THE ROLE OF PERFORMANCE APPRAISAL ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF STATE OWNED SUGAR COMPANIES IN KENYA

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Declaration

This research project is my original work and has not been presented to any other University or Institution of Higher Learning for Examination.

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The research project has been submitted for examination with my approval as the University supervisor.

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Abstract

The main purpose of this research study was to assess the role of performance appraisal on organizational performance, the research focused on state owned sugar companies in Kenya including Sony Sugar, Chemelil, Nzoia and Muhoroni sugar companies. Recent history shows that Sugar Companies are producing sugar at high cost, cannot pay all the farmers promptly and the raw material is too scare that all the factories are now competing for it. The industry also faces competition from COMESA sugar producing countries. The researcher considered a target population of 1,200 employees from four sugar factories and a sample size of 120 employees was considered for the study. The sample size was stratified into Top management, middle level management and supervisory staff. The study used both primary and secondary data. The primary data was collected through structured questionnaire while secondary data was collected from review of archival materials. The collected data was analyzed using descriptive statistics where frequencies were determined. The study revealed that performance appraisal exercise influences performance of the entire organization. Based on the findings of this research, it is recommended that Sugar firms address all issues pertaining to performance so as to be viable and competitive in the business. The findings of the study, revealed that more male staff 84 (70%) are employed in the state owned sugar companies than the female staff 36 (30%) as per the sample size chosen. The findings further revealed that majority (50%) of employees in the state owned sugar companies fall between the age bracket 31-40 years of age and that (45%) of the employees are above 41 years of age. The findings also revealed that a great percentage of workforce 68% are long term serving employees with more than 11 years in employment in their organizations. The length of service of most employees attributes to achievement of set objectives and good performance. The study further revealed that involvement of managers in setting performance target influences performance in the state owned sugar companies as confirmed by 90% of the respondents. It was further revealed that managers feedback to employees on their performance influence the overall performance of the organization. This is indicated by 85% of the respondents who agreed that managers give feedback to employees. They also revealed that employees also give feedback to managers on their performance who take the feedback positively. The finding also revealed that performance appraisal tool influences performance in state owned sugar companies. It provides records of performance of employees which is useful during performance review. The study also revealed that Management by Objective is the common method of appraisal used in state owned sugar companies. This is evident from findings, where 85% of the respondents indicated that they use Management by Objective method. The findings also show that state owned sugar companies conduct performance reviews annually and sometimes biannually. This is evident from findings where 47% and 35% indicated that they conduct performance reviews annually and biannually respectively. From the study it can be concluded that performance appraisal influences performance in state owned sugar companies. The researcher recommends that sugar companies should fully implement performance appraisal to enable them achieve improve performance based on the influence of performance appraisal on performance.