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# THE EFFECTS OF FAIR APPRAISAL ON EMPLOYEE PRODUCTIVITY IN FOOD-PROCESSING FIRMS IN NAKURU COUNTY, KENYA.

**Margaret Waithera Kuria[1] & David Gichuhi[2]**

[1]Margaret Waithera Kuria is a Masters of Science in Human Resource Management of Jomo Kenyatta University of Agriculture And Technology
[2]David Gichuhi is a lecturer at Karatina University

Email of corresponding author: maggiek30316@gmail.com

**Abstract**

*As many organizations come to terms with the challenges of attracting and retaining the best talent, coupled with the emerging issue of work life conflicts, it is imperative that managers employ a variety of human resource (HR) practices in order to attain organizational goals. Consequently, managers are now undertaking proven, HR practices that are cost minimizers, contingent motivators, competitive motivators, resource makers and commitment maximizers in order to improve employee's commitment, increase employee satisfaction and performance. Despite the link between HR practices and employee productivity looking obvious, in the Kenya's context HR managers have to work under intense pressure in order to identify and implement policies that will prove effective in improving employee performance. However, the extent to which HR practices affect employee productivity in local firms is still unclear. Hence, the present study sought to investigate the effect of fair appraisal on employee productivity focusing on food-processing firms in Nakuru County, Kenya. The study thus was guided by ERG theory, Equity Theory and Cognitive evaluation theory. Descriptive research design was adopted for this study targeting permanent staff in the food-processing firms in Nakuru County, Kenya. Sample size of 79 respondents was obtained using stratified random sampling was used for the study. The researcher developed questionnaires which were used in the study as data collecting instruments. The collected data was analyzed by use of descriptive statistics (frequencies and percentages) and inferential statistics, which included Pearson's' product moment correlation and multiple linear regression analysis. The findings revealed that fair appraisal did not have a significant effect on employee productivity. The study, therefore, recommends that the food processing firms ought to make significant investments in employee capacity assessment so as to promote fair appraisal practices and consequently improve employee productivity.*

***Keywords:*** *Employee productivity, fair appraisal, food-processing firms*

## I.INTRODUCTION

In the current turbulent work environment, managers are engaging in a variety of behaviours geared towards increasing performance at the individual, group and organizational levels (Wright & McMahan, 2011). Due to a variety of external factors, organizations have become very competitive hence the need to consider human resources as a very important resource for gaining competitive advantage (Boxall, Ang & Bartram, 2011). Indeed, human resource practices affected by shrewd managers are widely linked to organizational effectiveness and efficiency, culminating in tangible increased performance levels (Ployhart & Moliterno, 2011). As many organizations come to terms with the challenges of attracting and retaining the best talent, coupled with the emerging issue in human resource practice, it is important that human resource managers employ a number of human resource (HR) practices in order to attain organizational goals (McClean & Collins, 2011). Consequently, managers are now undertaking proven, HR practices that are cost minimizers, contingent motivators, competitive motivators, resource makers and commitment maximizes in order to improve employees commitment, increase employee satisfaction and performance (Boxall et al., 2011).Despite the link between human resource practices balance and employee performance looking obvious, in the Kenya's context HR managers have to work under intense pressure in order to identify and implement policies that will prove effective in improving employee performance.

In the modern world, matters dealing with the human resource in relations to their productivity levels have continued to be a major concern of every employer, organizations and the governments all over the world. Awan (2015) found that indoor environment has great impact on job performance and level of performance can be increased from 5 to 15 percent because of improving working conditions. This is because there is the emergence of new challenges that influences the quality of the human resource and its output; therefore it's important for the subject employee productivity levels to be looked into with a lot of keen interest. For instance issues such as employee motivation levels, performance appraisals levels, communication systems to the human resource , management of human resource as well as the quality of training are the leading indicators as far as measurement of employee productivity is concerned. This is because depending on how an organization manages its workers concerns, its levels of productivity and overall performance will be affected in one way or the other (Delancy 2013). In most instances they view the top managers as offer poor leadership, uninspiring and poor vision for the progress of the organization, lower level management on the other hand is sidelined. More specifically, a sound HR practice has been shown to have positive outcomes, such as low turnover intention, improvement of performance, and job satisfaction. HR practices have a positive effect on employee's affective commitment to their organizations (Kelly et al., 2014). However, other studies such as Konrad and Mangel (2014), found no relationship between a composite measure of HR work-life initiatives and productivity. This study was based on the suggestion for further studies by Arokiasamy (2013) whom recommended other scholars to establish' the effects of competitive remuneration on employee productivity in other sectors such as the food-processing firms. However, there is no strong evidence for the universalistic approach for HR policies regarding their effects on job performance. Therefore, it is still unclear whether HR practices actually affect employee productivity. Hence, motivated by the above, the present study sought to investigate the effect of HR practices on employee productivity focusing on food- processing firms in Nakuru County, Kenya.

## II.RESEARCH OBJECTIVE

To examine' the effects of fair appraisal on employee productivity in food-processing firms in Nakuru County, Kenya.

## III.RESEARCH HYPOTHESIS

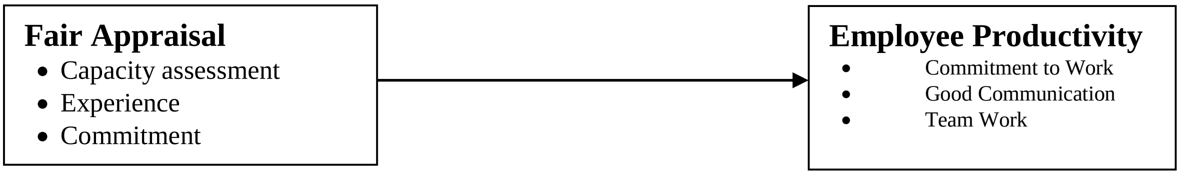
$H_0$: Fair appraisal' has no significant effect on the employee productivity in food-processing firms in Nakuru County, Kenya.

## IV.LITERATURE REVIEW

### The Equity Theory

Equity theory, was proposed by John Stacey Adams (1963) as cited by Bell (2012 as it postulates that it is not the rewards that motivates but the perception. Positive reinforcement has been a strengthening factor in the motivation of the employees. Negative reinforcement on the other hand is the process of having a stressor separated from the behavior (Stredwick, 2015). Punishment comes as a consequence of the behavior. In 1963, John Stacey Adams introduced the idea that fairness and equity are key components of a motivated individual. Equity theory is based on the conception that individuals are motivated by fairness, and if they notice inequities in the ratios output or input of themselves and their referent group, they will try to adjust the input to reach the perceived equity. Adams suggested the higher an individual's perception of equity, the more motivated they shall be and vice versa: if someone perceives an unfair environment, they will be de-motivated. The easiest way to see the equity theory at work, and probably the most common way it does impact employees, is when colleagues compare the work they do to someone else that gets paid more than them. Equity theory is at play anytime employees say things like, John gets paid more than me, but doesn't do as much work, or I get paid less than Jane, but the place couldn't operate without me. In each of those situations, someone is comparing their own effort-to-compensation ratio to someone else's and is losing motivation in the process.

**Conceptual Framework**




**Independent Variables** **Dependent Variable**
**Figure 1: Conceptual Framework**

**Fair Appraisal and Employee Productivity**

Empirical studies have identified several indicators that affect the outcomes of performance appraisal system. In this respect, one critical factor is appraisal source. This factor suggests employee performance can be evaluated through multiple sources such as managers, self, supervisors, peers and even customers (Wood and Marshall, 2008). Employee performance appraisal is the most effective tool or vehicle for assessment of employee performance and implementation of strategic initiatives for the improvement of employee performance (Lawler and McDermott, 2003). However, a considerable study streams also suggests that there exist dissatisfaction in employees regarding performance appraisal system. For example, Morgan (2009) established that performance appraisal in organizations has not met expectations of employees. In the same breath, prior findings by Smither and London (2009) have indicated that 80-90% managers reflect that their performance appraisal has not been effective in improving employees and organization's performance.

Performance appraisal is regarded the most critical human resource function within organizations by which assessors or supervisors analyze and assess the performance of their subordinates (Keeping and Levy, 2013). the results of performance appraisal assists mangers to select specific promotional decisions, pay rates, development and training needs and motivational factors for employees (Zapata-Phelan et al., 2009). In this regard, performance appraisal system has been extensively researched within organizational psychology to assess employee performance. However, despite of resources applied and attention made to this particular topic, prior studies have found continuing dissatisfaction among employers and employees about results of performance appraisal systems in terms of inaccurate, unfair and political outcomes. Therefore, it is important to investigate the factors affecting outcomes of performance appraisal system.

Another important feature of performance appraisal is the purpose for which performance has been evaluated or appraised (Thurston, 2014), and specifically, performance appraisal systems are extensively utilized for several purposes ranging from developmental and administrative purposes. Feedback richness is part of an effective indicator that may influence the outcomes of performance appraisal. Feedback richness elaborates the specific appraisal environment by which frequent, specific and timely feedback is given by employees to employers in respect to job (Fugate et al., 2012). Perceived accuracy of performance appraisal has been regarded as an important aspect to evaluate the satisfaction and motivation in employees in relation to performance appraisal (Selvarajan and Cloninger, 2009). In this regard, prior studies suggest that if employee perceive that appraisal outcomes are accurate, they are more likely to recognize these results and act on them (Roberson and Stewart, 2016).

On the other hand, employee take on fairness also measures effectiveness of performance appraisal outcomes (Youngcourt et al., 2017). In this respect, previous studies have recommended that justice or fairness of performance appraisal can be assessed into three dimensions. These are interactional fairness, distributive and procedural (Colquitt et al. 2012). In this regard, distributive fairness represents the extent which outcomes of appraisal are distributed fairly (Smither and London¸2009). In appraisal context, the distributive context relates with the rating of performance appraisal gained by employees. On the other hand, procedural fairness targets the extent to which procedures deployed by organization for appraisal are fair in deriving outcomes of appraisal (Zapata- Phelan et al., 2009). Contrary to this, the context of interactional fairness represents the extent to which employees receive treatment of supervisors and peers during the process of appraising performance (Roberson and Stewart¸ 2016). Prior studies on meta-analysis of performance appraisal and perceptions of justice suggest that it enhances performance and satisfaction of employees (Roberson and Stewart¸ 2016).

## V.RESEARCH METHODOLOGY

The study used a descriptive survey research design. According to Orodho (2005), descriptive survey research design can generate accurate information for large number of people over a wide area using a small sample. It is used to explore relationships between variables and allows generalizations across populations. Since this study sought to obtain descriptive and self-reported information on how work life balance and employee productivity of Food Processing Firms, the descriptive research design enabled the researcher to expose the respondents to a set of standardized questions to allow comparison. According to Kothari (2004), a population is a well-defined set of people, services, elements, and events, group of things or households that are being investigated. According to the HR department of the listed food processing firms, the firm has 150 employees each on long term contract. The target population of this study, therefore, comprised of the permanent staff drawn from all departments in the factories. Since, the study was conducted in the low season period (August – December), the total accessible population to the study was 750 persons.

The population of interest in the present study is sufficiently large to warrant the use of probability sampling methods. The main factor considered in determining sample size is the need to keep it manageable while being representative enough of the entire population under study. Thus, the study first obtained the required sample size using the formula by Nassiuma (2000);

$$n = \frac{Nc^2}{c^2 + (N-1)e^2}$$

Where n = sample size, N = population size, c = coefficient of variation (≤ 30%), and e = error margin (≤ 5%). In this study c is taken as 30%, e to be 3% and N = 750, therefore, fitting this into the formula:

$$n = \frac{750 * (0.3)^2}{(0.3)^2 + (750 - 1) * (0.03)^2} = 88$$

the right sample size would be 88 respondents.

The sample size was then allocated into various according to their relative sizes in the target population as shown the sampling frame as shown in Table 1.

**Table 1**: **Spreading the Sample Across the Study Area**

| **Respondent type** | **Population** | **Sample size** |
|---|---|---|
| Permanent staff | 750 | 88 |
| **Total** | **750** | **88** |

Descriptive analysis was done using means and standard deviations to describe the basic characteristics of the population. Inferential statistics involved the use of Pearson's Product Moment correlation and multiple regression models to determine the nature of the relationship between the variables.

## VI.RESEARCH FINDINGS AND DISCUSSIONS

### Descriptive Analysis

This section presents the results of the descriptive statistical analyses of the data and their interpretations. The descriptive statistics helped to develop the basic features of the study and form the basis of virtually every quantitative analysis of the data. The results were presented in terms of the study objectives. Table 2 shows the statistical results in details.

**Table 1**: Descriptive Statistics for Fair Appraisal

| **Statement** | **SA (%)** | **A (%)** | **N (%)** | **D (%)** | **SD (%)** | **Mean** | **Std. Dev.** |
|---|---|---|---|---|---|---|---|
| Staffs in our organization undergo regular capacity assessment | 15 | 38 | 15 | 19 | 13 | 3.18 | 0.748 |
| Some of the tasks we are given are beyond our capacities and affects our productivity | 18 | 53 | 24 | 3 | 3 | 3.84 | 0.824 |
| Inexperienced workers have difficulty maintaining high productivity in our organization | 15 | 56 | 20 | 6 | 3 | 3.81 | 0.752 |
| We are required to work in different departments by our employer to gain necessary experience | 14 | 49 | 28 | 4 | 4 | 3.88 | 0.629 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Workers are also appraised in terms of their commitement to the organization | 11 | 11 | 22 | 47 | 9 | 2.68 | 0.814 |
| Appraisal methods affect our commitment to the organization | 23 | 51 | 16 | 9 | 1 | 3.95 | 0.752 |
| **Aggregate Score** | | | | | | **3.56** | **0.753** |

The results in Table 2 suggest that the staffs in the in food processing firms underwent regular capacity assessment as indicated by most respondents who agreed (Mean = 3.18). Majority (Mean = 3.84) of the respondents also agreed that some of the tasks were usually assigned were beyond their capacities and affects their productivity. The findings also indicate that inexperienced workers had difficulty maintaining high productivity in their organization as indicated by most respondents who agreed (Mean = 3.81). The sfaffs were also required to work in different departments by their employer to gain necessary experience (Mean = 3.88). Other findings, however, suggest that while the workers were not appraised in terms of their commitement to the organization (Mean = 2.68), the appraisal methods in use affected their commitment to the organization (Mean = 3.95). These findings agree with Morgan (2006) who noticed that performance appraisal in many organizations has not met expectations of employees.

**Correlational Analysis**

In this subsection a summary of the correlation analyses is presented. It seeks to first determine the degree of interdependence of the independent variables and also show the degree and strength of their association with the dependent variable separately. These results are summarized in Table 3.The findings were interpreted and discussed accordingly.

**Table 3**: Correlation between Sales Comparison Approach and Acquisition of Franchised Petrol Filling Stations

| | | **Employee Productivity** |
|---|---|---|
| **Fair Appraisal** | Pearson Correlation | .096 |
| | Sig. (2-tailed) | .386 |
| | N | 79 |

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

The first correlation was done to determine whether fair appraisal significantly affected employee productivity in food-processing firms in Nakuru County. The results in Table 3 shows that the relationship between the variables was not significant ($r = 0.096$, $p > 0.05$). This means that the way the appraisals were carried out in the firms could have any meaningful impact on the productivity of employees in the firms. This finding is consistent with those of Mercer (2002); Roberson and Stewart (2006) and Moullakis (2005) who found that there exists dissatisfaction among employees regarding performance appraisal system.

**Hypothesis Testing**

**$H_{O1}$: Fair appraisal has no significant effect on the employee productivity in food-processing firms in Nakuru County.**

From the beta values in Table 3, it was evident that there was no significant relationship between the variables (β = -0.055, p > 0.522). Therefore, we accept the null hypothesis and adopt the view that fair appraisal indeed had no significant effect on the employee productivity in food-processing firms in Nakuru County. These findings agree with Rashidi and Peykar (2015) in Iran who found factors such as fair appraisal participative leadership style of manager, meeting the basic needs of employees and employee participation in decision-making.

## VII.CONCLUSION

Based on the results of the study, it can be concluded that fair appraisal did not have a significant effect on employee productivity owing to the way it was being carried out in the firms. The firms had invested little in employee capacity assessment and the appraisal methods were adversely affecting employee productivity.

## VIII.RECOMMENDATIONS

The food processing firms ought to make significant investments in employee capacity assessment so as to promote so as to promote fair appraisal practices and consequently improve employee productivity as it was established that the appraisal methods were adversely affecting

The study recommends that future studies should be done on the effect of job analysis methods on productivity of employees in food processing firms in the area. There is also need to assess the effect of equity practices in on the productivity of employees in the food processing firms in the area.

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