

EMPLOYEE PARTICIPATION IN PERFORMANCE  
MANAGEMENT: A CASE STUDY OF NZOIA SUGAR  
COMPANY

BY:

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**DECLARATION**

This management project is my original work and has not been presented for a degree in any other university.

Signed..... Date...1^1. 0  
ANZEMO, A.B

This management project has been submitted for examination with my approval as university supervisor.

Signed 

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## **DEDICATION**

This work is dedicated to my late father, Wilson Sore, who really valued Education and instilled in me this value. He would have been very proud of me.

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## Table of Contents

DECLARATION.....	i
DEDICATION.....	ii
ACKNOWLEDGEMENTS.....	iii
Table of Contents.....	iv
LIST OF TABLES.....	vi
LIST OF FIGURES.....	vii
ABSTRACT.....	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the Study.....	1
1.1.1 The Concept of Employee Participation.....	3
1.1.2 Performance Management.....	4
1.1.3 Employee Participation in Performance Management.....	5
1.1.4 Nzoia Sugar Company.....	6
1.2 Statement of the Problem.....	7
1.3 Research objective.....	10
1.4 Importance of the Study.....	10
CHAPTER TWO: LITERATURE REVIEW.....	11
2.1 Introduction.....	11
2.2 Employee Participation.....	12
2.3 Performance Management.....	13
2.4 Employee Participation in Performance Management.....	18
2.4.1 Downwards Communications.....	19
2.4.2 Upward Problem Solving and Team Working.....	20
2.4.3 Financial Participation.....	21
2.4.4 Participation by Representation.....	22
2.5 Benefits of Employee Participation in Performance Management.....	22
2.6 Problems and Limitations of Participative Management.....	24
CHAPTER THREE: RESEARCH METHODOLOGY.....	29

3.1 Introduction.....	29
3.2 Research Design.....	29
3.3 Data Collection.....	29
3.4 Data analysis.....	30
CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....	31
4.1 Introduction.....	31
4.2 Response Rate.....	31
4.3 Profile of Respondent Departments in NSC.....	31
4.4 Demographic characteristics of respondents.....	31
4.4.1 Age of the respondents.....	31
4.4.2 Length of service of the respondents.....	32
4.4.3 Distribution of Respondents by Gender.....	33
4.4.4 Distribution of level of Education of Respondents.....	34
4.5 Level of Participation.....	34
4.6 Participation in Stages of Performance Management Process.....	36
4.7 Level of Participation in performance management Programmes.....	38
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	43
5.1 Summary.....	43
5.2 Conclusion.....	45
5.3 RECOMMENDATIONS.....	46
5.5 Suggestions for Future Research.....	47
5.4 Limitations of the study.....	47
REFERENCES.....	48
APPENDIX I LETTER OF INTRODUCTION.....	54
Appendix II: Questionnaire (Heads of Departments).....	55
Appendix III: Questionnaire for General Employees.....	59

## LIST OF TABLES

Table 1: Distribution of Respondents by age.....	32
Table 2: Distribution of Respondents by Length of Service.....	33
Table 3: Distribution of Respondents by Gender.....	33
Table 4: Distribution of Respondents by their level of Education.....	34
Table 5: Level of Participation through various forms.....	35
Table 6: Level of Participation in the Performance Management Process.....	36
Table 7: Level of Participation in Performance Management Programme.....	39
Table 8: Employee Involvement in Performance Management Activities.....	41

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**LIST OF FIGURES**

Figure 1: Levels of Participation in various Areas of work.....35

Figure 2: Participation in the process of Performance Management (General Employees views)  
37

Figure 3: Participation in the Process of Performance Management(views from Heads of  
Departments).....38

Figure 4: Level of Participation in Performance Management Programmes.....40

Figure 5: Employee Participation in various Performance Management Activities.....41

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## **ABSTRACT**

The main objective of this research project was to establish the level of employee participation in performance management in Nzoia Sugar Company.

Data was obtained by means of a questionnaire that was distributed to 55 employees, eleven of whom were Heads of the eleven departments in Nzoia Sugar Company. The questionnaire used to collect data from Heads of departments was different from that used to collect data from the general employees. All the 55 questionnaires were filled and returned. The response rate was 100% which was achieved due to frequent follow ups by way of phone calls. Data was analyzed using descriptive statistics and the results are presented in tables, charts and graphs.

It was found that there was a moderate level (51.5%) of employees' participation in performance management. The study showed higher participation in early stages of the performance management process involving setting of targets but low participation in later stages like rewarding of employees. The form of participation allowed most was by representation (91%) while the lowest form was participation in financial matters of the company such as profit sharing. This shows that Nzoia Sugar Company should increase its level of employee participation and also extend it to all stages of performance management.

Recommendations from the research are of relevance to the management of Nzoia Sugar Company and other organizations to restructure their performance management programmes so as to allow for more participation in the programmes. This study recommends that Nzoia Sugar Company should increase the level of employee participation in its performance management programmes and that it should consider coming up with programmes that allow for participation at all stages in the performance management process. This will increase employee ownership of programmes hence delivering full benefit to the organization.

## **CHAPTER ONE: INTRODUCTION**


This chapter lays the foundation for the study. It covers the background to the study, the meaning of participation, performance management, and employee participation in performance management, an overview of Nzoia Sugar Company, statement of the problem, research objectives, and the importance of the study.

### **1.1 Background to the Study**

Participative management is solidly American, dating back to the pioneering work done by Coch and French (1948). In the humanistic aftermath of World War II, employee participation received a great deal of attention and support from a number of trend-setting companies as well as from researchers such as Tannenbaun & Schmidt (1958), Argyris (1970) and Yulk (1981).

A most serious challenge facing Kenya business and industry today is finding how they can improve the effectiveness of their organizations and become more competitive. "Improving productivity" has become the clarion call throughout the country, and enhancing organizational effectiveness is currently the overriding mission of the many companies; some observers have even referred to it as "corporate obsession". Despite many people believing that participation leads to a higher productivity and is necessary for survival in an increasingly competitive world, Heller (1999) questions whether organization participation is really working. Taking a panoramic view of the evidence, the result is not very reassuring and Heller reports on a chequered history.

On the average, employees at the lowest level of an organization have little influence even over their own immediate tasks. There are a number of ad hoc schemes of participation, some of which are successful at least in the short term, but others are inauthentic or fail to achieve promises. In order to overcome problems with



organizational participation, Heller maintained that it is necessary for clarity about what participation meant to achieve. It must be recognized as an essential antecedent to the full utilization of the organizational skills and experience, and the design of influence sharing has to be seen as a systematic and integrated feature of organizational governance.

In order to improve performance, most organizations have come up with performance management schemes. Some have started allowing employees to take part in these schemes while others have not. Even to those who have allowed employees to participate, the degree and forms of participation differ from organization to another. Wolfson (1998) notes that boredom and frustration at work is often the result of employee's lack of involvement with the company's goals and a feeling that their ideas are not wanted or listened to. For the employer, staff turnover increases as employees walk out of the door for the interesting jobs. There's also a negative impact on the level of customer service and quality which are both key areas of success in today's competitive environment.

One of the recommendations that have been offered for improving organizational effectiveness has been to encourage extensive employee participation. "Employee empowerment" has recently become a popular buzzword. Many industrial-organizational psychologists -both those acting as internal and external consultant-have been actively engaged in installing employee participation systems within their client organizations. However, it would appear that the advisability of such systems has not always been examined closely. In fact, the decision to foster employee participation has always been based primarily on pure faith. There's therefore the need to carry out a study to verify the extent to which participation is used in performance management and the proposed benefit of the employee participation to organizational performance.

Advocates of employee participation, who often include management consultants, industrial-organizational psychologists as well as managers and executives, believe that the vast majority of the employees wished to become actively involved in their work; that they desire and have the ability, knowledge and expertise to assume greater responsibility

in the workplace and can make some significant contribution to their organizations; and they seek to fulfill many of their psychological needs through their work; and that participative management stimulates employee enthusiasm and willingness to carry out decision in which they have been involved (Sashkin, 1984, 1986). Accordingly, encouraging employee participation, they claim, satisfies employee inner needs and serves as a motivating vehicle resulting in a greater productivity and effectiveness for the organization.

Other observers question how valid, realistic, and practical is the call for virtual universal employee participation. Pointing out that much of the available information on the subject is more anecdotal and philosophical than empirical; these observers have questioned how universal the desire and ability of employee to function in a participative work environment really is (Locke & Schweiger, 1979; Locke 1982; Schweiger & Leana, 1986; Schweiger & Latham, 1986; Miller & Monge, 1986). Furthermore the critics ask if employees would really experience greater personal satisfaction, and if the organization actually achieves greater effectiveness and performance. There's therefore the need to carry out this study that will yield empirical information on employee participation in performance management to determine how employees have been allowed to participate in ensuring better performance in organizations.

### **1.1.1 The Concept of Employee Participation**

Employee participation refers to a situation in which employees are given an opportunity to share in the decision making process of the organization. It's a process where the subordinates share a significant degree of decision making power with their immediate supervisors (Robbins and Timothy, 2007) .Participation is therefore seen as one way of empowering employees.

According to Lwangasi (2008) Employee participation is the process through which employees play a greater part in the decision making process of an organization.

Participation is many times used interchangeably with involvement. However, there's a considerable difference between the two. In her research, Tsala (2008) says that employee participation is different. According to her, employee involvements are practices which are designed to increase employee information with the hope that through this information, they will be more involved and motivated. From her study, involvement is more of making employees more informed while participation is giving them an opportunity to share in decision making in an organization.

Marchington et al, [1992] assert that Employee involvement are those practices which are initiated principally by management and are designed to increase employee information about and commitment to the organization.

Employee involvement is taken to refer to any management practices that gives employees influence over how their work is organized and carried out. Employee involvement practices therefore emanate from management or are employer led while participation emerges from a collective employee interest to optimize the physical security and aspirational conditions under which employees are contracted to serve. Participation is therefore power oriented and is typically about joint decision making Blytton and Turnbull (2004). The motivation for participation therefore is the desire to increase influence of employees vis-a-vis the employer rather than being concerned with technical issues of corporate efficiency

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### **1.1.2 Performance Management**

Performance management is the integration of employee development with results based assessment. It encompasses performance appraisal, objective setting for individuals and departments, appropriate training programmes and performance-related pay. Appraisal of managers by their subordinates, peers and people in other departments might also be included in the scheme (Miller and Monge, 1986).

The primary goal of any appraisal system is performance management. To manage and improve their employees' performance, managers must explore the causes of action plans and empower workers to find solutions, and use performance focused communication.

Performance management is concerned with actions taken to improve performance in order to achieve organizational, team or individual effectiveness. Improving performance is only achievable where there are effective processes of continuous development. This in turn addresses the core competencies of the organization and the capabilities of individuals and teams (Lawson, 1995).

Performance management is the principal set of practices by which control is manifested in organizations. Control hence is defined as any process that is used to align actions of individuals to the interests of the organizations (Snell, 2006). Performance management is expected to regulate motivation and ability. It is a cybernetic system with feedback from both employer and employee during modification at each point in the system.

### **1.1.3 Employee Participation in Performance Management**

Employee performance management is a core human resource discipline that facilitates an agency in meeting its overall mission. Management and employee participation in the performance management process improves organizational effectiveness, stimulates communication and provides clarity.

Roberts (1992) and Cotton (1993) observed that employee participation is a key element of intrinsic motivational strategies that facilitate worker growth and development. It is an effective tool for enhancing job related autonomy which is necessary for employee growth. When employees are allowed to participate in the decision making process of an organization, it gives them a voice into the issues of the organization which of course is a form of motivation to them. Employees are likely to have greater acceptance of programs put in place in the organization if they are allowed to participate. This causes less resistance. Participatory schemes are also important in the sense that employees can have valid, unique and relevant performance information and insight which the management or

employees may be lacking. If such is incorporated, it can contribute to better performance. If employees are allowed to participate, it generates an atmosphere of cooperation and employee support which encourages the development of a coaching or counseling relationship hence reducing tension between the employer and employee. Most employees desire participation because it gives them some sort of power vis-a-vis that one of employers. Employers find it necessary to allow employee participation since a satisfied employee is likely to perform well hence leading to better performance of the organization.

Roberts (1992) asserts that employee participation is born out of a desire to increase the influence of employee's vis-a-vis the employer. Employee participation is grounded in pluralistic thinking- a perspective that acknowledges the presence of divergent interest between different organizational stakeholders. It therefore involves indirect forms such as consultative committees. In this case, not all participate through representation. The representatives are however supposed to represent the true interests of the workers to the management.

#### **1.1.4 Nzoia Sugar Company**

The following information about the company was obtained from the company's brochure (2010). Nzoia Sugar Company (NSC) is located in Western Province, Bungoma South District about 5 kilometers off the Webuye- Bungoma highway. It was established in 1975 under the company's Act Cap 486 of the laws of Kenya and was issued a certificate of incorporation on 1<sup>st</sup> August 1975. The government is the majority shareholder owning 98% of the shares while Fives Cail Babcock (FCB) and Industrial Development Bank owns the remaining 2%. Its main mandate is to manufacture sugar and co products from sugar cane. It also has the mandate to establish and manage sugar cane plantations and assist others to do so. To achieve this, the company supports cane production through the provision of extension services to farmers with an extensive company nucleus Estate covering 3600ha and an out grower zone spanning more than 23500ha of cane. NSC

serves over 47000 farmers in the larger Bungoma, Kakamega, Lugari and Malava districts.

NSC's vision is 'To be globally competitive in production of sugar and other products. Its mission is to efficiently and innovatively produce and market sugar and other products in a clean and safe environment to the satisfaction of stakeholders. Some of the core values in NSC include customer focus, integrity, team work and mutual respect, commitment and handwork, innovation and creativity and professional ethics. The company is run by a board of directors headed by a managing director. There are eleven department namely, Agriculture, Agriculture service, Human resource, Purchasing, Finance, General administration, Sales and marketing, Production internal audit, Public relations and Factory. The company had an initial milling Capacity of 2000 tonnes of canes per day (TCD). In 1989 the capacity was expanded to 3000 TCD which translates to about 78000 metric tonnes of brown sugar. Currently factory rehabilitation and product diversifications being undertaken to enable the company to remain competitive NSC was awarded the Diamond mark of quality by the Kenya Bureau of Standards for producing high quality brown sugar. It is also ISO 90001 certified as an indication of the company's competency in rendering quality services that match internationally accredited and accepted standards.

There is evidence of performance management programmes at the company. For instance, workers' interests are normally represented at board meetings. There's a Training and Development sub-department under the Human resource department which identifies training needs for workers and organizes for internal training or external training for them to enable them perform better.

## **1.2 Statement of the Problem**

Recognition of the efficient use of the human resources for business success together with advances in social democracy has given rise to employee involvement in



performance management. Recognizing the increased educational level of work force and a greater desire on the part of employees to play an active role in decisions and activities that affect them, it may be reasonable to conclude that the long term trend will lean towards a greater degree of employee participation.

In pursuit of better performance, most organizations are putting performance management programmes in place which are aimed at creating a link between business objectives and individual objectives. The dilemma that many organizations have is how far to involve employees in performance management since many fear losing a considerable degree of power to the employees.

Organizations are at different levels of employee participation with very few having achieved full participation. Japan is cited as good example of employee participation practices, with the most commonly emulated participation techniques being the quality circles and teamwork in giant corporations such as Hitachi, Nissan, Honda, Mitsubishi and Toyota.

Frohlich and Krieger (1990) examined the extent of employee participation in technological change in five European Union countries. They found that of the four stages of introducing new technology: planning, selection, implementation and evaluation, workers are more likely to be involved in the implementation stage, and that full participation particularly in decision making remained relatively low for all countries and at all the stages.

Holden's study on employee involvement in the banking sector in Britain and Sweden (1996) concluded that most participation mechanisms do not encourage participation by the work force on strategic issues. Most are confined to work place areas, and thus tend to restrict the employees in their sphere of control. Most of the studies on empowerment show that there is a contradiction between what employees and management want from employee empowerment initiatives, and what management are prepared to allow the workforce in terms of empowerment and control. Allowing employees to participate

implies that management must be prepared to lose some control and learn to accommodate a more questioning workforce.

As seen earlier, participation is likely to give the employees (usually via the agency of their representatives ) access to a relatively higher order range of decisions such as wage rates, introduction of new technologies, training among others (Beardwell and Claydon 2007). Participation schemes generally involve some dilution of managerial influence and as such, there is a long history of employers seeking to resist the practice. According to Payne and keep (2005), the more enduring examples such as the work councils found in many European countries tend to have a strong statutory underpinning and have often been initiated by social democratic governments which are sensitive to the needs of labour.

KSB (2003) indicates that the government of Kenya is putting in place measures to revive the sugar industry and solve the problems affecting the sector such as uncontrolled importation and nonpayment of dues to fanners by the cane factories. Other problems affecting the sugar industry are inefficiency, low productivity, and weak management among others. In the recent past, Nzoia Sugar Company has been experiencing problems related to its performance. Its share of the country's sugar market is very low. In 2003 for example, the company had a market share of 12% as compared to Mumias Sugar Company which had a market share of 55%. In May 2007, the factory closed down following a workers' strike where the managing director was pressurized to quit, Wanyonyi, (2007). The factory was closed down 30 minutes after workers' union representatives were arrested and taken to Bungoma police station amid tight security after leading a work stoppage. The employees joined forces with the farmers in calling for the managing director's suspension. This shows dissatisfaction on the part of employees towards the management. Such management problems can be solved if good performance programmes have been put in place and employees have been allowed to participate adequately in these programmes. This gives a reason to investigate how the

company has conducted its performance management programs; especially how employees have been allowed to participate in these programs.

This problem statement leads to the following question: To what extent has Nzoia Sugar Company allowed its employees to participate in the performance management programmes of the company?

### **1.3 Research objective**

1. To establish the extent to which Nzoia Sugar Company has involved its employees in the company's performance management programmes.

### **1.4 Importance of the Study**

The information obtained will guide future organizations policy makers on the implementation of employee participation programs in their specific organizations.

It will assist them in making decisions on how far to allow employee participation in performance management of their organizations It will also assist Nzoia Sugar Company to make a decision on whether to increase or reduce the level of employee participation in their performance management programs

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This chapter deals with Literature review on employee participation. It examines different studies that have been done on employee participation in organization's performance management programmes and their findings.

Employee participation is a participative process that uses the input of employees to increase their commitment to the organization's success (Robbins and Timothy, 2007). The underlying logic is that by involving workers in the decisions that affect them and by increasing their autonomy and control over their work lives, employees will become more motivated, more committed to the organization, more productive and more satisfied with their jobs.

According to Mullins (2007), participative leadership involves consulting with subordinates and the evaluation of their opinions and suggestions before the manager makes the decision. Mullins (2007) and Robbins and Timothy (2007) assert that employee participation is a form of empowerment - a condition where employees are allowed greater freedom, autonomy and self control over their work, and the responsibility for decision- making. According to Mullins (2007), all the theories on empowerment share a view that workers are an untapped resource with knowledge and experience and an interest in becoming involved, and employers need to provide opportunities and structure for their involvement. It's also assumed that participative decision-making is likely to lead to job satisfaction and better quality decisions and that gain is available both to the employers and workers. The employer will gain by experiencing increased efficiency and the workers will gain by achieving job satisfaction.

Employee participation differs among countries. For instance a study comparing the acceptance of employee participation programmes in four countries including the United States and India confirmed the importance of modifying practices to reflect the national culture. Specifically, while American employees readily accepted these programmes,

managers in India who tried to empower their employees through participation were rated low by those employees. In these Indian cases, employee satisfaction also decreased. These reactions were consistent with India's high power distance culture which accepts and expects differences in authority. (Robbins and Timothy, 2007).

## **2.2 Employee Participation**

In ordinary usage, participation is any sort of sharing and not just sharing in decision making. It is a situation in which employees have some sort of share in the organization which has employed them. Employee participation is a continuum reflecting the various degrees of participation that may be available to employees. The continuum ranges from unilateral management decision making on one end to bilateral decision making on the other end. Leat (1998) developed a continuum of participation in which he identified five stages reflecting different degrees of employee participation. At one end, there's no sharing, only unilateral decision making or complete autonomy of the employee. This extreme position is known as managerial prerogative where management has complete and total autonomy in the operations of the organization. The other extreme end is known as workers control where there is no participation by management. These extremes are more theoretical and act as a guide in understanding the range of options available. In between are a range of mechanism and processes, each of which exhibits different combination of employee and employer autonomy, and thereby different levels of employee participation.

There are five stages reflecting different levels of participation (Gomez et.al 2010). These are employer control, downward communication, consultation, joint consultation and employee control. Employer control is where management has complete and total autonomy in the operation of the organization. In downward communication management provides employees with information to inform them on their plans. The aim is to make employees accept and implement managements' plans, without expecting feedback. Consultation/Co-operation is where employees are involved in task oriented issues and are consulted in problem solving. This is seen as participation only in the sense that the

employer is not obliged to implement the employees' views. Joint consultation/control enables employees to take part in the management decision making either directly or through representatives. The most common approach is joint consultation committees, where management and workers discuss issues and come up with mutually accepted solutions. Other approaches include collective bargaining and work councils. Employee control includes self management work teams and board representations.

### **2.3 Performance Management**

The word performance management is sometimes used to imply organizational targets, frameworks like the balanced scorecard, measurements and metrics, with individual measures derived from these. This meaning of performance management has compared with the softer developmental and motivational approaches to aligning the individual and the organization, which is aimed at improving performance (Torrington et. al. 2008)

Since performance management is concerned with satisfying the needs and expectations of various stakeholders such as the owners ,management ,employees, customers, suppliers and the general public, employees should be treated as partners in the enterprise whose interests are respected. To this end, performance management encourages communication and involvement of managers and their team members in defining expectations and sharing information on the organization's mission, values and objectives (Lawson, 1995)

Armstrong and Baron (2004) define performance management as a process which contributes to the effective management of individuals and teams in order to receive high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved. They go on to stress that it is a strategy which relates to any activity of the organization set in the context of its human resource policies, culture, style and communications systems. The nature of the strategy depends on the organizational context and can vary from organization to organization. In other words performance

management should incorporate performance improvement, development and management of behavior.

Armstrong and Baron (2004) stress that at its best performance management is a tool to ensure that managers manage effectively; that they ensure the people or teams they manage: Know and understand what is expected of them, have the skills and ability to deliver on these expectations, are supported by the organizations to develop the capacity to meet these expectations and are given feedback on their performance and have the opportunity to discuss and contribute to individual and team aims and objectives.

According to Lawler (1986) performance management is also about ensuring that managers themselves are aware of the impact of their own behavior on the people they manage and are encouraged to identify and exhibit positive behavior's performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business process and of their own skills, behavior and contributions. It is about sharing expectations. Managers can clarify expectations individuals and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is about interrelationships and about improving the quality of relationships between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process. It is also about planning-defining expectations expressed as objectives and in business plans-and about measurement; the old dictum is if you cannot measure it, you cannot manage it. It should apply to all employees, not just managers, and to teams as much as individuals. It is a continuous process, not a one-off event. Last but not least, it is holistic and should pervade every aspect of running an organization

Lawler (1986) asserts that over time, the focus and emphasis of performance has shifted away from individuals output to inform development or pay decisions, to individual contribution to organizational objectives through output, behavior and capability. As

such, performance management is now as much about driving engagement and collecting information and data to provide better insight into the drivers of performance as it is about providing information about individuals. Because performance management is (or should be) so all-pervasive, it needs structure to support it. These should provide a framework to help people operate, and to help them to help others to operate. But it should not be rigid system; there needs to be a reasonable degree of flexibility to allow people freedom to operate.

Miller (1998), states that performance management is a process, not an event. It operates as a continuous cycle. Corporate strategic goals provide the starting point for business and departmental goals, followed by agreement on performance and development, leading to the drawing up of plans between individuals and managers, with continuous monitoring and feedback supported by formal review.

Many organizations without performance management systems operate 'appraisals' in which an individual's manager regularly (usually annually) records, potential and development needs in a top-down process. It can be argued that the perceived defects of appraisal systems (that line managers regarded them as irrelevant, involving form-filling to keep the personal department happy, and not as a normal process of management) led to the development of more rounded concepts of performance management. Nevertheless, organizations with performance management systems need to provide those involved with the opportunity to reflect on past performance as a basis for making development and improvement plans, and the performance and development review meeting (note the terminology; it is not appraisal) provides this chance. The meeting must be constructive, and various techniques can be used to conduct the sort of open, free-flowing and honest meeting needed, with the reviewer doing most of the talking (Kanter, 1982)

Employee development is the main route followed by most organizations to improved organizational performance, which in turn requires an understanding of the processes and techniques of organizational, team and individual learning. Performance reviews can be



regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop. This can lead to the drawing up of a personal development plan (PDP) setting out the actions they propose to take (with the help of others, not least their managers) to develop themselves. To keep development separate from performance and salary discussions, development reviews may be held at other times, for example, on the anniversary of joining an organization (Holden, 2004)

Sashkin (1984) asserts that increasing emphasis on talent management also means that many organizations are re-defining performance management to align to it to the need to identify, nurture and retain talent. Development programmes are reflecting the needs of succession plans and seeking foster leadership skills. However, too much of an emphasis to talent management may be damaging to overall development needs and every effort needs to be made to ensure that development is inclusive, accessible and focused on developing organizational capability.

Performance management involves setting of objectives and performance standards. Objectives (some organizations prefer to use "goals") describe something to be accomplished by individuals, departments and organizations over a period of time. They can be expressed as targets to be met (such as sales) and tasks to be completed by specified dates. They can be work-related, referring to the results to be attained, or personal, taking the form of developmental objectives for individuals. Objectives need to be defined and agreed. They will relate to the overall purpose of the job defined performance areas-all the aspects of the job that contribute to achieving its overall purpose. Targets then need to be set for each performance area, for example, increase 'sales by x per cent', 'reduce wastage by y per cent (Roberts, 1992).

Mullins (2007) says that alongside objectives are performance standards. They are used when it is not possible to set-time based targets, or when there is a continuing objective which does not change significantly from one review period to the next and is a standing feature of the job. These should be spelled out in quantitative terms if possible, for

example, speed of response to requests or meeting defined standards of accuracy. To manage performance effectively, individuals should know on what basis their performance will be measured. Measures should be transparent and applied fairly across the organization. Ideally there should be a mix of individual and team measures, and measures relevant to both the inputs and the outputs of performance.

Roberts (1992) asserts that performance management is often linked with performance-related pay (PRP), although by no means all organizations claiming to use performance management have PRP. Nevertheless, PRP is an important element in many performance management schemes because it is believed to motivate; it is said to deliver the message that performance and competence are important, and it is thought to be fair to reward people according to their performance, contribution or competence. Others though believe that other factors are more important than PRP in motivation; that is usually based on subjective assessments of performance, that it inhibits teamwork because of its individualistic nature, and that it leads to 'short-termism'.

Roberts (1992) asserts that an alternative to PRP is competence-related pay, which provides for pay progression to be linked to levels of competence, and some organizations use a mix of PRP and competence-related pay. Further possible pay systems are team-based pay, a kind of PRP for teams; and contribution-related pay which means paying for results plus competence, and for past performance and future success. Performance may be used to determine all or some aspects of pay. In many instances only non-consolidated bonus payments are linked to performance which tend to reflect organizational, team and individual performance whilst salary progression is linked to service, market rates and pay scales. Many organizations believe that when performance management is linked to pay the quality of performance discussions will inevitably deteriorate. Performance management has a significant role to play in enhancing organizational performance.

Performance management is therefore a systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals. As a process, it involves planning work and setting expectations, continually monitoring performance, developing the capacity to performance, periodically rating performance in a summary fashion and rewarding good performance. After performance has been rewarded, the agency or organization has to go back to the first stage that is planning. A performance management process is therefore a cycle which entails correcting on past mistakes with the aim of improving performance. (Locke and Latham, 1990).

#### **2.4 Employee Participation in Performance Management**

It's a process in which subordinates share a significant degree of decision making power with their immediate superiors (Robbins and Timothy, 2007). There's therefore a common characteristic of joint decision making in participative management.

Participative management has, at times, been promoted as a panacea for poor morale and low productivity. But for it to work the issues in which employees get involved must be relevant to their interests, so they'll be motivated. Employees must also have the competence and knowledge to make a useful contribution, and there must be trust and confidence between all parties involved (Robbins and Timothy, 2007). According to Mullins, (2007), competence is very important in empowerment. We cannot empower people who are not competent at their job. They need to understand what they are doing and why they are doing it. According to Robbins and Timothy (2007), different organizations are at different levels of participation representing different degrees of participation. On one side, there is a high degree/level of employee control while on the other side; there is a high degree of employer control. Where there is a high level of employer control, there is no employee participation at all since management has complete and total autonomy in the operation of the organization. At the lowest level of participation called downward communication management provides employees with

information concerning their plans. The aim in this case is to make employees accept and implement management plans without really expecting feedback. At the next level called consultation or cooperation, employees are involved in task oriented issues and are consulted in problem solving. This is seen as participation only in the sense that the employer is not obliged to implement the employees' views. At a higher level called joint consultation/control the employees are allowed to take part in the management decision making through their representatives. The most common approach is joint consultation committees where management and workers discuss issues and come up with mutually accepted solutions .Other approaches include collective bargaining and work councils. (Robbins and Timothy, 2007).At the highest level of participation is employee control which involves self management work teams and board representations where employees have representatives sitting on board meetings. Employees can therefore be allowed to participate in the various stages of the process of performance management. There are various ways or forms through which employees can participate in performance management as discussed below.

#### **2.4.1 Downwards Communications**

It refers to top down communication from management to employees. Typical practices include company newspapers, team briefing, communication meeting, video briefing, employee reports and the use of the Intranet (Beardwell and Claydon 2007). In this form there is very little done by employees in decision making. Team briefing systems are normally used to cascade managerial messages down to the organization. Although they are essentially top-down forms of communication, there's often some opportunities for employees to ask questions or even to lodge comments, queries or concerns. They have been found to work better if the briefers are properly trained. Evidence show that team briefing sessions are generally welcomed, problems can also emerge. For instance, studies have shown that there's a tendency for team briefing sessions to be canceled when production pressures are too high.

#### **2.4.2 Upward Problem Solving and Team Working**

These can either be suggestion schemes or problem solving groups. They are designed for the purpose of capturing ideas and solving production and service problem. They can also include task based participation and team working and self management (Beardwell and Claydon 2007).

Suggestion schemes work on the principle that employees submit suggestions like in a suggestion box, suggestions are reviewed by managers and a decision will be made as to whether to accept the suggestion or to reject it. If the suggestion is accepted, the employee will generally receive a direct financial reward which may equate to a percentage of the overall saving that the suggestion will bring.

Problem solving groups which are also called quality circle are part of the upward problem solving forms of participation These are small groups ( about 6-8 people) who normally meet voluntarily during work time. Their work is to identify quality or work related problems, investigate the cause and recommend solution to such problems. Some organization may offer them administrative support, trained and untrained facilitators. However there is not normally a direct financial reward for the solution and ideas generated by such groups. Evidence also shows that their initiative can also be welcomed, but problems arise when such groups feel that their ideas are not listened to, or fail to be acted upon. (Beardwell and Claydon 2007).

In addition to these more traditional forms of upwards problem solving, Marchington and Wilkinson (2005) identified that task based participation and team working and self management are not distinct in that they are integral to normal working life rather than a bolt-on-initiative. According to them, task based participation can occur both horizontally and vertically. In the horizontal form, employees engage in a wider variety of tasks, but at a similar skill level. In vertical participation, employees may be trained to undertake task at a higher skilled level or they may be given some managerial and supervisory responsibilities

The concept of team working is very much linked and is now seen as a central feature of HRM (Mueller and Proctor, 2006). For example the team multi skilling is similar to horizontal task based participation, essentially meaning that employees will move around tasks and will not be bound by strict job demarcation. The term team working can mean different things in different organization. However it is very common. On the contrary, it's reported that a large percentage of organizations do not seem to be allowing teams real autonomy. It is argued that team working tends to offer mixed consequences and it is too stark to argue that the outcomes of it are either "all good" or "all bad" (Beardwell and Claydon 2007).

### **2.4.3 Financial Participation**

This is a form of participation in which employees have a financial stake in the company. Holden (2004) asserts that the aim of financial participation schemes is to enhance employee commitment to the organization by linking the performance of the organization to that of the employee. According to him, if the employees have the financial stake in the company, they are more likely to be committed to the success of the company and perhaps will be less likely to engage in the forms of industrial action. Some will regard financial participation as a win-to-win scenario meaning that the employee shares some of the financial gain from the success and that the employer will have a hardworking workforce that is interested in the overall performance of the company.

The three main forms of financial participation are profit sharing, profit related pay and employee share ownership schemes. Some organizations use a deferred profit sharing scheme where profits are put in a trust fund to acquire shares in the company for employees. The overall aim of this is to increase motivation and commitment (Gennard and Judge 2005). They however note that there may be a problem in creating a clear, identifiable link between effort and reward. For instance, problems may arise if individuals feel that they have worked so hard, but that this effort is not adequately reflected in the profits. Gennard and Judge (2005) say that, profit related pay works on

the basis, that a proportion of an employee's pay is linked to the overall profits of the company. In this one the goal is also to increase commitment and motivation. Profit related pay can be so difficult to calculate and so some organizations find it difficult to use it. The other form of financial participation is shared ownership. This is where employees own shares in the company. Employee share ownership plans (ESOPs) have been introduced by various organization though some have found them difficult to administer.

#### **2.4.4 Participation by Representation**

It's a situation where workers participate in organizational decision making through a small group of representative employees (Robbins and Timothy, 2007). The goal of representative participation is to redistribute power within an organization, putting labour on a more equal footing with the interests of management and stake holders.

Representative participation takes the form of either works councils or board representatives. Works councils are groups of nominated or elected employees who must be consulted when management makes decisions involving personnel. Board representatives are employees who sit on a company's board of directors' meetings and represent the interests of the firm's employees (Robbins and Timothy, 2007).

Some studies show that the overall influence of representative participation on working employees seem to be minimal. For instance, the evidence suggests that works councils are dominated by management and have little impact on employees or the organization. Although this form of participation may increase the motivation and satisfaction of individuals who are doing the representing, there's little evidence that this trickles down to the operating employees whom they represent (Robbins and Timothy, 2007)

#### **2.5 Benefits of Employee Participation in Performance Management**

Traditional views of the organization and approaches to management have seen a clear distinction between the tasks of managers and those of the grass root level employee.

Advocates of this view such as Taylor (1911) in Mullins (2007) and others within the scientific management school of thought sought to increase productivity and thus performance by deskilling the work force and breaking tasks down into the most minutest component jobs so as to take advantage of specialization of labour. The policies implemented by such advocates may be seen as the exact opposite of those who support the theory of employee participation as the scientific school of management sought to centralize power and control into the hands of managers rather than devolve it to the workforce. From a performance perspective the introduction of scientific management techniques saw significant dividends yielded to those who employed them. In the first instance, such theories were applied to manufacturing operations and heavy industry and whilst these operations still form a large part of the economy today there has since been a large shift towards service industries requiring differing management styles and techniques. In addition, at least part of the success of the scientific management may be associated with the technological development of the day such as the introduction of the production line as highlighted by Ford's success at the River Rouge plant in Detroit.

At the other end of the scale the self-directed work teams as defined by (Williams 1995) may be seen as the ultimate exercise in employee participation and has been implemented by many companies. Under this system teams are essentially left to fulfill the role of both the managers and employees of an operation with a significant input in production techniques, scheduling and improvement initiatives. Advocates of this approach to employee engagement highlight that where the theory has been put into practice productivity has increased between 30% and 50% (HE 1996). However on the other side of the spectrum such high level of employee engagement may have negative consequences including lack of strategic focus as individual teams become even more productive in their own areas of expertise but forget to consider how their individual team fits into the wider context. The lack of direct leadership can also be seen as providing an opportunity for accountability to be lost and thus falling performance. Bruce (2005) indicates that it is often the accountability of a leader which drives the particular individual to spur on a team or group to the successful completion of task. Finally as indicated by Robbins (2003) teams have a tendency to self-reinforce behavior, where the



general attitude of a self directing work team is generally positive this will increase the performance of both individuals and the organization as a whole. On the other hand where the initial attitude and performance of the team is poor in the first instance and with no intervention from outside this can lead to downward spiral of performance both for the individual and the team as a whole.

However, not all approaches to employee participation may be seen as quite so radical in their nature. A more frequent approach may be seen as involving employees to a greater degree without taking such a radical devolvement of control as in the self directing work team approach. For instance, Toyota may be seen as one of the leading companies in developing employee participation. Toyota commitment to employee participation goes so far as to be formally a part of the company's code of conduct (Mullins, 2007). Strategies which may have been seen as falling under the umbrella of employee engagement pursued by such companies include Kaizen the practice of including employees in quality improvement initiatives such as quality circles and other form of consultation directly related to their area of work (Shimizu, 2009).

## **2.6 Problems and Limitations of Participative Management**

Not all observers have automatically and uncritically climbed on the participative bandwagon. In recent years, both managers and executives, as a result of their day-in day-out interaction with subordinates ,as well as a number of researchers have begun to question the alleged superiority of participative management and to express doubts whether it should be implemented universally. Critics have found that the research on the superiority of participative management often had philosophical or ideological foundations (Locke&Schweiger, 1979).Reports favorable to participative management were typically anecdotal, lacking the necessary controlled experimental design that could withstand rigorous scrutiny, and accordingly were subject to alternative interpretations. Furthermore, more often than not the reports were limited to the alleged success claimed by a particular organization. One rarely read a study where participative management

failed to and was implemented. In practice, some managers, and executives who had embraced participative management and implemented it in their organizations found it to be unsuccessful and discontinued it, usually quietly and without publicity. One study reported the failure rate as high as 50%(Vogt and Hunt, 1988).Additionally, some of the research involved laboratory experiments, as opposed to field studies, thus raising further questions as to the applicability of the findings.

Some researchers have drawn a distinction between the relationship of participative management to organizational performance and effectiveness and its relationship to individual job satisfaction. Clearly, these are two separate issues. While there is some evidence of a link between participative management and job satisfaction, there is serious doubt whether this link is universal. Locke and Schweiger (1979) reported "with respect to the productivity criterion, there is no trend in favor of participative leadership as compared to more directive styles. However, with reference to job satisfaction, "the results generally favor participative management over directive methods, although nearly 40%of the studies did not find participation to be superior. "In a later study of the literature, Locke (1982) found productivity improvement attributable to participative management negligible. Subsequently, Schweiger and Leana in their 1986 review of the literature continued to find the evidence quite inconclusive: nine studies found that participative management enhanced performance: nine reduced it; and 13 found no association whatsoever. Taking an even more critical stand, Locke, Schweiger & Latham (1986) asserted that participative management is appropriate only in certain situations. In some cases, participative management can lead to lower employee satisfaction and productivity. They concluded that participation does not consistently result in improved productivity.

In their 1986 meta-analytic review of some 106 articles and book chapters of both laboratory and field studies, Miller & Monge also reported mixed results. They found a slight link between participative management and productivity, but they, too, discovered a stronger relationship between participation and satisfaction. As a result, they inferred that

participation will enhance productivity through intervening motivational processes: specifically, participation fulfills needs, fulfilled needs lead to satisfaction; satisfaction strengthens motivation; and increased motivation improves productivity. However, this inference remains to be proved.

Any review of participative management must take into account the 1985 meta-analysis by Guzzo, Jette & Katzell of 98 studies of the effect on worker productivity of 11 types of psychologically-based organizational interventions. While the investigators did not find an increase in worker productivity, their studies did not focus on participative management as such. Rather, they studied a variety of socio-technical interventions not usually associated with participative management, such as "training and instruction, work re-scheduling and financial compensation. Consequently, the data are not really applicable except through inference.

Perhaps most significantly, a number of researchers as well as managers and executives have questioned whether all employees are both capable and interested in participative decision making and how universally applicable the concept is (Stanton, 1982; Beehr & Gupta, 1987). Indeed, a number of critics and skeptics of broadly implemented participative management strategies have voiced the opinion that employees often want and need direction and that frequently they lack the necessary self-discipline and initiative for participative management to work. They also point out that most work forces range from highly independent, responsible and capable employees to unmotivated, irresponsible and inexperienced ones (Muczyk & Reiman, 1987). Even a highly humanistic and strong supporter of participative management, Moss Kanter, has expressed reservations regarding its universal applicability, stating: "Intervention may derive from the single-minded determination of autocratic geniuses who need to be left alone to do things their way, and who must not be bound by democracy or peers' comments that may limit and contain them." Furthermore, as several researchers have emphasized, individual competence is very likely to be the critical moderator variable and clearly not all employees meet this criterion. In fact, this reservation has led one team

of researchers to conclude"...the evidence appears to agree convincingly against a universal participative decision making effect on productivity (Steel & Mento, 1987)." In reviewing the major problems and limitations, perhaps Halal & Brown (1981) best summed up the critics' objections to participative management by stating that it: creates unrealistic expectations and promises, it is time consuming, it generates mediocre decisions, and it confuses accountability, and generates disruptive conflicts and loss of managerial authority.

First, it is useful to recognize that participative management is a multi-faceted concept there are presently many approaches to participative management, which adds to the difficulty of evaluating research results. Among the numerous strategies used to implement participative management have been job enrichment systems, autonomous work groups, problem-solving committees, organization development approaches, gain sharing, and even management-by-objectives programs. Second, most of the reports claiming improvement in organizational effectiveness and productivity have been based on deficient research design, relying upon anecdotal or case study approaches and laboratory experiments as opposed to field studies. As a result, conclusions are subject to alternative interpretations. Indeed, where improvement was shown, some observers claim that it was the result of factors that had nothing to do with participative management. Rather, they attributed the positive changes to such factors as the effective use of technology and capital, the competence and training of personnel, incentive compensation programs, and management's administrative skills. Indeed, the improvement in the Ford Motor Company's performance, despite its highly touted employee involvement programs, has been attributed to the company's manufacturing expertise and use of computer technology (Miller, 1988). Consequently, it would appear that we still lack a comprehensive theory or even a precise understanding of the relationship between various forms of participative management and organizational effectiveness.

Third, the claim that employee participation always results in increased organizational performance has not been proved, much as those in a democratic society might wish it were so. Indeed, the unbridled enthusiasm of employee participation advocates has not always been shared by many. Perhaps even most executives and managers, despite possible public comments to the contrary, see serious Haws and question how realistic and workable the approach really is (Ross & Collins, 1987; Muczyk & Reimann, 1987; Vogt & Hunt, 1988; Frohman, 1988; Collins, Ross & Ross, 1989).

Sashkin 1986 says that dozens of studies have been conducted on the participation-performance relationship. The findings however are mixed. Some studies show that participation has only a modest influence on variables such as employee productivity, motivation and job satisfaction. Some organizations have involved employees in their performance management programmes, while others have not. Some are yet to allow participation due to fear of lose of power to employees. Others are not yet decided on how far to allow employees to participate due to doubts in its benefits.

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## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the research methodology used in the study. It includes the population of study, the sample size, the sampling techniques, data collection techniques and data analysis techniques.

### **3.2 Research Design**

The research design used was a case study. This was deemed preferable since it is a strategy for doing research which involves an empirical investigation of a particular phenomenon within its real life context. It was also preferred because the study was to be carried out on one specific organization: Nzoia Sugar Company.

### **3.3 Data Collection**

The study was done on all the eleven functional departments in Nzoia Sugar Company namely: Agriculture, Agriculture services, Human resource, purchasing, Finance, General administration, Sales and marketing, production, Internal audit, Public relations and Factory. Participants were selected from all these departments. All the departments were included because participation may differ from one department to another. A total of 55 employees, 5 from each department were the respondents.

The main data was from primary sources. The major instrument of data collection was a questionnaire that was delivered and collected later. This is because it gave the respondents time to be able to respond to the questions. There were two sets of questionnaires, one for the heads of departments and another for the rest of the employees. Follow ups were done using phone calls to try and increase the rate of response. The questionnaire consisted of two sections: section A and B. Section A sought to get background information of the employee or Head of department and the organization. Section B of the employee questionnaire sought to get information about

employee participation in performance management while section B of the Heads of department's questionnaire sought to establish both the participation programmes that had been put in place in the company and the level of employees' participation in the programmes.

### **3.4 Data analysis**

Data was first edited for completeness and consistency. Descriptive statistics such as mean scores, percentages and frequencies were used to show the extent of employees' participation in performance management. The results were presented in tables, graphs and charts.

## **CHAPTER FOUR: DATA ANALYSIS AND FINDINGS**

### **4.1 Introduction**

This chapter presents the findings of the research. It is divided into two sections: the general information about the case study in Nzoia Sugar Company and findings from employees and Heads of Departments 011 the level of employee participation in performance management.

### **4.2 Response Rate**

All the 55 questionnaires administered were completed and returned. The response rate was therefore 100%. This rate was achieved due to constant follow up by use of phone calls.

### **4.3 Profile of Respondent Departments in NSC**

A case study was carried out on all the eleven departments in Nzoia Sugar Company. These were Agriculture, Agriculture Services, Human Resource, Purchasing, Finance, General, Administration, Sales and Marketing, Production, Internal audit, Public relations and Factory. Respondents consisted of 5 employees picked randomly from each of the 11 departments.

## **4.4 Demographic characteristics of respondents**

### **4.4.1 Age of the respondents**

A summary of respondent's age brackets is presented in Table 1 below. Majority (38.6%) of the general employees were in the 41 -50 age bracket. This was closely followed by those in the 31-40 age brackets (36.4%). Only 13.6% were in the 51-60 age bracket, 91% in the 20-30 age brackets while only 2.3% were above 60 years of age.

Majority of the Heads of Departments (36%) were in 41-50 age bracket and 51-60 age bracket. Only 28% were in the 31 -40 age brackets. There were no heads of departments below 30 years of age.



**Table 1: Distribution of Respondents by age**

Age in Years	Frequency		Percentage	
	General Employees	Heads of Departments	General Employees	Heads of Departments
0-30	4	0	9.1	0
31-40	16	3	36.4	28
41-50	17	4	38.6	36
51-60	6	4	13.6	36
Above 60	1	0	2.3	0
TOTAL	44	11	100	100

**4.4.2 Length of service of the respondents**

From the data collected, majority of the general employees (29.5%) had worked in the company for a period ranging between 6-10 years. This was closely followed by those who had worked in the company for 5 years and below (27.3%). 20.4% of the workers had worked for between 11-15 years, 18.2% had worked for 16-20 years while only 4.5% had worked for above 20 years.

On the other hand, majority (44%) of the Heads of Departments had served in the Company for between 11-15 years. Those who had served for 6-10 years and 16-20 years formed 28% in both cases. None of the Heads of Departments had served for a period below 6 years. This shows that all Heads of Departments are people who have worked in the Company for a longer time. This information is summarized in the Table 2 below:

**Table 2: Distribution of Respondents by Length of Service.**

Years of service	Frequency		Percentage (%)	
	General employees	Heads of Departments	General employees	Heads of Departments
5 years and below	12	0	27.3	0
6-10 years	13	3	29.5	28
11-15 years	9	5	20.4	44
16-20 years	8	3	18.2	28
20yrs and above	2	0	4.5	0
Total	44	11	100%	100%

**4.4.3 Distribution of Respondents by Gender.**

Majority of the general employees (65.9%) were male while the rest (34.1%) were female in the ratio of 2.1. This implies that the company has embraced the policy of ensuring that at least 1/3 of the employees are female. On the other hand, majority (82%) of the Heads of Department were male while 18% were female. This shows that most of the management positions are occupied by male employees. This information summarized in Table 3 below:

**Table 3: Distribution of Respondents by Gender.**

Gender	Frequency		Percentage	
	General employees	Heads of Departments	General employees	Heads of Departments
Male	29	9	65.9	82
Female	15	2	34.1	18
Total	44	11	100%	100%

**4.4.4 Distribution of level of Education of Respondents.**

From the data collected, majority of the General employees (56.8%) were middle level college graduates, 31.8% of them were university graduates while 11.4% had attained secondary education as their highest level. This information can be summarized in Table 4 below:

**Table 4: Distribution of Respondents by their level of Education**

Education level	Frequency		Percentage (%)	
	General employees	Heads of Departments	General employees	Heads of Departments
Secondary level	5	0	11.4	0
Middle level Collage	25	4	56.8	36
University	14	7	31.8	64
Total	44	11	100%	100%

**4.5 Level of Participation**

The respondents' extent of participation through various forms is summarized in Table 5 below. The responses are captured in means and percentages of various forms using a likert scale ranging from "Not at all" (1) to "to a very great extent "(5).

The Table shows that the respondents identified participation through representation as the one "which employees are allowed to participate to a greater extent (mean=4.54). This is followed by top down communication (mean=2.25) and decision making (mean 1.82). Participation in financial matters of the company emerged last with a mean level of 1.09.

This was confirmed by the responses from the Heads of Departments which showed that participation by representation had the highest mean of 2.725. Participation through problem solving and top down communication had a mean of 0.91 each while participation in financial matters was last with a mean of 0.4. From these findings it was evident that the most commonly used form of participation in the company is by representation. Employees were allowed to participate through the other forms but to a lesser extent.

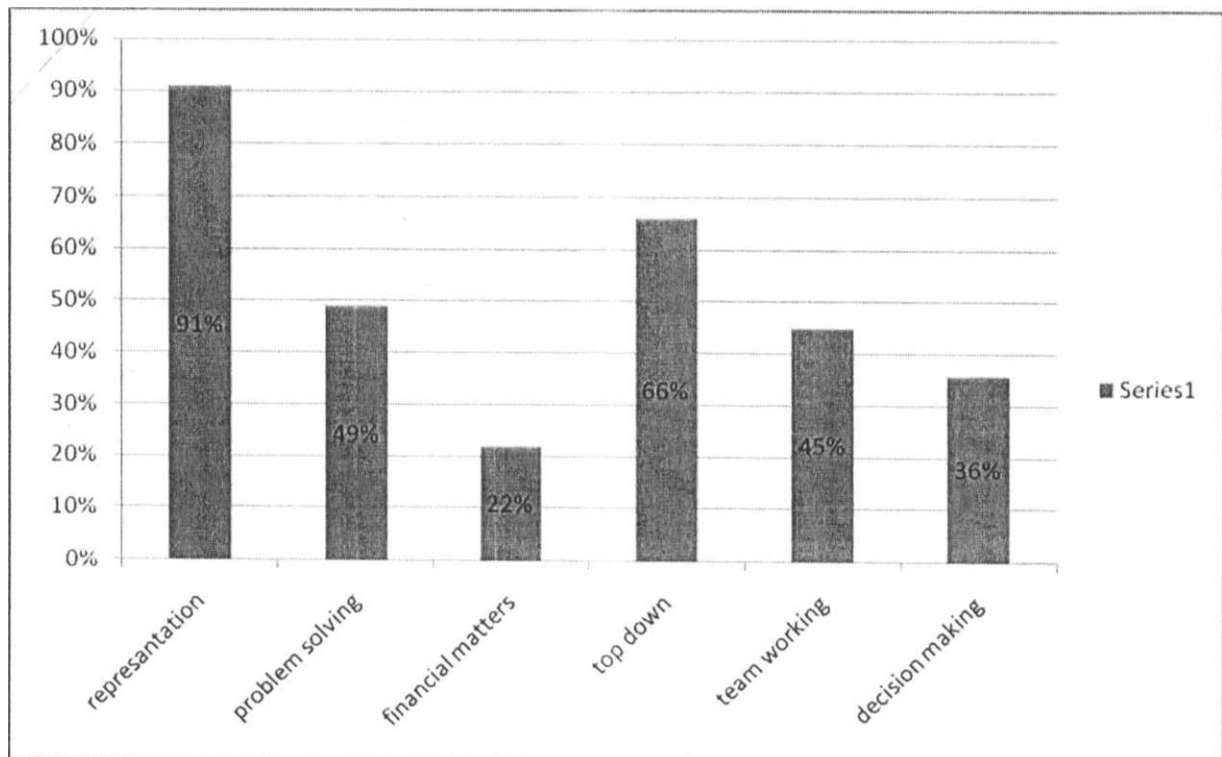
From the study, therefore, participation in financial matters such as profit sharing was not very common while participation through representation was very common earning the highest mean score in both cases. The mean score for overall participation was 2.575.

**Table 5: Level of Participation through various forms**

Form of participation	Mean	percentage
representation	4.54	91%
Problem solving	2.43	49%
Financial matters	1.09	22%
Topdown communication	3.32	66%
Team working	2.25	45%
Decision making	1.82	36%

The percentage mean scores earned by the various forms of participation are summarized in figure 1 below;

**Figure 1: Levels of Participation in various Areas of work**



#### 4.6 Participation in Stages of Performance Management Process

Table 6 gives a summary of the employees' level of participation in the stages of the performance management process. From their responses, employees were allowed to participate more in the stage of planning which involves setting of targets (mean= 4.32). This was followed by monitoring of performance which had a mean score of 3.43. Evaluating of performance followed with a mean score of 2.92, the development of employees with a mean of 1.82, while rewarding of performance was last with a mean of 1.14

This was confirmed by findings from Heads of Departments that rated the level of participation in planning performance as highest with a mean of 4.23, followed by monitoring performance (mean=2.59), Evaluating performance (mean=2.36), Employee development (mean=1.91) and Rewarding performance (mean=1.59).

These findings show that employees participated more at the level of planning performance (setting of targets) and less in the later stages of the process.

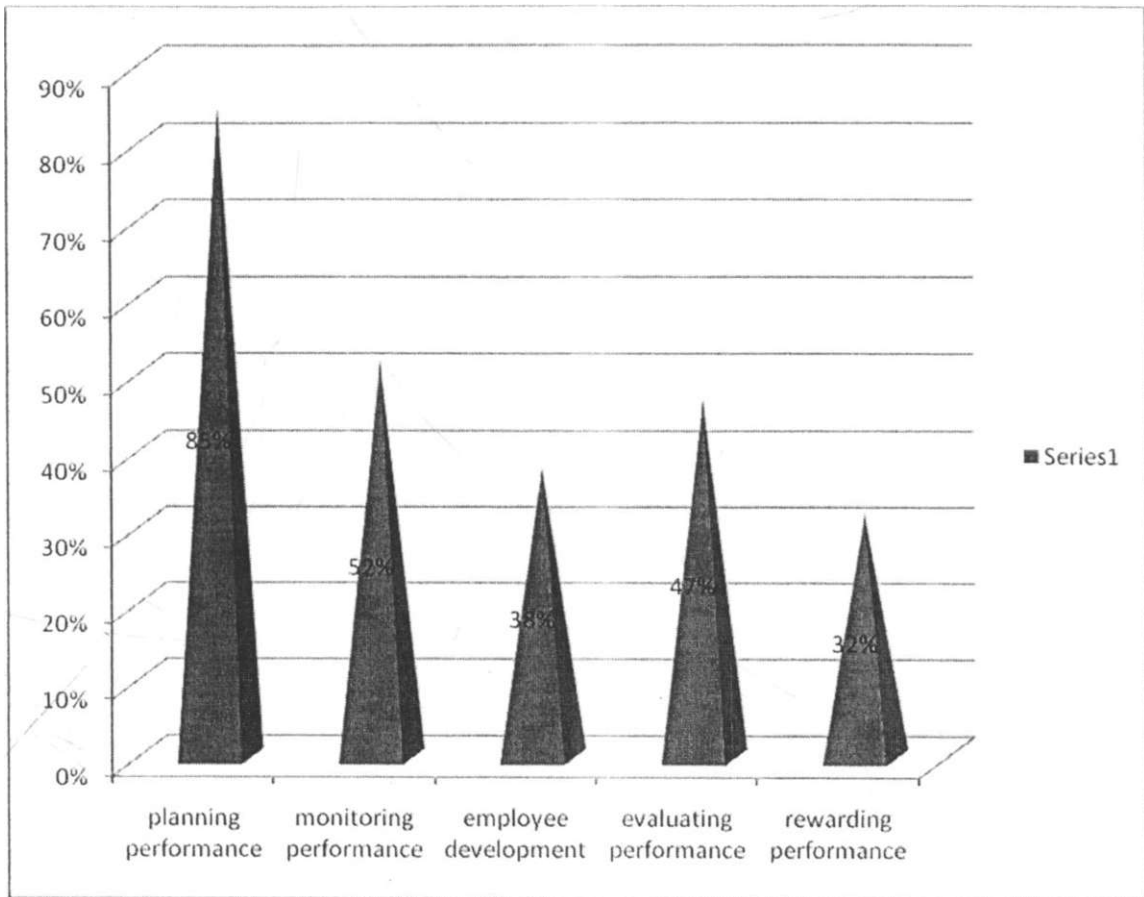
**Table 6: Level of Participation in the Performance Management Process**

Stage in performance management process	Mean		Percentage	
	Employees	Heads of Departments	Employees	Heads of Departments
Setting of targets	4.32	4.23	86%	85%
Monitoring performance	3.43	2.59	67%	52%
Developing employees	1.82	1.91	36%	38%
Evaluating performance	2.91	2.36	58%	47%
Rewarding performance	1.14	1.59	23%	32%

The findings in Table 6 are also summarized as percentages in Figure 2 and 3 below;

**Figure 2: Participation in the process of Performance Management (General Employees views)**

**Figure 3: Participation in the Process of Performance Management (views from Heads of Departments)**



#### **4.7 Level of Participation in performance management Programmes**

Table 7 gives a summary of employee participation in various performance management programmes. The respondents were required to rate their level of participation in various performance management programmes using a rating scale ranging from Not sure (1) to strongly agree (5)

Majority of the general employees strongly agreed to the statement that they are allowed to set targets (mean 3.68). This was followed by choosing of employee representatives (mean 3.09), Evaluating of performance (mean 2.43), team working and employee equipment with relevant information (mean 2.32), equipping employees with relevant

skills and evaluating company programmes (mean 2.20).The rest of the performance management programmes seemed to have very little of employee participation with their mean scores below 2. For instance, encouraging of healthy relationships in the company earned a mean of 1.32, Rewarding performance and performance related pay both had a mean of 1.05.

The average participation of employees in performance management programmes was 2.166 meaning that employee's participation in performance management programmes was very low.

The study showed that there was a very high level participation of employees at the stage of setting targets (mean 3.68). Another high participation was noticed in choosing of employee representatives (mean 3.09). Other performance management programmes had low employee participation.

**Table 7: Level of Participation in Performance Management Programme**

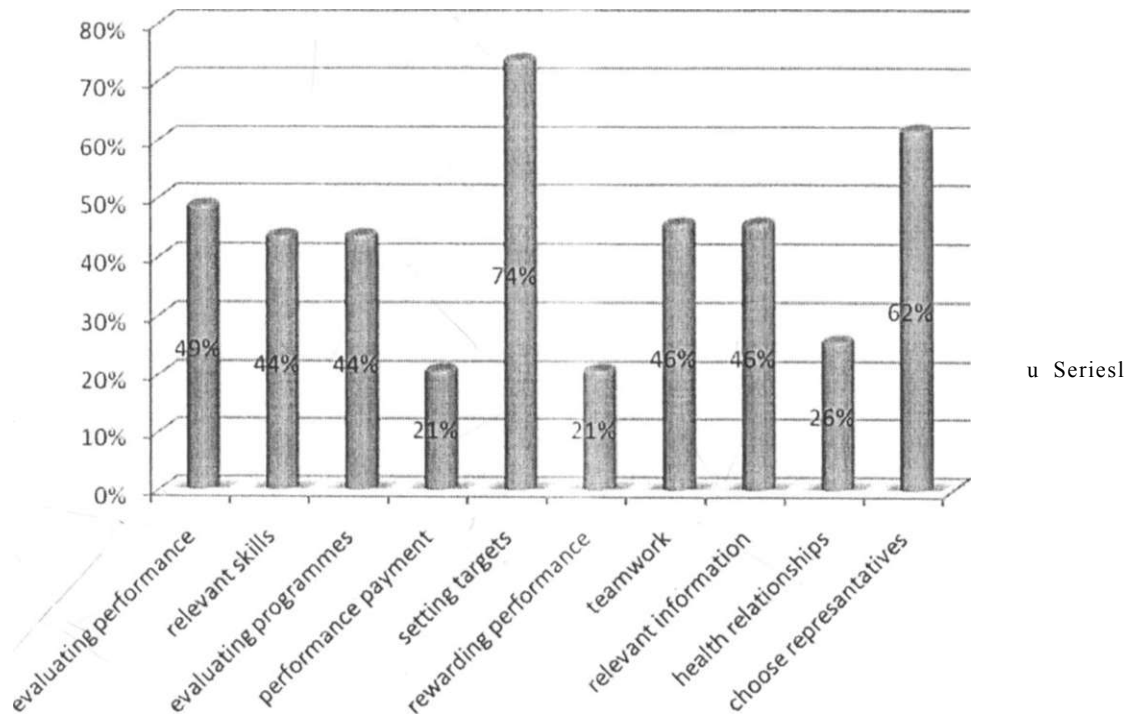
<b>Performance programmes</b>	<b>Mean</b>	<b>Percentage</b>
Evaluating performance	2.43	49%
Relevant skills	2.20	44%
Evaluating programme	2.20	44%
Performance related pay	1.05	21%
Setting targets	3.68	74%
Rewarding performance	1.05	21%
Team work	2.32	46%
Relevant information	2.32	46%
Healthy relationships	1.32	26%
Choosing representatives	3.09	62%

The findings in Table 7 are also summarized as percentage scores in figure 4 below. From the figure, participation in setting of targets scored 74% followed by choosing of representatives which scored 62%. Participation in evaluating of performance scored 49% while team working and equipment of employees with relevant information both scored 46%. Equipping of employees with relevant skills and participation in evaluating company programmes both scored 44%. Participation in other performance management programmes had very low scores



(below 30%). For instance, encouragement of healthy relationships scored 26% while rewarding of performance and performance related pay both scored the lowest (21%).

**Figure 4: Level of Participation in Performance Management Programmes**

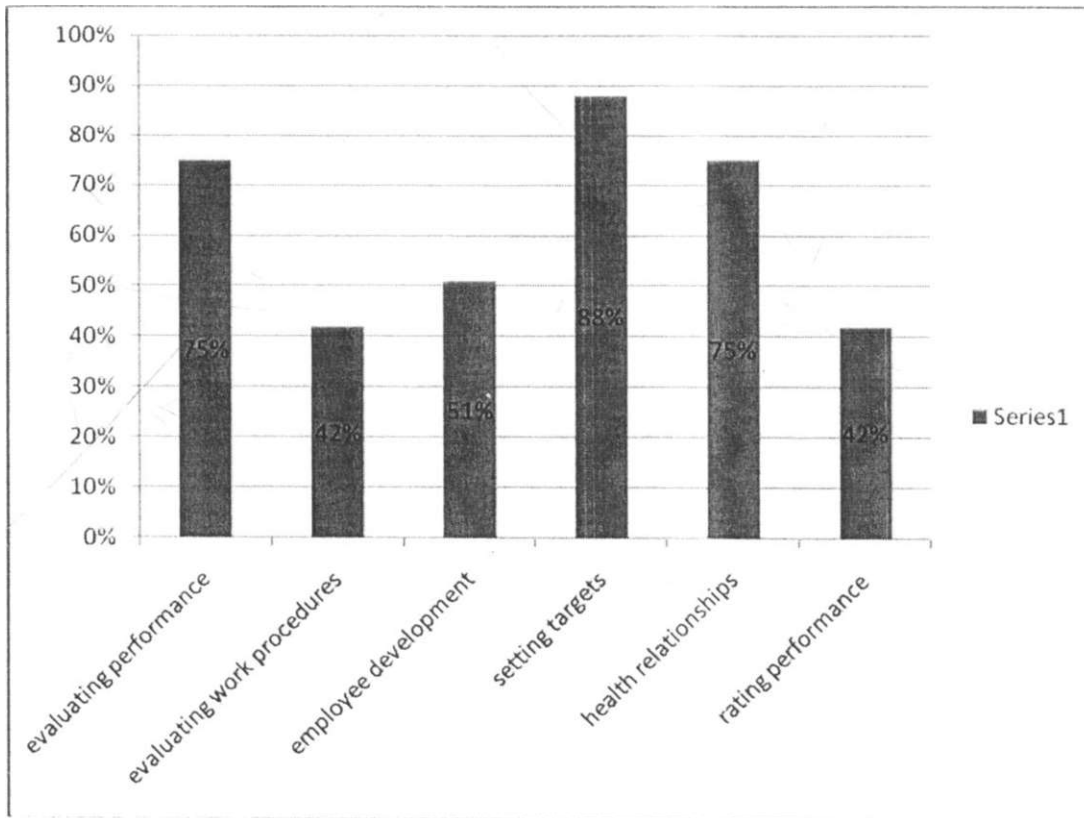


The findings from the Heads of Departments also rated setting of targets as having the highest level of participation with a mean of 4.41. Evaluating programmes and Rating Performance had the lowest level of participation with each having a mean of 2.05. These findings from Heads of Departments are summarized in Table 8 and Figure 5.

**Table 8: Employee Involvement in Performance Management Activities**

Performance management activities	Mean	Percentage
Evaluating performance	3.75	75%
Evaluating work procedures	2.05	42%
Employee development	2.55	51%
Setting targets	4.41	88%
Healthy relationship	3.75	75%
Rating performance	2.05	42%

**Figure 5: Employee Participation in various Performance Management Activities**



When the Heads of Departments were required to rate the extent to which employees are allowed to participate in the performance management programmes, 72.7% agreed that participation is allowed to a moderate extent while 27.3% agreed that participation is allowed to a great extent. None of the heads of department agreed to the statements 'Not at all' or 'to a lesser extent'. These findings show that there was a general agreement that

employees were generally allowed to participate in performance programmes.

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## CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a summary of the main findings, draws conclusions and makes recommendations emanating from the research findings.

### 5.1 Summary

The objective of the study was to establish the extent of employee participation in performance management in Nzoia Sugar Company. The study shows that there was a moderate extent of employee participation in this company. Basing on the highest possible mean of 5.00, the mean score of overall participation according to the findings from employee was 2.575 (51.5%), while the level according to the Heads of departments had a mean of 1.249. Information obtained from the Heads of departments showed that 72.7 % of them agreed that participation was allowed to a moderate extent.

The findings from both the Heads of departments and the general employees showed that the highest level of participation was done by representation. From employees the level of participation through representation had a mean of 4.54 while from Heads of departments, participation by representation had a mean of 2.725 as the highest level of participation.

The company did not allow employees to participate a lot in financial matters like profit sharing. Information obtained from employees showed that participation of employees in financial matters had a mean score of 1.09. The level of participation in these matters basing on the report from Heads of departments was lowest with a mean of 0.45.

Findings also show that employees are allowed to participate through other forms but to a moderate extent. Such forms include top down communication (Mean=3.32), upward problem solving (Mean=2.43), team working (Mean=2.25) and decision making (Mean=1.82)

The above findings are consistent with the literature reviewed which observed that most organizations are yet to achieve full participation. Some organizations fear that allowing employees to participate a lot makes management lose a considerable degree of power to the employees. Participative management is solidly American Coch and French (1948) and so some organizations are yet to see the need of embracing it wholly.

The forms of participation in which the level was examined include

- (I) Participation in top down communication
- (ii) Participation by upward problem solving and team working
- (iii) Participation by representation
- (iv) Participation in financial matters of the company

The study carried out on the level of participation in the stages of performance management process revealed that employees were allowed to participate a lot in the planning stage and specifically in the setting of targets (mean=4.32). This information was obtained from employees. Similar findings were obtained from the Heads of departments from which the level of participation in setting of targets was highest with mean 4.23. This level was followed by monitoring of performance (mean=3.43), evaluating of performance (mean=2.91), development of employees (mean=1.82) and rewarding of employees was last with a mean of 1.4 (according to information from employees).

Information from the Heads of departments revealed a similar pattern where monitoring performance had a mean level of 2.59, evaluating performance followed with 2.36, employee development 1.91 and rewarding of performance was last with 1.59.

This study shows that employees were involved more at the initial stages of the process of performance management. The later stages did not have a high degree of employee participation. For instance, there was very low employee participation at employee development stage (mean=1.91) and the stages rewarding performance (mean=1.59). It means that employees have a very little say in their development and also in their manner and type of reward for their performance.

The findings from both employees and heads of department concerning the level of employee participation in various performance management activities showed that employees participated more in setting targets, followed by choosing their representation, evaluating performance, encouragement of a healthy relationship among employees, employee development, evaluating work procedures and rating performance.

Information obtained from employees show that setting targets had a mean of 2.20. The rest of the activities had very low level of employee participation. For instance, encouraging healthy relationships earned a mean of 1.32 while rewarding performance and performance related pay both had a mean of 1.05. This revealed that healthy relationships were not really encouraged, Rewarding performance was poor and that there was no performance related pay.

The findings show that participation is allowed in some performance management programmes while it is restricted in other programmes.

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## **5.2 Conclusion**

Generally the study established that there was a moderate extent of employee participation in performance management programmes. This is supported by literature which says that due to mixed findings on participation-performance relationship, most organizations do not allow employees a great extent of participation in their programs (Sashkin, 1986)

From the study, it has been established that employees had been allowed a high degree of participation in some areas and not others. This agrees with Locke, Schweigen and Latham (1986) who asserted that participative management is appropriate only in certain situations and not others. There was high participation in setting of targets which is at the initial stage of the performance management process but low participation at later stages. This means that employees had less influence on their final results and so they may not be committed to their work.

This low level participation at latter stages necessitates the introduction of increase in participation at all stages of the process of performance management. Employees would want to be involved in matters of importance to the company (like profit sharing) so as to improve their commitment to the company activities which in term can improve productivity.

Activities that scored poorly show that Nzoia Sugar Company needs to do more to achieve higher level of employee participation. Employees would like to be more involved in decision making and not just to be merely informed of management plans. Hence management needs to look into ways of closing the gap through innovative and inclusive plans.

### **5.3 RECOMMENDATIONS**

Most organizations have a desire to improve productivity. One of the ways of improving productivity is increasing the level of employee participation.

Although many organizations have done a lot to allow employee participation, more needs to be done. Since management cannot accomplish organizational goals on its own, there is need to allow employees a greater level of participation. High level of participation can lead to greater employee empowerment which makes the employees become more involved and committed to the accomplishment of organizational goals.

The recommendations for Nzoia Sugar Company and other such organizations are:-

They need to increase the level of employee participation in their performance management activities.

They need to come up with programs that allow for participation at all stages in the performance management process. This will help increase employee commitment, hence productivity.

Their management needs to put more emphasis on training and capacity building of staff which will help equip the employees with relevant skills.

#### **5.5 Suggestions for Future Research.**

(i) There is need to extend this study to involve other companies in all parts of the country.

(ii) Future studies should attempt to use larger samples to make it reasonable to generalize the findings.

(iii) There is need to carry out longitudinal studies on employee participation.

#### **5.4 Limitations of the study**

The researcher was limited by time. The study was carried out within a limited period of time. This may lead to unrealistic conclusions.

The case study was done only on Nzoia Sugar Company based in Bungoma. This may not give a representative picture of the level of participation in other organizations all over the country. It may lead to unfair generalization of the findings.



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## APPENDIX 1 LETTER OF INTRODUCTION

Dear Sir/Madam,

### RE:REQUEST FOR YOUR PARTICIPATION IN A CASE STUDY

I am a student at the University of Nairobi pursuing a Master of Business Administration degree (MBA). As part of the requirements for the course, I am expected to carry out a study on **Employee Participation in Performance Management: A Case Study of Nzoia Sugar Company**.

I have identified your organization for that purpose. This is to kindly request your assistance to enable me to complete the study. The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request. Your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

**ANZEMO ALICE**

**MBA Student**

## Appendix II: Questionnaire (Heads of Departments)

### SECTION A: BACKGROUND INFORMATION

For questions 2-5, Please tick ( ) as appropriate.

Your department \_\_\_\_\_

Your age

Below 20 yrs • 20-30 yrs • 31-40 yrs •

41-50 yrs  51-60 yrs  above 60 yrs

Your gender

Male

Female

Your education level

Primary  Secondary

Middle level college  University

For how long have you worked in this company?

5 years and below

6-10 years •

11-15 years ^

16-20 years •

20 yrs and above



## Appendix II: Questionnaire (Heads of Departments)

### SECTION A: BACKGROUND INFORMATION

For questions 2-5, Please tick ( ) as appropriate.

1. Your department

2. Your age

Below 20 yrs  20 - 30 yrs  31 - 40 yrs

41-50 yrs  51-60 yrs  above 60 yrs

3. Your gender

Male

Female

4. Your education level

Primary  Secondary

Middle level college  University

5. For how long have you worked in this company?

5 years and below

6-10 years

11-15 years

16-20 years

20 yrs and above

**SECTION B**

6. To what extent are employees allowed to participate in performance management programmes *(tick one in the appropriate box)*

Not at all	1
To a less extent	2
To a moderate extent	3
To a great extent	4
To a very great extent	5

7. Rate the extent to which your company uses each of the following employee participation forms: *(tick one in the appropriate box)*

Form of Participation	Not at all (1)	To a less extent (2)	To a moderate extent (3)	To a great extent (4)	To a very great extent (5)
Participation by representation					
Participation through problem solving					
Participation in financial matters like profit sharing					
Raising issues on communication from their supervisors					

To what extent are employees involved in the following performance management activities? *(tick one in the appropriate box)*

performance management activities	Not at all (1)	To a less extent (2)	To a moderate extent (3)	To a great extent (4)	To a very great extent (5)
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1. valuating their own performance
2. valuation of work procedures
3. Planning employee personal development  
Setting targets  
Promoting healthy relationships  
Rating performance

9. The following are stages in the process of performance management. Rate the extent to which employees are involved in each of the stages: *(tick in the appropriate box)*

	Stage	Not at all (1)	To a less extent (2)	To a moderate extent (3)	To a great extent (4)	To a very great extent (5)
1.	Planning performance					
2.	Monitoring performance					
3.	Employee development					
4.	Evaluating performance					
5.	Rewarding performance					

10. Please suggest anything else you consider relevant to this study

## Appendix III: Questionnaire for General Employees

### SECTION A: BACKGROUND INFORMATION

For questions 2-5, Please tick ( ) as appropriate.

1. Your department

2. Your age

Below 20 yrs • 20 - 30 yrs • 31 - 40 yrs •

41 - 50 yrs  51 - 60 yrs  above 60 yrs

3. Your gender

Male  Female

4. Your education level

Primary  Secondary

Middle level college  University

5. For how long have you worked in this company?

5yrs and below •• 6-10 yrs CZH 11-15 yrs EZH

16-20 yrs •• 20 yrs and above

### SECTION B

6. Rate the extent to which you are allowed to take part in each of the following forms of participation: (tick one in the appropriate box)

	Form of participation	Not at all ( 1)	To a less extent ( 2)	To a moderate extent ( 3)	To a great extent ( 4)	To a very great extent (5)
	Participation through representation					
	Participation through problem solving					
	Participation in financial matters like profit sharing					
	Participation through top-down communication					
	Team working					
	Decision making in general					

7. Indicate the level that best describes your participation in the following stages of the process of performance management programmes? *(tick one in the appropriate box for each stage)*

	Stage	Not at all ( 1)	To a less extent( 2)	To a moderate extent ( 3)	To a great extent (4)	To a ven great exten (5)
	Planning such as setting targets					
	Monitoring of performance programmes					
	Developing employees					
	Evaluating performance					
	Rewarding performance					

Indicate with a tick what best describes your degree of agreement with the statements below? *(tick one in the appropriate box against each statement)*

	Statement	Not sure (1)	Strongly disagree (2)	Disagree( 3)	Agree (4)	Strongly agree (5)
	My company allows me to participate in evaluating my performance					
	My company equips me with relevant skills through training					
	My company allows me to participate in evaluating its programmes					
	My company pays me according to my performance					
	My company allows me to participate in setting my targets					
	My company rewards me whenever I perform well					
	My company encourages teamwork among its employees					
	My company					



	encourages healthy relationship among its employees					
	My company keeps its employees updated with relevant information					
	My company allows employees to choose their own representatives to board meetings					

9. Please give any suggestion(s) that you feel is/are relevant to this study?