PERCEIVED FACTORS AFFECTING EMPLOYEE PERFORMANCE MANAGEMENT IN THE CITY COUNCIL OF NAIROBI
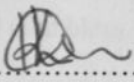
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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI
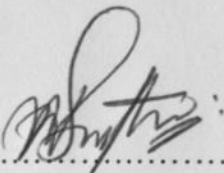
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DECLARATION

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

Signature:.. Date..22|11|2012

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D61/P/8467/05

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

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ACKNOWLEDGEMENT

DEDICATION

I dedicate this work to my loving husband Mr. Wilson Mbithi Kitheka and my loving sons Nygel Kitheka Mbithi and Noel Njeru Mbithi for the tireless sacrifices made in support of this MBA course.

ABSTRACT

Organizations are investing ever-increasing amounts of resources into performance management, but it is still not clear what they can expect in return, or how they might influence the likelihood of positive system outcomes. An effective performance management system clearly defines expectations, helping to align employee behavior with the culture and business needs of the organization. Performance management is not about discussing poor performance, it is about talking about accomplishments, successes and improvements. A focus on these three things reduces confrontation because managers and employees are on the same side.

The objective of the study was to establish the perceived factors that affect employee performance management in the City Council of Nairobi. A five point Linkert scale questioneer was prepared and distributed to all the employees of City Council of Nairobi. A structured questionnaire was prepared and distributed to all selected respondents. A five point scale was used to collect data and analysis was based on averages, percentage and correlation analysis. The study found out that the perceived factors which influenced performance management was stakeholder involvement, continuous monitoring, feedback, dissemination and learning from results, organizational culture and leadership commitment. The study recommended that the council should involve all the stakeholders in coming up with policy decisions that will affect them and this involvement will help in reducing resistance to the decision. In addition, to help in adapting the council's culture in delivery of quality services, it is recommended that the council allocates adequate resources for the training and development of its staff to change their culture to support service delivery, clear statement of power and authority.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

In an increasingly competitive world, performance improvement is not optional; it is essential for enhancing organization's effectiveness and competitiveness. Today's organizations have to face a turbulent environment where change seems the only constant. To meet this challenge, organizations are forced to: accelerate and make effective all activities, be flexible in response to change in the external environment, improve quality, reduce cost and fully use their intellectual capital. Furthermore, as this system is becoming more and more complex, emphasis is given on the process orientation and cross-functional approaches. To succeed, the knowledge, skills, experience, and perspectives of a wide range of people must be integrated (Irani and Sharp, 1997). Having a good idea is not enough. So the good idea must be followed up by system improvements and sound practices. If performance measurement is simply viewed as a data collection and reporting exercise, it will serve little purpose to a policy community. Accordingly, performance appraisal and performance measures must be improved or adjusted to be successful in aligning with overall organizational and social environments. There needs to be understanding of the relationship between strategy, people, organizational design and performance systems in order for performance management to be achieved in the public sector (Radnor and McGuire, 2004).

In the recent years, organizations have gone through dramatic changes, including flatter and looser structures, downsizing, and horizontal approaches to information flow (Pandey and Wright 2006). On the one hand these changes are due to rapid technological developments, global competition, and the changing nature of the workforce. On the other hand these organizational transformations and innovations

are triggered by interventions such as total quality management and business process reengineering. The competitive edge of modern-day business emerges from creation or discovery of performance management, a system that increases efficiency, decreases cost or enhances quality, confers immediate competitive advantage on its creator and sets a standard for the rest of the business industry to follow.

1.1.1 Concept of perception

Perception has been defined as an act of being aware of "one's environment through physical sensation, which denotes an individual's ability to understand" (Analoui, 2007). However, many social psychologists have tended to develop the concept around one of its most essential characteristics that the world around us is not psychologically uniform to all individuals. This is the fact, in all probability, that accounts for the difference in the opinions and actions of individuals/groups that are exposed to the same social phenomenon. (Noe et al., 2004), emphasize that perception ranks among the "important cognitive factors of human behavior" or psychological mechanism that enable people to understand their environment. In their own words, "perception is the process whereby people select, organize, and interpret sensory stimulations into meaningful information about their work environment." They argue that perception is the single most important determinant of human behavior, stating further that "there can be no behavior without perception." Though focusing on managers in work settings, (Noe et al., 2004) draw attention to the fact that since there are no specific strategies for understanding the perception of others, everyone appears to be "left with his own inventiveness, innovative ability, sensitiveness and introspective skills to deal with perception."

1.1.2 Performance management

Performance management is a force for both vertical and horizontal integration. As stated by Hartle (1995), states that performance management should be integrated into the way performance of the business is managed and it should link with other key processes such as business strategy, employee development and total quality management. It is a strategic and integrated process that delivers sustained success to organizations by improving performance of the people who work in them by developing the capabilities of individual contributions and teams. Performance management is strategic in the sense that it's concerned with the broader issues facing a business if that business is to function effectively in its environment. Performance management is about directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization. This requires paying attention to employee attitudes that improve the relationship between the employers and employees. These include job satisfaction, commitment and perceived psychological contract and so on.

Performance management is a shared process between managers and individuals and the teams they manage. It is based on the principle of management by contract rather than command, although this does not exclude the need to incorporate high performance expectations in such contracts. Bititci et al., (2006) are concerned that performance management should be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of the organization, customer satisfaction and economic contributions. Performance management should be a holistic process that is concerned with motivation, development and in its broad sense, reward. It aims to clarify mutual expectations and emphasizes the support role of managers who are expected to act as coaches rather than judges and focuses on the

future. Performance management is a process for measuring outputs in the shape of delivered performance compared with expectations expressed as objectives. It focuses on targets, standard and performance measures or indicators. It is also concerned with inputs – the knowledge, skills and capabilities (competences) required to produce the expected results.

Performance management is an ongoing communication process undertaken in partnership between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about the essential job functions the employee is expected to do. Managers should avoid micromanaging their employees by ensuring that their employees understand what's needed in a job rather than try to be involved in everything. Lack of clarity, lack of shared understanding and not being on the same wavelength create more work. There should be a common understanding of what is important and what's not important. While performance management cannot solve every problem, it has the potential to address many of these common management concerns. According to Bititci et al., (2006) performance management can reduce your need to be involved in everything that goes on (micro-management); save time by helping employees make decisions on their own and ensuring they have the necessary knowledge and understanding to make informed decisions. This reduces time-consuming misunderstandings among staff about who is responsible for what and the frequency of situations where you don't have the information you need when you need it. This way, mistakes and errors (and their repetition) are reduced helping you and your staff to identify the causes of errors or inefficiencies.

1.1.3 Factors Affecting Performance Management

Organizations are investing ever-increasing amounts of resources into performance management, but it is still not clear what they can expect in return, or how they might influence the likelihood of positive system outcomes. Bititci et al., (2006) suggests that problems occur because managers implement a performance system with rules and regulations and then leave it to run, rather than take a hands-on operational approach, and use leadership skills to "motivate people to produce more, or better, or more consequential results that are valued by citizens". Around the world there are common issues arising in performance management from conflicts between different interest groups – between politicians and professionals, internal politics between factions and coalitions, pressures from special interest groups, conflict between central agencies wanting control and departments/local bodies and professionals all wanting autonomy (Radin, 2003). These issues produce three main classes of problems technical; systems and involvement. Technical problems relate to the indicators and the data, their collection, interpretation and analysis. They are predominately "hard" problems and in particular data quality, the choice of indicators, reporting and usage and interpretation (Wilcox and Bourne, 2003). However organizations are continually developing and improving the technical aspects of their indicators.

The other class of problem covers the predominantly "softer", people issues and their involvement in the performance management system, inter alia multiple stakeholders, a lack of customer involvement, gaming and lack of involvement of the whole organization, including insufficient support from higher levels of management or decision makers (De Waal, 2007). Radnor and McGuire's (2004) shows that in order to meet the demands of multiple stakeholders, organizations end up with a number of

parallel systems more akin to form-filling rather than providing any useful information which has subsequently been confirmed by Radnor and Barnes (2007) looked at the introduction of performance management in the Baltic States and Russia, where they successfully introduced it at an organizational level, but were struggling at a personal level (due to the culture and the lack of HR support). Public sector managers tend to use performance management systems which are imposed on them from the hierarchy within their systems (Bititci et al., 2006). Radnor and Barnes (2007) report on the need for performance management to be more predictive rather than only providing feedback. Radnor and Barnes (2007, p. 405) conclude that "a greater understanding of the importance of performance indicators and how to use them to achieve strategic objectives is essential at all levels of an organization".

1.1.4 The City Council of Nairobi

The city of Nairobi was established in 1899 as a railway depot to serve the Kenya-Uganda Railway. It was gazetted as a Township in 1903 and upgraded to Municipal Board in 1928. In 1950, Nairobi was granted City status through a Royal Charter by the British Colonial Administration. Nairobi later got incorporated under the Local Government Act Cap. 265 which came into effect in January 1964. Nairobi is the political and administrative centre of the Republic of Kenya and it has grown steadily to become the largest metropolitan city in East Africa. Nairobi has experienced rapid growth in many respects from the depot it was in 1905 to the city it is today. The area covered by the city has increased from 3.84 square Kms in 1910 to the current 680 square Kilometres. The City Council of Nairobi has an estimated population of 3 million people and serves a population from the adjacent districts of Thika, Kiambu, Machakos and Kajiado who use her facilities like water, schools, health centers and markets.

The Council has been at crossroads to fulfill its mandate in a rapidly evolving demographic, political, technological and socio-economic environment. Over the two decades, the Council's financial position and its ability to deliver services to Nairobi residents has deteriorated gradually due to corruption, low revenue collection, poor budgeting and growing population. In addition, commercial and industrial demand has led to problems such as overcrowding, inadequate sanitation, poor health, polluted water, inadequate liquid and solid waste management and the lack of recreational facilities besides many other urban degeneration problems (Krhoda 2008). Even though policies and systems for employee performance evaluation have long been in place in the City Council of Nairobi, there has been an increasing demand to review the existing system i.e. demand for public servants to produce tangible results by "making a difference" instead of "just keeping busy", demand for increased accountability by performing the mandate of the organization and the need to correct that a permanent appointment guarantees security of tenure.

1.2   Research Problem

Bititci et al., (2006) argue that the perception and responses of an individual are basically influenced by the attitude of that individual. This implies that a person's attitude determines his/her interests or attention as the case may be. Furthermore, this same factor of attitude also determines the behavior of people toward others, objects, laws and the social facts of society. Attitude is therefore one of the most fundamental determinant of people's predisposition to respond. It is important to note that, "a particular attitude does not exist in isolation" (Michener, Delamater and Myers, 2004:139). "If attitudes determine behavior", it therefore follows that we can basically alter the behavior of people by changing their attitudes. This explains why most of the

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organizations that occupy the position of product leadership in their various sectors of the economy invest million in advertisement annually.

Attitude affects performance management directly. Performance management is one of the major focuses in business today. Although every HR function contributes to performance management, training and performance appraisal play a more significant role. Whereas performance appraisal occurs at a specific time, performance management is a dynamic, ongoing, continuous process. According to Kuhlmann (2010) employees behave in a given manner based not on the way their external environment actually is, but rather, on what they see or believe it to be. The employees' perception of their work situation will influence their productivity more than will the situation itself. Whether or not a job is actually interesting or challenging is irrelevant. Whether or not a manager successfully plans and organizes the work of his or her employees and actually helps them to structure their work more efficiently and effectively is far less important than how employees perceive the manager's efforts. Similarly, issues like fair pay for work performed, the validity of performance appraisals, and the adequacy of working conditions are not judged by employees in a way that assures common perceptions, nor what individuals will interpret conditions about their jobs in a favorable light.

Fowler (1990) argues that when employees see performance management as a process designed to help rather than to blame, they are much more likely to be cooperative. Discussions about performance should not be limited to the manager passing judgment on the employee. Employees should be encouraged to evaluate themselves. Manager and employee get to exchange views on performance. Often, employees are actually more critical of their own work than the manager. If managers look at performance management as something they do to employees, then confrontation is

inevitable. If they view it as partnership, they reduce confrontation. Performance management is not about discussing poor performance, it is about talking about accomplishments, successes and improvements. A focus on these three things reduces confrontation because managers and employees are on the same side. When confrontation occurs or becomes ugly, it is often because managers have avoided dealing with a problem until it is severe. Early identification of problems helps in the resolution process. According to Philpott and Sheppard (1992) the fundamental goal of performance management is to establish a culture in which individuals and groups take responsibility for continuous improvement of business processes and for their own skills and contributions. Performance management concerns everyone in the business, not just managers. It rejects the cultural assumption that only managers are accountable for the performance of their teams and replaces it with the belief that responsibility is shared between managers and team members. Fowler (1990) argues that performance management is a natural process of management and not a system or technique. It's about managing within the context of business namely, its internal and external environment.

Recent studies that have been done locally on performance management include Gichimu (2010) who researched on the factors influencing successful implementation of employee performance management systems at KPMG and the findings were that usefulness, effectiveness and information quality were related to each other. These outcomes were also directly influenced by the factors that affect the organization's capabilities to deal with increased organizational information processing demands (including both technological and organizational processes) and that providing information on performance is not sufficient to improve business performance results rather the real success of a performance management system lies in how people use

this performance information. Orale (2008) did a study on employee performance management practices in the Kenya local Government sector in the City Council of Nairobi and found out that organizations have to build up strong culture in the organization for success, alignment of the performance management system and the existing systems and strategies of the organization. The organization leadership has to be committed to performance management, the council should involve its stakeholders and there should be continuous monitoring, feedback, dissemination and learning from results. A study by Mwangi (2008) on the use of reward as a performance management strategy by insurance companies in Kenya found out that the insurance companies ensure the performance management system provides for increases to be tied to accomplishment and achievement, help retain staff. Tangible benefits besides a simple "thank you" or acknowledgement of good work and achievements on a regular basis goes a long way to providing an environment where people want to work, contribute and stay. As observed above, the studies conducted on performance management have not considered the factors that affect performance management in local authorities. This research will therefore seek to identify the factors that affect performance management in City Council of Nairobi. This problem statement is guided by the question: what factors affect performance management in City Council of Nairobi?

1.3 Objective of the Study

To determine the perceived factors that affect employee performance management in the City Council of Nairobi.

1.4 Value of the study

The study will help the Management of the City Council of Nairobi and local authorities at large to know and understand the factors that affects performance management and therefore come up with measures to counter the challenges. The study will help the employees who are members of the local authorities by interacting and aiming at improving organization objectives. It will also ensure effectiveness and efficiency of the firm which can only be made possible if communication and coordination among employees is improved.

It is anticipated that the work study results will generate discussion among stakeholders in the local authorities. This may lead to formulation of appropriate strategies or ways of improving services within the sector. The study will draw on researchers' observation from the ignored area of financial planning and control in the city council of Nairobi. It will try to highlight the factors that affect performances at the City Council of Nairobi. The study will provide a platform for future research on the factors that affect performance management in both private and public organizations.

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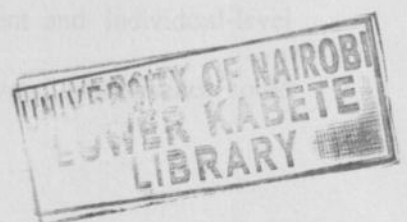
CHAPTER TWO: LITERATURE REVIEW

2.0   Introduction

This chapter gives a review of literature related to the area of study. The topics reviewed here are performance management, performance management cycle and factors affecting performance management.

2.1   Performance management

Performance management is action, based on performance measures and reporting, which results in improvements in behavior, motivation and processes and promotes innovation (Fryer et al., 2009). It includes activities that ensure that organizational goals are consistently being met in an effective and efficient manner so that it involves shared vision, management style, employee involvement, incentives and rewards, competence framework, team work, education and training, attitudes, and dialogue.

Noe et al., (2004) states that performance management is the process through which managers ensure that the employees' activities and outputs contribute to the organization's goals. Brown (2005) notes that performance management is introduced in order to: provide information on organizational and/or employees' effectiveness; improve organizational and/or employees' effectiveness; provide information on organizational and/or employees' efficiency; improve organizational and/or employees' efficiency; improve employees' levels of motivation; link employees' pay with perceptions of their performance; raise levels of employee accountability and align employees' objectives with those of the organization as a whole. There are usually two levels of the performance management system in the public sector: organizational-level performance management and individual-level public sector. For the organizational-level, each agency's overall performance could

be evaluated in terms of major policy execution, financial performance, and other key areas (personnel, organization, e-government and quality of public service.) using various indicators such as input, process, output, and outcome indicators (Kuhlmann, 2010). In order to assess organizational-level performance, the balanced scorecard approach is often utilized in government (Kaplan and Norton, 2006).

2.2   Performance management cycle

Torenvlied (2010), states that in accomplishment of performance management there are steps to be followed by organizations which include: planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion, and rewarding good performance.

Planning and setting performance expectations and goals for groups and individuals to channel their efforts towards achieving organizational objectives means getting employees involved in the planning process which will help them understand the goals of the organization, what needs to be done, why it needs to be done and how well it should be done. The regulatory requirements for planning employees' performance include establishing elements and standards of their performance appraisal plans.   Performance elements and standards should be measurable, understandable, verifiable, equitable and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paper work that is filed in a drawer and seen only when ratings of

records are required. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress towards reaching their goals. Regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and standards. By monitoring continually, unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than wait until the end of the period when summary rating levels are assigned (De Klerk *et al.*, 2010).

In developing the capacity to perform, employee development needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods. Providing employees with training and development opportunities encourages good performance, strengthens job-related skills and competencies and helps employees keep up with changes in the work place such as introduction of new technology (Berardo, 2009). Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

From time to time, organizations find it useful to summarize employee performance. This can be helpful for looking at and comparing performance over time among various employees. Organizations need to know who their best performers are. Within the context of formal performance appraisal requirements, rating means evaluating employee or group performance against the elements and standards in an

employee's performance plan and assigning a summary rating of record (Lipsky, 2010). The rating of record is assigned according to procedures included in the organization's appraisal program. It is based on work performed during an entire appraisal period. The rating record has a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduction force. In an effective organization, rewards are used well. Rewarding means recognizing employees, individually and as members of groups, for their performance and acknowledges their contributions to the agency's mission (Kelman, 2007). A basic principle of effective management is that all behavior is controlled by its consequences. Those consequences can and should be formal and informal and both positive and negative.

Performance Management Process involves role definition: Here the key result areas and capability are agreed providing the framework for performance management. It sets out the purpose of the role, the key result areas or principle accountabilities and provides the basis for drawing up personal development plans; performance agreement which defines expectations – what an individual has to achieve in the form of objectives, how performance will be measured and the capabilities needed to deliver the required results (Moynihan, 2009). It includes a continuous process of providing feedback on performance, conducting informal progress reviews, updating objectives and where necessary, dealing with performance problems; and performance review which is the formal evaluating stage when a review of performance over a period takes place, covering achievements, progress and problems as the basis for a revised performance agreement and personal development plan. Performance management can also lead to performance ratings and development reviews.

The purpose of performance and development reviews is to enable those concerned to get together so that they can engage in a dialogue about the individual's performance and development and the support provided by the manager (Bititci *et al.*, 2006). The major contribution of performance management is its focus on achieving results. Performance management redirects efforts away from business toward effectiveness. It is not a top-down, backward-looking form of appraising people. Neither is it just a method of generating information for pay decisions. Performance management is forward-looking and developmental. It provides a framework in which managers can support their team members rather than dictate to them, and its impact on results will be much more significant if it is regarded as a transformational rather than an appraisal system. An effective performance management system clearly defines expectations, helping to align employee behavior with the culture and business needs of the organization. With senior executives buy-in, the system can increase productivity and bring visible, value-added benefits. A well developed, legally compliant performance management system is an essential talent management tool for high performing organizations.

2.3   Factors affecting performance management

While noticeable progress has been made in implementation of performance management in many organizations, there evidently remain obstacles in the implementation of performance management. According to Kelman (2007) the performance management system is affected by several factors which includes;

2.3.1   Stakeholder involvement

Stakeholders are actors who can affect, and who are affected by, the performance of policies. They include nonprofit and private sector organizations, interest groups,

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other governments, or even individual citizens. Stakeholder involvement is typically organization-initiated, consensus-based, collectively organized, and offers stakeholders the opportunity to influence policies (Ansell and Gash, 2008). The process itself may take on highly formalized forms in which stakeholders obtain actual procedural or legislative power, for instance through official committees in negotiated rulemaking (Lavertu and Weimer, 2010). It can also be organized more informally, for example through the use of open access platforms, study groups, or citizen panels, or professional focus groups (Tatenhove, Edelenbos and Klok, 2010).

The goal of stakeholder involvement is to increase the performance of policies, in terms of the service outputs and outcomes for the client population whose conditions these policies target. By involving stakeholders, governments and public agencies create access to information and resources that stakeholder organizations possess, and build support for their policies. Indeed, the majority of empirical studies find a positive effect on performance (Freeman and Langbein, 2000). The first mechanism, access to information and resources, is a key motive for governments to involve stakeholders in the policy making process. The core explanation underlying the positive association between managerial networking and performance is that public managers who maintain more frequent contacts with key stakeholders in the environment are better able to acquire resources for the public agency, to reduce informational uncertainties related to political, economic and technical demands and to deal with unexpected external events (O'Toole and Meier, 1999).

According to Lavertu and Weimer (2010), access to information and resources increases performance in that the collective nature of stakeholder involvement implies that governments and stakeholders may simultaneously collect, analyze and combine information from different sources, which further facilitates learning (Damgaard and

Torfing, 2010). The collective nature of involvement has the additional advantage that new information can be instantly evaluated, cross-checked and supplemented by all actors involved, which increases the likelihood of finding effective innovative solutions to policy problems (Koppenjan and Klijn, 2004). Top manager agreement, commitment and leadership - start with a clear agreement at the top on the strategy, goals, measures and the performance targets to be implemented. Managers' participation and accountability - having the agreement, commitment and leadership at the top is insufficient if it does not go along with having the agreement, commitment and leadership of the rest of the management team. Furthermore, the involvement of employees is also crucial. Inviting managers and employees to assist on the development of the system facilitates their buy-in, and enhances their trust, understanding, and ownership of the performance measures. It is essential that managers become accountable for the performance being managed

Stakeholders possess different types of information that organizations are not likely to posses, and that may improve policies in that stakeholders may provide evidence-based information that derives from their specific core tasks. This evidence may concern performance data for intervention methods and programs in relation to the target population of a policy, general trends in socio-demographic and economic conditions, or information on best practices. Stakeholders may serve also as fire alarms when programs fail or problems occur during service delivery, and provide performance feedback while at the same time they provide information on their daily operations, tasks, goals and competencies. Stakeholders enable organizations to improve inter-organizational coordination of service delivery, in particular through reducing the likelihood of blind spots (clients not obtaining needed services at all), and duplication of services (Walker et al. 2010).

In addition, building policy support is a second key motive for organizations to involve stakeholders in the policy making process. Governments are dependent on stakeholder organizations, because the performance of policies depends on the cooperation and the contribution of stakeholders to policy design and subsequent implementation. Such cooperation can by no means be assumed. Stakeholder organizations have their own priorities with the different policy options that can be pursued (Head, 2008). Although all stakeholders benefit from effective policies (through improved services), differences in interests may seriously hamper policy performance. Stakeholder involvement offers governments the opportunity to build policy support, through interest mediation (Provan and Kenis, 2008). Although core differences in organizational interests gives stakeholder organizations a forum to express their interests, it helps to reduce possible opposition to policies, to find compromise solutions, and to create mutual understanding and goal consensus among the organizations involved (Nutt and Backoff, 2002). Even when eventual policies do not actually reflect the interests of (all) stakeholders, the perception of being taken seriously is still likely to enhance policy support (Newig and Fritsch, 2009). Hence, stakeholder involvement can be expected to positively affect policy performance through policy support.

2.3.2 Continuous monitoring, feedback, dissemination and learning from results

The success of any organization is directly linked to the performance of its staff, and this requires not only good occupational skills, but also the much harder to define and measure behavioral skills which produce the environment for success. Competency frameworks identify these behavioral skills needed for an organization and provide a

way to communicate them clearly to staff and then to measure them. Rather than have a set of general and vague statements about the skills, attitudes and behaviors required, by going through the process of designing a competency framework, organizations can identify what is important to them, set it out in a document which contains detailed examples of what is expected of leaders and staff, fairly easily communicate this to staff and then measure it. Because these skills and attitudes are basically behaviors, they can be changed and improved, and this will benefit the organization (Nutley, Walter and Davies, 2007).

Goal/Target setting involves managers and subordinates jointly establishing and clarifying employee goals. It affects performance through influencing what people think and do by focusing their behaviour in the direction of the goals, energize behaviour, motivate people to put forth the effort to reach difficult goals that are accepted and clarifies duties and responsibilities. The first element of goal/target setting is establishing goals that are perceived as challenging but realistic and to which there is high level of commitment. It involves having employees participate in the goal setting process so as to increase motivation and performance. Participation also convinces employees that the targets are achievable and can increase their commitment to achieving them. Employee participation is likely to be effective if employees are involved and will therefore support goal setting. Participation in goal setting is likely to be seen as legitimate, resulting in the desired commitment to challenging goals (Cummings and Worley, 2005).

The second element in the goal setting process involves specifying and clarifying the goals measurement. When given specific goals, workers perform higher because ambiguity is reduced. Clarifying goal measurement requires that employees and supervisors negotiate resources necessary to achieve the goals such as time,

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equipment, raw materials and access to information. If employees cannot have appropriate resources, the targeted goal may have to be revised. The process of specifying and clarifying goals can be difficult if the business strategy is unclear. Under such conditions, attempting to gain consensus on the measurement and importance of goals can lead to frustration and resistance to change. Performance appraisal is a feedback system that involves the direct evaluation of individual performance by a supervisor, manager or peers. Most organisations have some kind of evaluation that is used for performance feedback, payment of administration, and in some case counselling and developing employees. Thus performance appraisal represents an important link between goal setting process and reward systems. Managers should ensure that in the process of performance management, there is definite performance through goal setting. Performance measurement and assessment facilitate performance by identifying obstacles to good performance and providing resources to accomplish objectives; and encourage performance by providing a sufficient number of rewards that people care about, doing so in a timely and fair manner (Cummings and Worley, 2005).

The execution of any new system depends on individual members of an organization, especially key managers. According to Cummings and Worley (2005), organizational rewards are powerful incentives for improving employee and group performance. It can also produce high levels of employee satisfaction. Reward systems interventions are used to elicit and maintain desired levels of performance to the extent that rewards are available, durable, timely, visible and performance contingent. Rewards can reinforce and support organizational goals, work designs and employee involvement. Reward systems should align the actions and objectives of individuals with objectives and needs of the firm's strategy. Financial incentives are important reward

mechanisms because they encourage managerial success when they are directly linked to specific activities and results. Intrinsic non-financial rewards such as flexibility and autonomy in the job are important managerial motivators. Negative sanctions such as withholding of financial and intrinsic rewards for poor performance are necessary to encourage managers' efforts in performance management (Thompson et al, 2007).

2.3.3 Organizational Culture

Culture is the software of the mind that supports daily interaction. The idea about the nature of culture has variation in presentation according to anthropology. According to Bititci et al., (2006), failure or success of the organization is based on corporate culture and the type of culture prevailing in the organization. Always a weak culture leads to failure while a strong culture leads to success.

Organizational culture is a major determinant of employee motivation and commitment which improves the organization performance. No matter how attractive incentives organizations give employees, some employees might not see those as realistic incentives for them. In order to stimulate all levels of employees (i.e., high performers, average-level performers, and low performers) to be more productive, Government must come up with a strategy to shake low performers' behavioral patterns (Kuhlmann, 2010). Managers need to take on a coach's role to empower workers. It is important to find a way to embed individual-based knowledge in the agency, making it accessible and useful not just to one unit or function but to the entire organization. As coaches, managers must ensure that employees have access to the resources necessary to perform jobs. Particularly in a somewhat authoritarian culture, the role of managers as coaches is critical for successful implementation of organizations objectives. Managers can have a means of pressuring poor performers

to improve their performance, but they should not wield the scepter excessively. Instead, supervisors should help employees interpret and respond to work problems as they develop. Empowering employees in this fashion should lead to more self-corrective or self-directed actions rather than a reactive coursed action to supervisory feedback. Trust is difficult to build when decisions are kept secret and employees and unions have no influence on pay decisions. Employees and unions must clearly understand what they need to do to receive merit increases and what the rewards for performances will be (Cardona, 2007). Open communication helps employees and unions develop reasonable expectations and encourage them to trust the system and those who operate it.

One of the main reasons for poor performance, low management morale and lack of management accountability in public enterprises is the tendency of organizations to treat enterprises as departments in addition to requiring major decisions to be made outside the enterprise. Performance management should include clear statements of the powers and authority of the enterprise management to make decisions, and any limits or exceptions to this authority. In implementing performance management, it is necessary to have an inter-agency coordinating committee to ensure that all outstanding issues outside the control of a firm are resolved and that the demands on the public enterprise are properly coordinated. Enterprises should have specific agency to which they report to in order to avoid conflict that can arise with several "masters" to serve (Rainey, 2009). Performance measurement is beset by the unresolved problems of defining indicators, their quality and their reporting. There are issues with the changing culture of the public sector and the culture of performance management and different organizations have resolved different aspects. Externally imposed restructurings and reorganizations contribute towards preventing

the implementation of performance management. Many of the proposed solutions are broad and do not provide organizations with details on how to progress. There is a lack of literature about the interpretation, reporting and statistical validity of indicators, and how to ensure that the leadership and culture support performance management.

Organizations have to build up strong culture for success. According to Pollitt, (2005) various organizations are facing the problem of absenteeism, high employee turnover and reputation of the organization for qualified workforce which can be overcome through a strong culture which reflects the employees' values. A strong culture always represents and can be established by the leadership that increases the organizational commitment. Leaders can control the employees with the planning and monitoring tools that also measure organizational culture and at the same time they can eliminate that uncertainty and improve their commitment through establishing organizational culture and employee values. Leaders can establish organizational culture which reflects the employee value proposition in the organization and this brings lot of benefits toward the organization. When organizational culture and employee value proposition are same, it increases the commitment of employees especially the newly hired employees. This idea is also supported by the research of corporate leadership council. The mediating role of employees' values and strong organizational culture in the relationship of leadership style and organizational commitment help the organization in increasing commitment, attract more talented/skilled personnel, and retain the existing employees in the organization.

2.3.4 Leadership commitment

Leadership and its effectiveness is primary focus for any organization to achieve the organizational goals and to create organization commitment in their employees, for

their organizations. Performance management provides a vehicle for skilled leadership but is not a substitute for it (Poister and Streib, 1999). Poister and Streib (1999) argue that one of the key leadership qualities required for performance management is a capacity to develop and refine a clear sense of values, mission, and vision. Similarly, Jennings and Haist (2006) propose that goal-setting ability is one of the key leadership functions that can lead to successful performance management as leaders exert influence by creating a dialogue about goals. When leaders are able to clarify organizational goals and emphasize the importance of these goals, they set into motion a chain of events necessary for performance information use. The benefits of clear organizational goals cascade to the job level by eliminating distractions and focusing attention on what individual employees need to do to achieve organizational goals (Pandey and Wright, 2006).

Managers desire to identify and implement programs that enhance the performance levels of the employees under their supervision. Managers can have confidence that their efforts to set goals, enhance engagement, and develop optimism will result in improved performance. According to Halachmi (2011) sufficient time should be spent setting goals for and with individual employees to ensure that each employee has a clear understanding of the organization's expectations for their success. Focused employees will be more engaged, optimistic and productive. Effective goal setting is a driver of performance for decades. Managers striving to improve the performance of individual workers should implement the goal setting process. This process informs workers of their specific responsibilities and ensures that necessary resources are identified and provided. Goal setting serves to engage employees in the workplace which enhances their belief (or optimism) that they and their co-workers will be successful in reaching their goals.

Bateman and Zeithaml (1993) state that effective managers are not necessarily true leaders, however the positions they occupy offer them an opportunity for leadership. Managers deal with day-to-day complexities of organizations while true leaders manage effectively and devote their attention to orchestrating change. Managers engage in planning and budgeting routines, structure organizations, staff it with capable people and monitor activities. Leaders on the other hand set the direction of organizations by creating a vision for it, inspire people to attain the vision and keep people focused on moving the organization towards its ideal future, motivate them to overcome whatever obstacles are in the way, make important decisions that may rock the boat but are humane, moral and right. They also foster innovation and attainment of long term goals. Leadership is therefore the process in which an individual influences other group members towards the attainment of the group's or organizational goal (Shackleton, 1995). According to Thompson (1997) the strategic leader is responsible directly to the board of directors of the organization and the board, to the stakeholders in the business.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

A descriptive research design was adopted. According to Cooper and Schindler (2000), a descriptive research design is concerned with finding out the; who, what, where, when and how much. Furthermore, a descriptive research design is structured, has investigative questions and part of formal studies. The design was deemed appropriate because the main interest was to explore the viable relationship and describe how the factors supported matters under investigation. A descriptive design method provided quantitative data from the chosen population.

3.2 Population of the study

The City Council of Nairobi comprises approximately 10,600 employees. The population of the study consisted of Management level employees of City Council of Nairobi. This target population was made up of staff in the senior level management, middle level and lower level management. The population of interest was broken down into the following respective strata:

Table 3.1: Population size

Category	Number	Percentage
Senior level management	44	7 %
Middle level management	183	27%
Lower level management	440	66%
TOTAL	667	100%

3.3 Sample design

The researcher used stratified sampling because of ease of classifying the population in three strata, that is, senior level management, middle level and lower level

management employees. The sample comprised of 10% from each strata of the target population. This sample was representative of the City Council of Nairobi. According to Mugenda and Mugenda (1999), a sample of 10% is considered representative. Respondents were selected randomly based on the cadre in which they belong. This approach was considered appropriate since the use of judgment ensures a survey of a representative sample of perceived factors affecting performance management in the City Council of Nairobi. Considering the time and budget constraints, the researcher sampled the City Council of Nairobi's Management level employees. This was deemed appropriate sampling strategy that yielded representative results since the management level employees are directly responsible for the performance management process in the City Council of Nairobi. The management level employees of the City Council of Nairobi are grouped based on the salary scales. Senior management level employees are in salary scale 1 – 2, Middle management level employees are in salary scale 3 – 4 and the Lower management level employees are in salary scale 5 - 6. A 10% sample size was applied across the board on each stratum.

Table 3.2: Sample size

Category	Number	Percentage	Sample size
Senior level management	44	10%	5
Middle level management	183	10%	18
Lower level management	440	10%	44
TOTAL	**600**		67

3.4. Data collection

Primary data was collected by means of a structured questionnaire containing structured questions from the Nairobi City Council staff. The questionnaires was hand delivered to the respondents' offices with a request to fill in the questionnaire in

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one week's time where upon it would be collected. The data collection instrument involved both closed and open-ended questionnaires. The open-ended questionnaire sought to encourage respondents to share as much information as possible in an unconstrained manner. The closed-ended questionnaire, on the other hand, involved "questions" that could be answered by simply ticking a box. The questionnaire used consisted of three sections. Section (A) had general information about the organization and the respondent. Section (B) aimed at assessing performance management in the council. Section (C) sought to establish the factors affecting performance management in the council.

3.5. Data analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Upon collection of the data, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were then coded into numerical form to facilitate statistical analysis. Data was analyzed using SPSS based on the questionnaires. In particular, the descriptive analysis employed tables, pie charts, percentages, mean and standard deviations to summarize the respondent answers.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish the perceived factors that affect employee performance management in the City Council of Nairobi. This chapter presents the analysis and findings with regard to the objective and discussion of the same. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 68 questionnaires were issued out. The completed questionnaires were edited for completeness and consistency. Of the 68 questionnaires issued out, only 60 were returned. This represented a response rate of 88%.

4.2 Demographic and respondents profile

The demographic information considered in this study included the, respondents' cadre, gender of the respondents, age bracket, level of education and duration working in the organization.

4.2.1 Respondents cadres

Table 4.1: Respondents cadres

	Frequency	Percent	Cumulative Percent
Senior management level	5	8	8
Middle management level	15	25	33
Lower management level	40	67	100.0
Total	60	100.0	

The findings on the position currently held by the respondents was that 25% of the respondents were in the middle level management, 8% were in senior managers while

67% were in the lower management level. The results indicate that the response was from all cadres in the council and thus the findings are representative of all cadres

4.2.2 Respondents Gender

The respondents were asked to indicate their gender. The results are represented in figure 4.1

Figure 4.1: Respondents Gender
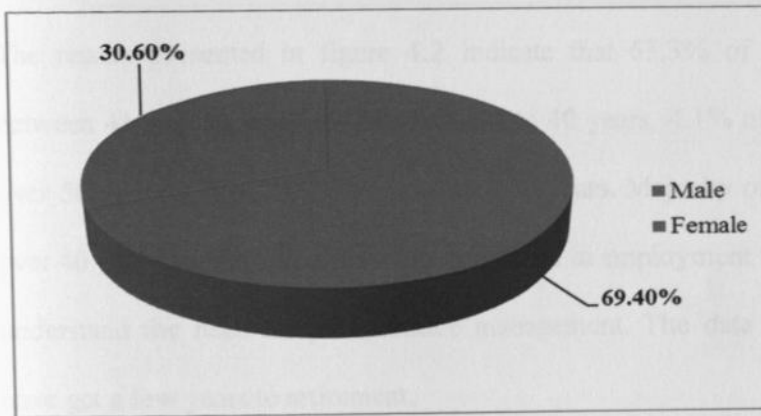
The results on the respondents gender was that 69.4% were male while 30.6% were female. The results indicate that the difference among the two categories of gender was significant.

4.2.3 Respondents Age Bracket

The respondents were asked to indicate their age brackets and the results are as shown in figure 4.2.

Figure 4.2: Respondents Age Bracket
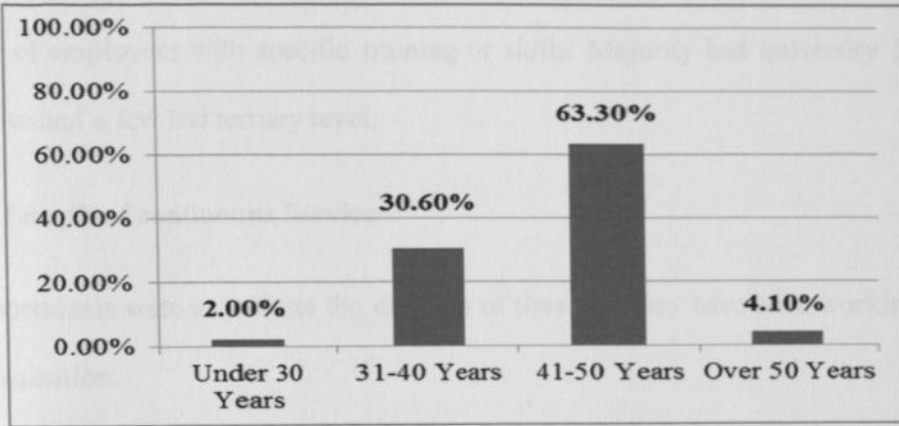
The results presented in figure 4.2 indicate that 63.3% of the respondents were between 41 and 50 years, 30.6% were 31 to 40 years, 4.1% of the respondents were over 50 years while 2.0% were less than 30 years. Majority of the respondents were over 40 years an indication that they have been in employment for some time and they understand the need for performance management. The data also shows that many have got a few years to retirement.

4.2.4 Highest level of education attained

Figure 4.3: Highest level of education attained
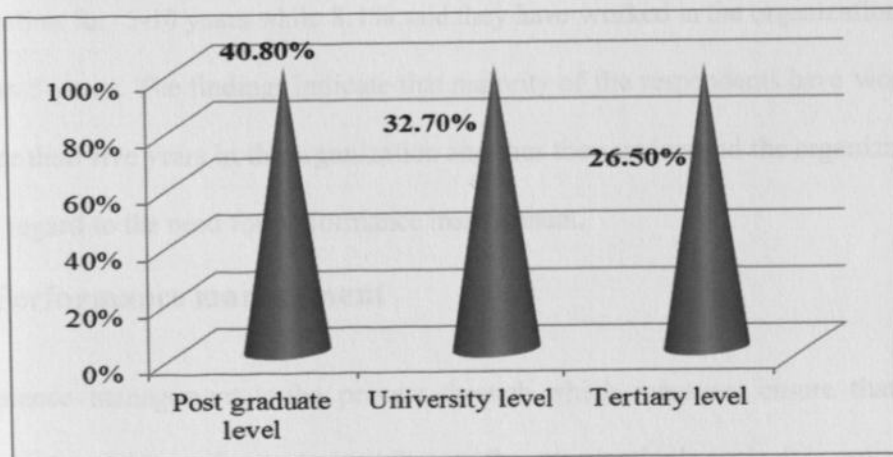
The findings on the highest education level attained was that 40.8% of the respondents had attained post graduate level, 32.7% had attained university level

while 26.5% had attained tertiary level. The analysis indicates that there were a high number of employees with specific training or skills. Majority had university level and above and a few had tertiary level.

4.2.5 Length of continuous Service

The respondents were to indicate the duration of time that they have been working in the organization.

Figure 4.4: length of continuous service
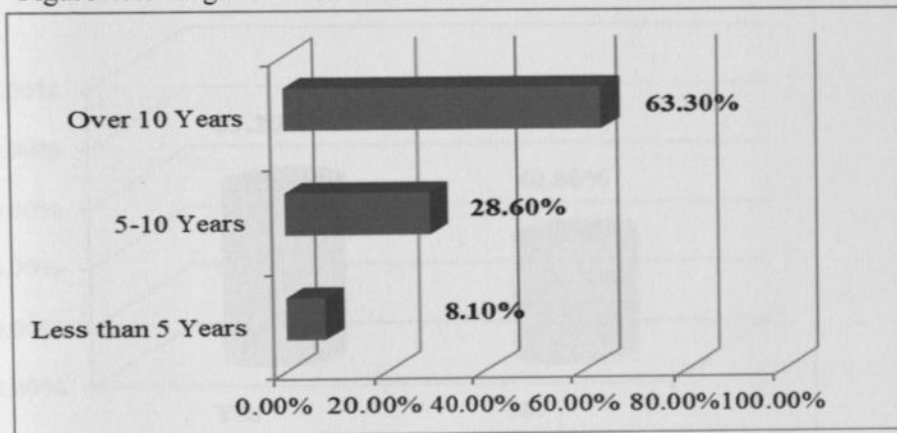
The findings on figure 4.4 indicates that 63.3% of the respondents had worked in the organization for more than 10 years, 28.6% indicated that they have worked in the organization for 5-10 years while 8.1% said they have worked in the organization for less than 5 years. The findings indicate that majority of the respondents have worked for more than five years in the organization and thus they understand the organization well in regard to the need for performance management.

4.3: Performance management

Performance management is the process through which managers ensure that the employees' activities and outputs contribute to the organization's goals. It is not about discussing poor performance, it is about talking about accomplishments, successes

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and improvements and a focus on these three things reduces confrontation because managers and employees are on the same side.

4.3.1 Concept of performance management

The respondents were required to indicate whether they understand the concept of performance management.

Figure 4.5: Concept of performance management
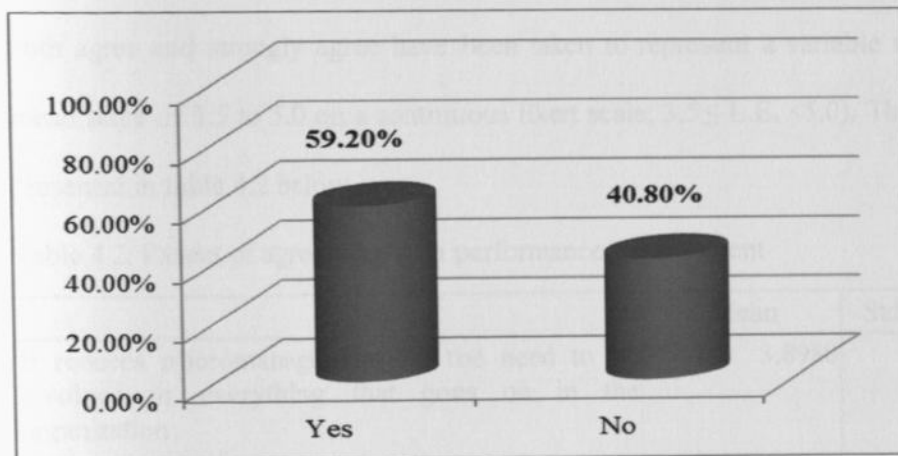
The analysis indicates that 59.2% of the respondents understand the concept of performance management while 40.8% do not understand. Although majority of the respondents understands performance management, there are larger proportions that do not and these may affect the performance of the council. Of all the respondents who indicated that they understand the concept of performance management, they indicated that they appreciate the existence of performance management in the council and these will help in fostering relationship between the managers and the employees which will result in improved service delivery by the council and improved organizational performance.

4.3.2 Extent of agreement with performance management

The respondents were requested to give their independent opinion on performance management in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous likert scale; (0≤ S.E <2.4). The scores of 'moderate' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale: 2.5 ≤M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; 3.5≤ L.E. <5.0). The results are presented in table 4.2 below.

Table 4.2: Extent of agreement with performance management

	Mean	Std. Deviation
It reduces micromanagement i.e the need to be involved in everything that goes on in the organization	3.8980	1.08484
Save time by helping employees make decisions on their own by ensuring they have the necessary knowledge and understanding to make decisions properly	4.0816	1.03756
Reduce time-consuming and misunderstandings among staff about who is responsible for a certain work	4.3878	.70167
Reduce the frequency of situations where information is not available when it is needed	4.1224	.83248
Reduces mistakes and errors by helping the management and the staff to identify the causes of errors or inefficiencies	3.9388	.92214

The findings on performance management indicate that the respondents agreed that performance management reduce time-consuming and misunderstandings among staff about who is responsible for a certain work (mean 4.3878), reduce the frequency of

situations where information is not available when it is needed (mean 4.1224), Save

time by helping employees make decisions on their own by ensuring they have the

necessary knowledge and understanding to make decisions properly (mean 4.0816),

reduces mistakes and errors by helping the management and the staff to identify the

causes of errors or inefficiencies (mean 3.9388) and It reduces micromanagement i.e

the need to be involved in everything that goes on in the organization (mean 3.8980).

The standard deviation indicates that there was a general consensus among the

respondents on the benefits of performance management. The results indicate that

performance management plays a key role in an organization and these will help in

the achievement of organizational objectives.

4.3 Stakeholder Involvement

Stakeholders are actors who can affect, and who are affected by, the performance of

policies. Stakeholder involvement is typically organization-initiated, consensus-based,

collectively organized, and offers stakeholders the opportunity to influence policies

4.4.1 Stakeholder involvement in performance management

Figure 4.6: Stakeholder involvement in performance management
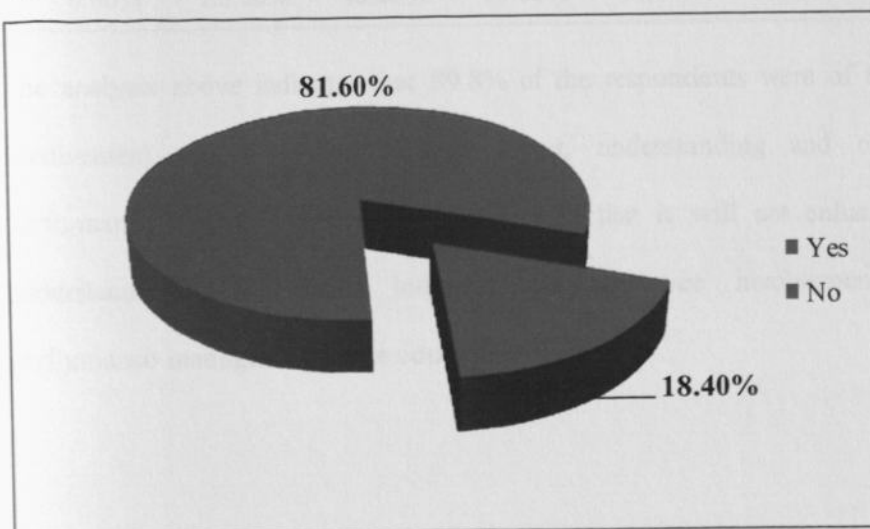
The results on the involvement of stakeholders in performance management in the council was that 81.6% of the respondents indicated that the stakeholders are not involved in performance management while 18.4% indicated that they are involved. The non-involvement of stakeholders in performance management will deprive the council their input which would have improved relations between the management and the employees and the other stakeholders resulting in improved organizational performance.

4.4.2 Employees involvement

Figure 4.7: Employees involvement
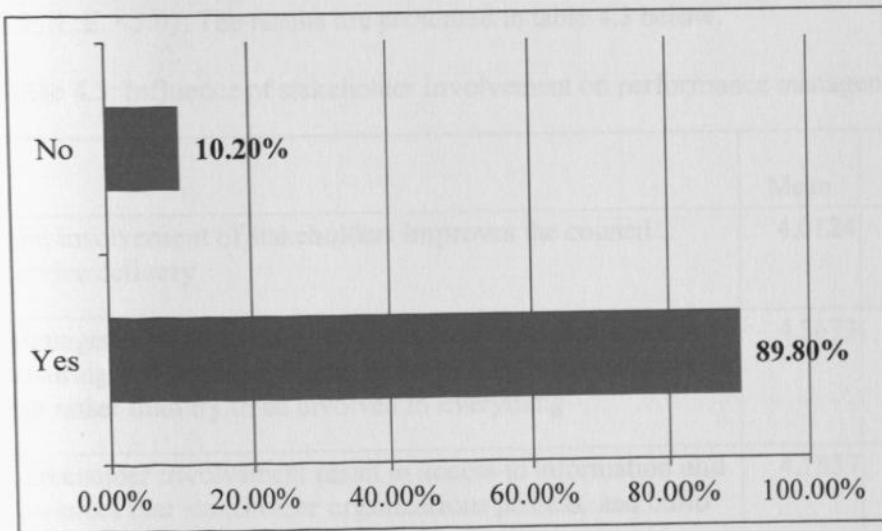
The analysis above indicates that 89.8% of the respondents were of the view that involvement of employees enhances trust, understanding and ownership of performance measures while 10.2% indicated that it will not enhance trust and understanding. The results indicate that employee involvement influences performance management in the council.

4.4.3 Influence of stakeholder involvement on performance management

The respondents were requested to give their opinion on the influence of stakeholder involvement on performance management in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous likert scale; ($0 \leq$ S.E <2.4). The scores of 'moderate' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale: 2.5 $\leq$M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; $3.5 \leq$ L.E. <5.0). The results are presented in table 4.3 below.

Table 4.3: Influence of stakeholder involvement on performance management

	Mean	Std. Deviation
The involvement of stakeholders improves the council service delivery	4.0124	.61237
Managers should avoid micromanaging their employees by ensuring that their employees understand what is needed in a job rather than try to be involved in everything	4.3673	1.05463
Stakeholder involvement result in access to information and resources that stakeholder organizations possess, and build support for their policies	4.1837	.90539
The council acquire resources for the public agency, reduce informational uncertainties related to political, economic and technical demands and deal with unexpected external events when they engage its stakeholders	3.9796	.77701
The council invites managers and employees on the development of the system in order to facilitate their buy-in, enhance their trust, understanding and ownership of the performance measures	2.0816	.88593

Stakeholders possess different types of information that organizations are not likely to possess, and that may improve policies in that stakeholders may provide evidence-based information that derives from their specific core tasks	4.0612	.68945
Stakeholders enable organizations to improve inter-organizational coordination of service delivery, in particular through reducing the likelihood of blind spots and duplication of services	3.8571	.57735
Performance of policies depends on the cooperation and the contribution of stakeholders to policy design and subsequent implementation	3.8776	.75368

The results indicates that the respondents were in agreement that the managers should avoid micromanaging their employees by ensuring that their employees understand what is needed in a job rather than try to be involved in everything (mean 4.3673), stakeholder involvement result in access to information and resources that stakeholder organizations possess, and build support for their policies (mean 4.1837), stakeholders possess different types of information that organizations are not likely to possess, and that may improve policies in that stakeholders may provide evidence-based information that derives from their specific core tasks (mean 4.0612), the involvement of stakeholders improves the council service delivery (mean 4.0124), The council acquire resources for the public agency, reduce informational uncertainties related to political, economic and technical demands and deal with unexpected external events when they engage its stakeholders (mean 3.9796), performance of policies depends on the cooperation and the contribution of stakeholders to policy design and subsequent implementation (mean 3.8776) and stakeholders enable organizations to improve inter-organizational coordination of service delivery, in particular through reducing the likelihood of blind spots and duplication of services (mean 3.8571).

On the other hand the respondents disagreed that the council invites managers and employees on the development of the system in order to facilitate their buy-in, enhance their trust, understanding and ownership of the performance measures. The results indicates that in order for the council to ensure prompt service delivery to the city residents, they ought to ensure that they involve all its stakeholder on performance management as these will ensure coordination of activities, access to information and support to the policies.

4.5 Continuous monitoring, feedback, dissemination and learning from results

The success of any organization is directly linked to the performance of its staff, and this requires not only good occupational skills, but also the much harder to define and measure behavioral skills which produce the environment for success.

4.5.1 Continuous monitoring and feedback

Figure 4.8: Continuous monitoring and feedback
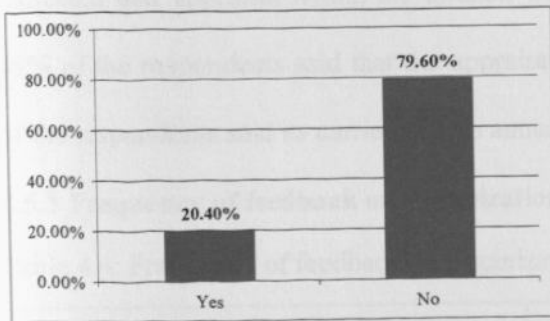
The analysis above indicates that 79.6% of the respondents were of the view that there is no continuous monitoring and feedback to its employees regarding their performance while 20.4% indicated that there exist continuous monitoring and feedback. Lack of continuous monitoring and feedback will affect service delivery in the council as the employees are not monitored and there is no feedback to its employees on their performance.

4.5.2 Frequency of performance reviews/appraisals

Figure 4.9: Frequency of performance reviews/appraisals
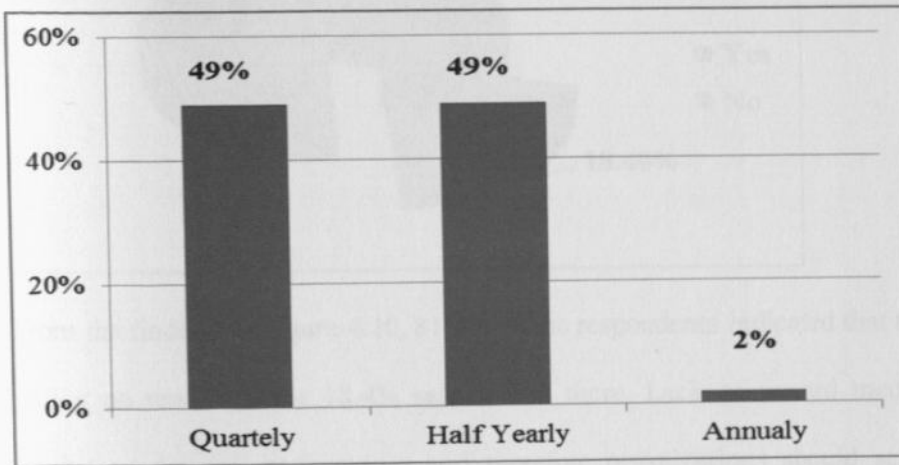
Performance appraisal is feedback system that involves the direct evaluation of individual performance by a supervisor, manager or peers. 49% of the respondents indicated that appraisal within the council was being undertaken on quarterly basis, 49% of the respondents said that the appraisal is carried out on half yearly while 2% of the respondents said its carried out on annual basis.

4.5.3 Frequency of feedback on organization performance

Table 4.4: Frequency of feedback on organization performance

	Frequency	Percent	Cumulative Percent
Quarterly	28	56.5	56.5
Half yearly	4	8.7	65.2
Annually	17	34.8	100.0
Total	49	100.0	

Feedback on performance varies from one organization to another, that is, 56.5% of the respondents receive feedback on their performance quarterly basis, 34.8% annually and 8.7% on half yearly basis. Quarterly feedback is preferred by the council as this will enable then to make necessary changes within reasonable time.

4.5.4 Policy guide on reward for meeting performance targets

Figure 4.10: Policy guide on reward for meeting performance targets
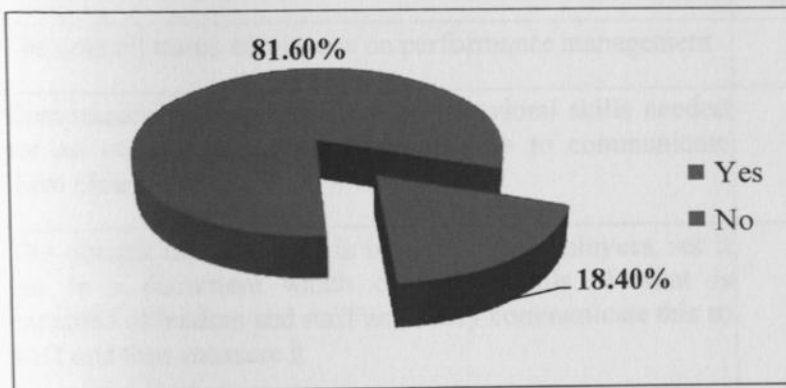
From the findings in figure 4.10, 81.6% of the respondents indicated that there was no policy on reward while 18.4% said it was there. Lack of reward mechanism will inhibit employees' performance and therefore organizations should set up reward mechanism to motivate employees towards achievements of organizational targets.

4.5.5 Perceived council continuous monitoring, feedback, dissemination and learning

The respondents were requested to give their opinion on the perceived council continuous monitoring, feedback, dissemination and learning in a five point likert scale. The range was 'very low extent (1)' to 'very low extent' (5). The scores of very low extent and low extent have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous likert scale; ($0 \leq$ S.E <2.4). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale: $2.5 \leq$ M.E. <3.4) and the score of both great extent and very

great extent have been taken to represent a variable which had a mean score of 3.5 to

5.0 on a continuous likert scale; 3.5≤ L.E. <5.0).

Table 4.5: Perceived council continuous monitoring, feedback, dissemination and

learning

	Mean	Std. Deviation
The council trains employees on performance management	2.1347	.7296
Competency frameworks identify behavioral skills needed for an organization and provide a way to communicate them clearly to staff	2.2898	.7671
The council identify what is important to employees, set it out in a document which contains details of what is expected of leaders and staff and fairly communicate this to staff and then measure it	2.0755	.9189
The managers and the subordinates jointly establish and clarify employee goals	1.9102	.7107
Goal/target setting establishes goals that are perceived as challenging but realistic and to which there is high level of commitment	1.8163	.8820
Ambiguity is reduced when specific goals are given specific goals	3.1224	.8324
Performance measurement and assessment facilitate performance by identifying obstacles to good performance and providing resources to accomplish objectives and encourage performance by providing a sufficient number of rewards that people care about, doing so in a timely and fair manner	2.8776	1.0922
Rewards reinforce and support organizational goals, work designs and employee involvement	3.3020	1.3577

The findings indicates that the respondents perceive that the respondents perceive the

council continuous monitoring, feedback, dissemination and learning to be low extent

as to goal/target setting establishing goals that are perceived as challenging but

realistic and to which there is high level of commitment (mean 1.8163), the managers

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and the subordinates jointly establish and clarify employee goals (mean 1.9102), the council identify what is important to employees, set it out in a document which contains details of what is expected of leaders and staff and fairly communicate this to staff and then measure it (mean 2.0755), the council trains employees on performance management (mean 2.1347) and competency frameworks identify behavioral skills needed for an organization and provide a way to communicate them clearly to staff (mean 2.2898).

The respondents on the other hand were moderate as to the performance measurement and assessment which facilitate performance by identifying obstacles to good performance and providing resources to accomplish objectives and encourage performance by providing a sufficient number of rewards that people care about, doing so in a timely and fair manner (mean 2.8776), ambiguity is reduced when specific goals are given specific goals (mean 3.1224) and that rewards reinforce and support organizational goals, work designs and employee involvement (mean 3.3020). The high variation in the standard deviation indicates that the respondents were not unanimous on the perceived effect of the councils' continuous monitoring, feedback, dissemination and learning on performance management.

4.6 Organizational Culture

Organizational culture is a major determinant of employee motivation and commitment which improves the organization performance. No matter how attractive incentives organizations give employees, some employees might not see those as realistic incentives for them. Performance management should include clear statements of the powers and authority of the enterprise management to make decisions, and any limits or exceptions to this authority.

4.6.1 Culture in the council support service delivery

Figure 4.11: Culture in the council support service delivery
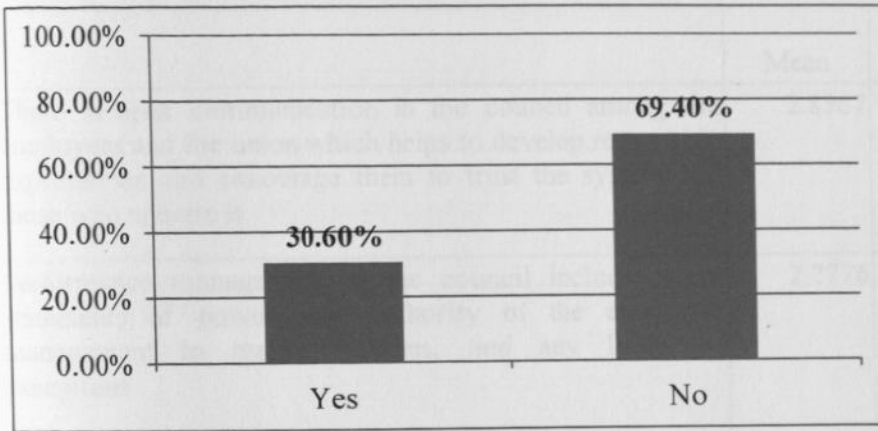
The results indicate that 69.4% of the respondents were of the view that the culture in the council does not support service delivery while 30.6% indicated that it supports service delivery. Lack of supportive culture in the council will hinder employees' performance which affects service delivery.

4.6.2 Training of employees

Table 4.6: Training of employees

	Frequency	Percent	Cumulative Percent
Quarterly	6	12.2	12.2
Yearly	23	37.3	59.5
Not at all	20	50.5	100.0
Total	49	100.0	

The findings on table 4.6 indicates that 47.3% of the respondents attend training on yearly basis, 12.2% of the respondents said they attend training quarterly while 50.5% indicated that they do not attend training at all. The proportion of those who do not attend training at all was half of the respondents and these will affect the performance of the employees as they are not trained to equip them with the necessary skills.

4.6.3 Council culture on performance management

Table 4.7: Council culture on performance management

	Mean	Std. Deviation
There is open communication in the council among the employees and the union which helps to develop reasonable expectations and encourage them to trust the system and those who operate it	2.8367	.8253
Performance management in the council includes clear statements of powers and authority of the enterprise management to make decisions, and any limits or exceptions	2.2776	.7808
Inter-agency coordinating committee exist in the council which ensures that all outstanding issues outside the control of the council are resolved and that the demands on the enterprise are properly coordinated	2.1837	.9719
Organizations face the problem of absenteeism, high employee turnover and reputation of the organization for qualified workforce which can be overcame through strong culture	4.4286	1.0408
The council undertakes training needs assessment	2.2041	1.0404
The council provides adequate training for continuous development	2.0939	.7959

The results on the effect of city council culture on performance management was that the respondents disagreed that the council provides adequate training for continuous development (2.0939), there is an inter-agency coordinating committee in the council which ensures that all outstanding issues outside the control of the council are resolved and that the demands on the enterprise are properly coordinated (mean 2.1837), that the council undertakes training needs assessment (mean 2.2041) and that performance management in the council includes clear statements of powers and authority of the enterprise management to make decisions, and any limits or exceptions (mean 2.2776).

On the other hand, the respondents moderately agreed that there was open communication in the council among the employees and the union which helps to develop reasonable expectations and encourage them to trust the system and those who operate it (mean 2.8367). At the same time they unanimously agreed that organizations face the problem of absenteeism, high employee turnover and reputation of the organization for qualified workforce which can be overcame through strong culture (mean 4.4286). The low standard deviation variation indicates that the respondents were unanimous that the culture of the organization influences the performance management.

4.7 Leadership Commitment

4.7.1 Leaders commitment to performance management

Figure 4.12 Leaders commitment to performance management
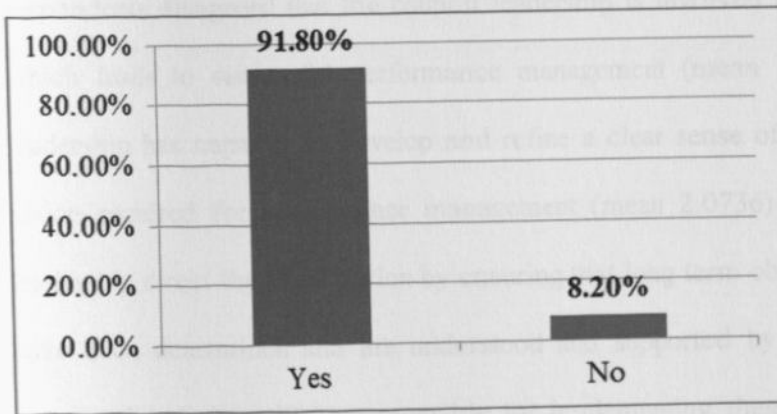
The findings indicates that 91.8% of the respondents said that the commitment by the council leaders to performance management affects service delivery while 8.2% said it does not affect service delivery. The leadership is the primary focus for any organization to achieve the organizational goals and to create organization commitment in their employees and these is not reflected in the council.

4.7.2 Leadership on performance management

Table 4.8: Leadership on performance management

	Mean	Std. Deviation
The councils leadership has capacity to develop and refine a clear sense of values, mission, and vision required for performance management	2.0736	.8897
The council leadership is involved in goal setting ability which leads to successful performance management	1.9939	.6832
The council leadership direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.	2.1633	.7996
Managers in the council have confidence that their efforts to set goals, enhance engagement, and develop optimism will result in improved performance	3.3265	.6888

The findings on the council's leadership on performance management was that the respondents disagreed that the council leadership is involved in goal setting ability which leads to successful performance management (mean 1.9939), the councils leadership has capacity to develop and refine a clear sense of values, mission, and vision required for performance management (mean 2.0736) and that the council leadership direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them (mean 2.1633). The respondents were however moderate as to the managers in the council having confidence that their efforts to set goals, enhance engagement, and develop optimism will result in improved performance (mean 3.3265). The low variation of standard deviation indicates that the respondents were in agreement with the city council leadership on performance management.

4.8 Discussion of the Findings

The perceived factors affecting employee performance in the City Council of Nairobi has been discussed in detail and its findings presented. The results show that majority of the councils employees do not understand and appreciate the concept of performance and this has affected the intended results of the institution in service delivery. With the staff lacking understanding of the operation of performance management, it was found out that this reduces the quality of customer service and increases resistance to changes as well as deterioration of harmonious working relationship between senior management and the employees. This finding is in tandem with the conclusion made by Kelman (2007) stating that in accomplishment of performance management there are steps to be followed by organizations in involvement of all employees through development of their capacity. The absence of the same will lead to resistance and reduced success rate of performance management.

Stakeholder involvement is a critical factor to be considered when designing the performance management of a firm. However, the study found out that the city council level of involvement was minimal and this affected the success of the practice in the council. As was highlighted by Lavertu and Weimer (2010) stakeholders possess different types of information that organizations are not likely to posses, and that may improve policies in that stakeholders may provide evidence-based information that derives from their specific core tasks.

The study found that organizational culture is a major determinant of employee motivation and commitment and which in turn improves the organization performance level. As such, performance management should include clear statements of the powers and authority of the enterprise management to make decisions, and any limits or exceptions to this authority be also highlighted.

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CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The purpose of this study was to determine the perceived factors affecting employee performance management in the City Council of Nairobi. This chapter will provide a summary of the findings, conclusions and recommendations to the City Council of Nairobi and recommendation on further areas of research.

5.1 Summary of the findings

The findings of the study showed that the respondents were from all the cadres in the council and thus the results represent the views of the whole organization with male being the majority and the difference being significant. The study established that majority of the respondents were over forty years an indication that they have a few years to retirement and at the same time majority of the respondents had attained university level and above. The findings indicate that majority of the respondents have worked for more than five years in the organization and thus they understand the organization well in regard to the need for performance management. The study found out that although majority of the respondents understands the concept of performance management, there are larger proportions that do not understand and these would affect service delivery by the employees. For those who understand performance management, they indicated that they appreciate the existence of performance management.

The respondents unanimously agreed that performance management reduce time-consuming and misunderstandings among staff about who is responsible for a certain

work, reduce the frequency of situations where information is not available when it is needed, save time by helping employees make decisions on their own by ensuring they have the necessary knowledge and understanding to make decisions properly, reduces mistakes and errors by helping the management and the staff to identify the causes of errors or inefficiencies and that it reduces micromanagement (the need to be involved in everything that goes on in the organization).

The city council does not involve its stakeholders in performance management and this does not enhance the employees trust, understanding and ownership of performance measures. The respondents were in agreement that the managers should avoid micromanaging their employees by ensuring that their employees understand what is needed in a job rather than try to be involved in everything, stakeholder involvement result in access to information and resources that stakeholder organizations possess, and build support for their policies, stakeholders possess different types of information that organizations are not likely to possess, and that may improve policies in that stakeholders may provide evidence-based information that derives from their specific core tasks, the involvement of stakeholders improves the council service delivery, The council acquire resources for the public agency, reduce informational uncertainties related to political, economic and technical demands and deal with unexpected external events when they engage its stakeholders, performance of policies depends on the cooperation and the contribution of stakeholders to policy design and subsequent implementation and stakeholders enable organizations to improve inter-organizational coordination of service delivery, in particular through reducing the likelihood of blind spots and duplication of services. The respondents at the same time disagreed that the council invites managers and

employees on the development of the system in order to facilitate their buy-in, enhance their trust, understanding and ownership of the performance measures.

The study established that the city council appraises its employees on quarterly basis and the shorter period is preferred to enable them determine areas where targets are not being met and make the necessary adjustments. Feedback on organization performance was received on quarterly basis by the respondents. The city council do not have a policy guide on reward for meeting performance and these demotivates employees as their efforts are not being rewarded. The respondents perceived the council monitoring, feedback, dissemination and learning as not contributing to performance management as it does not lead to goal/target setting establishing goals that are perceived as challenging but realistic and to which there is high level of commitment, the managers and the subordinates jointly establish and clarify employee goals, the council identifying what is important to employees, set it out in a document which contains details of what is expected of leaders and staff and fairly communicate this to staff and then measure it, the council training employees on performance management and competency frameworks identify behavioral skills needed for an organization and provide a way to communicate them clearly to staff.

The culture of the city council does not support service delivery and at the same time some employees are not being trained at all. The council's culture on performance management does not provide adequate training for continuous development, there is an inter-agency coordinating committee in the council which ensures that all outstanding issues outside the control of the council are resolved and that the demands on the enterprise are properly coordinated, that the council undertakes training needs assessment and that performance management in the council includes clear statements of powers and authority of the enterprise management to make decisions, and any

limits or exceptions. However, the culture allows for open communication in the council among the employees and the union which helps to develop reasonable expectations and encourage them to trust the system and those who operate it and that organizations face the problem of absenteeism, high employee turnover and reputation of the organization for qualified workforce which can be overcame through strong culture.

The leadership commitment to performance management affects service delivery in the council as the leaders are the ones who determine the availability of required resources, engage the employees about accomplishments, successes and improvements, and develop a culture in which individuals and groups take responsibility for continuous improvement of business processes and for their own skills and contributions. The council leadership on performance management does not get involved in goal setting ability which leads to successful performance management, does not have capacity to develop and refine a clear sense of values, mission, and vision required for performance management and that it does not direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them. The respondents were however moderate as to the managers in the council having confidence that their efforts to set goals, enhance engagement, and develop optimism will result in improved performance.

5.2 Conclusion

The study found out that most of the city council of Nairobi employees understands the importance of performance management as it reduces misunderstanding between

managers and employees, enable employees make decisions on their own and help management and the staff to identify the causes of errors or inefficiencies. The performance management in the council was being influenced by the stakeholder involvement, continuous monitoring, feedback, dissemination and learning from results, organizational culture and leadership commitment. These included possession of different information by stakeholders that derives from their specific core tasks that improves the council service delivery, lack of policy guide on rewards for meeting performance targets, lack of training for employees, lack of strong culture to control absenteeism, high employee turnover and reputation of the council and lack of leadership which leads to goal setting ability which leads to successful performance management.

5.3 Recommendations

The study found out that the council stakeholders including the employees are not involved and these affects service delivery by the council. It is recommended that the council involved all its stakeholders so that they can give their input which would result to policy decisions which are acceptable by all. Performance management should be linked to rewards which are defined on the policy guide on rewards. The city council does not have the policy guide on rewarding exemplary performance. It is recommended therefore that the city council should put in place policy guide on reward. Once the policy is in place, employees who meet and exceed their performance targets should be rewarded.

The study established that the council monitoring, feedback, dissemination and learning do not contribute to performance management. It is recommended that the management of the council should put in place measures that will ensure that the

goals set results to high commitment and set out what is expected of the leaders and the employees and communicate it to all. The council culture does not support service delivery, clear statements of power and authority and training for continuous development. It is therefore recommended that the council ensures that all its employees are trained regularly in order to improve their skills which will improve service delivery and at the same time change the prevailing culture which was cited as being an hindrance to service delivery. The study found out that leadership commitment to performance management was lacking in the council and it is recommended that the leadership should be at the forefront in promoting it through provision of resources, getting involved in goal setting, and directing the organization towards achievement of long term objectives.

5.4 Recommendations for further research

The study confined itself to City Council of Nairobi. This research, therefore, should be replicated in other councils and the results be compared so as to establish whether there is consistency among the councils on the perceived factors affecting performance management.

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APPENDIX I:

COVER LETTER

Lydiah Kaimuri Njeru

School of Business, University of Nairobi

P.O BOX 30197, Nairobi

June, 2012

Dear Respondent,

I am a postgraduate student at the University of Nairobi, School of Business where I am carrying out research on "Perceived factors affecting performance management in the City Council of Nairobi." This is in partial fulfillment of the requirement for the degree of Masters in Business Administration (Human Resource Management) Degree program at the University of Nairobi.

I hereby request you to respond to the questionnaires as honestly as possible and the best of your knowledge. The information provided will exclusively be treated with utmost confidence. neither your name nor any other details shall appear in my report.

Thank you in advance,

Yours sincerely,

18/06/2012

Lydiah Kaimuri Njeru

(Student)
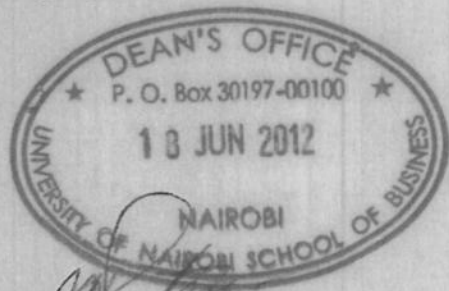
Mr. Stephen Nzuve

(Supervisor)

QUESTIONNAIRE

Please give answers in the spaces provided and tick ($\sqrt{}$) in the box that matches your response to the questions where applicable.

PART A: DEMOGRAPHIC AND RESPONDENTS PROFILE

1) Which of the following best describes your position in the council?

    a) Senior management level   ( )

    b) Middle management level   ( )

    c) Lower management level   ( )

2. Gender: Male   ( )   Female ( )

4. What is your age bracket? (Tick as applicable)

    a) Under 30 years   ( )

    b) 31 – 40 years   ( )

    c) 41 – 50 years   ( )

    d) Over 50 years   ( )

5. What is your highest level of education qualification?

    a) Post graduate level   ( )

    b) University   ( )

    c) Tertiary College   ( )

    d) Secondary   ( )

6. Length of continuous service with the organization?

    a) Less than five years   ( )

    b) 5-10 years   ( )

    c) Over 10 years   ( )

PART B: Performance management in the City Council

7. Do you understand the concept of performance management?

    Yes   ( )   No   ( )

8. If yes do you appreciate the existence of performance management in the council?

    Yes   ( )   No   ( )

9. To what extent do you agree with the following regarding performance

    management? Use 1- Strongly Disagree, 2- Disagree, 3- Moderate, 4- Agree and

    5-strongly agree.

	SD	D	M	A	SA
It reduces micromanagement i.e. the need to be involved in everything that goes on in the organization					
Saves time by helping employees make decisions on their own by ensuring they have the necessary knowledge and understanding to make decisions properly					
Clarifies responsibilities on tasks assigned					
Reduce the frequency of situations where information is not available when it is needed					
Reduces mistakes and errors by helping the management and the staff to identify the causes of errors or inefficiencies					

PART C: Perceived factors affecting performance management

A) Stakeholder involvement

1. Does the council involve its stakeholders (employees included) in performance

    management?

    Yes   ( )   No   ( )

2. Does the involvement of the employees enhance their trust, understanding, and

    ownership of the performance measures?

    Yes   ( )   No   ( )

3. To what extent do you perceive the influence of stakeholder involvement on

    performance management? Use 1- Strongly Disagree, 2- Disagree, 3- Moderate,

    4- Agree and 5-strongly agree.

	SD	D	M	A	SA
The involvement of stakeholders improves the council service delivery					
Managers should avoid micromanaging their employees by ensuring that their employees understand what is needed in a job rather than try to be involved in everything					
Stakeholder involvement result in access to information and resources that stakeholder organizations possess, and build support for their policies					
The council acquire resources for the public agency, reduce informational uncertainties related to political, economic and technical demands and deal with unexpected external events when they engage its stakeholders					
The council invites managers and employees on the development of the system in order to facilitate their buy-in, enhance their trust, understanding and					

ownership of the performance measures.					
Stakeholders possess different types of information that organizations are not likely to possess, and that may improve policies in that stakeholders may provide evidence-based information that derives from their specific core tasks					
Stakeholders enable organizations to improve inter-organizational coordination of service delivery, in particular through reducing the likelihood of blind spots and duplication of services					
Governments and its departments are dependent on stakeholder organizations, as the performance of policies depends on the cooperation and the contribution of stakeholders to policy design and subsequent implementation.					

B) Continuous monitoring, feedback, dissemination and learning from

   results

1. Does the council ensure that there is continuous monitoring and feedback to its

   employees regarding their performance?

   Yes   (   )   No   (   )

2. How often is performance review/appraisal carried out within the council?

   Quarterly   (   )

   Half yearly   (   )

   Annually   (   )

   Never carried out   (   )

3. How often do you receive feedback on the organizations' performance?

   Quarterly   (   )

Half yearly   ( )

Annually   ( )

Never   ( )

4. Is there a policy guide on reward for meeting performance targets?

   Yes   ( )   No   ( )

5. To what extent do you perceive the council's continuous monitoring, feedback,

   dissemination and learning from results? Use 1- Very low extent, 2-Low extent,

   3-Moderate extent, 4- Great extent, 5- Very great extent

	Very low extent	Low extent	Moderate extent	Great extent	Very great extent
The council trains employees on performance management					
Competency frameworks identify behavioral skills needed for an organization and provide a way to communicate them clearly to staff					
The council identify what is important to employees, set it out in a document which contains details of what is expected of leaders and staff and fairly communicate this to staff and then measure it					
The managers and the subordinates jointly establish and clarify employee goals					
Goal/target setting establishes goals that are perceived as challenging but realistic and to which there is high level of commitment					
Ambiguity is reduced when specific goals are given specific goals					

Performance measurement and assessment facilitate performance by identifying obstacles to good performance and providing resources to accomplish objectives; and encourage performance by providing a sufficient number of rewards that people care about, doing so in a timely and fair manner					
Rewards reinforce and support organizational goals, work designs and employee involvement					

C. Organizational Culture

1. Does the culture of the council support service delivery by the employees?

   Yes   ( )   No   ( )

2. How often do you attend training?

   Monthly   ( )   Quarterly   ( )   Yearly   ( )   Not at all   ( )

3. To what extent do you agree with the following regarding the councils culture on performance management? Use 1- Strongly Disagree, 2- Disagree, 3- Moderate, 4- Agree and 5-strongly agree.

	SD	D	M	A	SA
There is open communication in the council among the employees and the union which helps to develop reasonable expectations and encourage them to trust the system and those who operate it.					
Performance management in the council includes clear statements of powers and authority of the enterprise management to make					

decisions, and any limits or exceptions.					
Inter-agency coordinating committee exist in the council which ensures that all outstanding issues outside the control of the council are resolved and that the demands on the enterprise are properly coordinated					
Organizations face the problem of absenteeism, high employee turnover and reputation of the organization for qualified workforce which can be overcame through strong culture					
The council undertakes training needs assessment					
The council provides adequate training for continuous development					

D. Leadership commitment

1. Does the commitment by the council leaders to performance management affects

   service delivery in the council?   Yes   ( )   No   ( )

2. If the answer to the question above is yes, then how does leadership commitment

   affects performance management in the council?

   ....

   ....

   ....

3) To what extent do you agree with the following regarding the council's leadership

on performance management? Use 1- Strongly Disagree, 2- Disagree, 3- Moderate, 4-

Agree and 5-strongly agree.

	SD	D	M	A	SA
The councils leadership has capacity to develop and refine a clear sense of values, mission, and					

vision required for performance management					
The council leadership is involved in goal setting ability which leads to successful performance management					
The council leadership direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.					
Managers in the council have confidence that their efforts to set goals, enhance engagement, and develop optimism will result in improved performance					
The council leadership directs the organization by ensuring that long term objectives and strategies have been determined and understood and supported by managers within the organizations who will be responsible for implementing them.					

THANKYOU