

**EFFECT OF PERFORMANCE MANAGEMENT SYSTEMS ON
EMPLOYEES' ENGAGEMENT AT NATIONAL BANK OF KENYA
LIMITED**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
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DECLARATION

This research study is my original work and has never been submitted for any degree award to any college or University.

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This research work has been submitted for examination with my approval as the supervisor the University of Nairobi.

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DEDICATION

To the most high almighty God he gave me the gift of health, understanding and wisdom the entire period of research.

To my lovely wife, Maureen for being there for me when I could check in our home late, coming from the Library.

To my colleagues, for giving me enough courage and inspiration despite tight work schedule at the Bank.

To my Brother Dalton.J. Mwaghogho who challenged and inspired me that I will make it since he managed too, despite having limited time to meet with his supervisor.

To my mum love and wisdom which she shared with me to keep me going.

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The management and members of staff of the Mombasa Campus Library University of Nairobi, provided me with the opportunity to use various facilities for instance the eLibrary section, eLearning Portal. From the librarians' support, opened doors and created time to take me through Turnitin the plagiarism Software. I accessed the archives of the earlier MBA research findings, and also scholarly publications from a wider academic sphere.

Furthermore, I got an opportunity to get guidance from my supervisor Dr. Florence Muindi and other lecturers like Dr. Joseph Aranga for his support despite his tight schedule with other students he was supervising. Their timely support whenever I needed was accorded. From the scratch stage of building the topic, to the final stage of drafting and submitting this research work.

I managed to obtain my raw Data of analysis from the Branches of NBK across the country. Timely feedback of the data requested from them to enhance my project completion.

Under the review of literature, I quoted quite a number of scholarly publications, some of which were from the findings of earlier research work carried out by MBA students. Some scholarly papers from wider academia have also been used as reference materials.

Above all, I wish to praise God for his grace throughout the research project.

ABSTRACT

The topic of the study was to determine the effect of performance management systems on employee engagement at National Bank of Kenya Limited. Performance management system is expected to show a positive relationship on employee's engagement at their work stations, and assist them display their full potential. It was anchored on the three-component model and the self-determination theory. The components of performance management included Goal setting, Setting targets, Planning, Monitoring, Feedback, Appraisal and Reward. The targeted population were the 1030 employees of National Bank of Kenya Limited, countrywide. The sample population of 120 staff was selected randomly. This research paper source of data was obtained from primary and secondary sources. The collection of data was made possible through the administration of questionnaires which were delivered to respondents and collected, while others were emailed to distant respondents. The questionnaires were distributed countrywide in all branches including the head office of NBK. Statics of descriptive format like standard deviation, mean and frequency was used in the analysis of data. In conclusion drawing inferential statistics was applied. In conclusion of the study it was clear the period of time that the employees of NBK have been engaged in the bank is a confirmation that they are quite informed of the bank's day to day operations and their feedback on this study was relevant. In the study results it shows there was collection of data from senior most management, middle level supervisors, and the subordinate or other staff within the firm. From the outcome of the analysis of data and the research findings, conclusion can be drawn that members of the organization are very much aware of their employer's expectations, and the organization has the culture of encouraging information sharing, resources and knowledge. Conclusion can as well be drawn that if people are allowed to conduct their own work-related decisions, regulate their work and goal achievement, may lead to workers being more engaged in their work. In conclusion, it is evident that employee's engagement has a direct relationship to performance management ($r = 0.88$, $p < 0.001$). Recommendations from this study indicates that managers have a duty to involve the employees in the process of goal setting. The benefits of this is to make sure that employees have a clear picture of their targets. Additionally, the bank is required to have a consideration on how to encourage and recognize contributions that higher than the expectations. Supervisors need to encourage time to time deliberations about feedback and performance forums to have knowledge of which job aspects have more weight for each staff and which are the most challenging tasks. When such deliberations are ongoing, the supervisors can clarify what going the extra mile is like and come up with ideas for recognizing such efforts by the employees. To enhance increased engagement the management needs to ensure that employees' achievement in the long run. National bank of Kenya Ltd should as well recognize the experienced employees and their expertise.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The concept of performance management systems has clearly shown as being significant and attractive in the line of Human Resource Management. Most enterprises obtain their competitiveness from performance management systems which enable them procure great talents in their organizations allocate them relevant positions, ensure their individual goals are in line with those of the Organization, give them an opportunity to develop their skills, and recognize performance in relation with their input to the achievements of the organization. (Varma, Budhwar, and Denisi, 2008). The significance of an effective and efficient system of performance has become quite elaborate. According to (De Waal and Coevert, 2007). The ultimate objective as to why quite a number of enterprises require performance management systems is to ensure growth and development and enhance the potential of human assets and up their capacity to achieve and surpass targets and to ensure that their potential is achieved fully. Not only Performance management systems provide development but also guarantees that the guidance and support individuals require to come up with and improve is available already (Armstrong, 2009).

The study was anchored on the three-component model and the self-determination theory. The advancement of the three-component model was done by Schaufeli & Bakker (2004) stating that a job is a satisfying feeling of the mind which is well seen through vigor, absorption of employees and determination. They went ahead and said, Enthusiastic employees, have increased the level of mental resilience and energy. The feeling of relevant, proud, interest and inspired employees were connected to dedication. Absorption meant that one is highly glued to his work. Schaufeli & Bakker (2001) indicated that employees who were engaged took one of the greatest initiatives which brought about fascinating outcomes. Meyer and Gagne (2008) developed Self-determination theory which brings out the theory of satisfying needs based on factors like motivation which may show a clear theoretical framework for the engagement of employees. The three key

psychological needs fulfillment; competence, autonomy, and relatedness in an organization could be the one which results in high levels of engagement of employees as shown by SDT.

The motive of researching on National Bank of Kenya Ltd has been triggered by the fact that many banks have experienced the introduction of Performance Management which has brought about retrenchment of several employees over the past five years, and some enjoyed salary increment, while others were presented with an option of voluntary early retirement, while some succumbed to pressure which comes with Performance Management, the set goals and targets, finally they resorted to tender their resignation. This is according to standard digital on 30th Jan,2018 which highlighted statement from the Managing Director and C.E.O National Bank of Kenya Ltd.

1.1.1 Performance Management Systems

Performance Management systems has widely been defined as a step by step process which is conducted systematically for the good health of an organization which comes as a result of improving the employee's performance and that of the entire team. It is also a process and a way of achieving good outcomes by getting to learn and controlling performance in a set framework of objectives which have been pre-planned, standards as well as competency pre-requisites (Armstrong, 2009). Some writers may adopt the term of performance management systems as well as that of measuring performance interchangeable, but then these are not similar terms. According to (Hartog, 2004). The major goal is to ensure performances of an organization are maximized by use of a process of none stop improvement, this involves conducting reviews which are more of future oriented rather than the past. (Hartog, 2004).

Performance management systems facilitates the effective delivery of operational and strategic goals. Correlation between the use of performance management programs and enhances business and results of organization is evident and immediate (Daniels, 1999). The emphasis of performance management systems of the employees has been on planning of performance, rewards, evaluation and discipline (Armstrong and Baron, 1998). The contemporary approach as advocated by strategic human resource management (SHRM)

theorists sees performance management as a deliberate human resource intervention whose sole purpose is to align every employee's work efforts with the objectives of the organization, manage these efforts on a daily basis, measure employee's performance, reward them accordingly and stimulate individual development to enhance contribution of employee's c to the success of the organization. (Armstrong and Baron, 1998).

1.1.2 Employee Engagement

Engagement of employees is seen when people in a workplace are motivated positively and are even excited about their work and are ready to surplus their targets to get their job accomplished to the best of their ability. Research cited by IDS (2007) has pointed out two key scenarios that have to be present if real engagement is to be felt. The aspect which relates to workers getting to accept their responsibility, where it fits in the wider company, and how it is in line with the goals of the business. The second is emotional factor which is concerned with how people react to their employers, whether their work gives them individual achievement and how they relate to the team leader.

According to Bevan et al (1997) the work life itself brings about job satisfaction resulting to motivation from internal hence more engagement at work. According to Bevan et al (1997) a conducive work station brings about enthusiasm that impacts on engagement by influencing how individuals carry out their roles .it may also involve work procedures, tools of trade plus inputs and the environment at a work station. An engaged individual is somebody who has knowhow of organization process, he works hand in hand with colleagues to make sure performances of the organization are met for the good of the whole company. Improved balance sheet, Observation of company vision and mission and increased competitive advantage. Bevan et al (1997).

1.1.3 National Bank of Kenya Limited

The banking industry in Kenya is made up of 49 institutions with 43 of them as commercial banks, on-bank financial institution one, mortgage financial institutions two, and the remaining two under building societies. The competition for survival and growth within the industry is extremely intense- this has been one of the main challenge due to the poor economic performances in the recent past, decline in the inflow of investments and

shrinkage of profits (Central bank of Kenya, 2005). The Kenyan banking institutions have high-priority objectives which are published on their websites. From those objectives which are of high priority, departmental units, business unit and unit objectives are formed afterwards cascaded down to individual's performance plans, starting at the level of executives.

The Kenyan banking industry is seemingly relentless focused on self-improvement continues apace with its recent adoption of performance management solutions. A compelling benefit financial institution gain from increasing operations transparency is the ability to ensure the linkage between strategic initiatives and daily activities. PMS allow managers across an enterprise to view a consistent stream of daily performance data, at varying degrees of granularity. And the imperative to increase operational transparency is more compelling than ever. The Central Bank of Kenya insists on more rigorous disclosure. PMS solutions allow the financial organizations to meet two critical challenges. PMS help address the compliance needs of banks, and they also enable timely decisions that can ensure the efficiency and improved performance demanded by stakeholders in the Kenyan banking industry.

NBK is one of the commercial banks mandated by the regulator Central Bank of Kenya to give financial solutions and services in Kenya. The bank was registered as a fully-fledged commercial bank 50 years ago. During this period in time, this financial institution was under 100% government owned. Later on, the shares owned by the government was floated through initial public offer to the people of Kenya about 1/3 of the shares. And what was left was more than 2/3 of the shares. In the recent past the government has cut on its shares to stand at 22.5 % to date. The main reason behind the incorporation of this bank was to enable locals to gain accessibility to facilities such as credit and short-term loans and also to regulate the economy of Kenya years after independence. The bank offers services in need of personal loans, micro and medium business. It also provides banking, financial and related services to the retail and corporate business in Kenya. The bank also receives deposits through customers' accounts like Current account, Pinnacle, Jenga Biashara, wages account, Ushuru accounts, Amanah accounts fixed deposit accounts etc. with an

aim of aligning its restructuring strategy, in 2018 the lender sent home its 150 employees. In a statement released by NBK Chief executive officer and Managing director stated that NBK board had given a go ahead to institute a Voluntary early retirement which targeted permanent employees from the age of 35 years to align its performance management systems. The statement further stated the National Bank of Kenya Limited has too many employees who are not productive. This lay off was the second one after another one which took place in 2014 with a lay-off of 200 employees (Standard digital 30th Jan, 2018).

1.2 Research Problem

Performance management systems is expected to have positive relationship on employee's engagement at their work stations, and assist them display their full potential. (Armstrong, 2009) indicates that, the main agenda of performance management systems is to ensure that people's capacity is developed to meet and to surpass set targets and to reach their full potential to enhance their competitive advantage both as an individual and as a company at large. Performance management systems brings about an open forum for individual growth and development but more so it has to make sure that the guidance and support of employees needs to develop and improve is always present. According to Kahn's (1992) narrates to feel the presence of Employee engagement, there must be a relationship of improved job performance. Kahn's (1992) goes ahead to describe the psychological model together with Macey et al.'s (2009) value chain employee engagement model, which states that employee engagement being a key determinant in an organization' health.

The study on this field is triggered by what is happening in the job Market today, there is lack of job security. According to standard digital, 30th Jan, 2018, the introduction of performance management systems has impacted negatively to employees in commercial banks. The article further stated that at National bank of Kenya ltd, during review of employee performance in 2018, performance ratings would be used when assessing individual key performance indicators/key result areas as well as overall individual performance. But this was not the case, the results were used to dismiss non-performers unfairly without taking into consideration normal disciplinary procedures. The article stated that an email received in 2018 had brought in some light to some employees, since

it stated that salary increment for management will be distributed in percentage of gross salary depending on the performance rating.

Various studies have been carried out on employee engagement. In a study conducted by Cherono (2013) on the level of 360 degree adopted in an appraisal of performance by the commercial banks found out that 83.9 % of the commercial banks have adopted the rule of the appraisal through 360-degree. Therefore, this clearly indicates that 360 degrees as a method of appraisal is highly recommended in the banking industry. The researcher concluded in the study that is the aim of the 360-degree objective was met since it had been widely adopted by financial institutions in Kenya. In another study by (Maastricht, 2002) on important Behavioral factors for implementing successfully the use of systems of performance, which found out that, of the 18 behavioral factors, which came from behavioral factors from the literature, were seen to be to be significant to implementing successfully the use of systems of performance. However, studies on the relationship between performance management and employee's engagement was scarce Therefore, there is an existing knowledge gap in this study since the studies have been done in different sectors and not on employee's engagement. This study had the objective of sealing the knowledge gap by giving an answer to the question; what is the effect of performance management systems on employees' engagement at National Bank of Kenya Ltd.

1.3 Research Objective

To determine the effect of performance management systems on employee engagement at National Bank of Kenya Limited.

1.4 Value of the Study

The findings of this study shall be vital in the banking industry since it will enhance practice in the industry. This will be implemented through knowledge addition to current operational banks and the upcoming ones in the future on the relationship between employee engagement and performance management systems.

The study findings will also be adopted in setting up theories to the existing scholars on systems of performance management. This study will again further their knowledge on the connection between performance management systems and engagement of employees at the National bank of Kenya Limited and also find out the gaps for future scholars who will conduct their studies in this field.

The findings of this study may again be significant as a reference for the researchers in future on topics related. The findings and recommendations can be used by National Bank and other banks in the industry to inform their policies in the line of performance management systems

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The focus of this Section was on review of literature from other researchers obtaining their views, opinions and what they have recommended in their research studies.

2.2 Theoretical Review

Engagement of workers in an organization is becoming a very common concept in the line of practicing HR, you will find quite a number of intellectual properties done by various scholars but then no theory to construct. Several theories have been brought out by (Macey and Schneider (2008) touching on similarities of engagement and what it is all about. Therefore, this study categorically applied two theories brought in the following sections, the three-component model engagement and self-determination theory.

2.2.1 Three component Model Engagement

The advancement of this model was done by Schaufeli & Bakker (2004) stating that a job is a satisfying feeling of the mind which is well seen through vigor, absorption of employees and determination. They went ahead and said, Enthusiastic employees, have increased the level of mental resilience and energy. The feeling of relevant, proud, interest and inspired employees were connected to dedication. Absorption meant that one is highly glued to his work. Schaufeli & Bakker (2001) indicated that employees who were engaged took one of the greatest initiatives which brought about fascinating outcomes.

This indicates employees who are well engaged show an overwhelming effort and are enthusiastic about their work. Furthermore, in their findings, it was evident that there was existence of a connection within the following resources of jobs (feedback on Performance, coaching and monitoring, and socially supported). Schaufeli and Bakker (2004) also brought about another tool to be applied in work engagement measuring and they noted several deliverables to be measured like dedication, absorption, and vigor. In collaboration with other scholars, they came up with a scale on engagement at work known as Utrecht.

(Schaufeli & Bekker, 2003. Pinto, Salanova, & Bekker, 2002). Applying these tools, Schaufeli et al had put to test the connection between job performance and employee's engagement. on Dutch employees. According to Schaufeli and others, their findings had a positive Correlation Between role performance and work engagement.

2.2.2 Self Determination Theory (SDT)

This Theory as elaborated by Meyer and Gagne (2008) brings out the theory of satisfying needs based on factors like motivation which may show a clear theoretical framework for the engagement of employees. The three key psychological needs fulfillment; competence, autonomy, and relatedness, at a place of work could be the one which results in high levels of engagement of employees as shown by SDT. Edward Deci and Richard M.Ryan, (1985) were the first people to come up with the theory. Different scholars from different citizenship have advanced the theory. According to the SDT theory, the need to develop and grow is a determining factor and a trigger which people tend to grow and attain fulfillment. Whereas the motivating factor to most people is mostly an external recognition, STD concentrates on sources of motivation which are obtained from internal for instance the need to acquire more information and knowledge.

SDT further states that a feeling of the following by the employees needs to be present to enable them to make the achievement of such psychological growth. People need to attain different skills and have to master different tasks. A sense of belonging has to be felt by employees and also feel attached to other people. Employees also need to see their goals being regulated by themselves According to (Gagne & Deci,2005). Meaningful and most stimulating designs of jobs are connected to satisfied employees. Manager's acknowledgment of employees and provision of relevant feedback in a non-controlling manner can increase autonomous regulation.

2.3 Components of performance management

The components of performance management include Goal setting, Setting targets, Planning, Monitoring, Feedback, Appraisal and Reward. Goal setting or objectives of departments plus targets includes part of the performance management component applied

under this process. It includes setting objectives plus the various key areas of outputs of different units. The generation of goals and its measures in several departments is also carried out here, Williams (2000). Goals of different units set must marry with the company's set objectives and reflected downwards to the most junior employee in the firm. Objectives and set targets of Employee is another component. fundamentally, this focuses on bringing out individual employee's management of performance targets, which are mostly in line with the operating unit and to the organizational objectives at large (Williams 2000).

Setting targets involves focusing on outcomes. According to Williams (2000) employees cannot all the time control their outcomes. It is imperative to have targets on behaviors plus targets on the results. William suggested that individuals should have their own plan for development. This will again underpin the objectives achievements. It is important to have continuous coaching throughout the process where employees get guidance from managers by engaging in open deliberations and obtain feedback. Encouragement of performance comes from the team leaders by giving timely acknowledgment when employees achieve their targets (Ciasco 1996).

Planning involves coming up with goals the factors of performance management of employees are tasked with generating goals and set targets of a company. These factors may be values, competencies, and missions. Where an organization generates vital processes in highlighting significance performance required by a firm as a whole. According to the findings of Thompson and Bevan (1992) Business enterprises which had performance management systems in place had a high chance of having the Mission statement of the organization and to convey a message to the members of the organization.

Planning of employee performance is the other feature which is a common view of what to expect in performance. The next component according to Torrington (2005) most firms apply (SMART) targets. specific, measurable, appropriate, relevant and timed. He stressed that expectations of performances are supposed to show clarity plus if possible, encompass involvement of members of the organization. Objectives which are Specific give allowance

for and benefit from a high degree of input of employee, as employees will have a valid view of the barriers to overcome, the energy involved and feasibility.

Villanova (1998), states that performance management achievements rely on feedback from managers which are very accurate. employee performance Measurement is very imperative when it comes to managing performance process and it is concerned with the ongoing and accurate exchange of information related to performance. Gaps in Performance obtain instantaneous and determined attention giving the employee a growth opportunity in trustworthiness. For instance, professionalism, competence, and responsibility plus to moderate the levels of energy to lower discrepancies in performance Marcoux (2004). This may include employee's appraisal which deals with the evaluation of staffs current plus previous performance in relation to his or her standards of performance.

Appraisal in performance is a step by step procedure which involves three steps; definition of the job, appraisal of performance, and provision of feedback. Performance appraisal includes the use of the rating form. Williams (2000) states that there are two basic considerations when coming up with the design of the actual tool of appraisal, how to measure and what to measure. In what to measure the Performance of Employee may be measured in the form of qualities, quantities and turnaround time of the work done. On how to measure employee's performance engages quite a number of techniques.

Reward comes in when employees are recognized on merit by an increment of remuneration, bonuses and favorable appraisals. Even though rewards may contribute to a worker having a feeling of accomplishment and recognition, extrinsic rewards do not reward more intrinsic requirements of the staff of an organization (Odondi 2014)

Feedback on performance of an employee is the last component in this step by step process. This includes time to time formalized reviews, mostly focusing on agendas of development, resulting in the motivation of the members of the organization. According to Torrington (2005), There is a need for an end of the year reviewing of workers performance.

2.4 Employees Engagement Factors

According to Mutunga (2009), there are various factors of employee's engagement which are critical and may lead to engagement of Employee. These are Career development and Training, performance management, compensation, expectation management, job and life balance, trustworthiness, employee motivation of employees match plus leadership exceptional. International Research Survey (1994)

Engagement of employees is impacted by Career development hence most talented staff are retained resulting in the provision of personal development opportunities. The members of the organization require a feeling of clarity of the company's core values and are free from ambiguity for staffs to grow Upward, there is a need for the introduction of thorough training. There are two wholly opposed but widely expressed scenarios on the connection between interventions on training and turnover of employee (Torrington, 2005). The alternative view states for people to remain employable, there is a need for training and as a result, they may hop from job to job to enhance their career path elsewhere. Therefore, this view indicates that funds invested in the training of employees can be wastage of funds since ultimately its beneficial to other organizations which absorb trained workers.

Corporates which are successful display respect for qualities of each employee and their contribution regardless of their job levels. Ethical standards of an organization can as well result to employee's engagement. When it comes to decision making at workplace Employees requires to be involved. The preparedness level of employees in Support of the commodities and services which their companies provide its clientele is based majorly on their perceptions those goods and services' qualities. Increased employee engagement mainly is connected to increased engagement of customers. When the supervisors provide their employee with equal opportunities for development and growth, this will result in increased levels of engagement. When employees are appraised fairly, it gives an opportunity to find out their levels of engagement. For an organization to have smooth and increased levels of employee's engagements, they ought to adopt acceptable and standardized performance appraisal criterion (non-biased and with more transparency.)

when a firm applies two ways communication top to bottom, fully utilizing the correct organizational channels of communication, employee engagement will be noticed. Engagement levels are likely to go up when an employee is involved in making decisions and his rights to be heard are adhered to by the boss.

According to Pool, (2007) a business enterprise should put in place proper system of compensation for its workers to instill motivation in them in their work station. In order to trigger employee's engagement, incentives and other benefits should be applied to all members of staff. According to studies done, engagement levels are much lower if a worker does not have job security. Remuneration must be complemented with other incentives to improve engagement levels i.e. tangible and non-tangible rewards. This will up the employee's engagement levels (Ingham, 2007).

According to Shaw (2005), he reiterated for a firm to remain efficient and competitive, it is required to strike a balancing deal in their contributions in accordance to their results desired and ensure their energy is focused on increasing engagement under units which are bound to improve returns and performance. Engagement is driven by enterprises by taking advantage of the following change influence sources, staff of the organization, the company systems and its strategic plans in place. An enabling work environment for engagement of employees is enhance by these factors.

According to Thomas (2004), management needs to clarify and value the of employee. Actual, negotiations are essential; open communication honestly and openly will strengthen the engagement of employee-only it follows both ways. According to Thomas (2004), he suggested that leaders in a company should ensure that there is a sense of purpose with the members of staff. The organization structure and reporting roles are supposed to reinforce clarity and deliberations with transparent and accessible tools where employees' views are received.

According to Gratton (2000) behaviors of leaders as well as their actions act as a catalyst to the reputation of a business and that achievement in financial cannot be the only measure of success. According to Corporate Research Forum (2005), rebranding an organization is

only achievable when employees are engaged. Furthermore, rebranding is not focused on enhancing the perspective of “Feel and look”, alone, it also focuses on the emotional and psychological customer connection to an organization whereby its enhanced through employees who are engaged highly and have embraced brands of the organization (Levin and Sloane, 2005).

Gallup, (2005) states that peoples can be categorized into three components, the ones who are not engaged employees, employees who are engaged and those staff who are actively disengaged. Those who fall under builders and who quite frequently strive to excel in their responsibilities are engaged employees. They are dedicated on their work, less likely to resign from their positions, perform highly, portray excellent customer experiences, and in the end results to profitability to the firm. According to Coffman, (2003) they are quite enthusiastic to know what is expected of them so that they can meet them and go an extra mile. They are so passionate of their responsibilities and will stretch themselves beyond their normal routines to ensure their goals are met and to the set standards. (Frank et al, 2004) they speak positive of others and motivate them to use their service.

Employees Not engaged are determined with the duties assigned to them rather than the goals as set by the organization. They can only do what is in their job description. They are “checked out” and “sleep Walking throughout all day long. Basically doing what is necessary. Attending their job and obtaining prerequisites of the job done with no interest, passion, energy or any other individual investment (Gallup, 2005). According to Coffman, (2003) where a non-engaged employee adds no extra energy on their day to day duties as part of their everyday routine, the opposite happens to an engaged staff.

2.5 Empirical Review of Literature

In this competitive age one of the main strategies of most companies is to retain high reputation, is actually to absorb key employees for any position that arises in the organization and retain them to have a motivated and a critical workforce. So, what basically are managers of an organization required to attract, motivate and retain good talents? Today in any form of an organization, Human resource management not only play

the function as set traditionally, but it has expanded its roles to conduct a step by step performance of its members of the organization and monitor it with advanced systems which has been developed in the line of Human resource Management referred to as Performance management systems.

Nobody is informed techniques which are formal clearly on performance reviews were first introduced. Kontz (1971), Wei Dynasty emperor (AD 221-265) from the Chinese had an “imperial rater” which had a function to conduct performance official family’s evaluation. Loyola, I. (1491-1556) some years later came up with a rating system formally of the followers of the society of Jesus.

Jonston and Kaplan (1987) stated that there is a need to have new approaches in management to manage the organization performance as the traditional ways have become irrelevant. According to the research conducted by Hewitt Associates (1994) the impact of performance management on organizational success, justifies that performance management system impact positively on performance financially of 437 publicly held U.S Companies. The result of the research work indicated that organizations with performance management systems displayed stock market performance which is much stronger, improved profitability and enhanced cash flows than businesses without performance management techniques in place.

Armastrong and Baron (2004) reiterated that performance management system is a tool applied to enhance efficiency and effectiveness of managers. This means, they ensure that the employees under them have a clear picture of what is expected of them. Have the ability and skills to deliver supported by the company to develop the capacity to achieve what is expected of them.

2.6 Summary of Literature

According to the article, Bandura, and Lyons, (2014) organizational performance is boosted by Involvement of various aspects", findings of Few researches show clear connections between measures that supervisors and companies have employed and led to increase in employee’s engagement and performance. Since every business enterprise

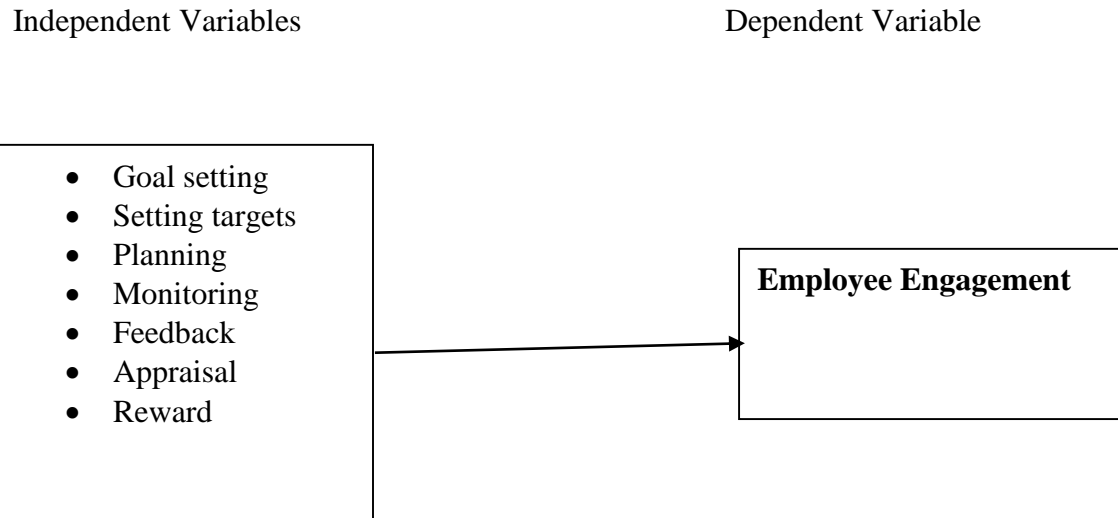
shows different factors and regulations, it is difficult to assert that measures that may have a different impact in one organization can as well give similar results in another firm (Anitha, 2014) thus knowledge gap.

However, there were some identified gaps for researchers to engage in future, this research can be done at different organizational levels, say medium and large scale to give strength to the model, in-depth analysis to be conducted, identified factors to give rise to personal effect on each employee engagement and hence increased performance of employees. A similar study to compare with this may also be made on this model and the previous model. According to Cardy, (2004) Performance has got an important effect on the effectiveness of an organization, therefore it has to be prioritized by managers immediately. (Buchner, 2004) clearly shows that today's organizations are faced with challenges which may need attention to performance management improvement. Another vital way to encourage performance is to consider practicing engagement of employee in an organization. Employee engagement is a significant tool to assist every organization become above average in an environment which is competitive.

Some vital factors indicating improved levels of performance of the members of the organization is Employee engagement as repeatedly shown in several studies (Macey et al, 2009; Banks, 2006) Employees engagement anticipates employees results, achievements of an organization, and financial stability. employees who are engaged have been seen to outshine their disengaged colleagues in the banks. Therefore, there is knowledge gap in other companies and different industries apart from the banks.

2.7 Conceptual Framework

Figure 2.1: Conceptual Framework



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The main focus of this chapter is on methods as well as approaches to be applied in gathering of data for this research paper. It highlights a comprehensive and a detailed description of a design of the research, the research population used in the collection of data, analysis techniques and the tools used in collecting the data.

3.2 Research Design

In conducting this research work, a case study was applied, this method is basically an analysis of qualitative features whereby the researcher focuses on one organization only. One detailed investigation of a particular subject is conducted (Mugenda, 1999). This method brings out a comprehensive detailed investigation from the respondents focusing on a wide range of issues to address the issues of this nature. Cooper and Schindler (2006) state that a case study gives a valuable and very focused insight into features which could not be clear or not easy to understand.

3.3 Population of the Study

The targeted population were the 1030 employees of National Bank of Kenya Limited, countrywide. (www.nationalbankofkenyaltd.co.ke.)

3.4 Sampling Technique and Sample Size

The respondents in target were selected randomly. They were 120 staff from the 1030 population of employees of NBK. This represented a 12 percent of the total staff at National Bank of Kenya Ltd which is a good representation according to Mugenda, (1999). This means a simple random sampling was employed in this study.

3.4 Data Collection

The study employed both secondary and primary sources of data. Semi structured questionnaire was used in primary data was collection where by the questionnaires were

divided into three sections. Section A comprised of demographic information of the respondents, section B Performance Management systems factors and section C the levels of employee's engagement. The collection of data was made possible through the administration of questionnaires which were delivered to respondents and collected, while others were emailed to distant respondents. Secondary sources of data was obtained from the HR department of NBK and the bank's annual Magazines.

3.5 Data Analysis

Summary of data was drawn from completed questionnaires coded and tabulated. Statistical techniques employed was descriptive statistics that is, standard deviation, mean as well as frequency distribution was engaged in the data analysis. The data was then presented as frequency distribution, percentages, mean, and standard deviation. In the drawing of conclusion, Inferential statistics was adopted. frequency distributions and percentages were used to analyze data in part A of the questionnaire to determine the profile of respondents. Mean scores and standard deviation was adopted in part B to determine the effect of performance management systems on employee engagement at National Bank of Kenya Limited. And to determine the impact of performance management system on organizational performance, mean scores of the Likert scale were used.

The study applied the following regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon.$$

Where:

Y = Employee Engagement

β_0 = Constant Term

β_1 = Beta Coefficient of variable 1 which measures the change Y to change in

X_1 = Goal setting

$X_2 =$ Setting targets

$X_3 =$ Planning

$X_4 =$ Monitoring

$X_5 =$ Feedback

$X_6 =$ Appraisal

$\varepsilon =$ Error term

CHAPTER FOUR: DATA ANALYSIS FINDINGS AND DISCUSSION

4.1 Introduction

A comprehensively discussed findings of the project is presented under this chapter so that the realization of the objectives of this paper is made possible. The analysis of data is conducted in relation to on the study objectives.

4.2 Analysis of General Information

One hundred and twenty questionnaires were distributed to respondents in NBK. However, only one hundred were filled and sent back, giving 83% representation of the response rate.

4.2.1 Respondents Gender.

In an effort to get gender of the respondents, it was captured as represented under table below.

Table 4.1: Gender of the Respondents

	Percentage
Male	66
Female	34
Total	100

Source: Primary Data

Table 4.1 above indicates that 66% of the respondents who gave their feedback were male with 34% of them being female.

4.2.2 Respondents' position at the bank

The research work aimed to find out the various posts held by respondents as indicated in the below Table 4.2.

Table 4.2: Positions held by the Respondents

Position at the Bank	Percentage
Senior Management	12
Middle level	28
Others	60
Total	100

Source: Primary Data

From Table 4.2 above, 12% of the employees worked for the bank in senior management position, 28% in middle level position and the rest other positions.

4.2.3 Education level of the Respondents

The researcher wanted to find out how far the employees of the bank have gone with education, as indicated in the below table 4.3

Table 4.3: Education level of the Employees

	Percent
Post Graduate Level	5
University Level	20
Tertiary College level	45
Total	100

Source: Primary Data.

Table 4.3 shows 5% of the respondents had attained post graduate education, 20% university, 45% tertiary and 30% secondary. This indicated that on average, the education level of staff at the NBK was well balanced.

4.3 Research Findings

The researcher's general objective was to determine the effect of performance management systems on employee engagement at NBK. Therefore, this section dealt with factors of performance management systems at the bank. It also explored the factors of employee engagement at National Bank of Kenya.

4.3.1 Performance Management Factors

The employees of the bank were requested to give a rating on a scale of 1 to 5; (1= to indicate not clear at all, 2= represents a less extent, 3= imply a moderate extent, while 4= indicates a great extent and finally 5= To a very great extent) to show the extent to which

performance management system factors applied to NBK Limited. In order to provide a generalized taste of all employees at NBK on how they felt, mean for various factors were established.

Mean greater than 1 and less than 1.5 imply that this factor had engagement of employees influenced to no extent. While Means greater than 1.5 and less than 2.5 imply that the action had an influence on employee engagement to a very little extent. When it comes to Mean exceeding 2.5 and not beyond 3.5 its clear that the employee's engagement was influenced by this activity to a moderate extent. Mean higher than 3.5 and below 4.5 clearly shows that the action had an influence on employee engagement to greater extent while mean more than 4.5 implied that employees' engagement was influenced by the activity to a very great extent.

When it comes to standard deviation on the other hand it has the description of how the respondents are distributed in relation to the mean. It indicates how far the responses of the employees to each factor has a variation from the mean. A standard deviation of greater than 1 shows that there is no agreement, more than 0.5 and less than 1, shows that the feedback was distributed moderately, while those below 0.5 implied that they are densely concentrated around the mean. A standard deviation of greater than 1 clearly shows that there is no agreement on the obtained responses. The outcomes are as shown in the below table.

Table 4.4: Rating of Performance Management Factors

	Mean	Standard Deviation
Our Bank sets realistic goals	3.16	0.94
We set targets that we are able to meet and surpass	3.20	0.76
Our Bank employs a participatory approach during planning	2.72	0.98
Monitoring of the Bank's activities is done effectively	3.64	0.76
Our Bank has an evaluation strategy which enables it to get honest feedback that it works upon promptly	4.00	0.65
We participate in designing appraisal forms which we fill honestly	3.20	1.04
Our Bank Rewards employees for good performance	3.52	0.87

As shown in the table above, it's clear at NBK employees agree to a great extent that evaluation strategy was present in their bank which enables it to obtain honest feedback that it works upon promptly to a moderate extent which was rated first with a mean of 4.00. Monitoring of the Bank's activities and rewarding employees for good performance have been put in place to a greater extent with means of 3.64 and 3.52.

There was an agreement from NBK employees that the employee's engagement was affected to a moderate extent by the rest of the factors. Target Setting that they could meet and go beyond and participating in appraisal designing of forms which they filled honestly each had a mean of 3.20. However, the fact that they participated in designing appraisals forms, did not show any consensus which they fill honestly as the standard deviation of 1.04, shows a significant variation from the mean.

To conclude, setting realistic goals and the bank employing a participatory approach during planning had been put in place to a moderate extent which indicated means of 3.16 and 2.72.

4.3.2 Employee Engagement

The main objective of this research work was to find out the effect of performance management systems on employee engagement at National Bank of Kenya Limited. Therefore, this section explores employee's engagement factors at NBK.

The employees at NBK were requested to give a rating of the factors on a scale of 1 to 5; 1 imply to no extent 2: implied to a little extent, 3; implied to a moderate extent, 4: indicates to a great extent, while 5: implied to a very great extent) the extent to which they reached to an agreement or disagreement with statements relating to the staff Engagement at National Bank of Kenya Ltd Means the establishment of the aimed to provide a general feeling of the employees feedback as a whole.

Mean greater than 1.5 and less than 2.5 shows that employees' engagement was influenced by the activity to a little extent. Mean more than 2.5 and below than 3.5 implied that the employee engagement was influenced by the activity to a moderate extent. Mean greater than 3.5 and less than 4.5 implied that the employees' engagement was influenced by the activity to a great extent, while mean greater than 4.5 implied that the employees' engagement was influenced by the activity to a very great extent.

Whereas on the other hand the standard deviation described the feedback of the employees in relation to the mean. It indicates how far the employee's responses to each factor has a variation from the mean. A standard deviation of 1 implied that the feedback are spread

out, more than 0.5 and below 1, implied that the feedback are distributed moderately, while below 0.5 indicates that they are congested around the mean. A standard deviation of more than 1 shows that there is no consensus on the obtained feedback. The outcomes are shown in the below table.

Table 4.5: Statements on Employee Engagement

I am not keen to leave my organization right now	3.04	1.00
I feel obliged to remain with my current employer	2.50	0.98
I would be very happy to spend the rest of my career with this organization	2.46	1.06
I really feel that this organization's problems are my own	2.71	1.12
Right now, staying with my organization is a matter of necessity as much as desire	2.75	1.19
I feel a strong sense of "belonging" to my organization	2.88	1.03
I feel "emotionally attached" to this organization	2.63	0.97
I feel like "part of the family" at my organization	2.71	1.04
This organization deserves my loyalty	2.88	1.12
I would not leave my organization right now because I have a sense of obligation to the people in it	2.21	0.88

This organization has a great deal of personal meaning for me	2.63	1.06
I owe a great deal to my organization	3.17	0.92
I have turned down better offers	2.46	1.32
I report absent from my work for no good reason	1.43	0.99
I observe punctuality	4.00	1.02
There is a work-life balance in the organization	3.21	0.72

Source: Primary Data

The response of the employees at NBK is that punctuality has been observed to a great extent whereby it had first ranking with a mean of 4.00. some of the factors had an influence on employee engagement to a moderate extent as drawn clear by their means. With the balance between life and work in the bank had an impact on employee engagement to a moderate extent indicating means of 3.21, and 3.17

To conclude, feeling like “part of the family” at National bank of Kenya Ltd as well as having a sense that the challenges of the bank are tied to them to a moderate extent influenced employee engagement having mean of 2.71. They as well had an agreement that having a feeling “emotionally attached” towards the bank and the bank with a great deal of personal meaning for them with means of 2.63 had an influence on employee engagement to a moderate extent. Feeling you won’t leave National bank of Kenya ltd obtained a mean of 2.50 of which moderate extent influenced employee engagement.

The employees of the bank had a consensus being very glad to remain their entire career with National Bank of Kenya Ltd and having rejected attractive offers with mean of 2.46 to a little extent influenced employee engagement. Not exiting the bank any time soon due

to the sense of having a duty to the employees in it and being absent from my duty for no genuine reason with mean of 2.21 and 1.43 had an influence on employee engagement to a to a little extent.

4.3.3 Relationship between Performance Management Factors and Employee Engagement

Table 4.6: Pearson's Correlations

		Employee Engagemen t	Goal Setting	Setting Targets	Plann ing	Monit oring	Feed back	Appr aisal	Rewa rd
Employee Engagemen t	Pearson Correlation	1	.302**	.325**	.259*	.266**	.107	.293*	.293*
	Sig. (2-tailed)		.002	.001	.008	.007	.286	.003	.003
	N	152	104	108	105	103	101	102	101
Goal setting	Pearson Correlation	.302**	1	.880**	.793*	.837**	.511*	.933*	.910*
	Sig. (2-tailed)	.002		.000	.000	.000	.000	.000	.000
	N	104	104	104	104	103	101	102	101
Setting targets	Pearson Correlation	.325**	.880**	1	.765*	.798**	.522*	.816*	.873*
	Sig. (2-tailed)	.001	.000		.000	.000	.000	.000	.000
	N	108	104	108	105	103	101	102	101
Planning	Pearson Correlation	.259**	.793**	.765**	1	.698**	.463*	.702*	.847*
	Sig. (2-tailed)	.008	.000	.000		.000	.000	.000	.000
	N	105	104	105	105	103	101	102	101
Monitoring	Pearson Correlation	.266**	.837**	.798**	.698*	1	.514*	.869*	.852*
	Sig. (2-tailed)	.007	.000	.000	.000		.000	.000	.000
	N	103	103	103	103	103	101	102	101

Feedback	Pearson				.463*			.485*	.494*
	Correlation	.107	.511**	.522**	*	.514**	1	*	*
	Sig. (2-tailed)	.286	.000	.000	.000	.000	.000	.000	.000
	N	101	101	101	101	101	101	101	101
Appraisal	Pearson				.702*		.485*		.887*
	Correlation	.293**	.933**	.816**	*	.869**	*	1	*
	Sig. (2-tailed)	.003	.000	.000	.000	.000	.000	.000	.000
	N	102	102	102	102	102	101	102	101
Reward	Pearson				.847*		.494*	.887*	
	Correlation	.293**	.910**	.873**	*	.852**	*	*	1
	Sig. (2-tailed)	.003	.000	.000	.000	.000	.000	.000	.000
	N	101	101	101	101	101	101	101	101

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.7: Summary of Correlations

		Performance Management Factors (Score out of 120)	Employee Engagement (Score out of 120)
Performance Management Factors (Score out of 120)	Pearson	1	0.822
	Correlation		
	Sig. (2-tailed)		0.001
	N	20	20
Employee Engagement (Score out of 120)	Pearson	0.822	1
	Correlation		
	Sig. (2-tailed)	0.001	
	N	20	20

Source: Primary Data

From the above Table of Correlations, it is evident that the correlation coefficient (r) equals 0.882, giving evidence of a relationship which is strong, as per the earlier conclusion $p < 0.001$ and shows that the coefficient is different from 0. In conclusion there is evidence that Performance management systems indicates a direct relationship with employee Engagement

($r = 0.88$, $p < 0.001$). Therefore, Performance management systems are likely to lead to Employee Engagement. These results is a confirmation of the research findings of previous studies of the three component model engagement (Saks, 2006; Schaufeli and Bakker, 2004).

4.4 Regression Analysis

In order to establish the overall variations in Employee Engagement that can be explained by Performance Management Factors, the study carried out a multiple regression analysis. The findings are presented in the following tables.

4.4.1 Model Summary

In order to establish the overall effect of Performance Management Factors on Employee Engagement, an average score for all the factors was computed and the table 4.8 gives a model summary of the results. From the model summary, $R = 0.338$, $R^2 = 0.114$ while adjusted $R^2 = 0.048$.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.338 ^a	.114	.048	3.15106

a. Predictors: (Constant), Reward, Feedback, Planning, Monitoring, Setting Targets, Appraisal, Goal Setting

4.4.2 ANOVA

The results of ANOVA indicated that the model was significant in predicting changes in Employee Engagement using predictor variables. This is shown in the Table 4.9.

Table 4.9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	119.160	7	17.023	1.714	.115 ^b
	Residual	923.414	93	9.929		
	Total	1042.574	100			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Reward, Feedback, Planning, Monitoring, Setting Targets, Appraisal, Goal Setting

4.4.3 Regression Coefficients

When an average score from a composite of Performance Management Factors is employed, the study findings are tabulated in the table 4.9 below. The coefficients give the following regression equation: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \varepsilon$.

Where:

Y = Employee Engagement; β_0 = Constant Term; β_1 = Beta Coefficient of variable 1 which measures the change Y to change in

X_1 = Goal setting; X_2 = Setting targets; X_3 = Planning; X_4 = Monitoring; X_5 = Feedback; X_6 = Appraisal; ε = Error term

From the study, the model is statistically significant in explaining changes in Employee Engagement. This is tabulated in the table 4.10.

Table 4.10: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.485	4.709		.315	.753
Goal Setting	-.032	1.293	-.009	-.025	.980
Setting Targets	1.468	1.170	.288	1.254	.213
Planning	.309	.840	.072	.368	.714
Monitoring	-.080	.828	-.021	-.097	.923
Feedback	-1.083	1.345	-.095	-.806	.422
Appraisal	.534	1.110	.152	.481	.632
Reward	-.317	1.283	-.082	-.247	.805

a. Dependent Variable: employee engagement

4.4 Discussion

The research findings have some similar themes with review of literature since they as well have a justification that employee engagement and Performance management systems relations can be put up. This is a clear confirmation that PMS results to high levels of employee engagement.

The employment of a Performance Management System which is successful requires willingness to conduct business processes evaluation in existence and an in-depth analysis of business and operational requirements. While putting in place a Performance Management System, a company must set up a team in charge of the project with experienced members need an insight on how line managers basically conduct performances evaluation in addition to developing and designing performance management systems. data analysis and decision making. They must seriously have an understanding on how business decisions are generated. Selecting the correct Performance Management tool set is also vital. Creating a successful Performance Management System

is to show a definition in advance the procedures of business engaged to produce and disseminate data and to share, calculate, and deliberate Performance Management analysis and conclusion.

Organizations which have achieved success have knowledge that to be a winner in today's competitive sphere development is a must, absorb, and talents retained and a workforce which is productive. Firms which are top in performance remain top as compared to their competitors due to performance management system put in place which enhances procurement of great talents, align their individual performance, position them in the right order, with the vision of organization and strategic objectives.

The positive outcomes of efficient performance management systems include increased profitability in that there is improvement in both the way people conduct themselves at their work stations and the results they produce. It was also noted that there is motivation of employee due to performance appraisals and rewards conducted commensurate with employee contributions. The bank strives to retain top performers which as a result employee have a feeling of having accomplished in their work become loyal employees. The performance management system results in enhanced balance sheet since loyal employees deliver dedicated service that result in loyalty of customers.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The focus basically under this chapter is the results gathered from data analysis, as well as the conclusions drawn. The chapter carries a number of comments and suggestions given by the feedback of NBK employees in the questionnaires. A summary of research Findings alongside the study objectives, drawn conclusion of study limitations, suggestions and the recommendations for further action have been stated.

5.2 Summary of the Findings

The feedback from employees indicated that having knowledge of employers' expectations at work had greatly influenced their engagement to a great extent. Next being the banks emphasizing the information dissemination, knowledge and resources; as well as getting a chance to get lessons and growth in the previous years, had an influence on employee engagement to a great extent. The employees of the bank further said that National bank of Kenya Ltd should clarify programs on career path and enhance empowerment.

An environment at work which is conducive should be created to make sure that the values of employee's are in line with those of the bank as well as transparency and integrity. Provision of good remunerations at the bank and rewards will enhance at work amongst leaders and their teams. The response from the staff also shown that being engaged in the development of strategy and communicating early strategies of the bank, , achievements within the organization to come up with teamwork at various sections at the bank, transparency levels with the senior managers and improved engagement and follow up on career development plans of the employees by the bank some of the features that highly had an influence on employee engagement.

Observing punctuality was ranked by employees feedback as influencing employee engagement to a great extent, followed by a work-life balance being in place in the bank; not having a feeling of hoping to another employer any time soon, having a strong sense

of “belonging” to national Bank of Kenya Ltd, loyalty deserved by the bank; sticking with the bank as an issue of need was rated to a moderate extent.

It was also highlighted that employee engagement will be displayed clear by good financial packages and incentive, initiatives taken to career developments to members of the bank are so attractive.

The feedback indicated that a relationship exists between performance management systems and employee engagement. From the Correlations Table, it can be observed that the correlation coefficient (r) equated to 0.882, is an indication of a strong relationship. $p < 0.001$. The relationship between performance management systems and employee engagement can be established through employer employee relationship and job gratification. This is confirmed by the fact that high levels of job satisfaction is obtained in line with efficient performance management systems. may be seen through those fascinating, feeling of being fulfilled, through the banks support towards them, recognition and obligation feeling towards the bank developed for its support and benefits. Highly satisfied employees who are satisfied highly will result to their increased engagement to the bank.

5.3 Conclusion

The employee’s length of work at the bank confirms that the respondents had clear knowledge of the operations of the bank and as such their feedback was relevant in this study. The outcomes have a clear picture that the research work was able to get data from junior staff, middle or supervisors and senior most management in the bank. Based on the feedback from the analysis of data and the research findings, conclusion can be drawn that the staff at NBK know what their employers’ expectations is all about. The management has the tendency of encouraging the information sharing, resources and knowledge.

Conclusion can as well be drawn that giving employees an opportunity to decide on their work-related issues which allows them to realize their targets may assist bank staff become more engaged in their assignments. To conclude, there is direct relationship in

employee's engagement levels and performance management systems has a ($r = 0.88$, $p < 0.001$). These outcomes have the confirmation of research findings of previous three component model Schaufeli & Bakker (2004)

5.4 Recommendations

Team leaders need to involve banks employees in the process of setting objectives. It is necessary since it ensures that employees have a clear picture of their goals, and promotes acceptance of objectives which are more challenging that they help define. Furthermore, NBK is required to have a consideration rewarding and motivate employees to surpass set targets. Line managers need to ensure that there is frequent discussions about performance and feedback forums at the bank to learn which job aspects hold the most enthusiasm for every member of the organization and the activities which have the greatest challenge. During such deliberations, line managers can define what stretching yourself beyond set targets all is about and come up with ideas for acknowledging high performers.

An environment which is friendly should be introduced to enable the values of the members of staff to be in line with those of the banks including integrity and transparency. Issues of the bank should be responded to promptly so as to guarantee a continued competitiveness in the industry. An investment in ICT should also be a priority by the banks to enhance digital performance management systems.

5.5 Limitations of the Study

The greatest challenges when conducting this research work is on the locations of branches of NBK which required was costly due various trips and other miscellaneous expenses. however, this was mitigated through the use of advanced technology, internal staff emails and coordination with my other colleagues from other branches across the country who fast tracked the questionnaires therefore less time was spent in the process of collection and analysis of data.

5.6 Suggestions for Further Research

The study data collection was from a different category of managers and team members of the NBK. Therefore, the research outcomes may not general to some other banks and business enterprises; Studies in various enterprises or commercial banks may generate different outcomes. For this reason, conducting this research work in a totally different set up would be recommended highly for validation and generalize the current findings across diverse industries. Inputs of various dimensions of psychological climate in finding out performance management systems and employee engagement need to be researched in depth since a generation of information which is more specific about perceived organization environment by the employees and how performance and engagement may be improved by their perceptions.

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Dear Respondent,

**RE: EFFECT OF PERFORMANCE MANAGEMENT SYSTEMS ON
EMPLOYEES' ENGAGEMENT AT NATIONAL BANK OF KENYA LIMITED**

Am currently a student of MBA at the University of Nairobi, School of Business. It is mandatory to present a project report as a partial fulfillment of the course and am currently researching on the subject above.

Kindly assist in filling the questionnaire provided plus other vital information as asked. The information provided in the questionnaire will be treated with the confidentiality it deserves.

Thanks to you all for your contribution and cooperation.

Yours sincerely

Allen M. Mwangombe.

APPENDIX II: QUESTIONNAIRE

Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions where applicable.

Section A: Demographic Characteristics of the Respondents;

1. Gender:

Male ()

Female ()

2. What is your Position in the organization? (Tick appropriately)

a) Senior Management ()

b) Middle level ()

c) Others ()

3. What is your highest level of education

a) Post Graduate Level ()

b) University ()

c) Tertiary College ()

d) Secondary Level ()

Section B: Performance Management Systems at the Bank

4) To what extent has performance management systems influenced your engagement at work? use 1-Not at all, 2- Small extent,3-Moderate extent, 4 Great extent, 5-Greater extent.

Components of Performance management systems	1	2	3	4	5
Our Bank sets realistic goals					
We set targets that we are able to meet and surpass					
Our Bank employs a participatory approach during planning					
Monitoring of the Bank’s activities is done effectively					
Our Bank has an evaluation strategy which enables it to get honest feedback that it works upon promptly					
We participate in designing appraisal forms which we fill honestly					
Our Bank Rewards employees for good performance					

Section C. Levels Employees have been Engaged

5) To what extent do you agree or disagree with the following statements relating to employee commitment? (Please rate 1: To no extent 2. To a little extent, 3: To a moderate extent, 4: To a great extent, 5: To a very great extent)

	1	2	3	4	5
I am not keen to leave my organization right now					
I feel obliged to remain with my current employer					
I would be very happy to spend the rest of my career with this organization					
I really feel that this organization’s problems are my own					
Right now, staying with my organization is a matter of necessity as much as desire					
I feel a strong sense of “belonging” to my organization					
I feel “emotionally attached” to this organization					
I feel like “part of the family” at my organization					
This organization deserves my loyalty					
I would not leave my organization right now because I have a sense of obligation to the people in it					
This organization has a great deal of personal meaning for me					
I owe a great deal to my organization					
I have turned down better offers					
I report absent from my work for no good reason					
I observe punctuality					
There is a work-life balance in the organization					

THANK YOU FOR YOUR TIME