

**EMPLOYEE PERCEPTION OF EXTENT OF INVOLVEMENT IN THE  
IMPLEMENTATION OF PERFORMANCE MANAGEMENT  
PROGRAMS IN KENYA WINE AGENCIES LIMITED**

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REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS  
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**2014**

## **DECLARATION**

This research project is my original work and has not been submitted to any other University for examination purpose.

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**D61/63902/2011**

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

Signature: .....

Date.....

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## **DEDICATION**

To my family, friends and colleagues. It is through your support, prayers and selfless assistance that this was possible. I will forever remain indebted to you all.

## **ACKNOWLEDGEMENTS**

This Research project would have been a dream had it not been for the following people who contributed immensely. Mr George Omondi my supervisor who tirelessly guided me through to completion. Florence Muindi was my moderator, my sincere gratitude for her constant advice and constructive criticism.

To my family and friends, your support and kindness was overwhelming. Thank you for having faith in me. Special thanks also go to my immediate boss for his support and understanding. Finally, I thank the Almighty God for the life and strength he gave me. His protection has seen me through trying moments.

## **ABSTRACT**

Employee involvement in implementation of performance management is an organizational strategy where employees and management agree on clearly set objectives that needs to be met which result in reciprocal rewards for the employees as well as the organization. The aim of the study was to establish employee involvement in implementation of performance management programs at Kenya Wine Agencies Limited. The target population was 250 employees in Kenya Wine Agencies Limited. Data was collected using questionnaires and the collected data was cleaned and coded. The data analysis techniques included descriptive statistics like the mean and standard deviation. The study found out that the employee perception of the extent of involvement in implementation of performance management programs was positive. The study concluded that the organization involve employee in performance management programs, formulate training program with aim of improving performance of the organization and reducing costs. The study concluded that there was relationship between employees training and their level of performance within the organization where trained staff performs well than those who have never attended any training session. The study recommends that empowerment and development of the staff is vital in the organization hence there is need to offer training and other subsidiaries training to motivate staff towards working. It is recommended that for the organization to achieve its objectives it must recognize human resource management practices and employees initiatives. Further research be done on other sectors such as manufacturing and distribution.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Performance management is a strategic and integrated approach to delivering sustained success to organization by improving the performance of the people who work in them and by developing the capabilities of team and individual contributors (Armstrong, 2006). It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. Performance management is integrated in four phases. This includes vertical integration, functional integration, human resources integration and integration of the needs of individuals and those of organization. Employees perceive performance management system as a tool that is used to manage individual performance and deliver expected results in the organization. Employees perceives performance management as a system for rewarding good performance, improving performance, identifying performance gaps and putting in place necessary interventions.

Employees are involved in performance management from the performance planning level. This involves goal setting where they actively participate in discussion by their immediate supervisors and agree on key performance areas on which they will be evaluated on; plan and participate in the evaluation to establish the extent of how the achieved the set performance objectives. This will measured against the key performance indicators in establishing the actual performance achieved. Finally employees are involved in agreeing on the corrective action to be taken in case they didn't perform at the expected level. These will also involve agreeing on the timeframe in which the set corrective action should be taken. Implementation of performance management involves setting of performance objectives against performance indicators which are agreed upon between the employee and the supervisor. The implementation process goes on by monitoring and evaluating the entire performance management process on how well the employee is performing and agrees on measures to be taken.

### **1.1.1 Concept of Perception**

Perception is the process of organizing, interpreting and integrating external stimuli received through the senses. It is the mental process involved in identifying and subjectively interpreting objects, concepts, behaviour and the attainment of awareness, insight and understanding (Cole, 2005). Employees perceive performance management system as a tool that is used to manage individual performance and deliver expected results in the organization. Employees perceives performance management as a system for rewarding good performance, improving performance, identifying performance gaps and putting in place development interventions in addressing those gaps. Perception of employees against performance management system entirely depends on how the system is embraced in the organization and how effective it is in addressing its main objectives. This will essentially determine the perception of employees towards the performance management system.

Bretz et al (2002) asserts that the most important performance management issue faced by organization is the perceived fairness of the performance review and the performance management system. Their findings were that most employees perceive their performance management system as neither fair nor accurate. Perceived unfairness and ineffectiveness of the performance management result in counterproductive and detrimental behaviour from employees. The way employees perceive performance management affects the importance that is attached to it. Chang et al (2006) notes perceived fairness is the amount of compensation that employees receive in lieu of their performance. Interactional justice, on the other hand, focuses on the perceived fairness of interpersonal treatment employees receive during the appraisal process. Konovsky (as cited in Narcisse et al 2008) argues that the importance of fairness lies in its role as a primary organizational value and in understanding the consequences of employee fairness perceptions.

### **1.1.2 Performance Management**

This is the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within the organization which

supports and encourages their achievement. (Armstrong, 2006). Armstrong (2006) asserts that the aim of performance management is to establish a high performance culture in which individuals and team takes responsibility for the continuous improvement of business process and for their own skills and contributions within a framework provided effective leadership. The essence of performance management is establishing a framework in which performance by individuals can be directed, monitored, motivated and rewarded, and whereby the links in the cycle can be audited.

Performance management is the process by which executives, managers and supervisors work to align employee performance with the firm's goals. An effective performance management process has a precise definition of excellent performance, uses measurements of performance, and provides feedback to employees about their performance (Ivancevich, 2007). Performance management is a continuous and flexible process that involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve required results. It focuses on future performance planning and improvement rather than on retrospective performance appraisal. It provides the basis for regular and frequent dialogues between managers and individuals or teams about performance and development needs (Armstrong, 2006).

According to Cokins (2009) the introduction and implementation of a performance management system carries profound implications for both employees and organizations. For employees, performance management has direct implications for rewards and recognition. Organizations invest huge amounts of financial and non-financial resources on performance management systems. Fletcher (2004) argues that employee involvement is vital because it enhances employees' ownership of the system and its effectiveness. Employees and their supervisors participating in the system should be convinced that the system is useful and fair. Good performance management systems yield information about skills, abilities and employee potential which can be used in workforce planning.

### **1.1.3 Employee Involvement**

Employee involvement is critical since it is based on the belief that everything that employee do at work at any level contributes to achieving the overall purpose of the organization. Employee involvement is important because performance management is concerned with what people do (their work), how they do it (their behaviour), and what they achieve (their results). It therefore provides a framework in which managers can support their team members rather than dictate on them, and its impact on results can be more significant if it is regarded as transformational rather than appraisal process (Armstrong, 2006).

Employees are involved right from setting performance targets where they actively participate in discussion by their immediate supervisors and agree on key performance areas on which they will be evaluated on; plan and participate in the evaluation to establish the extent of how the achieved the set performance objectives. This will measured against the key performance indicators in establishing the actual performance realized at the end of the appraisal period. Finally employees will be involved in agreeing on the corrective action to be taken in case they didn't perform at the expected level. These will also involve agreeing on the timeframe in which the set corrective action should be taken.

### **1.1.4 Implementation of Employee Performance Management Programs**

Implementation of performance management commences at the goal setting level. The employee sets performance objectives which covers all key result areas of the job against performance standards. The agreed and signed between the employee and the manager as well as performance measures which provides evidence of whether or not the intended the result (Armstrong, 2006). In implementation of performance management programs progress reviews is very critical during implementation sine it helps manager and employee to define and meet development and improvement needs as they arise. During this period the employee is encouraged to learn from the successes, challenges and problems inherent in his/her work.

Implementation of performance management involves setting of performance objectives against performance indicators which are agreed upon between the employee and the supervisor. The implementation process progresses by monitoring and evaluating the entire performance management process on how well the employee is performing and agree on the corrective action to be taken where there are performance gaps. It also involves positive reinforcement by putting emphasize on what has been done well so that it will be done even better. Finally both parties will agree on action plans to be implemented by the employee alone or by employee with the support of their managers

### **1.1.5 Kenya Wine Agencies Limited**

Kenya Wine Agencies Limited was incorporated in May 1969 with the objective of consolidating importation and distribution of Wines and Spirits from foreign owned companies and enable indigenou Kenyans take control the importation and distribution of Wines and Spirits in the country from hitherto foreign owned companies. Through incorporation of Kenya Wine Agencies Limited, the first commercial winery (1982) was established in Kenya. This role was effectively discharged and Kenya Wine Agencies Limited retained a monopoly status in manufacturing and distribution of Wines and Spirits until liberalization of the economy in 1992/1993. In the period between 1993 and the early 2000s, Kenya Wine Agencies Limited faced stiff competition and business challenges that threatened its existence. Kenya Wine Agencies Limited distribution network is spread in the entire Eastern Africa market. In Kenya our branches in Nairobi Head Office, Mombasa, Kisumu, Nyeri and Nakuru enable our customers to access our quality products easily. In line with its vision to be leading supplier of quality beverages in Eastern and Central Africa, Kenya Wine Agencies Limited also runs a Duty Free shop in Kigali International Airport in Rwanda besides domestic operations in Rwanda and Uganda. Kenya Wine Agencies Limited has a work force of 250 staff comprising of both management and union staff.

### **1.2 Research Problem**

Performance management system is the systematic process by which an organization involves its employees as individuals and members of a department in improving

organizational effectiveness in the accomplishment of its mission and goals (Armstrong, 2006). Perception is the attitude towards policies concerned with pay, recognition, promotion and quality of working life, and influence of the group with whom they identify (Armstrong, 2006). The employee perception in the involvement in the implementation of performance management is widely accepted and the entire process is deemed fair. Such a performance management process is participatory and consultative in nature as employees are involved right from the commencement of the process to the end of appraisal period. This influences the perception of employees towards implementation of performance management positively.

Kenya Wine Agencies Limited has performance management system which employee is not involved in setting performance objectives of its employees, monitoring and evaluating the overall performance at the end of the appraisal period. The performance management system implemented in Kenya Wine Agencies Limited has not been fully embraced and appreciated by staff. This was established during the survey that was done in the development of the corporate strategic plan 2014- 2016 which established that the overall performance and individual contributions of employees to achievement of corporate objectives has gone down by 40%. It was also noted that employee view the performance management as an annual routine exercise which is done for purposes of rewarding employees with annual agreement. This means that there is need for improvement on how the performance management is implemented.

Previous studies have been conducted in the field; Wanyama (2007) conducted a study on Employee perception of performance appraisal the case study of University of Nairobi. The study established that the performance appraisal system in place, faced various challenges such as lack of clarity on the purpose, lacks direct link between the performance and rewards. M'mbui (2011) conducted a study on effect of performance appraisal on employee job satisfaction in Kenya Revenue Authority. The study showed that though performance appraisal helps individual employees and the authority to meet set targets, there was lack of job satisfaction. Nzuve (2012) conducted a study on assessment of employees' perception of performance appraisal a case study of the

department of immigration in Nairobi. The study established that though performance appraisal on paper was build on solid principles, its implementation as relates to the scope of application highlighted old performance appraisal. Achieng (2013) conducted a study on Factors affecting employees' perception of the performance appraisal process at the National Housing Corporation. The study established that the performance appraisal that have been implemented faces challenges such as ownership of the performance appraisal process, factors such as employee participation, rating techniques, training influence employee perception of performance appraisal process Based on the research conducted by previous researchers no study has been conducted as regards the employee perception on the involvement of implementation of performance management.

### **1.3 Research Objective**

To establish employee perception of the extent of involvement in implementation of performance management at Kenya Wine Agencies Limited.

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

This study will be of value to Kenya Wine Agencies Limited since it will help in developing performance management system that will be readily accepted for implementation since it will take into account the needs of the employee and the company. The study will provide valuable guidance and reference in formulation of a robust employee performance management policy

This study will contribute to the best practice in implementing employee performance management. This will eventually contribute to the overall success and performance of the company in meeting its strategic objectives.

This study will contribute both to theory and practice on research which will provide valuable literature on the employee perception on the extent of involvement in the implementation of performance management.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter covers theoretical foundation of the study which are expectancy theory and equity theory, employee performance management, performance management process and employee involvement in implementation of performance management

### **2.2 Theoretical Foundation of the Study**

The theoretical foundation of the study will be based two theories which are the expectancy theory and equity theory.

#### **2.2.1 Expectancy Theory**

The concept of expectancy was originally contained in the valence-instrumentality-expectancy theory which was formulated by Vroom (1964). The concept of expectancy was defined as where an individual chooses between alternatives which involve uncertain outcomes, it seems clear that his behavior is affected not only by his preference among these outcomes but also by the degree to which he believes the outcome is possible. Expectancies may be described in terms of their strength. The strength of expectations may be based on past experiences but individuals are frequently presented with new situations such as change in a job, payment system, or working conditions imposed by management where past experience is an adequate guide to the implication of change.

The expectancy theory states that an individual will be motivated to act provided they expect to be able to achieve the goal set, believe that achieving the goals will lead to other rewards which are valued. This theory was developed by Porter and Lawler (1968) into a model which follows vroom's ideas by suggesting that there are two factors determining the effort people put into their jobs. These are the value of the rewards to individuals in so far as they satisfy their needs for security, social esteem, autonomy, and self-actualization and finally the probability that rewards depend on effort, as perceived by individuals in other words their expectations about the relationships between effort and reward.

### **2.2.2 Equity Theory**

Equity theory is concerned with the perceptions people have about how they are being treated as compared to others. Equity involves feelings and perceptions and is always a comparative process. Equity theory states that people will be better motivated if they are treated equitably and demotivated if they are treated inequitably. There are two forms of equity which are distributive equity that is concerned with the fairness with which people feel they are rewarded in accordance with their contribution and in comparison with others; and procedural equity or procedural justice, which is concerned with the perceptions employees have about the fairness with which the company procedures in such areas as performance appraisal, promotion and discipline are being operated.

Interpersonal factors are closely linked to feelings about procedural fairness. Tyler et al (1990) identified five factors that contribute to perceptions of procedural fairness which are adequate considerations of an employee's viewpoint; suppression of personal bias towards the employee; applying criteria consistently across employees; providing early feedback to employees concerning the outcome of decisions and providing employees with an adequate explanation of the decision made.

### **2.3 Employee Performance Management**

Noe, Hollenbeck, Gerhardt and Wright (2003) define performance management as a process through which managers ensure that employee activities and outputs are congruent with the organizations' goals. This definition emphasizes the importance of performance management in the execution of organizational strategy. It is through performance management that managers can measure an employee's input towards the achievement of organizational goals and objectives. Mucha (2009) defines performance management as an ongoing, systematic approach to improve results through evidence based decision making, continuous organizational learning and a focus on accountability for performance. It uses evidence from performance measurements or appraisals to support effective planning, funding and operations within the organisations. This empowers managers to improve on services or products on offer, and increasing both customer satisfaction.

In the same vein, Grobler et al (2006) define performance management as a total quality management program which entails using all the management tools, including performance appraisal, to ensure achievement of performance goals. This view is based on the assumption that the necessity for managing arises whenever work must be coordinated (Grobler et al., 2006). Effective performance management will therefore enable task coordination and execution and thereby enhance efficiency, productivity and an organization's competitive advantage.

Simons (as cited in De Waal, 2003), notes that performance management systems as the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities. The conceptual foundation of performance management relies on a view that performance is more than ability and motivation. It is argued that clarity of goals is key in enabling the employee to understand what is expected and the order of priorities. In addition goals themselves are seen to provide motivation, and this is based on goal setting theory originally developed by Locke (1990).

The performance management system is a strategic tool that enables high performance and achievement of organizational objectives, and thus impacting positively on the bottom line. The performance management system should be based on roles and responsibilities for each position, linked to a competency acquisition process to facilitate training and development where such gaps are identified. The system also require full justification for every score allocated during the appraisal, and provide clear guidelines on the benchmark deserving of each score. This will be a very thorough system, entrenched into all work processes to ensure consistent and impactful task performance. According to Curtright, Stolp-Smith and Edell (1999), an efficient and effective Performance management system gives senior management a fast but comprehensive glimpse of the organization's performance in meeting its quality, operational, and financial goals. It is through performance management systems that organizations

emphasize their strategy, ensure accountability, create value for their clients and ultimately realize profits.

#### **2.4 Performance Management Process**

Performance management process is used to communicate organizational goals and objectives, reinforce individual accountability for meeting those goals, and track and evaluate individual and organizational performance results. It reflects a partnership in which managers share responsibility for developing their employees in such a way that enables employees to make contributions to the organization. It is a clearly defined process for managing people that will result in success for both the individual and the organization (Armstrong, 2006).

Performance management process involves setting specific measurable goals with each employee and then periodically review the progress made (Dessler,2008).The process starts with planning which involves setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. It also includes the measures that will be used to determine whether expectations and goals are being met. Involving employees in the planning process helps them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

The progress of performance is periodically monitored on how well the employee is performing in order to take a corrective action. Monitoring is consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals. Ongoing monitoring provides the opportunity to check how employees are doing and to identify and resolve any problems early. The identified performance gaps and needs are addressed through developing, which is increasing the capacity to perform through training, giving assignments that introduce new skills or higher level of responsibility, improving work processes, or other methods. Development efforts can encourage and strengthen good performance and help employees keep up with changes in the workplace. Then employee is rated thus

evaluating employee or group performance against the elements and standards in an employee's performance plan, summarizing that performance, and assigning a rating of record. Rewarding is the final cycle in performance management process. This is providing incentives to and recognition of employees, individually and as members of groups, for their performance and acknowledging their contributions to the agency's mission. There are many ways to acknowledge good performance, from a sincere "Thank You!" for a specific job well done to granting the highest level, organization-specific honors and establishing formal cash incentive and recognition award programs.

Performance feedback is provided to employees with the aim of improving performance effectiveness through stimulating behavioural change. The manner in which employees receive performance feedback is a major factor in determining the success of a performance management programs (Harris, 1988). Feedback may strike at the core of a person's personal relief system it is crucial to set conditions of feedback so that the employee is able to tolerate, hear, and own discrepant information (Dalton, 1996). Davis et al (1999) argue that the practice of informal and regular communication between supervisor and employee are far more desirable and effective than a formal performance appraisal process. Kondrasuk et al (2002) also proposes to integrate the process of feedback into the daily interactions of supervisors and employees in away that is more frequent but in less formal meetings. Achievements updates on a weekly basis then touch on the strength and weaknesses, while so called achievement assessment take place bimonthly, are formal and aim at getting more clear depiction of issues troubling both sides. Roberts (2003) concludes that effective feedback is timely, specific, behavioural in nature and is presented by a credible source. Furthermore, performance feedback alone generates improvement to employees' organizational commitment and particularly to job satisfaction( Tziner et al 2002). Performance feedback combined with goal- setting contributes strongly to employees' job satisfaction. Tziner et al (2002) also found out that the process of goal – setting gives the employee a broader picture of the work unit and the organization's objectives.

## **2.5 Employee Involvement in Implementation of Performance Management**

Employee involvement in implementation of performance management is an organizational strategy where employees and management agree on clearly set objectives that needs to be met which result in reciprocal rewards for the employees as well as the organization (Dessler, 2008). Fletcher (2004) argues that employee involvement in performance management is vital because it enhances employees' ownership of the system and its effectiveness. Therefore employees' perceptions of the system are vital. Employees and their supervisors participating in the system should be convinced that the system is useful and fair. As employees commit themselves to the vision of the company and achieve organizational goals, they are being rewarded by the organization through incentives like promotions or salary increase while the organization may have profits. Dobbins et al (1990) reported that appraisal fairness was found to have strong positive correlations with the level of two-way communication as they are useful in plotting employees' progress towards their performance objectives and provide employees with an opportunity to raise issues that influence their ability to achieve their performance objectives.

Performance management is usually described as the system through which organizations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards, Varma et al (2008). This description sums up the aims and objectives of an efficient performance management system. Performance management systems that are designed and implemented well can serve several important purposes, Cascio & Aguinis, (2005). These include linking of employee activities to organizational strategy, communicating organizational expectations, evaluating employee progress, making employment decisions, rewarding performers and developing non-performers as well as keeping a record of human resource decisions. Goff et al (1990) asserts that training should focus on providing the manager with the systematic approach to the practice of effective people management. The training should focus on the process of managing, motivating and evaluating employee performance: Performance evaluation is only apart of the overall process and it's therefore important that managers see it in a wider context

not as a simple quick fix solution. The training should provide employee with broad opportunities to practice the specified skills, provide feedback on their performance appraisal.

Supervisors are very important in performance management programs as they are generally responsible in setting performance objectives, providing formal and informal feedback, and the overall rating of employees' performance. Performance rating is used in determining the extent of pay rise, promotion or dismissal, employee's current and future employment prospects. Fulk et al (1985) identified a belief that open communication with the supervisor would not result in negative repercussions as important as promoting perceptions of performance appraisal fairness. According to Rizzo et al (1970) "If an employee does not know what has the authority to decide, what he is expected to accomplish, and how he will be judged, he will hesitate to make a decision and will have to rely on trial and error approach in meeting the expectations of his superior". Thus it's critical for a supervisor to communicate performance expectations to employees and also set his/her performance goals. In goal setting, individual's performance goals should be aligned with overall organizational.

At a strategic level, performance management is used to align individual to organizational objectives. Well-designed performance management systems identify the results and behaviours needed to carry out the organization's strategic priorities and maximize the extent to which employees exhibit the desired behaviours and produce the intended results, (Cascio & Aguinis, 2005). Aguinis (2009) lists the six purposes of a performance management system. These systems can be used administratively as a source of information for making decisions about employees. They allow for communication of expectations and feedback to employees. They provide information relating to employee strengths and weaknesses, and in so doing enable the identification of developmental needs and recommend remedial action. Good performance management systems yield information about skills, abilities and employee potential which can be used in workforce planning. Finally, a good performance management system should be able to record critical employee performance data which can be used when making

decisions about employee rewards. To this end, performance management systems convey financial and non-financial information that influences decision making and managerial action (De Waal, 2003, p. 688).

Levy et al (1998) found that knowledge of the performance management programs was significant and positive influence and fairness perceptions. They examined the relationship between perceived system of knowledge and performance appraisal fairness in two separate studies conducted with bank employees. In both studies perceived system knowledge referred to understanding of the objectives of the operation of the appraisal systems as well as the overall goal of the performance appraisal process. The first study found that where appraisals believed they understood the appraisal system they were more likely to judge the system fair. Knowledge of the performance appraisal process can be seen as consisting of number of elements: clarity about the role of appraisals, understanding of performance objectives and acceptance of those objectives. Each of these dimensions of knowledge add to employee's feelings of process control: employees are aware of why appraisal is taking place, what they are required to do in order to be successful in the appraisal, and the consequences of appraisal.

Brumbach (1988); performance means both behaviour and results. Behaviours emanate from the performer and transform performance from abstraction to action. Not just the instrument for results, behaviours are also outcomes in their own right. The product of mental and physical effort applied to tasks and can be judged apart from results. Performance appraisal systems have provided a formalized process to review the performance of employees. This normally requires the Manager and the employee to take part in performance review meeting. Coates (1994) argues that what is actually measured in performance appraisal is the extent to which the individual conforms to the organisation. Some traditional appraisal was based on measures of personality traits that were felt to be important to the job. These include traits such as resourcefulness, enthusiasm, drive, application and intelligence.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the research design, population, data collection and data analysis techniques that were used in the study.

### **3.2 Research Design**

This study used a descriptive census survey design. The design was found appropriate since all elements were investigated at the same point in time. It has been observed that census survey is used when the population is small and variable.

### **3.3 Population**

The target population comprised all employees in Kenya Wine Agencies Limited who are 250. (Approved Manpower Plan, June 2014). All staff were included in the survey.

### **3.4 Data Collection**

The study used primary data. The primary data was collected through the self-administered questionnaire. The researcher personally delivered the questionnaires to the respondents through the heads of departments. The research questionnaires were administered using a drop and pick later method.

### **3.5 Data Analysis**

Before analysis, the data collected were checked for completeness and accuracy. The researcher used descriptive statistical techniques such as mean, median, standard deviations, frequencies and percentages to analyze data. The results were presented using graphs, charts and tables.

## **CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

### **4.0 Introduction**

This chapter covers response rate on demographic characteristics of the respondents, employee perception of the extent of employee involvement in implementation of performance management programs.

### **4.1 Response Rate**

A total of 250 questionnaires were distributed and only 200 were collected having been filled completely. This constituted a response rate of 80% which according to Mugenda (2003) a response rate of more than 80% is sufficient for a study.

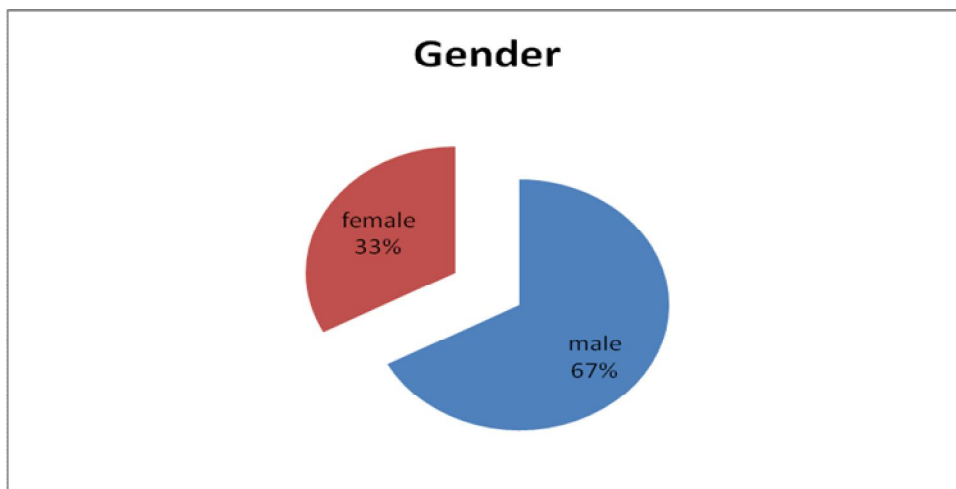
### **4.2 Demographic Characteristics of the Respondents**

The study considered the following demographic characteristics of the respondents; gender of the respondents, age, educational level, rank and length of service.

#### **4.2.1 Gender of the respondents**

The results as shown in Figure 4.1 show that majority of the respondent were male at 67% while female were 33%. This indicates that male are majority in the organization as compared to female.

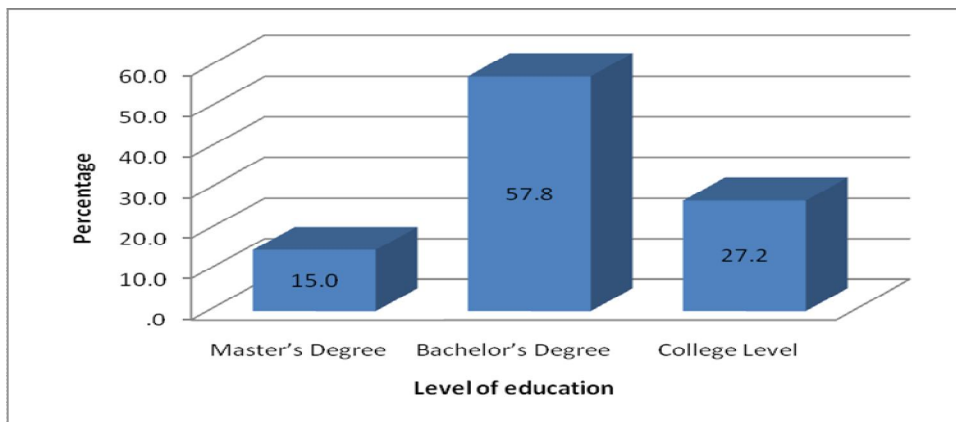
**Figure 4.1: Gender of the Respondents**



### 4.2.2 Highest level of Education

Majority of the respondents 57.8% as presented in Figure 4.2 had attained their Bachelor's degree; this was followed by 27.2% who had attained college level of education while 15% had attained Master's degree. This indicates that majority of the employees had attained a degree level of education, followed by diploma and a few had attained a master's degree.

**Figure 4.2: Highest Level of Education**



### 4.2.3 Respondents Rank in the Organization

The results in Figure 4.3 show that 43% of the respondents were operational staff, this was followed by managers 36%, support staff 18% while directors were 3%. This indicates that majority of staff are operational staff, followed by managers, support staff then finally Directors.

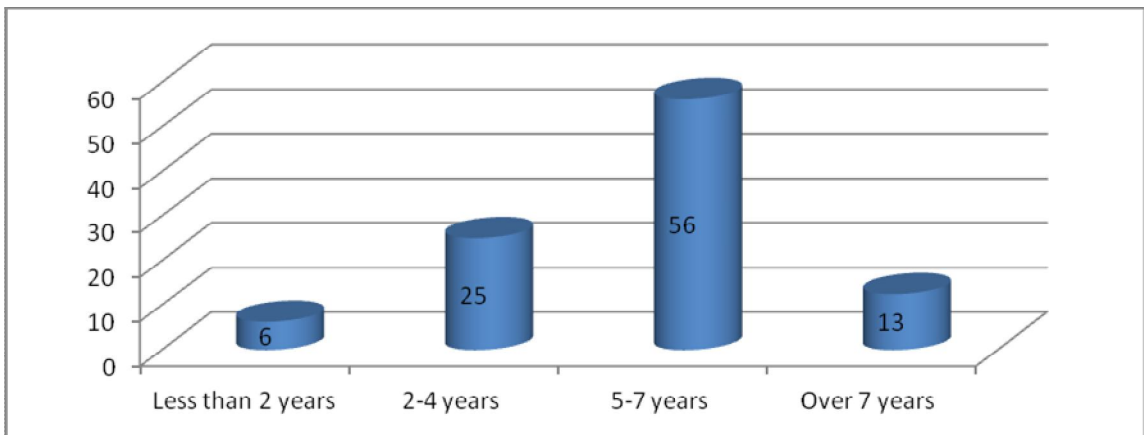
**Figure 4.3: Respondents Rank in the Organization**



**4.2.3 Respondents Length of Service in the Organization**

The findings in Figure 4.4 show that majority (56%) of the respondents had worked in their firm for a period of 5-7 years, 25% had worked for a period of 2-4 years, 13% had worked over 17 years while the rest (6%) had served in their respective organization for less than 2 years. This implies that most of the respondents had worked for over 5 years thus they were conversant with the information that the study sought pertaining to the organization.

**Figure 4.4: Respondents Length of Service in the Organization**



### **4.3 Employee Perception of extent of Involvement in Implementation of Performance Management**

The respondents had a positive perception on the extent of employee involvement in implementation of performance management programs in Kenya Wine Agencies Limited with a mean score of 4.8 and standard deviation of 0.57. This finding is consistent with other authors such as Dessler (2008) who notes that employee involvement is important because performance management is concerned with what people do (their work), how they do it (their behaviour), and what they achieve as their results. Armstrong (2006) also asserts that performance management is a continuous and flexible process that involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve required results. It focuses on future performance planning and improvement rather than on retrospective performance appraisal. It provides the basis for regular and frequent dialogues between managers and individuals or teams about performance and development needs (Armstrong, 2006). Performance management processes involves setting specific measurable goals with each employee and then periodically review the progress made (Dressler, 2008). Employee involvement in implementation of performance management is an organizational strategy where employees and management agree on clearly set objectives that needs to be met which result in reciprocal rewards for the employees as well as the organization

The respondents had a positive perception of the extent of involvement of fairness and effectiveness of the performance management system for improved performance and positive behaviour with a mean of 4.3 and standard deviation of 0.54. Cascio et al (2005) asserts that well designed performance management systems identify the results and behaviours needed to carry out the organization's strategic priorities and maximize the extent to which employees exhibit the desired behaviours and produce the intended results. The way employees perceive performance management affects the importance that is attached to it. The finding also presents the same argument.

The respondents had a positive perception of the extent of involvement of regular provision of training to employees to support implementation of performance

management programs and performance gaps identified through performance management programs with a mean score of 4.4 and standard deviation of 0.47. This is in line with position taken by Armstrong (2006) who asserts that the progress of performance is periodically monitored on how well the employee is performing in order to take a corrective action. Monitoring is consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals. Ongoing monitoring provides the opportunity to check how employees are doing and to identify and resolve any problems early. The identified performance gaps and needs are addressed through developing, which is increasing the capacity to perform through training, giving assignments that introduce new skills or higher level of responsibility, improving work processes, or other methods.

The respondents had a positive perception of the extent of involvement of performance appraisal system as the main factor used by the business to determine potential managerial candidates, adjust the pay rate for each position based on performance and analyze employee performance to determine if further training is needed with a mean score of 4.4 and standard deviation of 0.47. This finding supports Varma et al (2008) who notes that performance management is usually described as the system through which organizations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards. This illustrates that reviewing each completed employee performance evaluation is critical to ensure that it does not violate any company policies, or employment laws. It is important to analyze the completed appraisal after the managers have their one-on-one meetings with their employees and determine if the managers' recommendations are appropriate.

The respondents had a positive perception of the extent of involvement of supervisors being regularly responsible for managing the performance of their employees with a mean score of 3.0 and standard deviation of 0.48. The result agrees with that of Rizzo et al (1970) who notes that supervisors are very important in performance management programs as they are generally responsible in setting performance objectives, providing

formal and informal feedback, and the overall rating of employees' performance. Performance rating is used in determining the extent of pay rise, promotion or dismissal, employee's current and future employment prospects. A number of authors present the same argument, Fulk et al (1985) identified a belief that open communication with the supervisor would not result in negative repercussions as important as promoting perceptions of performance appraisal fairness. According to Rizzo et al (1970) Performance appraisal systems provide a formalized process to review the performance of employees. This normally requires the Manager and the employee to take part in performance review meeting. Coates (1994) argues that what is actually measured in performance appraisal is the extent to which the individual conforms to the organisation. This means that a supervisor is expected to set performance objectives with an employee, provide feedback, assess individual performance, and guide the learning and development of each and every employee who reports to him/her. Further supervisors are expected to ensure that good performance is rewarded. In cases of unsatisfactory performance, they are expected to identify remedial actions and milestones for improvement. If performance does not improve, they are responsible for recommending the appropriate action, which can include demotion, withholding of pay increments, or termination of employment.

The respondents had a positive perception of the extent of involvement of organizational performance as drawn mainly by individual performance with a mean score of 4.2 and standard deviation of 0.47. This is the same as argued by Armstrong (2006) who notes that performance management involves recurring activities that establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently. Those recurring activities are much of what managers and employees inherently do in their organizations. The achievement of organizational objectives depends largely on the performance of the organization. This means that performing organization execute Performance Management effectively by fully involving employees and use it to drive their strategic objectives thereby improving overall organizational results. In their view, the measurement and management of employee performance is very fundamental to unlocking organization's goals.

The respondents had a positive perception of the extent of involvement of employees deriving reward and promotion as a key component of performance management system with a mean of 4.0 and standard deviation of 0.54. As asserted by Dessler(2008) asserts that performance management programs provide better insight in the job and clarify the duties and responsibilities associated with the job, enable employees to see where he/she fits in the structure and contributes to achieve the development objectives of the firm, Assist employees to discover their own strengths, to recognize their weaknesses and to develop the knowledge, skills and attitudes to overcome these in order to fulfill their potential, enhance individual career development through informed decision-making and focused training; and enable employees to make full use of the opportunities presented by the implementation of employment equity.

The respondents had a positive perception of the extent of involvement of the achievement of organizational objectives being largely driven by individual employee performance with a mean of 4.4 and standard deviation of 0.49. Staff are the main determinant of performance success as pointed out by Armstrong (2006) who notes that performance management is a strategic and integrated approach to delivering sustained success to organization by improving the performance of the people who work in them and by developing the capabilities of team and individual contributors. It was established that Kenya Wine Agencies Limited executes performance management effectively and use it to drive their strategic objectives thereby improving overall organizational results. On the respondent's point of view, the measurement and management of employee performance is very fundamental to unlocking organizations goals. In order to drive excellent performance of the organizations, employees are involved in implementation of performance management programs. They are involved in planning, designing, developing and recommend for implementation best practice performance management systems that provide valid basis for employee performance (Armstrong, 2006). They provide tailored and customized performance management that the organization uses to manage and develop their people which are their most valuable resources.



The respondents had a positive perception of the extent of involvement of feedback being provided regularly during the appraisal period with a mean of 3.7 and standard deviation of 0.38. This agrees with Armstrong (2006) who notes that performance management is an ongoing process that ensures that employees get the direction, coaching and developmental opportunities they need to continually improve their performance. Feedback on performance is conducted on a day-to-day basis, hence there should be no surprises when an employee's performance is formally assessed.

The respondents had a positive perception of the extent of involvement of performance management system being used for enhancing individual performance with a mean of 3.0 and standard deviation of 0.48. This factor is recognized by Dessler (2008) who asserts that performance management programs assist in complying with the directive and in leveraging the performance management process to sustain individual development and drive performance improvement. It is intended to be a practical resource to help with the full range of performance management activities. However, in the course of managing performance, specialist advice may be needed. It was also established that employee training and development are crucial components in helping an organization achieve strategic initiatives.

The respondents had a positive perception of the extent of involvement of training being provided to support implementation of performance management system a mean score of 3.7 and standard deviation of 0.38. This supports Armstrong (2006) who argues that for performance management to truly be effective, post-appraisal opportunities for training and development in problem areas, as determined by the appraisal, must be offered. Performance appraisal can especially be instrumental for identifying training needs of new employees. Finally, Performance appraisal can help in the establishment and supervision of employees' career goals.

The respondents had a positive perception of the extent of involvement of coaching and mentoring as a factor influencing employee job performance is used in addressing performance gaps with a mean score of 4.4 and standard deviation of 0.47. This supports Biernat (2003) who asserts that development efforts such as coaching and mentoring

encourage and strengthen good performance and help employees keep up with changes in the workplace. Then employee is rated thus evaluating employee or group performance against the elements and standards in an employee's performance plan. Employees are more cooperative rather than individualistic culture place more concern on interpersonal relationships with other employees rather than on individual interests. Kenya Wine Agencies Limited value performance feedback for self-management and effectiveness purposes. However, Kenya Wine Agencies Limited has been employing Performance management for purposes of improving performance within the organization such as clarifying job objectives, guide training and development plans, and lessen the gap between job performance and organizational expectations.

The respondents had a positive perception of the extent of involvement of supervisor and employee regularly holding joint sessions to agree on the corrective action to address performance gaps with a mean score of 3.4 and standard deviation of 0.53. A facilitator meets separately with the supervisor and with the subordinate to prepare for an assessment on development needs to be addressed. What employees do well, where the employee has improved in recent past, and areas where the employee still needs to improve, because the subordinate will present his or her lists of priority areas first during the joint session, this reduces defensive behaviors (Grubb,2007). Furthermore, the subordinate comes to the joint session not only prepared to share areas of needed improvement, but also brings concrete ideas as to how these improvements can be made. They also focuses very strongly on what areas employees are doing well, and involves praise when discussing what the employee does well.

The respondents had a positive perception of the extent of involvement of performance management system established fairness in promotion with a mean score of 3.9 and standard deviation of 0.53. This supports Cole (2002) who notes that although length of service may not always be a reliable indication of the ability to perform a higher level job; employers usually give senior people the first opportunity for promotion, but the employer may seek to further qualify the employee for promotion based on their abilities (not solely because of length of service). A performance appraisal provides a basis for assessment of employee merit as a component of these decisions.

**Table 4.1: Mean Score and Standard Deviation of Employee Perception of the Extent of Involvement in Implementation of Performance Management Programs**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Employees are involved in implementation of performance management system	4.8372	0.57097
Employees are involved in setting performance objectives	3.7442	0.38961
Performance management systems is implemented in the organization	4.7442	0.38961
The performance management system is used to measure performance	4.4419	0.53356
Criteria on performance evaluation is clear and easily understood	4.1628	0.47372
Performance management system is consistent and fair	4.0465	0.54548
Employee feels secure as a result of performance management system	4.4419	0.47372
Performance management is clearly communicated	4.3953	0.54548
Performance objectives set are discussed and agreed	3.4419	0.53356
I regularly hold joint sessions to agree on corrective action to address performance gaps	3.1628	0.47372
I am evaluated objectively during performance appraisal	4.0465	0.54548
Feedback is provided regularly during the appraisal period	3.9302	0.53269
Performance management system is used to enhance individual performance	3.0000	0.48680
Training is provided to support implementation of performance management system	4.4419	0.49589
Performance gaps identified through performance management system are addressed	4.2558	0.58961
Feedback is provided regularly during appraisal period	4.4419	0.47372
Performance management system is used for enhancing individual performance	4.4419	0.37097
Training is provided to support implementation of performance management system	4.2558	0.30
Performance gaps identified through performance management system are addressed	3.9302	0.540
Achievement of organizational objectives depends on my performance	4.4419	0.47372
Coaching and mentoring is used in addressing performance gaps	4.4419	0.47372
Performance management system has established fairness in promotion	4.3953	0.54548
Performance management system is used for reward and recognition	4.0930	0.53269

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

### **5.1 Introduction**

This chapter covers the summary of the findings, conclusion, recommendations, limitations and suggestion for further research.

### **5.2 Summary**

From the study findings, it was clear that Kenya Wine Agencies Limited has put in place performance management programs, performance management system is used to measure performance, criteria on performance evaluation is clear and easily understood, performance management system is consistent and fair, employee feels secure as a result of performance management system. Performance management is clearly communicated was also strongly agreed. The study was about employee perception of the extent of involvement in implementation of performance management programs.

The study found that employees are involved in implementation of performance management system, right from setting performance objectives, performance objectives set are discussed and agreed. Supervisor guides employees regularly in performance management process, employees are evaluated objectively during performance appraisal, feedbacks are provided regularly during the appraisal period, performance management system is used to enhance individual performance, training is provided to support implementation of performance management system and performance gaps identified through performance management system are addressed

The study also found that performance management programs are frequently reviewed as well as involvement of employees in the entire performance management process hence contributing to good performance. The study further found that customer satisfaction, increased production and improved working environment were some of the impacts realized by the application of performance management programs in the organization. Employee perception of the extent of involvement in implementation of performance management programs, the study established that there is improved performance of the

organization and reduced costs from incompetencies which were the main reason behind formulation of the performance management programs.

### **5.3 Conclusion**

Kenya Wine Agencies Limited has implemented performance management programs by involving employees in the entire process. The study concluded that employee perception of extent of involvement in implementation of the performance management programs are practiced the company.

The study concluded that performance management programs contribute to good performance of the employees as they are involved in the implementation. Additionally, the study concluded that employee satisfaction, increased production and improved working environment were realized as a result of involvement of employees in implementation of performance management programs.

The study concluded that Kenya Wine Agencies Limited has designed and implemented performance management programs with the aim of improving performance of the organization and reducing costs from incompetency. The study concluded that there was relationship between employees training and their level of performance within the organization where trained staff performed well than those who have never attended any training session.

### **5.4 Limitations of the Study**

The main limitation of the study is that the results is dependent on single respondent feelings which may not reflect the actual position at Kenya Wine Agencies Limited. Not all respondents answered the questionnaire hence the result could be limited since not all respondents were represented.

### **5.5 Recommendations**

The study recommends that for Kenya Wine Agencies Limited to maintain its standard of performance appraisal must ensure it give proper direction to the employees in order to improve their efficiency and competence. Further, for the organization should involve

employees in all its management programs and consider employees initiatives. Additionally, the organization should consider employees as an asset and not as a liability by reviewing policies set regarding their welfare and relate them to the market need in order to ensure effective service delivery that enhance customer satisfaction hence maintenance of good reputation in the market.

All staff within the organization should be trained on the strategic issues in order to be direct their effort to a common objective for a desired output. Likewise the study recommends that executives should organize for training sessions where staff can attend training session in order to update them on current strategic adopted by the organization to improve their performance.

#### **5.6 Suggestions for Further Study**

Further research should be conducted on the impact of employee performance on overall organizational performance. Further research to be conducted on influence of employee perception on strategic human resource practices by focusing on other sectors such as manufacturing and distribution.

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### **Appendix I: Letter of Introduction**

I am a postgraduate student undertaking Master of Business Administration at the school of business, University of Nairobi. I am currently carrying out a research on the Employee perception of extent of involvement in the implementation of performance management in Kenya Wine Agencies Limited. The information provided will be used exclusively for academic purposes only.

Yours faithfully,

**Kennedy Mulunda**

**MBA Student**

## Appendix II: Questionnaire

### Section A: Demographic Data

#### SECTION A: DEMOGRAPHIC DATA

1. Gender:    Male            [   ]  
                  Female        [   ]
2. Age:        19 – 25 years [   ]  
                  26– 30 years [   ]  
                  31 – 40 years [   ]  
                  41-45 years [   ]  
                  45 and above [   ]
3. Rank in the organization: Director [   ]  
    Manager [   ]  
    Operational staff [   ]  
    Support staff [   ]
4. Level of Education:    Certificate [   ]  
    College Level [   ]  
    Degree [   ]  
    Master's [   ]

5. Years of service in the organization:

Less than 2 years [ ]

2 – 4 Years [ ]

5 – 7 years [ ]

Over 7 years [ ]

**Section B: Employee Perception of Extent of Involvement in the Implementation of Performance Management Programs**

Please read each statement provided. Indicate to what degree you agree with each statement using the following key: **1-Strongly disagree; 2-Disagree; 3-Neither agree nor disagree; 4-Agree; 5-Strongly agree**

Statement	5	4	3	2	1
We have a performance appraisal system					
Performance management systems is implemented in the organization					
The performance management system is used to measure employee performance					
Criteria on performance evaluation is clear and easily understood					
Performance management system is consistent and fair					

	5	4	3	2	1
Statement					
Employee feels secure as a result of performance management system					
Employees are involved in implementation of performance management system					
Employees are highly involved in setting performance objectives					
Performance objectives set are discussed and agreed					
My supervisor adequately guides me in performance management process					
I am regularly evaluated objectively during performance appraisal					
Feedback is regularly provided regularly during the appraisal period					
Performance management system regularly is used to enhance individual performance					
Training is regularly provided to support implementation of performance management system					
Performance gaps identified through performance management system are regularly addressed					

Performance management system is used for enhancing individual performance					
Performance gaps are jointly discussed with the supervisor and agree on the corrective action to be taken					
Training is regularly provided to support implementation of performance management system					
Coaching and mentoring is used in addressing performance gaps					
Performance management system has established fairness in promotion					
Performance management system is regularly used for reward and recognition					
Organizational performance depends on individual performance					
Achievement of organizational objectives depends on performance of the organization					