

**PERCEIVED EFFECT OF PERFORMANCE MANAGEMENT PRACTICES  
ON EMPLOYEE SATISFACTION AT SWEDISH COOPERATIVE CENTRE**

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**A RESEARCH PROJECT SUBMITTED TO IN PARTIAL FULFILMENT OF  
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER  
OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, OF THE  
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Mr. Henrik Brundin the Regional Director and colleagues of Swedish Cooperative Centre in Kenya who were a very important part of this study. A special thanks goes to the Regional Director who granted the permission to undertake the research in the organization. My colleagues Maina Ndegwa, Esther Ngunju, Peter Maina Wachira and Titus Mule who accorded me necessary support.

To my family. My father Stephen Nderitu who taught me the importance of hard work and focus, My Mama Eunice Ngina who has encouraged me all through I couldn't thank you enough and special thanks to Mr and Mrs Muriithi. Above all my dear daughter Joanne Ngina who persevered with me all through when I could not make it to your school functions this is for you! I feel greatly indebted to all of you and take this opportunity to thank you all.

I am grateful to friends and College mates, Rachel Asoka, Hope Shume, Jude Lumumba and Abraham Birech for your encouragement and your support in one way or another.

## DECLARATION

This project is my original work and has not been presented to any other university for any academic award.

•Signed:     ^   ^   ^

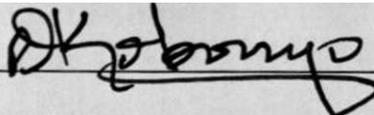
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## ABSTRACT

Performance management is one of the key Human Resource Management function and it highly involves both the employee and the manager to implement them. It is concerned with satisfying the needs and expectations of organizations stakeholders- owners, management, employees, customers, suppliers and the general public. However their ability to apply their skills, knowledge and work effectively together as a team is enhanced and improved over time through performance management systems and practices. Performance management is a system that affects everyone, one key question that may be asked, is the organization realizing results from its existing performance management system? There has been confusion around the term performance management, with the term being substituted for tools of performance management such as performance appraisal or performance related pay. The aim of this study was to assess the perceived effect of performance management practices on employee satisfaction at Swedish Cooperative Centre. This was a descriptive survey and data was collected from all the employees by use of a questionnaire and was analyzed through quantitative analysis. This study found that only some of performance management practices namely; Training and development, career development, performance related pay and rewards seemed to satisfy the employees. Even though the rest of the performance management practices were present in the organization they did not seem satisfy the employees or were not significant. They included Performance agreements, performance planning, managing performance throughout the year and reviewing performance. There was a link between years of service in the organization and some of the performance management practices whereby majority of the employees who had stayed in the Organization for more than 10 years seemed to be satisfied with the Training and development, rewards, performance related pay and rewards. This led to the conclusion that over the years the performance management practices gain familiarity to the employees. However the researcher recommended creation of a well-structured performance management process that will help both the Organization and employees in terms of improving the overall performance and communication. Communication will ensure that the employees are aware of the existing performance management practices and how they can use that for job satisfaction throughout their time with a given organization.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

The contemporary challenges facing organizations have led many of them to refocus attention on their performance management systems (Buchner, 2007) and explore ways to improve employee performance. According to Lawson (1995) a good performance management system enables individual employees develop their abilities, increase job satisfaction and achieve their potential to their own benefit and to that of the Organization. Scholl (2009) indicated that performance management system has long been equated with performance evaluation form where it consists of administering a performance appraisal system once a year, communicating the results and sticking the form in a file. A more advanced system may attempt to tie the appraisal form to compensation decisions and to training and development needs assessment. He further indicated that Performance management system can be defined as an integrated system of managing and improving performance of all organization members. This is done by identifying the firms competitive advantages, identification of behaviors and work outcomes required to maintain its competitive advantages, integrate behavior change, leadership, compensation, training and development, recruitment and selection, motivation systems all in an effort to eliminate any performance gaps between desired employee performance.

Performance management is one of the key Human Resource Management function and it highly involves both the employee and the manager to implement them. According to Armstrong (2004), people make an organization and the effectiveness of it human resources. Their ability to apply their skills, knowledge and work effectively together as a team is enhanced and improved over time through performance management systems and practices. Owalla (2011) indicated that good performance management gives organizations a competitive edge. According to Moore (2008) a performance management system and process would be used to give each individual employee a clear vision of their role in the overall mission and define measurable achievements. As this happens, employees begin to feel more involved and invested in their own, as well as the company's success. With regular feedback, they begin to see how their own individual contribution affects the overall objectives of the company by setting out clear, measurable performance goals for each individual and

department and it then becomes easier to identify where the weak links are and address them.

Performance management is a system that affects everyone, one key question one may want to ask, is the organization realizing results from its existing performance management system? Critical questions to ask is what does the organization want from its performance management system and what do the employees want from it? Davis & Rogers (2011) on the 'white paper' getting most of from the performance management system, indicated that there has been a major shift focus of performance management systems improving organization results and raising performance bar to employees wanting a good relationship with their leaders, meaningful work, cooperation from co-workers, opportunities for growth and advancement and a clear understanding of work objectives.

### **1.1.1 Concept of Perception**

Perception is the process by which organisms interpret and organize sensation to produce meaningful experience of the world Lindsay & Norman Perception is the process by which we create a meaningful picture of the world (Kotler 2004). Perception is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli. Perception not only creates our experience of the world around us it allows us to act within our environment. Perception has a strong impact on an individual descriptions analysis of events and subsequent behavior (Gordon, et al, 1990). The extent to which an individual perception of the events matches what is truly therefore in the depends on; One, factors at work in the perceiver such as individual physical health, intelligence, degree of open minded and general level of emotional well being . Two, the factors in the external situation such as whether this is a new experience or a repeat of past, extent of involvement of others especially those who bring strong positive messages i.e. encouragement and support, criticism and stress (Cole 2005). Perception is psychological and can be measured by qualitative factors such as people's attitudes, emotions, previous experience and their needs. People's attitudes have powerful influence upon what they pay attention to, what they remember and how interpret information (Arnold and Feldman 1986) Perception leads to decision making and action taking. At the most basic level the decision is to act and this

depends on how you develop motivation. With every action there is always a set of alternatives from which to choose, even though often times it might seem as there are no alternatives. The meaning you give to a stimulus you perceive will fundamentally shape the choices and actions you take in response to it (Lindsay & Norman 1977)

Rhodes and Einsenberg (2002) note the staff perception in any organization is important as they influence organization performance and output. Employee perception of fairness and unfairness is determined by how well particular event (s) or incidents (s) reflect on widely held beliefs expectations and norms. Perceptions vary from person to person, perceive things about the same situation but more than that, we assign different meanings to what we perceive and the meanings might change for a certain person. One might change one perspective or simply make things mean of something else. Nzuve (2007) articulated importance of perception by stating that people behavior is based on their perception to the reality. Perception adds meaning to information gathered via the five senses of touch, smell, hearing, vision and taste, it's the primary vehicle through which we come to understand ourselves and the surrounding (Nelson & Quick 2008) Perception is influenced by factors such as physical senses, health differences, general intelligence, nature and effects of past experience, innate abilities and learned skills, individual values and attitudes, personality differences, individual aspirations and goals, status, situation or context (Cole 2005)

### **1.1.2 Performance Management**

Performance management is a process which contributes to the effective management of individuals and teams in to achieve high levels of organizational performance (Armstrong & Baron 1998). Performance management traces its origin to three approaches to management namely merit rating, management by objectives and performance appraisal. These systems have been operated as a top-down approach incorporating an annual meeting that dwelt on the past and were used mainly to determine merit pay (Owalla 2011). Graham and Bennett (1998) defined performance management as the integration of employee development with result-based assessment and it encompasses performance appraisal, objective setting, appropriate training and development, and performance-related pay. Most organizations have an elaborate performance management framework that is part of their wider Human Resource management structure. Performance management does not focus on

individual employees as persons, but it focuses on the jobs, tasks, structures and procedures (Cole, 2002). Lawson (1995) indicated that the performance management system enables individuals develop their abilities, increase their job satisfaction and achieve to their own benefit and that of the organization as a whole. Performance management has been the main vehicle which managers communicates what is required from employees and gives feedback on how well they are achieving job goals. There has been confusion around the term performance management, with the term being substituted for tools of performance management such as performance appraisal or performance related pay (Bevan and Thompson 1991). However according to a survey Armstrong and Baron (1997) they found that the term encompassed a range of activities clustered around areas of development and reward, and also as a vehicle to integrate a number of activities focused on individual contribution, such as career planning, talent management, learning and development. Purcell, et al (2003) identified performance management as a key HR process in shaping management behavior and facilitating a positive relationship between manager and employee.

According to CIPD 2011 survey on current trends and practice of performance management, there was a surprisingly degree of agreement that performance appraisal, objective setting, regular feedback, regular reviews, performance related pay, assessment of development needs are the cornerstones of performance management. Other HR processes identified linked to performance management in their order of importance to employees included: learning and development, career development, coaching, succession planning, competency frameworks, talent management, job/work design, well being, flexible working, and occupational health. The survey found out that application rather than the process makes all the difference in terms of performance management. The process may remain the same but the ethos and value system within which it is implemented can make a significant difference and determine whether performance management is a mechanistic data collection exercise to determine development strategy or pay allocation. People are the organizations key resource and organization performance depends on them. Whatever activity or practice within performance management the organization may use, it is intended to reinforce and highlight areas that need improvement. Whereas most individuals may not want to discuss their performance modern performance

management frameworks seek among other things to identify weakness and provide a means for correction and improvement. (Kimani, 2011). Successful performance management requires buy-in of leaders at all levels both to ensure successful implementation to ensure effective management of information it generates.

### **1.13 Employee Job Satisfaction**

Human Resources Performance management in organizational context is aimed at achieving two major objectives, which include organizational profitability and employee satisfaction (Armstrong, 1999). Employee satisfaction is considered as key to organizational success. Khan (2007) defines employee's satisfaction with the job as how well one's personal expectations at work are in line with outcomes. Malik, Bibi and Rahim (2010) further stated that people enjoy working in those environments wherein they feel that they are making difference and where most people in the organization are proficient and pulling together to move the organization forward. Employee satisfaction will then relate to Human resources opinions on their work, pay, work relations, environment and facilities, their involvement and opportunities for career development (Armstrong, 1999).

Theories on job satisfaction (Rose 2001) have viewed job satisfaction as bi-dimensional concept of intrinsic and extrinsic satisfaction dimensions. Intrinsic sources of satisfaction depend on the individual characteristics of the person, such as the ability to use initiative, relations with supervisors, or the work that the person actually performs; these are symbolic or qualitative facets of the job. Extrinsic sources of satisfaction are situational and depend on the environment, such as pay, promotion or job security; these are financial and other material rewards or advantages of a job. Both extrinsic and intrinsic job facets should be represented, as equally as possible in a composite measure of overall job satisfaction.

Employee's satisfaction is measured by anonymous employees satisfaction surveys administered periodically to gauge employees satisfaction in areas such as management, understanding the mission and vision, empowerment, teamwork, communication and co-worker interaction (Susan 2010). Other methods of measuring employee satisfaction are through exit interviews and meeting with employees for the same questions verbally. Broom (1972) indicated that job satisfaction levels may be

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measured through employees feeling about pay, work itself, benefits, career advancement, coworker performance, supervisory guidance, productivity, training and development, working conditions, strategy /mission recognition other job options and comparative information. Wether (1993) recommended an audit of employee satisfaction as a means of learning how employees needs will be met. The audit will gather information on wages, benefits, career planning and feedback to employees on their performance.

#### **1.1.4 Performance Management Practices and Employee job Satisfaction**

Performance management is concerned with satisfying the needs and expectations of organizations stakeholders-owners, management, employees, customers, suppliers and the general public (Armstrong 2000). He further indicates that performance management practices include extensive and relevant training and management development activities, incentivized pay systems and performance management Processes.Philphott and Sheppard (1992) indicated that performance management practice is a means of getting results from a whole Organization by understanding and managing performance within an agreed framework of planned goals standards and competence requirements. Dessler (2003) suggested that performance management practices may include goal setting workers selection and placement, performance appraisal, compensation training and development and career management. The can generally be termed as ways and means through which manager defines the employees goals and work develops and employees capabilities and evaluates and rewards the persons effort.

Performance at work is interdependent with employee satisfaction. Participative approach to performance management allows employees to respond in terms of their flexibility, cooperation, commitment and eventually satisfaction. (Torrington 2008). However performance management should be managed at individual level and organizational level, however based on the two organizations and employees taking ownership of performance management adds up well to employee's satisfaction. Robby (2010) indicated that practices relating to people, performance management and organization results also show association with employees satisfaction. He further indicated that employee performance at work is interdependent with employees

satisfaction in the sense that when employees perform well by meeting their goals, they derive satisfaction from this and this propels them to perform even better.

#### **1.1.5 Swedish Cooperative Centre**

Swedish Cooperative Centre is a NGO (Non Governmental Organization). A nongovernmental organization is any nonprofit, voluntary citizens group which is organized on a local, national or international level. They perform a variety of tasks and humanitarian functions, bring citizens' concerns to governments, advocate and monitor policies, ([www.ntio.org](http://www.ntio.org)). Founded in 1958 by the Swedish Cooperative movement the founders are national federations representing all major Swedish cooperative sectors where the cooperatives and sectors play a central role in Swedish society and economy. SCC members contribute with their commitment, funds and technical expertise to provide a strong base for SCC development. SCC is a global organization with three regional offices and operational in more than 20 countries worldwide. The Regional office for Eastern Africa region is based in Nairobi-Kenya and is the focus of this study. Within the region Kenya, Uganda, Tanzania and Rwanda are covered within the East African Region. The main regional office is located on Lower Kabete road in Nairobi. The other field offices are located in Machakos Kisumu and Kericho and staffs are spread out within the field offices. However all activities are coordinated from the regional office in Nairobi this includes Human Resource and Administration functions. The staffs work in programs namely: Rural Development, Financial Services, Housing and HIV& Gender Mainstreaming. The main vision of the organization is *"We believe that we can together with partner organizations countries contribute to reduced poverty and increased global justice.* Programs are tailored to work towards the vision and this is done with already identified partner's organizations to strengthen their democratic and economic development. The main focus is on women and men who are members of potential members of democratic organization. Swedish Cooperative centre only work with partners organizations supporting mobilization and the development of member based organization with the aim of indirectly and in the long term perspective reaching the most vulnerable among the poor. The Regional office Kenya has a total of 25 staff spread across the field offices, program officer's in charge of the different programs and all reporting to the Regional Director. The support staff report to the Human

Resource officer. The composition of staff includes both expatriates and locally employed staff ([www.sceportal.org/Africa](http://www.sceportal.org/Africa)).

## **1.2 Problem Statement**

Freeman (2003) indicated that performance management is concerned with satisfying the needs of an organizational stakeholders-owner's management, employees, customers, suppliers and the general public. Performance management plays a vital part in motivation it is an ingredient of job satisfaction. If the objectives are unclear, criteria for measuring the objectives are unclear, and employee lacks confidence that their effort will lead to recognition and employees work below their potential. Qualitative aspects like employee motivation and satisfaction are now taking centre stage and these factors and effects of these factors in business performance must be recognized (Mwongera 2011).

Swedish cooperative centre has performance management practices which include performance planning, appraisal, both referred to as staff dialogue held in periods between the year and training and development programs (SCC Employees handbook 2008). A study by Ndegwa (2008) on factors that influence staff motivation in Swedish Cooperative centre found that a major cause of demotivation was the non-development of dialogue /appraisal parameters which can appraise and provide feedback on staff performance, lack of a conducive working environment varied challenging tasks, continuous appraisals and regular consultations. Career development was also not very strong.

In other studies Owalla (2011), in her research on Performance management practices in supermarkets in Kisumu found that was general dissatisfaction with the level of application of various performance management practices. The researcher recommends further research on small and large organization so as to make comparisons. Lugulia (2011) in his research on employee performance management practices in Kenya Sugar board found a disconnect of the coordination of the performance management practices especially where the HR function was missing. He recommended further studies on non monetary rewards as a performance management practice tool. Ngatia (2011), in her study performance management practices among stock broking firms, found that there was need to identify various

practices 'best practices' that should be incorporated in the performance management system so as to make it more effective in improving performance of employees. She further suggested further research on challenges that organizations may face in implementation and management of the practices

M'mbui (2011) in her study on the effect of performance appraisal on employee job satisfaction at Kenya Revenue Authority identified a positive and significant relationship between the two. She recommended further research on the use of the tool in achieving employee's satisfaction. Mwongera (2011) in her study on the effects of balanced scorecard performance management system and employee job satisfaction at Cooperative bank of Kenya found that the balance score card contributed greatly to employee job satisfaction. The researcher recommended further research on other tools used in performance management that lead to employee satisfaction. Nginyo (2010) employee performance management practices among insurance companies in Kenya found that there was a dissatisfaction on the level of application of various performance management practices within the organization and recommended further research on the same for other organizations arguing that different industries have unique characteristics and critical success factors that affect sustainable employee performance management practices.

While the studies above have been done on employee performance management practices, performance management tools such as appraisals, balance score card and job satisfaction, none has focused on performance management practices and its influence on employee satisfaction at Swedish Cooperative Centre. This study will seek to further investigate if there was an improvement after Ndegwa (2008) study. This study therefore is aimed at filling this knowledge gap by answering the question: What is the effect of performance management practices on employee satisfaction? It will also seek to incorporate recommendations from past researchers to make comparisons.

### **1.3 Research objectives**

To determine the perceived effect of performance management practices on employee's job satisfaction at Swedish Cooperative Centre.

#### **1.4 Value of the study**

The study will provide information to widen knowledge on performance management and employee satisfaction in order to inform managers of similar organizations on the subject.

The findings of the research project will offer information to later researchers studying the same subject for improved results. The study will also contribute to wider knowledge both in research and academics in the area of performance management

Lastly the research project will also form an important reference for the management and staff of the Swedish cooperative Centre. The employees will find the findings of this study as a base to negotiate with their employers for fair and effective performance management processes and procedures that would satisfy them.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Performance Management

The term performance management gained its importance from the times when competitive pressures in the market place started rising and organizations felt the need to introduce comprehensive performance management process into their system for improving the overall productivity and performance effectiveness this is in reference to the managementstudy.com (2008). According to Owalla (2011) the evolution of the performance management process and its origin can be traced to early 1960's when performance appraisals were in place and known as Confidential Reports (ACR's) which were maintained for controlling behavior of the employee and any negative remark was used to adversely affect the prospects of career growth of the employee. It has however since evolved to be more development driven, target based participative and open. Importance has since been given to culture building, team appraisals and quality circles for assessing and improving the overall employee productivity.

Armstrong (2004) indicated that Performance Management is a process of establishing shared understanding about what is to be achieved and how it is to be achieved to managing and developing people that improves individual team and organizational performance. He further describes it as a strategic and integrated approach to delivering sustained success to organization that focuses on performance improvement and employee development. Dessler (2011) indicated that Performance management is the continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning it with the organizations goals. Its basic building blocks include direction (goals) sharing, goal alignment, ongoing performance, monitoring ongoing feedback, coaching and rewards and recognition. Moore, (2010) indicated that every company, regardless of its size, can benefit from creating a culture where attention and value is placed on the employee's individual contribution while still maintaining a focus on the bottom line. He therefore indicated that there must be an appropriate attention to all the organization's stakeholders in terms of setting targets of what they should do and the means to do it with over a definite period of time and a commensurate reward. Moreover, the organization must provide the necessary environment for all its players to produce optimally. Therefore,

the Human Resource department must formulate a performance management strategy alongside the corporate strategy since it is a powerful tool necessary for undertaking the mission of the organization thus realizing its vision. Performance management is a set of activities aimed at improving employee performance. It is an ongoing process undertaken in partnership with the employee and his immediate supervisor that involves establishing clear expectation and understanding the job functions (Becker, 1996).

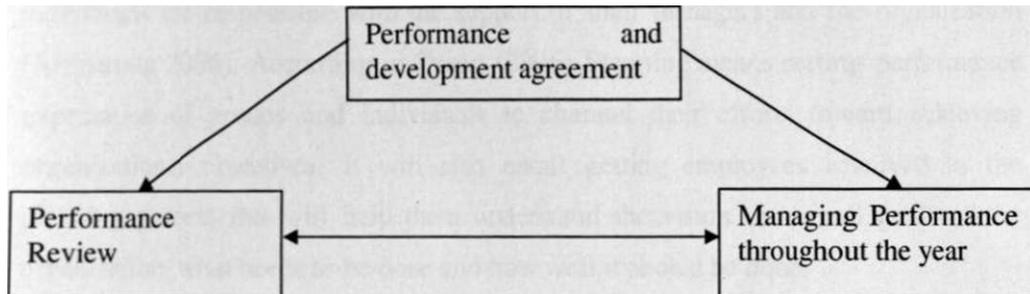
Lugulia 2011 indicated that benefits accruing from performance management include performance data from performance measurement used for compensation, performance improvement and documentation, staffing decisions like promotion, transfer, discharge layoff, training needs analysis, employee development. Information will also identify weaknesses which can be used in setting goals and target level of improvement. In other words, what are the goals of performance management? Lee (2005) indicated that the real goals of any performance management systems are three fold, to correct poor performance, to sustain good performance and improve performance. According to the CIPD 2011 survey on 'Performance management in action: current trends' they indicated that if performance management is done badly it can disengage staff, foster unproductive activities, waste effort and misdirect rewards.

## **2.2 Performance Management practices**

Armstrong (2003) summarizes high management practices to include rigorous recruitment and selection procedures, extensive and relevant training, management development, incentive pay systems and performance management process. Ngatia (2011) suggested that there is need for organizations to identify the 'best practices' that should be incorporated in performance management system so as to make it more effective in improving performance of employees. Performance management should be regarded as a flexible process not as a system. The use of the term 'system' implies a rigid, standardized and bureaucratic approach that is inconsistent with the concept performance management as a flexible and evolutionary albeit coherent, process that is applied by managers working with their teams in accordance with the circumstances in which they operate (Armstrong 2006). He further indicates that

performance management can be described as a continuous self-renewing cycle as illustrated below

Performance Management cycle:



Source: Armstrong (2006)

Parts of the cycles described

Planning: concluding a performance and development agreement

Acting: Managing performance throughout the year

Reviewing: Assessing progress and achievements so that action plans can be prepared and agreed and, in many schemes performance can be rated.

### **2.2.1 Performance Agreements**

Armstrong (2006) indicated that Performance agreements form basis for the development, assessment and feedback in the performance management process. They define expectations and key result areas and competencies required for effective performance. It also incorporates any performance improvement plans that may be necessary and a personal development plan. It describes what individuals are expected to do but also indicates what support they will receive from their manager. An assessment of past performance leads to an analysis of future requirements. It will also include objective setting that results in an agreement on what the role holder has to achieve which is an important part of performance management process and forms a point of reference for performance review.

### **2.2.2 Performance Planning**

The performance planning part of the performance management sequence involves agreement between the management and the individuals on what the latter needs to do to achieve objectives, raise standards, improve performance and develop the required

competencies. The aim is to ensure that the meaning of the objectives performance standards and competencies as they apply to everyday work is understood. This then includes a personal development plan which provides a learning action plan for which individuals are responsible with the support of their managers and the organization (Armstrong 2006). According to Tyson (2006) Planning means setting performance expectation of groups and individuals to channel their efforts toward achieving organizational objectives. It will also entail getting employees involved in the planning process this will help them understand the vision or overall goals of the organization, what needs to be done and how well it should be done.

### **2.2.3 Managing Performance throughout the year**

Performance management will only be effective if it is consistent throughout the year and made as a program. (Armstrong 2006) indicated that an important concept of performance management is that is a continuous process that reflects normal good management practices of setting direction, monitoring and measuring performance, and taking action accordingly. The main activities that take place during the course of managing performance throughout the year are monitoring business progress, providing feedback, updating objectives and continuous learning on the job through coaching. It involves individuals managing their own performance and managers providing feedback, support and guidance as necessary. Taylor et al (1984) proposes that regular feedback should bring closer agreements over performance standards between employees and the organization.

### **2.2.4 Reviewing Performance**

Although performance management is a continuous process it is still necessary to have a formal review once or twice yearly. According to [managementstudyguide.com](http://managementstudyguide.com) (2008) the entire review seeks an active participation of both the employee and the employer (appraiser) for analyzing the causes of loopholes in performance. Armstrong (2006) indicated review of performance provides a focal point for consideration of key performance and development issues. This performance review is the means through which the five primary performance management elements of agreement, measurement, feedback, positive reinforcement and dialogue can be put to good use. He further indicates that the true role of performance management is to look

forward to what needs to be done by people to achieve the purpose of the job to meet new challenges, to make even better use their knowledge, skills and abilities.

### **2.2.5 Training and development**

Training is seen as key method of eliminating artificial barriers to individual development and capabilities and when workers receive self development training, the level of their job satisfaction is higher (Saks, 1996). Nzuve, (2007) defines training as the process that enables people to acquire knowledge and learn new skills and perform tasks better than before. It attempts to teach a person how perform particular activities or a specific job. When properly done it benefit both the organization and the employee. Training is mainly to improve knowledge, improve morale, increase confidence and motivation, eliminate risk, lower turnover and absenteeism and generally give a sense of satisfaction. (Gagne and Deci 2005).

Development is an ongoing process, as people work longer they need to continually develop to improve their skills, knowledge and competences. Armstrong (2000) asserts that proper human resource development delivers increased productivity, superior performance of the firm and even attraction of quality staff. Management development is related to organizational development and it involves identifying future directions for the organizations. It further involves increasing the organizations present and future capability in attaining its goals which includes avoidance of both managerial and professional obsolesce and constant challenges in a highly competitive changing world Nzuve (2010).

### **2.2.6 Career development**

Career is the pattern or sequence of work roles and has been used to imply upward movement and advancement in work roles (Collins and Watts 1996). The primary purpose of career development is to meet the current and future needs of the individual at work. It further involves career management and career planning. Gomez, 2010 defines career planning as the deliberate process through which someone becomes aware of their personal skills and interests, knowledge and motivation and other characteristics and acquiring information about opportunities and choices, identifies career related goals and establishes action plans to attain specific goals.

Dessler (2008) indicated that career development includes job rotation, mentoring, coaching, spontaneous meetings between managers and employees to discuss employee's career goals and development. When employees have opportunity to learn, new and additional career development they will feel a sense of personal growth which increases job satisfaction (Bellenger 1998).

### **2.2.7 Performance Related Pay**

Luguiia (2011) indicated that although many organizations have introduced performance related pay as a response to the labor market the major motive has been to bring about motivational or performance improvements. Jackson (2009) argued that for performance based pay to work there must be a strong link between reward and performance measures and employees must know about it. Clear policies help and should be communicated to employees in advance so that they are made aware how their performance will be rewarded. He further indicated that once established, policies should be followed and not changed before rewards are distributed. Changing the rule of the in the middle of the game would be frustrating to employees and could be considered unfair.

It is important to seek employee's opinions as even though this seems like the best way to go, many employees would prefer non-monetary rewards like promotion and development (Armstrong 2008). Although performance based pay has been traditionally very common and sometimes complemented by experience-based compensation portion more contemporary compensation portion, more contemporary compensation systems are based on employee skills and competencies.

### **2.2.8 Rewards**

While pay and benefits alone is not a sufficient condition for high satisfaction, it is necessary conditions for high satisfaction; it is a necessary condition for the same. This is true because employees want pay system that they perceive as just, unambiguous fair and in line with their expectations. Nzuve (2010) indicated that besides direct financial compensation, organizations can also use other non-financial incentive to motivate and retain staff. Certain elements can be included in ones pay package these are known as incentives which can be both financial and non-financial.

Financial include bonus, profit sharing, payment of various allowances, time based, output-performance based. Non-financial incentives psychologically influence the behavior and attitudes of workers towards their work, colleagues and organization here they are given in form of amenities and facilities.

Based on the expectancy theory rewards influence effort when they have high value and employees only strive to achieve rewards that matter to them. The theory was originally formulated by Vroom (1964), expectancy support performance management processes designed to provide for intrinsic motivation by providing opportunity for growth and scope to use and develop abilities. Different dimensions can be applied to the reward system such as timing the more quickly a reward follows the desired behavior the more potent they are in evoking desirable behavior (Jackson, 2009)

### **2.3 Employee job Satisfaction**

Susan (2010) defines employee satisfaction as the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Many measures purport that employee satisfaction is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace. Cherrington (1994) posits that employees experiencing high satisfaction levels contribute to organizational commitment, job involvement, improved physical and mental health, and improved quality of life both on and off the job. Job dissatisfaction on the other hand, culminates in higher absenteeism, turnover, labor problems, labor grievances, attempts to organize labor unions and a negative organizational climate. Malik, Saleemi and Ahmas (2007) explained that employee satisfaction with work as the degree to which an employee likes his or her job. It is a measure of how happy workers are with their job and working environment. Job satisfaction is an important element of employee satisfaction; Ukur (2003) indicated that Job satisfaction (presumably employee satisfaction) is a collection of feelings and beliefs that employees have about their current job. Employees who are high in job satisfaction generally like their job feel that they are fairly treated and believe that they have many desirable features or characteristics such as interesting work, good pay and job security.

Job satisfaction occurs when a job meets the expectations, values and standards of an individual and will influence their commitment and performance (Gordon 1999). The greater the degree of the expectations being met the higher will the level of job satisfaction be. The concept of employee job satisfaction according to Robbins (2001) can be described as a general attitude towards ones job, the difference between the rewards received and what they actually believe they should receive. Wubuli (2009) indicated that the overall satisfaction focuses on the general internal state of satisfaction within the individual. Positive experiences in terms of friendly colleagues, good remuneration, compassionate supervisors and attractive jobs create a positive internal state. Freeman (2003) indicated that the success of any organization is directly linked to the satisfaction of the employees who embody the organization. Keeping employees informed in decisions that affect their work builds trust and feelings of self worth.

### **2.3.1 Determinants of Job Satisfaction.**

Available literature is somehow inconclusive on factors influencing job satisfaction. With some studies showing no significant impact (Brown 1998). Some showed a gradually linear increase of satisfaction as age increases (Weaver, 1980) and some suggesting that satisfaction is curvilinear and changes throughout the lifespan of the employee (Hertzberg 1957). Job satisfaction tends to increase gradually with age and according to Hertzberg (1957) this trend is due to the fact that job expectations tend to be more realistic as employee's age and mature. When it comes to compensation researchers in some studies have concluded that it is an important variable to be considered in the study of job satisfaction (Derlin & Schneider, 1994)

Interpersonal factors within the context of job satisfaction are the elements that make up the social support network of the employee. These elements include the relationship with one's supervisor, the social interaction with co-workers and even the interactions with clients and customers. According to Brown 1998, employee's supervision and interaction have been found to be the most significant interpersonal factors when looking for satisfaction. The importance of co-worker social support had been investigated for decades. As far as the Hawthorne studies in 1920's research has shown that workers who belong to a social group and have friendships on the job tend to be more satisfied (Maynard 1986) the researcher further

suggest that employees who lack social support at work experience more stress, have less coping techniques and are generally less satisfied. Further studies have shown that employees who have positive interactions with supervisors are generally more satisfied at work (Bruce and Blackburn 1992)

Intrinsic factors are another category which are employee affective reactions to the job, such as their satisfaction with the freedom they have to choose their own methods of working, the recognition that they receive for good work, and the opportunity they have to use their ability. Intrinsic factors may also include perceived respect and responsibility, task variety, and meaningful work. According to Reyes Etal., (1989) intrinsic rewards were found to have more influence on educators than any organizational rewards. Stewart (2000) suggested that helping to make workers feel independent had large positive effects on both performance and satisfaction outcomes.

### **2.3.2 Measures of Job Satisfaction**

To measure job satisfaction one must have a conceptual understanding of the construct in order to decide what indirect factors to measure. Since there is no single agreed upon definition of job satisfaction and no widely accepted theory to measure job satisfaction (Wanous & Lawler, 1972). The most basic forms of measurement might include an interview, a single item measure, or a workplace observation; however, most researchers opt for a more objective and in-depth survey instrument (Spector, 1997). Questionnaires are easily distributed, have less time and money than one on one interviews (Pedhazur & Schemelkin, 1991). Job satisfaction questionnaires also can examine any number of facets that have hypothesized impact on job satisfaction, although the lack of common agreement with definition and theory can present challenges when weighting each facet and interpreting the results (Evans, 1969)

The most widely cited instruments found in the literature include the Job satisfaction survey (JSS), the Job Descriptive Index (JDI) and the Minnesota Satisfaction (MSQ). The Job Satisfaction Survey was developed by Paul E Spector to assess employee's attitude about the job and aspects of the job. The JSS is a 36 item questionnaire that separate facets of job satisfaction. Those facets include pay, promotion, benefits, supervision, contingent rewards, operating procedurescoworkers' nature of work and communication. The Job Descriptive Index (JDI) was first discussed in Smith.

Kendall, and Hulin's publications of the measurement of satisfaction which are present job, present pay and opportunities for promotion, supervision and coworkers. The Minnesota Satisfaction questionnaire was developed in 1967 by Weiss, Dawis, England, and Lofquist. The MSQ has become a widely used instrument to evaluate job satisfaction. The MSQ is designed to measure specific aspects of an employee's satisfaction with his or her job, and it provides more information on the rewarding aspects of a job than do more general measures of job satisfaction. The MSQ has been widely used in studies exploring client vocational needs, in counseling follow-up studies, and in generating information about the reinforcers in jobs (Vocational Psychology Research 2002)

#### **2.4 Performance Management Practices and Employee Job satisfaction**

Now more than ever organizations need to engage employees, rapid market change, technologies and opportunities available to key talent have forced the organization to reexamine the connection between business performance, leadership and employees satisfaction (Wilson learning, 2006). According to Managementstudyguide.com (2008), the implementation of a performance management system that drives focus and transparency is vital to the success of today's leading organizations. A good performance management system works towards the improvement of the overall organizational performance by managing the performances of teams and individuals for ensuring the achievement of the overall organizational ambitions and goals. According to Sheard (1992) performance management practices are geared towards getting results from the whole organization by understanding and managing performance within an agreed framework and planned goals. Williams (1991) indicated that employee's performance management plans if well done will lead to employee satisfaction Berger (2008) these practices will further lead to greater commitment and enjoyment.

Performance planning getting employees involved in process helps them understand what needs to be done. Williams (2000) argues that it is important to have behavioral targets as well as output targets and this will fall under personal development plans. Joint performance planning convinces employees that goals are achievable and thus increased motivation and performance (Armstrong 2003) and all of which if then achieved leads to satisfaction. Monitoring performance means measuring performance

against set standards and providing feedback to employees. Cummings & Worley (2005) stated that performance review represent an important link between goal setting and rewards system. Taylor et al (1984) indicated that managers should aim at providing feedback which aims at bringing closer agreements over performance standards. He further indicated that feedback was vital and should be timely and it all determines need for training and development to employees. Reinforcement of performance include activities such as training and development for employees, career development, rewards are all geared towards reinforcing performance and at the same time work towards achieving employee satisfaction. While trainings are geared towards Filling up a gap, relating that directly to the employee's performance shows an employer's commitment to improve the employee (Orlale, 2008). Mayo (2000) indicated that this is a strategy used by employers as a source of competitive advantage both for the employer and the employee.

Career development is a process of implying upward movement and advancement in work. An employee who feels an organization commitment towards advancing them is bound to be satisfied with such an environment. Walton (1999) argues that the primary purpose of career development is to meet both organization and individual needs at work. Rewards could be intrinsic (non monetary) or extrinsic (monetary) Yulk (1994) suggests guidelines for engaging in reward like finding out what people value, only this way can an employee identify with the reward. According to Owalla (2011) without understanding how to direct effort effectively, individuals may exert considerable effort without corresponding increase in performance. When this lacks it is even hard to measure employee's level of satisfaction.

According to Greenberg (2004) while there is no question that money is important it does not buy employees satisfaction. While employees want to be fairly compensated for their efforts they want to be challenged and treated with respect. To understand why people are working and commit to helping them achieve their goals on the job through performance management there is need to develop a plan that will assist them in getting where they want to go, empower them and allow them to participate in business decisions. Communicate organizations expectations to them, recognize their expectation and their accomplishments and follow up their efforts. This amounts to effective performance management which contributes to employee's satisfaction.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

The research was a descriptive survey. Kothari (2004) indicated that a descriptive survey is a study that is concerned with specific predictions, with narration of facts and characteristics concerning an individual, group or situation. The descriptive survey design is chosen because the objective of the study is to describe, explain and validate generalizable findings.

### **3.2 Population**

Population is the aggregate of all that conforms to a given specifications Mugenda and Mugenda 1999. The population of this study covered all employees of Swedish Cooperative centre. In total they total 25. Since the population is small the researcher will collect data from all the employees of the organization to come up with a comprehensive and informed conclusion and findings.

### **3.3 Data Collection**

The researcher used primary data. It was collected from 23 employees out of the total sample of 25 using self-administered questionnaire. The questionnaire had three sections; Section A will capture respondent's biographical details and general information. Section B will gather data on the performance management practices. Section C will gather data on employee satisfaction.

### **3.4 Data Analysis**

The data collected was quantitative. A descriptive analysis was employed for quantitative data. Descriptive statistics will be employed and will include percentages, mean scores, mode, median standard deviation, and frequency distribution. The Statistical Package for Social Sciences (SPSS) was used to generate the required results. Table and pie charts were used to present the findings. Linear regression analysis was done to determine how performance management practices influenced employee satisfaction. A cross tabulation of the years of service showed a link to the employees satisfaction with performance practices.

### **3.5 Data Presentation**

**Data was presented using quantitative techniques. The presentation of the data and information was by tables and pie chart.**

## CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

### 4.1 Response Rate

Responses were received from 23 out the sample of 25 of respondents. This response was 93%. Given that the responses were from the staff from all departments the response rate was considered to be adequate to generate results. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting. The response rate achieved was therefore considered as very adequate for answering the questions raised under the research study. The main aim of this chapter is therefore to present the result of the analyzed data, together with the appropriate interpretations to enable the researcher make an informed opinion about the problem under investigation.

### 4.2 Respondents Profile

The demographic characteristic that was relevant to the objectives of the study was captured and the findings presented in tables 4.1 to 4.3.

**Table 4.1: Age of Respondents**

|                   | Frequency | Percent | Cumulative Percent |
|-------------------|-----------|---------|--------------------|
| Valid 26-30 Years | 1         | 4.3     | 4.3                |
| 31-44 Years       | 17        | 73.9    | 78.3               |
| Above 45 Years    | 5         | 21.7    | 100.0              |
| Total             | 23        | 100.0   |                    |

The findings of the research study revealed that majority of the respondent were between the age of 31-44 years at a percentage of 73.9% and few above 45%. Age of employees influence efficiency in an organization. The age of the respondents was important to the researcher for the research study.

**Table 4.2: Years worked**

|         |                    | Frequency | Percent | Cumulative Percent |
|---------|--------------------|-----------|---------|--------------------|
| Valid   | 1 to 2 Years       | 7         | 30.4    | 31.8               |
|         | 3 to 5 Years       | 3         | 13.0    | 45.5               |
|         | 6 to 9 Years       | 4         | 17.4    | 63.6               |
|         | More than 10 Years | 8         | 34.8    | 100.0              |
| Total   |                    | 22        | 95.7    |                    |
| Missing | System             | 1         | 4.3     |                    |
|         | Total              | 23        | 100.0   |                    |

Findings revealed that for the years worked in the organization majority of the respondents at 34.8% have worked at the organization for a period of more than 10 years with the rest working in the organization for slightly less than 5 years. The respondents were therefore considered to have experience in their work and likely to give accurate information.

**Table 4.3: Awareness of performance management concept**

|         |        | Frequency | Percent | Cumulative Percent |
|---------|--------|-----------|---------|--------------------|
| Valid   | Yes    | 21        | 95.5    | 95.5               |
|         | No     | 1         | 4.5     | 100.0              |
|         | Total  | 22        | 100.0   |                    |
| Missing | System | 1         |         |                    |
|         | Total  | 23        |         |                    |

The Findings in table 4.3 shows that majority of the respondents at (95.5%) were aware of the concept of performance management. This indicated that the respondents were well versed with the concept of performance management.

### 4.3 Performance Management Practices.

Armstrong (2003) summarizes high management practices to include rigorous recruitment and selection procedures, extensive and relevant training, management development, incentive pay systems and performance management process. The performance management practices under study were, Performance planning, performance agreement, performance review, managing performance throughout the year, rewards, training and development, career development and performance related pay.

#### 4.3.1 Performance Planning

The respondents were asked to indicate their level of agreement on each of three statements describing the state of performance planning in their organization. The results are summarised in Figure 4.1

**Figure 4.1: Performance Planning**

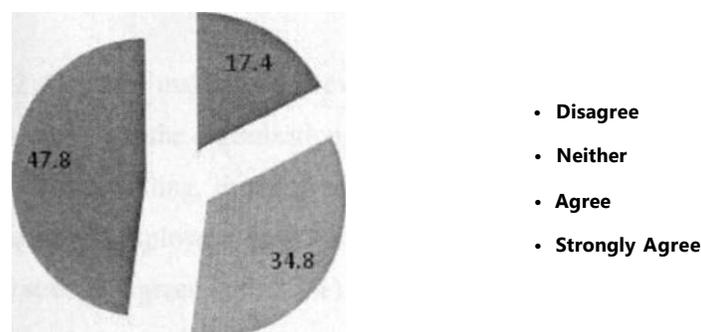
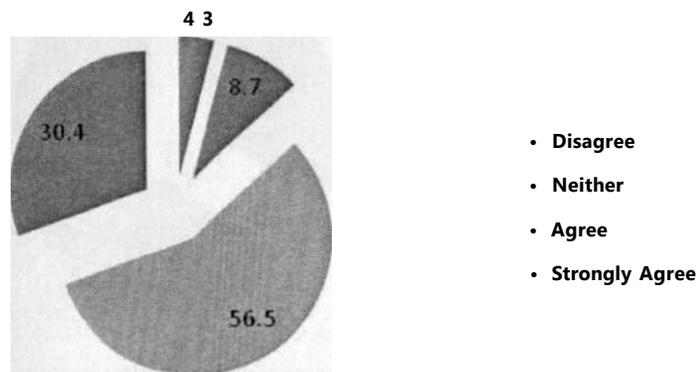


Figure 4.1 shows that majority of the respondents (47.8%) strongly agreed that performance planning was present in the organization. This indicated that they were actively involved in performance planning and that the employees were aware of the organizations objectives. (34.8% )agreed while (17.4%) neither agreed.

### 4.3.2 Performance Agreement

The respondents were asked to indicate their level of agreement on each of the statement describing the state of performance agreement in their organization and the results are summarized in Figure 4.2

**Figure 4.2: Performance Agreement**



From figure 4.2 above the majority, it is evident that (56.5%) agreed that performance agreement was present in the organization and this was to indicate that the employees was involved in goal setting, that the organization communicated its performance expectations and the employees performance review was evaluated against preset goals. (30.4%) strongly agreed and (8.7%) neither agreed and (4.3) disagreed.

### 4.33 Performance Review

The respondents were asked to indicate their level of agreement on each of the three statements describing the state of performance review in their organization. The results are summarised in figure 4.3

**Figure 4.3: Performance Review**

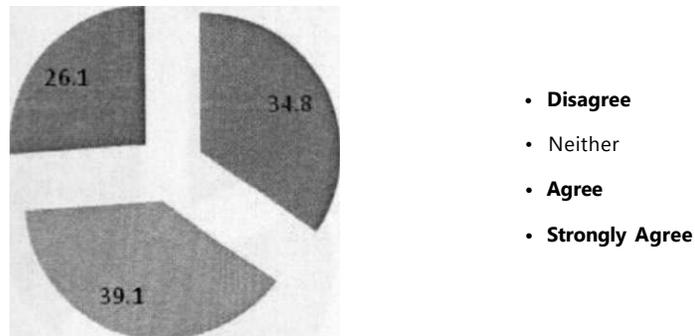
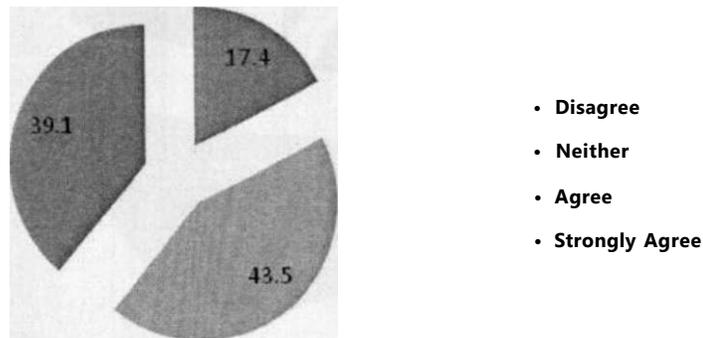


Figure 4.3 shows that majority (39.1%) agreed that performance review was conducted in the organization. This was to opine that the organization conducted performance appraisal, performance appraisal is developed to benefit all the staff and that performance appraisal represented a link between goal setting and rewards. (26.1%) strongly agreed and (34.8%) neither agreed.

#### 4.3.4 Managing Performance throughout the year

The respondents were asked to indicate their level of agreement on each of three statements describing the state of management of performance throughout the year in the organization. The results are summarized in Figure 4.4

**Figure 4.4: Managing Performance throughout the year**



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Figure 4.4 indicated that majority (43.5%) agreed that performance was conducted throughout the year. This was to imply that staff were encouraged to participate in generation ideas and solutions that the organization provided enough resources, and feedback was communicated. (39.1%) strongly agreed and (17.4%) neither agreed.

### 4.3.5 Rewards

The respondents were asked to indicate their level of agreement on each of the three statements on each of three statements describing the nature of rewards in their organization. The results are summarized in figure 4.5

Figure 4.5: Rewards

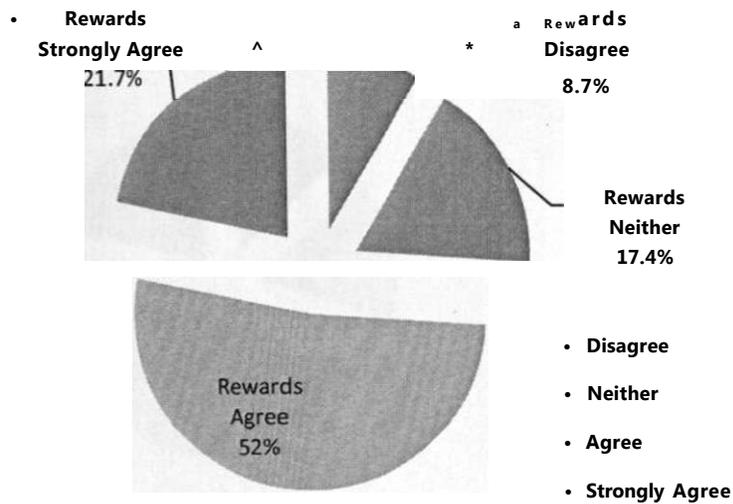


Figure 4.5 shows that majority (52.2%) agreed that rewards were present in the organization and this was to reflect that the Organization had a good and encouraging reward system, the staffs were adequately rewarded and that the offered benefits offered by the organization were competitive. (21.7%) strongly agreed, (8.7%) disagreed and (17.4%) neither agreed.

### 4.3.6 Training and Development

The respondents were asked to indicate their level of agreement on each of the three statements describing training and development in their organization. The results are summarized in figure 4.7

**Figure 4.6: Training and Development**

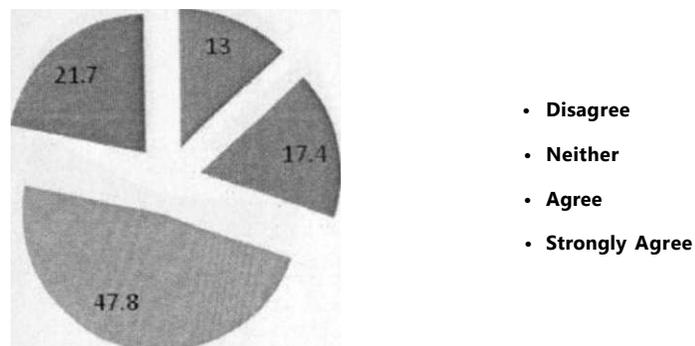
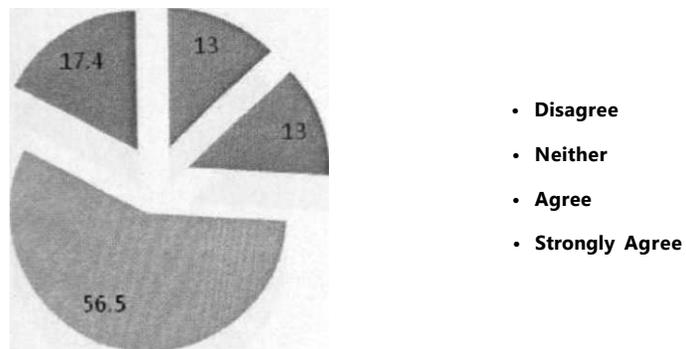


Figure 4.6 shows that majority (47.8%) agreed that training and development was present and this opined that the staff were previously trained in order to improve performance, needs analysis is conducted to arrive at staff training decision and that performance appraisal are used to arrive at staff training needs. (21.7%) strongly agreed, (17.4%) neither agreed and (13%) disagreed.

#### 4.3.7 Career Development

The respondents were asked to indicate their level of agreement on each of three statements describing career development activities in their organization. The results are summarized in figure 4.7

**Figure 4.7: Career Development**

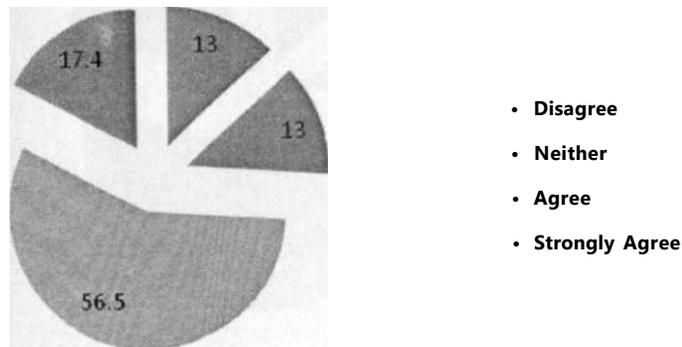


The figure 4.7 shows that majority (56.5%) agreed that career development was present in the organization. This opined that there was a link between staff performance and career development, and that staff performance and career development were related. (17.4 %) strongly agreed, (13%) neither agreed and (13%) disagreed.

#### 4.3.8 Performance Related Pay

The respondents were asked to indicate their level of agreement on each of three statements describing performance related pay in their organization. The results are summarized in figure 4.8

**Figure 4.8: Performance Related Pay**



The findings in figure 4.8 indicated that majority (56.5%) agreed that performance related pay was present as a performance management practice. This opined that the organization provided high compensation contingent to performance, excellent performance in the organization was rewarded and that the employee encourages employee performance. (17.4%) strongly agreed, (13%) neither agreed and (13%) disagreed.

### 4.3.9 Influence of Performance Management Practices on Employees Satisfaction

Respondents were asked to give their response if they were satisfied with performance management present in the organization.

The findings are summarised in the figure 4.9

**Figure 4.9: Employee Satisfaction**

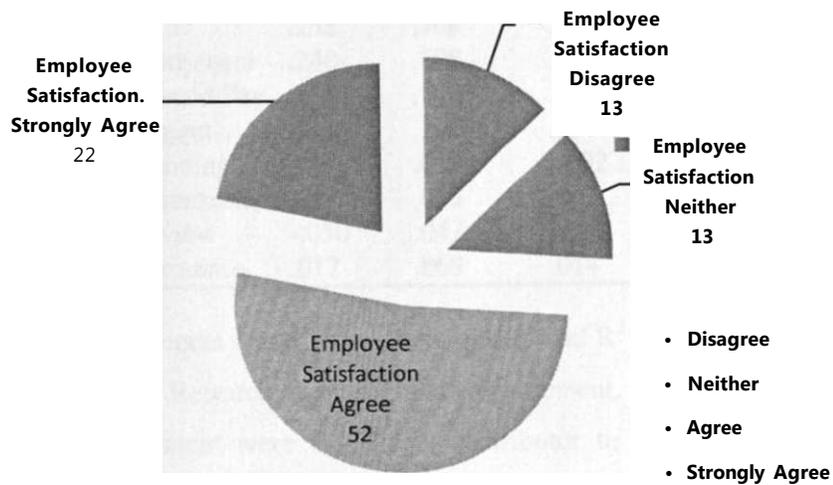


Figure 4.9 shows that all performance management practices present in the organization satisfied the respondents. Majority of the respondents at (52.2%) agreed, (21.7%) strongly agreed and (13%) disagreed. This indicated that even though the respondents were aware of the performance management practices in the organization they identified with some that seemed to satisfy them.

**4.4 Results of Linear Regression analysis on the effect of performance management practices on Employee at Swedish Cooperative Centre.**

**Table 4.1: Linear regression employee satisfaction as dependent variable**

| Model                   | Unstandardized Coefficients |            | Standardized Coefficients |        | Sig. |
|-------------------------|-----------------------------|------------|---------------------------|--------|------|
|                         | B                           | Std. Error | Beta                      | T      |      |
| (Constant)              | -.216                       | .175       |                           | -1.231 | .238 |
| Rewards                 | .258                        | .108       | .240                      | 2.383  | .032 |
| Training & Development  | .240                        | .108       | .244                      | 2.216  | .044 |
| Performance Related Pay | .248                        | .102       | .239                      | 2.434  | .029 |
| Career Development      | .298                        | .100       | .287                      | 2.994  | .010 |
| Performance Planning    | -.003                       | .052       | -.002                     | -.050  | .961 |
| Performance Agreement   | .049                        | .045       | .040                      | 1.098  | .291 |
| Performance Review      | -.050                       | .047       | -.042                     | -1.054 | .310 |
| Managing Performance    | .017                        | .069       | .014                      | .251   | .805 |

The regression model was significant at  $p=0.05$  and  $R^2$  of 0.83. From the findings on table 4.1 above, Rewards, Training and Development, Performance Related Pay and Career Development were significant contributor to employee satisfaction in the model.

**Table 4.2: Link between years of service and employee satisfaction**

| Years of services  | Employee Satisfaction |         |       |                |
|--------------------|-----------------------|---------|-------|----------------|
|                    | Disagree              | Neither | Agree | Strongly Agree |
| 1 to 2 Years       | 0                     | 28.6%   | 42.9% | 28.6%          |
| 3 to 5 Years       | 0                     | 33.3%   | 33.3% | 33.3%          |
| 6 to 9 Years       | 75.0%                 | 0       | 25.0% | 0              |
| More than 10 Years | 0                     | 0       | 75.0% | 25.0%          |
| Total              | 13.6%                 | 13.6%   | 50.0% | 22.7%          |

From table 4.2 above the findings revealed that respondents who stayed longer in the organization were more satisfied at (75.0%)

**Table 4.3: Link between years of service and rewards**

| Years of services  | Employee Satisfaction and Rewards |         |       |                |
|--------------------|-----------------------------------|---------|-------|----------------|
|                    | Disagree                          | Neither | Agree | Strongly Agree |
| 1 to 2 Years       | 0                                 | 28.6%   | 42.9% | 28.6%          |
| 3 to 5 Years       | 0                                 | 33.3%   | 33.3% | 33.3%          |
| 6 to 9 Years       | 50.0%                             | 25.0%   | 25.0% | 0              |
| More than 10 Years | 0                                 | 0       | 75.0% | 25.0%          |
| Total              | 9.1%                              | 18.2%   | 50.0% | 22.7%          |

As shown in table 4.3 above employees who have stayed in the organization for more than 10 years seemed to be satisfied at (75%) with the rewards as a performance management system. This could be caused by the fact that they could have grown in the organization and that they are at a better salary level.

**Table 4.4: Link Between of years of service and training and development**

| Years of services  | Satisfaction Training and Development |         |       |                |
|--------------------|---------------------------------------|---------|-------|----------------|
|                    | Disagree                              | Neither | Agree | Strongly Agree |
| 1 to 2 Years       | 0                                     | 28.6%   | 42.9% | 28.6%          |
| 3 to 5 Years       | 0                                     | 33.3%   | 33.3% | 33.3%          |
| 6 to 9 Years       | 75.0%                                 | 0       | 25.0% | 0              |
| More than 10 Years | 0                                     | 12.5%   | 62.5% | 25.0%          |
| Total              | 13.6%                                 | 18.2%   | 45.5% | 22.7%          |

As shown on table 4.4 above the employees who have stayed in the organization for more than 10 years seemed satisfied at (62.5%) with the training and development as a performance management practice. This could be made possible by the fact that over time there are opportunities for training and development. The respondents in the lesser category could have opportunities later on with more years of service.

**Table 4.5: Link between years of service and career development**

| Years of services  | Satisfaction Career Development |         |       |                |
|--------------------|---------------------------------|---------|-------|----------------|
|                    | Disagree                        | Neither | Agree | Strongly Agree |
| 1 to 2 Years       | 0                               | 28.6%   | 57.1% | 14.3%          |
| 3 to 5 Years       | 0                               | 33.3%   | 33.3% | 33.3%          |
| 6 to 9 Years       | 75.0%                           | 0       | 25.0% | 0              |
| More than 10 Years | 0                               | 0       | 75.0% | 25.0%          |
| Total              | 13.6%                           | 13.6%   | 54.5% | 18.2%          |

Table 4.5 above shows that respondents who have been in the Organization for more than 10 years agreed at (75%) that they were satisfied with career development in the organization as a performance management practice. This could be caused by the fact that over years employees grow within an organization and clearly establish career line and get comfortable with them.

**Table 4.6: Link between years of service and performance related pay**

| Years of services  | Satisfaction Performance Related Pay_ |         |       |                |
|--------------------|---------------------------------------|---------|-------|----------------|
|                    | Disagree                              | Neither | Agree | Strongly Agree |
| 1 to 2 Years       | 0                                     | 28.6%   | 42.9% | 28.6%          |
| 3 to 5 Years       | 0                                     | 33.3%   | 33.3% | 33.3%          |
| 6 to 9 Years       | 75.0%                                 | 0       | 25.0% | 0              |
| More than 10 Years | 0                                     | 0       | 87.5% | 12.5%          |
| Total              | 13.6%                                 | 13.6%   | 54.5% | 18.2%          |

Table 4.6 above shows that respondents who had been in the organization for a period of 10 years agreed at (87.5%) that they were satisfied with performance related pay as a performance management practice. The cross tabulation could indicate that over the years of service the organization could be rewarding the employees over good performance.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary of findings**

The distribution of the age bracket indicated that majority of the employees were between 31-45 years showing a very mature group and in education majority of the employees had college education meaning that they could understand the concept of performance management and give objective answers on their level of satisfaction.

Majority of the employees have worked in the organization for a period of more than 10 years and this is good enough to give an objective response to the existing performance management practices. The response of the employees to awareness of performance management indicated that majority 95.5% understood what it entails thus response was likely to be objective.

Performance management practices were clustered into the following Performance planning, performance agreements, performance review, Training and development, career development, rewards, managing performance throughout the year, performance related pay. Even though there were varied responses that agreed with the statements of performance management practices, Training and development, Career development. Performance Related Pay and Rewards were the significant contributors to employee satisfaction. A cross tabulations of the years of services with the performance management practices showed a strong link. This according the finding reveals that opportunities for Training and development and career development become available with years of service in the organization. Rewards and performance related pay could also be assumed to be better with years of experience. However given that a fair majority of the staff have worked in the organization for a long period of time (10years) this study gives a good indication of what employees would rate as satisfactory in terms of performance management practices relevant to them.

### **5.2 Conclusion**

Various performance practices in the organization were explored. Even though all seemed to be present in the organization, the level of agreement by the employees varied greatly. The study also established that employee performance management practices enhance employee satisfaction. This was also conspicuous with the

performance management practices that the employees agreed with. There was a strong relationship noted with the employees who had stayed with the organization for a long time. Meaning that opportunities for career development are present as an employee stays long with an organization. An employee who feels an organization commitment towards advancing them is bound to be satisfied with such an environment. Walton (1999) argues that the primary purpose of career development is to meet both organization and individual needs at work. Training and development as a performance management practice was also a significant contributor to employee satisfaction and this was also strongly among employees who had stayed long in the organization meaning that opportunities were available to employees as they served longer in the organization. With Rewards employees who had stayed longer with organization expressed satisfaction with their salaries and benefits meaning that rewards and benefits could also be in line with the experience gained and tie with years of service. This could also tie well with performance related pay where employees felt that organization was interested in encouraging employee performance.

In conclusion, while applying performance management practices, organizations ought to embrace all the practices wholly and integrate them well with the organizations goals and objectives. The study also concludes that for organization not to lose employees early it would be important have competitive salaries and clearly state the salary ranges/grades so that employees identify with the rewards. For career development the opportunities could be clearly stipulated right from the word go so that employees are made aware of the same. Training and development opportunities could be incorporated into the work programs so that employees who have stayed in the organization for a short time can identify with it. Since employees are an important resource to the organization it is very important for them to feel motivated. This could be done through their active involvement in the performance management practices and processes in order to make the whole process participatory and this contributes to the both employee and job satisfaction.

### **5.3 Recommendations**

The research findings revealed respondents who had stayed in the organization for a longer time were aware of the organizational objectives at a majority (47.8%)

compared to the rest of the staff who form (63.9%) of the workforce who seem not to be aware of the organizational objectives. The study recommends intergration of performance management practices with their organizations objectives. This will ensure that employees are well integrated into the organization right from their joining the organization and this will improve on their satisfaction with the organizations performance practices. There is need for the Organization to involve employees more on performance management. This is to invest more time for performance agreements, performance planning, performance review and managing performance throughout the year. This will ensure that employees identify with all the performance management practices that will be of benefit to both the employees and the organization.

Findings revealed that some performance management practices seems to satisfy employees this included, Training and development, career development, Performance related pay, and rewards. Others performance management practices; Performance planning. Performance review, Performance Agreement and Managing Performance throughout the year, even though perceived to be present in the Organization did not contribute to their satisfaction^ well structured performance management process will help both the organization and the employees in terms of improving the overall performance. An improvement to the communication process would improve employee's satisfaction in terms of ensuring that the employees are well informed of existing performance management practices and performance management process.

#### **5.4 Suggestions for Further Research**

A further study could be done on challenges that are faced in the implementation of performance management practices within the organization. The researcher further recommends an exploration of concept of Employee satisfaction based on their duration of service in an organization.

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## APPENDIX 1: RESEARCH QUESTIONNAIRE

**Please answer** the questions by ticking or as appropriate.

### SECTION A: PERSON AND ORGANIZATION PROFILE

1. Which department/ section do you work for?-
  
2. **What post/ position do you hold?**
  
  
3. Your age fall between:
  - a. Below 25 years
  - b. 26-30 years
  - c. 31-44 years**
  - d. 45 years & above
  
4. What is your highest level of Education?
  - a. Primary
  - b. Secondary
  - c. College
  - d. Others Please specify:
  
5. How long have you worked for Swedish Cooperative Centre (In years).
  
6. Are you aware of the concept of performance management?
7. Yes ( ) No( )
  
8. What name best describe the concept of performance management in your organization
  
  
9. In your opinion what is the importance of using performance management?
  - a. Improve employee performance

**b. Improve Organization Performance**

**SECTION B**

**Performance management Practices.**

**Kindly indicate the best level that agrees with the statement of performance management practices below from number 1-16.**

|   |  |  |  |               |          |                   |
|---|--|--|--|---------------|----------|-------------------|
| 1 | Performance Planning                     | Strongly Agree   | Agree  | Neither Agree | Disagree | Strongly disagree |
|   |  | 5  | 4  | 3             | 2        | 1                 |
| 1 | 1  | Performance planning is conducted in this organization                     |  |               |          |                   |
|   | 2  | I am actively involved in planning for your performance                    |  |               |          |                   |
|   | 3  | I am aware of the organizational objectives                                |  |               |          |                   |
| 1 | Performance Agreements                   | Strongly Agree   | Agree  | Neither Agree | Disagree | Strongly disagree |
|   |  | 5  | 4  | 3             | 2        | 1                 |
|   | 4  | The organization involves me in goal setting                               |  |               |          |                   |
| 1 | 5  | The organization communicate its performance expectations to the employees |  |               |          |                   |
|   | 6  | Employees Performance reviewed or evaluated against present goals.         |  |               |          |                   |
| 1 | Performance Review                       | Strongly Agree   | Agree  | Neither Agree | Disagree | Strongly disagree |
|   |  | 5  | 4  | 3             | 2        | 1                 |
|   | 7  | My Organization conducts performance appraisal                             |  |               |          |                   |
| 1 | 8  | Performance appraisal is developed so that all staff can benefit from it   |  |               |          |                   |
|   | 1  | 9  | Performance appraisal in my organization represent a link between goal setting and rewards |               |          |                   |
| I | Managing Performance throughout the year | Strongly Agree   | Agree  | Neither Agree | Disagree | Strongly disagree |
|   |  | 5  | 4  | 3             | 2        | 1                 |

|                                   |   |                       |              |                      |                 |                          |
|-----------------------------------|---|-----------------------|--------------|----------------------|-----------------|--------------------------|
| 10                                | Staff are encouraged to participate in generating ideas and solutions                         |                       |              |                      |                 |                          |
| 11                                | My Organization provides effective and efficient resources to accomplish the goals set        |                       |              |                      |                 |                          |
| 12                                | Feedback is communicated in the organization  |                       |              |                      |                 |                          |
| <b>Rewards</b>                    |   | <b>Strongly Agree</b> | <b>Agree</b> | <b>Neither Agree</b> | <b>Disagree</b> | <b>Strongly disagree</b> |
|                                   |   | 5                     | 4            | 3                    | 2               | 1                        |
| 13                                | My organization has a good and encouraging reward system                                      |                       |              |                      |                 |                          |
| 1 <sup>14</sup>                   | Staff are adequately rewarded by the organization   |                       |              |                      |                 |                          |
| 15                                | Benefits offered by the organization compare well with those offered by similar organizations |                       |              |                      |                 |                          |
| <b>1 Training and Development</b> |   | <b>Strongly Agree</b> | <b>Agree</b> | <b>Neither Agree</b> | <b>Disagree</b> | <b>Strongly disagree</b> |
|                                   |   | 5                     | 4            | 3                    | 2               | 1                        |
| 16                                | You have been previously trained in order to improve your performance?                        |                       |              |                      |                 |                          |
| 17                                | The Organization conducts needs analysis to arrive at staff training decisions                |                       |              |                      |                 |                          |
| 18                                | Performance appraisal is used to arrive at staff training needs                               |                       |              |                      |                 |                          |
| <b>1 Career Development</b>       |   | <b>Strongly Agree</b> | <b>Agree</b> | <b>Neither Agree</b> | <b>Disagree</b> | <b>Strongly disagree</b> |
|                                   |   | 5                     | 4            | 3                    | 2               | 1                        |
| 1 <sup>19</sup>                   | There is a link between staff performance and career development                              |                       |              |                      |                 |                          |
| 2C                                | Staff performance and career development in the organization are highly related               |                       |              |                      |                 |                          |

|                                |  |                       |              |                      |                 |                          |   |
|--------------------------------|--|-----------------------|--------------|----------------------|-----------------|--------------------------|---|
| 21                             | I regularly attend courses, conferences, workshops to keep abreast with the developments in my field of work |                       |              |                      |                 |                          | 1 |
| <b>Performance Related Pay</b> |  | <b>Strongly Agree</b> | <b>Agree</b> | <b>Neither Agree</b> | <b>Disagree</b> | <b>Strongly disagree</b> |   |
|                                |  | 5                     | 4            | 3                    | 2               | 1                        |   |
| 22                             | My Organization provides high compensation contingent to performance   |                       |              |                      |                 |                          |   |
| 23                             | Excellent performance in the organization is rewarded  |                       |              |                      |                 |                          |   |
| 24                             | My organization is aimed at encouraging employee's performance.  |                       |              |                      |                 |                          |   |

**SECTION C**

Employee satisfaction questionnaire for finding out opinions of employees about the organization and performance management practices.

**Rating Scales**

(1)Strongly agree (2) Agree (3) neither agree nor disagree (4) Disagree (5) **strongly disagree.**

| Statement  | 5 | 4 | 3 | 2 | 1 |
|--|---|---|---|---|---|
| 1 [ am proud to work for my organization   |   |   |   |   |   |
| 2 I would want to work for long with this organization.  |   |   |   |   |   |
| 3 I am responsible for planning my work activities   |   |   |   |   |   |
| 4 I am satisfied with the training provided by the organization.   |   |   |   |   |   |
| 5 I am satisfied with the amount of training offered for advancement                                       |   |   |   |   |   |
| 6 My immediate supervisor is technically competent.  |   |   |   |   |   |
| 7 My immediate superior is competent on human relations  |   |   |   |   |   |
| 8 The communication I receive from the organization is timely.   |   |   |   |   |   |
| 9 The communication I receive from my organization is accurate   |   |   |   |   |   |
| 10 My salary level compare well to similar grades within the same fields.                                  |   |   |   |   |   |
| 11 I feel fairly compensated for my work   |   |   |   |   |   |
| 12 The benefits offered by my organization are attractive.   |   |   |   |   |   |
| 13 I receive regular job performance feedback?   |   |   |   |   |   |
| 14 My superior recognizes my performance   |   |   |   |   |   |
| 15 I am involved in setting my target.   |   |   |   |   |   |
| 16 Employees are given the opportunity to discuss any of the work problems                                 |   |   |   |   |   |
| 17 I understand my performance evaluation criteria   |   |   |   |   |   |
| 18 Job performance evaluations done by my supervisor are fair and based on clear performance standards     |   |   |   |   |   |
| 19 Performance management in the organization is linked to reward  |   |   |   |   |   |
| 20 Performance management meetings end with a clear plan of action for the future to which employees agree |   |   |   |   |   |

|    |  |  |  |   |   |  |
|----|--|--|--|---|---|--|
| 2\ | I feel motivated after performance evaluation meetings                 |  |  | 1 |   |  |
| 22 | Work, objectives and tasks are clearly stated?                         |  |  |   |   |  |
| 23 | Promotions are based on performance review.                            |  |  |   |   |  |
| 24 | I am satisfied with the organization performance management practices. |  |  |   |   |  |
| 25 | Overall this Organization is a good place to work                      |  |  |   | 1 |  |