



Influence of Performance Appraisal on Organizational Performance of Textile and Apparels Firms in Nairobi County

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ABSTRACT

A firm's performance can provide a general picture on how the firm is doing in terms of product quality, market share and profit relative to other firms in the same industry. A number of parameters such as customer experience, financial performance, social responsibility, employee stewardship, organizational engineering and performance appraisal can be used to measure performance. Although performance remains a complicated notion that has been examined by many scholars, there seems to be inadequate literature on the influence of performance appraisal on organizational performance. Therefore, the aim of this study was to investigate the influence of performance appraisal on organizational performance of textile and apparels firms in Nairobi County. The study adopted a descriptive survey research design. The target population comprised of the 121 licensed Firms by the Nairobi County, which have been in business for over three years with focus on either the owners or general managers of the firms. From the population of 121 firms, a sample size of 92 firms was selected. The research utilized questionnaires as the key data collection instrument. The collected data were analyzed using descriptive analysis. The descriptive statistical tools including Statistical Package for the Social Sciences (SPSS version 22) and MS Excel helped the researcher to describe the data and determine the extent of influence. The study found that performance appraisal had a positive significant influence on organizational performance of firms in textile and apparels industry.

Keywords: *Textile firms performance, apparel firms performance, performance appraisal influence, performance and Nairobi, textile industry performance, apparel industry performance, firms organizational performance, firms performance appraisal*

1. INTRODUCTION

Performance is the output or gain of a firm as measured against its contemplated goals or outputs. From an organizational context, organizational performance refers to the ultimate accomplishment of an organization measured in terms of non-fiscal and fiscal indicators. A firm's performance can provide a general picture on how the firm is doing in terms of product quality, market share and profit relative to other firms in the same industry. A number of parameters such as customer experience, financial performance (shareholder return), social responsibility (community outreach, corporate citizenship), employee stewardship, organizational engineering and performance improvement can be used to measure performance.



Cloth and clothing production, trade, and consumption are presently experiencing drastic changes in Kenya. Domestic production of conventional textiles stopped by 2014 (Okech and Yaghoobi, 2014). Critical changes in the global administrative environment influencing Kenya which incorporate special trade arrangements with the European Union the Cotonou Convention (EUCC) of 2000 and the United States have brought about tremendous growth in apparel production. A lot of gains have been experienced by part in the post-AGOA conditions which include a tripling of Kenyan Textile exports from USD \$45 million in 2014 to USD \$150 million in the year 2003 and the formation of more than 150,000 new jobs in textiles in Kenya since 2014 (Flint, 2015). These linkages in the production, trade, and consumption, of textiles and apparel in Kenya, especially as Kenya connects to India, China, and the Arabian Peninsula, are characteristic of the present structure of the global textiles and apparel industry.

Kravchuk and Schack (2017) assert that to evaluate and control performance, managers need to determine what a strategy aims to accomplish. Managers must then identify objectives and strategies that are clear and coherent. Based on this finding, the manager should then choose how these activities can be measured. Further, they need to identify control processes which consist of two variables that are: organizational performance data and a benchmark that creates framework for analyzing the data. Performance appraisal is a method by which the strategy of an organization is evaluated in terms of quality, quantity, cost and time. It guides and manages an organization's strategic plan. Performance appraisal therefore is the process of obtaining, analyzing and recording information about the relative worth of a plan being implemented by the organization. It entails an analysis of a strategic plan's recent successes and failures.

Elsewhere in Spain, Luis and Gomez Mejia (2017) conducted a study on the role of performance appraisal in enhancing performance in SMEs. Result from the study indicated that feedback is a powerful instrument in organizational performance. Therefore, performance appraisal provides a clear and realistic indication of the work that must be accomplished, performance expectations, and feedback on performance against expectations with respect to pre-set strategies.

In another study by Karen and Anne (2015) on performance appraisal in public libraries, the study focused on the purpose of appraisal and how it should be carried out in order to maximize its potential for improving organizational performance. Findings showed that appraisal in public libraries has a tendency to fail because there is lack of attention in defining the aim of appraisal, ensuring communication channels are open and that the proposed training is followed through. Karen and Anne (2015) further note that the design of an appraisal system can cause problems if the specific nature is not considered. It was concluded that the external political and economic environment has significant implications on an appraisal system.

Mark (2015) in a study on performance appraisal and true performance argues that the conventional validation paradigm, which uses subjective performance or appraisal ratings as criteria, may be of doubtful validity. Specifically, the research provides a discussion into performance appraisal with documents on four sets of problems that can reduce the usefulness of performance ratings as criteria. These problems included: biases, politicking, impression management and undeserved reputation. In conclusion, the study provided a description of the inaccuracies generated by these problems and found that instead of selecting the right people for management, selection methods validated against appraisal simply perpetuate an unsatisfactory status quo.



Various studies have been conducted on the issue of performance appraisal and organizational performance. However organizational performance in most industries is still lacking which results to a need to identify best practices. Given this gap, the study intended to analyze the influence of performance appraisal on organizational performance textile and apparel firms in Nairobi County.

2. METHODOLOGY

This study utilized a descriptive research design. The research design was ideal for this study as it would gather data, describe and develop experimental broad views. A descriptive research design is appropriate with regards to describing the area of interest for example, to describe demographic characteristics of a population and making certain predictions, which are based on the major findings from a study.

The target population in this study comprised of the 121 licensed textile and apparel firms within Nairobi County and which have been in business for over three years with focus on either the owners or general managers of the firms. As indicated by KAM registry (2018), they are 121 individuals.

The study adopted both probability and non-probability sampling. Probability sampling method involved stratified sampling (the strata were the textile and apparel pipeline firms, primary textile manufacturers, apparel manufacturers and retailing enterprises) in which all individuals from each of those strata had an equal chance of being selected to become part of the sample (Schmidt & Brown, 2012). Further, the research incorporated stratified sampling method for the determination of sample size from the target population. Simple random sampling procedure was also used as the final sampling method to select the study sample from each of the strata. The sampling procedure to obtain the sample size adopted the formula by Yin (2009) as indicated in Krejcie and Morgan (1970) table for calculating sample size. The formula is as follows:

$$S = X^2 NP (1-P) \div d^2 (N-1) + X^2 P (1-P)$$

S = requisite sample size

X^2 = table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

N = population size.

P = population proportion (assumed to be .50 since this would provide the maximum sample size).

d = degree of accuracy expressed as a proportion (.05).

$$S = X^2 NP (1-P) \div d^2 (N-1) + X^2 P (1-P)$$

$$S = 3.841 * 121 * 0.5(1-0.5) \div 0.05^2 * (121-1) + 3.841 * 0.5(1-0.5)$$

$$S = 3.841 * 231 * 0.25 / 0.05^2 * 230 + 3.841 * 0.25$$

$$S = 92$$

The study adopted questionnaires as the research instruments. The questionnaires used in this research contained both open-ended and closed-ended questions. The data collected from the questionnaires consisted of qualitative information and quantitative data. Qualitative data was analyzed by use of content



analysis. Quantitative data was analyzed using descriptive analysis. Statistical tools that included SPSS version 22 and MS Excel were used to describe collected data. Results from the study were presented using tables in percentages and frequencies.

3. RESULTS

3.1 Socio-demographic Characteristics

The study sought socio-demographic data from the respondents to ensure that the selected sample represented the entire population based on gender, age and education level. In terms of gender, 61.9% of the respondents were male while 38.1% were female. With regards to age, 50.0% of respondents were of the age of 41-50 years, 47.6% were of the age of 31-40 years, while 2.4% were of the age of 51-60. Findings on education showed that the vast majority (64.3%) of the respondents had a degree, 16.7% had a graduate degree 16.7%. Similarly, 16.7% of the respondents also had a Diploma. Working background results indicated that 42.9% of the respondents had a working background of 6-8 years, 35.7% had a working background of below 5 years, and 17.9 % had a working background of over 10 years.

3.2 Influence of Performance Appraisal on Organizational Performance Textile and Apparels Firms

The study aimed to establish the influence of performance appraisal on organizational performance of textile and apparels firms in Nairobi County. Respondents were asked to indicate as to whether they strongly agree, agree, are undecided, disagree or strongly disagree to three statements. They included: Performance appraisal is a method by which the strategy of an organization is evaluated generally in terms of quality, quantity, cost and time, Performance appraisal is a part of guiding and managing strategic plan. It is the process of obtaining, analyzing and recording information about the relative worth of a plan being implemented by the organization and Performance appraisal is an analysis of a strategic plan's recent successes and failures. Figure 1 shows the distribution of the participants' responses on the influence of performance appraisal on organizational performance textile and apparels firms in Nairobi County.



Table 1

Influence of Performance Appraisal on Organizational Performance Textile and Apparels Firms in Nairobi County

	SD	D	N	A	SA	Mean	Std dev
Performance appraisal is a method by which the strategy of an organization is evaluated generally in terms of quality, quantity, cost and time	4.8	10.7	23.8	14.3	46.4	3.9	1.25
Performance appraisal is a part of guiding and managing strategic plan. It is the process of obtaining, analyzing and recording information about the relative worth of a plan being implemented by the organization	3.6	13.1	15.5	22.6	45.2	3.9	1.21
Performance appraisal is an analysis of a strategic plans' recent successes and failures	1.2	11.9	10.7	26.2	50.0	4.1	1.09
Average						3.9	

The findings in Table 1 indicate that 46.4% and 14.3% strongly agreed and agreed respectively that Performance appraisal is a method by which the strategy of an organization is evaluated generally in terms of quality, quantity, cost and time. However 10.7% and 4.8% disagreed and strongly disagreed respectively. However 23.8% were neutral.

On the statement that Performance appraisal is a part of guiding and managing strategic plan. It is the process of obtaining, analyzing and recording information about the relative worth of a plan being implemented by the organization, 45.2% and 22.6% strongly agreed and agreed respectively. 13.1% and 3.6% disagreed and strongly disagreed respectively while 15.5% were neutral.

50% and 26.2% strongly agreed and agreed respectively that performance appraisal is an analysis of a strategic plan's recent successes and failures. 11.9% and 1.2% disagreed and strongly disagreed respectively while 10.7% were neutral.

3.3 Association between Performance Appraisal and Organizational Performance Textile and Apparel Firms in Nairobi County

The study examined the association between performance appraisal and organizational performance of textile and apparel firms in Nairobi County. Table 2 shows chi-square test results.



Table 2

Association between Performance Appraisal and Organizational Performance Textile and Apparel Firms in Nairobi County

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	74.619 ^a	25	.000
Likelihood Ratio	38.542	25	.041
Linear-by-Linear Association	2.392	1	.122
N of Valid Cases	84		

a. 34 cells (94.4%) have expected count less than 5. The minimum expected count is .05.

Chi square tests showed a significant association between performance appraisal and organizational performance of textile and apparel firms in Nairobi County, 0.05, χ^2 (25, N=78) = 74.619, P= .000. This implies that organizational performance is dependent on performance appraisal.

4. DISCUSSION

From the results, a large portion of the respondents showed to have a working background of 6-8 years. This demonstrates that almost half of the respondents had worked in their particular industry for quite a while. Subsequently, they were able to comprehend specialized issues because of methodology assessment and control rehearses on hierarchical execution of firms in Textile and attire industry in Kenya. These findings are in accordance with a study by Braxton (2008) which established that respondents with a high working knowledge help with giving solid information on the examination issue since they have specialized involvement on the issue being explored by the investigation.

The findings also indicated that 46.4% and 14,3% strongly agreed and agreed respectively that Performance appraisal is a method by which the strategy of an organization is evaluated generally in terms of quality, quantity, cost and time. 23.8% were neutral on the matter. Only 15.5% do not agree. This agrees with research by Chelimo (2010) on strategy evaluation and control practices at national social security fund Kenya. The study found out that performance appraisal determines the direction that the strategy is leading the organization (Chelimo, 2010). Specifically, in its findings, it was revealed that all the members of staff at NSSF sign performance contracts that are in line with the company's overall strategy.

On the issue of performance appraisal as an analysis of a strategic plan's recent successes and failures, most of the respondents strongly agreed and agreed. These findings agree with research by Maina (2011) on use of performance appraisal as a strategic management tool at Toyota East Africa Limited (TEAL). In this research, it was established that frequent reviews give supervisors more opportunity to assure that progress is being made in developmental objectives. The study further highlighted that employee reviews should be performed on a frequent and ongoing basis to allow for clarification and revision of objectives, leading to better informed employees who are better equipped to perform their job satisfactorily.



The results showed a significant association between performance appraisal and organizational performance of textile and apparel firms in Nairobi County. The findings concur with a study by Luis and Gomez Mejia (2017) on role of performance appraisal in enhancing performance in SMEs in Spain. The result indicated that feedback is a powerful instrument in performance enhancement. Performance appraisal provided a clear and realistic indication of the work that must be accomplished, performance expectations, and feedback on performance against expectations with respect to pre-set strategies.

5. CONCLUSION

From the study, it is evident that performance appraisal helps employees to commit and improve the overall performance of an organization. This is because performance appraisal is a method by which the strategy of an organization is evaluated generally in terms of quality, quantity, cost and time. Additionally, performance appraisal obtains, analyzes and records information about the relative worth of a plan being implemented to determine its success or failure.

The study further concluded that there was a significant association between performance appraisal and organizational performance of textile and apparel firms in Nairobi County. Generally, consistent assessment of employee performance gives an organization's management the opportunity to ensure that progress on set targets is achieved hence improved performance of the organization as a whole.

Based on the findings, the study recommends that management within organizations should be motivated to adopt performance appraisal in steering organizations towards achieving their targets. Furthermore, top leadership must be objectively critical to performance appraisal as it has far reaching implications which could ruin or improve on the performance of an organization.

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