?
   i) Yes [ ]
   ii) No [ ]

SECTION C

PERFORMANCE APPRAISAL

16. Do you appraise your employees?
   Yes [ ]
   No [ ]

17. If, yes, how often
   a) Continuously [ ]
   b) Once per year [ ]
   c) Twice a year [ ]
   d) Three times a year [ ]
18. a) Has performance appraisal improved the working activities of your Employee?
   
   i) yes
   
   ii) No

19. What comment would you give on performance appraisal and improvement in your business?
   Specify, ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

20. b) If yes, how many times?
   
   i) Once a year
   
   ii) Twice a year
   
   iii) Occasionally
   
   iv) As need be
21. a) Do you use performance appraisal to promote your employees?
   i) yes
   ii) No

   b) If no what other methods do you use to promote them?

22. What motivational factors do you use to make your employees work hard?
   Specify

23. Are performance appraisal standards realizable?
   i) Yes
   ii) No

25. a) Do your performance standards require any modification?
   i) yes
   ii) No
b) If yes, how do you expect to do it?

Specify

INNOVATIONS AND IMPROVEMENTS AT WORK

26. a) Has feedback and PA led to innovations and improvement to your Employees?

i) yes

ii) no

b) If yes, specify

IMPROVEMENTS IN EMPLOYEES AND ORGANIZTIONAL DECISION.

27. a) Do you promote your employees from one position to author?

i) Yes

ii) No
b) Of Yes, do you use feedback from performance appraisal that you use?

28. What other job changes have resulted from appraisal?
   i) Promotion
   ii) Up grading
   iii) Transfers
   iv) Demotions
   v) Dismissals

DISCIPLINARY ISSUES

29. Do you discipline your workers on the basis of appraisal?
   i) yes
   ii) no

30. Would you say the disciplinary action that you take on your workers is
   i) Fair
   ii) unfair
31. a) Do you increase employees' salaries based on appraisal?

   i) yes
   ii) No

b) If yes, has this lead to motivation of workers?

   i) yes
   ii) No
APPENDIX III

QUESTIONNAIRE FOR EMPLOYEE

SECTION A

BACKGROUND INFORMATION

In this section you are asked to provide information concerning yourself and your position at your place of work. This information will not be used to identify individuals but will provide valuable information that will assist the researcher to carry out the study efficiently.

1. years of service

2. Salary scale;

3. Department

4. Duty station

5. Age bracket

   Under 25 years [ ]  25 - 35 years [ ]

6. Sex: Male [ ]  Female [ ]
SECTION B

PERFORMANCE APPRAISAL

Answer the following questions as honesty as possible. You are assured that your responses will be treated with utmost confidentiality. Put a tick appropriately and explain where applicable.

7. Have you ever been appraised/
   i) Yes
   ii) No

8. If yes, how often
   a) Continuously
   b) Twice a year
   c) Three times a year
   d) Not been appraised

9. Do you think performance appraisal has led to innovation and improvement in your working activities?
   i) yes
   ii) No
10. If yes, to what extent
   i) Moderate extent
   ii) Very great extent
   iii) Great extent
   iv) Very low extent

A low extent

PROMOTION

11. Have you ever been promoted?
   i) yes
   ii) No

12. If yes, how many times?
   i) 0 - 1
   ii) 2 - 3
   iii) 3 - 4
iii) None of the above

13. a) Has performance appraisal been used on you?
   i) yes
   ii) No

   b) If no, what has been used to promote you?

   -----------------------------------------------
   -----------------------------------------------

MOTIVATION

14. a) Are performance appraisal standards realizable?
   i) yes
   ii) No

   b) If no, give reasons

   -------------------------------------------------
15. a) Have the set standards motivated performance?

b) If no, why not?

16. Suggest any other necessary modification on the standards.

INNOVATIONS AND IMPROVEMENTS AT WORK

17. a) Has feedback from PA led to innovations and improvement in your work?
   i) Yes
   ii) No

b) If yes, specify
IMPROVEMENTS IN EMPLOYEES AND FIRMS DECISION

18. Have you ever been transferred to any other branch apart from where you are working?

   i) yes
   ii) no

b) If yes, was feedback from performance appraisal used?

   i) Yes
   ii) No

c) If no, what were the reasons for not being transferred? ____________________________

19. a) What other job changes have resulted from appraisal?

   i) Promotion
   ii) Up- grading
   iii) Transfers
iv) Demotions
v) Dismissals

b) Others, specify, 

DISPLINARY ISSUES

19. Have you ever been disciplined?
   a) Yes
   a) No

20. If yes, which method was used?
   a) Facing a disciplinary committee
   b) Salary deduction
   c) Interdiction
   d) Not discipline
   e) Others.
21. Would you say the disciplinary action taken against you was

a) Fair

b) Unfair

22. a) Has your salary ever been raised?

i) Yes

ii) No

b) If yes, was appraisal method used to rise your salary? 

If no, what other method was used? Specify,
## APPENDIX 4

### BUDGET

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>KSH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchasing of writing materials for the whole project</td>
<td>3,000</td>
</tr>
<tr>
<td><em>(Stationeries)</em></td>
<td></td>
</tr>
<tr>
<td>2. Secretarial services</td>
<td>10,000</td>
</tr>
<tr>
<td>3. Travelling expenses and meals</td>
<td>15,000</td>
</tr>
<tr>
<td>4. Photocopying expenses</td>
<td>8,000</td>
</tr>
<tr>
<td>5. Data processing</td>
<td>9,000</td>
</tr>
<tr>
<td>6. Questionnaire</td>
<td>3,000</td>
</tr>
<tr>
<td>7. Compiling of the final documents</td>
<td>6,000</td>
</tr>
<tr>
<td>8. Contingencies</td>
<td>12,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>66,000</strong></td>
</tr>
</tbody>
</table>