EMPLOYEE PERCEPTION OF INVOLVEMENT IN PERFORMANCE TARGET SETTING IN THE DEPARTMENT OF NAIROBI METROPOLITAN DEVELOPMENT, MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI

NOVEMBER, 2014

DECLARATION

I hereby declare that this study is my original work and has not been presented at any other university.

Signed…………………… Date...

Agnes G. Muchohi

Supervisors' Declaration

This research proposal has been submitted for examination with my approval as University Supervisor

Signed……………………….. Date…………………………

Mr. George Omondi

DEDICATION

Dedicated to human resource management scholars and practitioners.

ACKNOWLEDGEMENTS

I wish to express my sincere gratitude to Mr. George Omondi and Ms. Florence Muindi my project supervisors, for their guidance, throughout the project period.

I also wish to acknowledge with thanks my fellow students for their   moral support in the completion of this project.

Last but not least, I wish to thank my nuclear family, my husband and the children, for their encouragement and forbearance throughout the project period.

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ABSTRACT

Organizations are operating in a very competitive environment whereby, to gain a competitive advantage they require a clear and shared vision of purpose and aim. Performance management approach helps every employee understand and recognize his or her contribution. Governments are faced with the challenge of doing things better at minimal cost and science has proved that people deliver when they understand their individual tasks and responsibilities and a feedback mechanism on their performance is provided. Performance contracting provides the needed framework for generating desired behaviour since it includes a range of management instruments used in the public sector to define responsibilities and expectations between parties to achieve mutually agreed results. To achieve set targets, employees must have the abilities to influence or control activities as expressed in the concept of line of sight in that an employee is likely to be motivated when he/she is able to figure out the relationship between their actions, the targets and rewards associated with achieving set target. The objective of the study was to determine the perception of employee involvement in performance target setting, in the department of Nairobi Metropolitan Development from twenty five (25) units and sections heads, through a self-administered questionnaire, whereby drop and pick method was used. The findings revealed that employees perceive that employee involvement in performance target setting exits in the department with an overall grand mean of 3.6. This infers that the process is participative through consultations between the employees and their supervisors. This has helped the department to develop a culture of continuous improvement and national standards are put into a local context for employees understanding. The study concludes with the view that the process of target setting defines precisely the agreed direction of an organization by helping in identification of priority areas. The study recommends employee capacity building in performance target setting since it negatively reflects a variance. The department should also address the issues of performance acknowledgement, recognition and sanctions which were negatively skewed. Further research may be conducted on effective employee involvement scheme in the public service, employee perception of involvement in other stages of performance management such as performance appraisal, and employee perception of involvement in other organizations in the public service as well as public sector.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Fletcher (1993) states that, performance management is an approach of creating a shared vision of the purpose and aims of the organization, helping each employee understand and recognize their contribution. Human resource management activities should be developed, evaluated and changed as necessary so as to contribute to the performance of the individual at work. Setting and monitoring of targets is an integral part of service planning and improvement which should not be seen as a statistical or administrative process carried out by a few. Since targets are seen to institutionalize performance management and also aid performance measurement, there is need to establish what needs to be measured.

Performance management is a strategic and integrated approach to sustained success in organizations (government Ministries included), by improving the contribution of the people who work in them, while developing the capabilities of teams and individuals. People deliver when they understand what their individual tasks and responsibilities are and a feedback regarding the effectiveness of their performance is provided. Governments are faced with the challenge of doing things better with fewer resources. Performance contracting provides a framework for generating desired behavior in the context of devolved management structures. Performance contracts specifically include a range of management instruments used within the public sector to define responsibilities and expectations between parties to achieve mutually agreed results (Lidbury, 1999).

Every enterprise is different and so are the targets set. Targets represent the best the enterprise can achieve in the expected future conditions. Targets should challenge management and show improvement over previous performance unless strongly adverse and uncontrollable conditions are expected. They are crucial for their psychological value in motivating better performance. Too low targets have no incentive effect while too high (as perceived by the management) leaves them alienated and unmotivated. The Management of an enterprise set challenging but attainable targets in the course of corporate planning which are cascaded to the employee through mutual performance agreements (Petrie, 1999).

Most business people relate to the idea of process improvement. Capable business process, like capable manufacturing process, creates predictability and repeatability of results. It's clear, but few are ready to make the leap of faith to focus all energies on process, while ignoring the expectations of stakeholders for the shorter term. It is therefore critical to maintain a balance and sustained focus on both since there is no satisfactory option.

Effective goal setting for improvement focuses both on current business results and process improvement outcomes (capabilities) that can be measured over time; rather than on new objectives every year and there needs to be an ongoing revision of targets with sustained focus on the same set of indicators. The greatest contribution will be gained from vigorous negotiations, debating between manager and the team, and among team members, towards the highest level of company-wide improvement. This a true picture

of the Kenyan scenario during the performance contract negotiation. The process starts with government ministries/departments identifying their annual performance targets from their strategic plans and with the guidelines from the ministry of Devolution and Planning. The obstacles include compensation administration procedures, which drive out risk-taking and willingness to commit to the real improvements that remain untapped year after year though   part of the problem is the lack of a goal-setting process and the lack of process skills on the part of managers. Critics have argued that employee involvement schemes extend little or no input into corporate or higher level decision making and do not entail any significant sharing of power and authority (Beardwell & Claydon, 2007).

1.1.1 Perception

Perception is the process by which individuals organize, interpret their sensory impressions to give meaning to their environment. It is not necessarily based on reality, but is merely a perspective from an individual's point of view. Perception is important when dealing with organizational behaviour because ' peoples' behaviour is based on their perception of what reality is, not on reality itself; the world as it is perceived is the world that is behaviourally important (Robbins 2005). Perception is a way of forming impressions about oneself, other people and daily life experiences. It is a screen through which information passes before having an effect on people. The quality or accuracy of a person's perception has a major impact on the quality of their decisions or actions. The perception process has   four stages namely; information attention and selection, organization of information, interpretation of information and retrieval of information

(Wood 2001). D'souza (1994) observed that when leaders evaluate workers and critically disagree with their ideas or appear to be surprised by their opinions they unwittingly encourage them to be cautious of what they say or be prepared to supply any support for any ideas they express. There are problems of 'gaming' whereby people play the system rather than using the performance management system as a tool for improvement (Whittaker-Brown & Barker, 2005).

Armstrong and Murlis, (2007) observed that to manage continuous performance improvement, there is need for understanding the employee by perceiving the employee's work problems, concerns, competences and technologies required. This depends on being attentive, open minded and not guided by the presumptions of what the other person needs or does not need. This is coaching which lies at the heart of effective day-to-day feedback and successful development. The best way to secure commitment in achieving of targets is by full participation in the setting of performance targets by those responsible for implementing them. This is only possible when the targets are agreed upon by the supervisor and the appraisee. (Dessler, 2008) observed that, to trade unions employee participation programs' effects if not the motive is perceived to usurp unions' traditional duties. This may be avoided by involving employees in the formation of involvement programs and continually emphasizing to employees that the involvement programs are only meant to address quality and productivity as opposed to dealing with management on mandatory bargaining type items such as pay and conditions of work. Critics have argued that employee involvement schemes extend little or no input into corporate or

higher level decision making and do not entail any significant sharing of power and authority (Beardwell & Claydon, 2007).

In Nairobi Metropolitan Development performance contracting committee, comprising of all the departmental heads forms the platform for engaging employees in the corporate planning process. The committee is appointed by the chief executive/ principal secretary of the ministry and meets at beginning of a performance year, which falls between July - June of every year. The committee is informed by the ministry's strategic plan, previous year performance contract and the performance contracting guidelines periodically released by the ministry of Devolution and Planning

1.1.2 Performance Target Setting

Target setting is "more of an art than a science". The art in target setting is in making a balanced decision between competing choices (Kennth,2011). Targets specify time bound desired levels of improvement. Targets are usually desired or promised levels of performance based on performance indicators. They may specify a minimum level of performance, or define aspirations for improvement (Whittaker-Brown & Barker, 2005).

Target setting is pivotal to managing performance in an organization. Targets focus the mind of the manager on what to aim for who then works out how to move the business from where it is to achieve the future expectations. No single target perfectly captures all aspects of a business and multiple targets are often used. Virtually all companies set targets, which include multiple short-term and longer-term strategic targets. To optimize

the use of targets, important choices need to be made: such as how you set targets in the light of changing conditions and whether to use different approaches, either a top-down or a participative bottom-up approach. Finally you will need to agree on how many targets should be set and how you weight them. There is need therefore of involving those who will deliver on the targets and be held accountable right from the beginning (Kenneth, 2011).

Target setting may sound easy in theory but is difficult in practice since it is a strategic process to establish performance goals for a sector. The process should therefore start with the baseline. A baseline is an invaluable process for understanding your data and identifying low-hanging fruits. After measuring your baseline, select the basic, intermediate or advanced level path most appropriate for your organization and choose corresponding time frame. The objective is to set goals for at least the performance period, and then look to future projections to determine long-term targets. However for both short and long-term planning, developing a set of action plans, or strategies, is critical to meeting the target goals. We often have an emotional response to targets, when we hear the word 'Target' at work place depending on whether or not we believe we can meet them (Staccey, 2014).

1.1.3 Employee Involvement in Performance Target Setting

Employees involvement is a range of processes designed to engage the support, understanding and optimum contribution of all employees in an organization and their commitment to its objectives. The concepts underlying employee involvement or quality

of work-life have been in existence since 1970s. Employee involvement first appeared in 1979 in an agreement between Ford and United Automobile Association. The two terms are often associated with employee participation in firm decision making and are often considered synonymous. A company sees employee involvement as the application of common sense to the personnel process by cooperating with and seeking the ideas of the employees (Foulkes, 1989).

Keidel (1980) identified five major components found in employee involvement programs along with illustrative techniques as; work redesign which includes job enlargement, job enrichment, job rotation, modular work group and autonomous work teams. Secondly, pay restructuring to include, salaried workforce, pay for knowledge, and unit productivity sharing, Thirdly, time scheduling may be considered and will include, flexible work hours, compressed workweek, and job sharing, fourthly, performance development is considered to include positive reinforcement, problem solving quality circles, middle range planning and physical redesign. Administrative review is also looked into to include, information sharing, procedural change and training. The emergence of employee involvement coincided with the rise of human resource management as a distinctive approach to management. There was the Thatcherite era representing a permissive climate, whereby the requirement for employee involvement was ultimately conditional on the move to distinctive human resource management approach (as cited by Blyton & Turnbull, 2004). The form that it took was a greater willingness to communicate directly with the employees and an enhanced

recognition of potential contribution that employees could make to organizational performance (Beardwell & Claydon, 2007).

Beardwell and Claydon (2007) state that employee involvement is central to most human resource management models and is seen as the tenet of 'soft' human resource management whereby, the focus is upon capturing the ideas of employees and securing their commitment. Legge (2005) comments that the soft 'developmental humanism' models involve 'treating employees as valued assets' a source of competitive advantage through their commitment, adaptability and high- quality skills performance. The concept of employee involvement is strongly grounded in unitary theory which simply implies that, managers and employees will march to the same tune' which is characterized by initiatives promoted by the managers with the view of mobilizing the support and tacit of employees towards corporate goals. Mechanisms of employee involvement include suggestion schemes, quality circles and team working. Critics have however, argued that employee involvement has management in the driving seat and very limited real influence is relinquished to non-managerial actors. They have also argued that employee involvement schemes extend little or no input into corporate or higher level decision making and do not entail any significant sharing of power and authority (Beardwell & Claydon, 2007). Adopting human resource management practices, employee involvement being inclusive requires, employees to possess knowledge and skills that managers lack. Employees are motivated to apply this kind of skill and knowledge through discretionary effort and organizational business strategy can be

achieved when employees contribute such discretionary effort so as to contribute to improved performance (Beardwell & Claydon, 2007).

1.1.4 The Department of Nairobi Metropolitan Development

The Department of Nairobi Metropolitan Development was created through a presidential circular, No. 1 of 2008 and is responsible for the formulation co-ordination and administration of policy with respect to the Nairobi Metropolitan region. The Department is mandated to develop integrated roads and rail infrastructure, facilitate provision of efficient mass transport system, develop and enforce planning and zoning regulations, facilitate efficient water supply and waste management infrastructure and promote, develop and invest in sufficient public utilities and world class infrastructure among other responsibilities.

The Departments five years Strategic Plan running from 2008- 2012 indicated systematic and structured approach for monitoring and evaluating projects and programmes implementations. The modern trend is towards 'Metropolitization of the world economy' i.e. the emergence of a global network of urban Mega cities as the centre of globalization. Metropolitan Areas are becoming the chief arena for global competition. The strategic plan provides the department a roadmap for specific activities to undertake in the short term so as to address its mandate within the ministerial performance contract. The workforce is categorized into three levels namely; the policy makers, senior managers and technical staff and finally the support staff both middle and lower. The

department has a human resource unit that coordinates employee performance as spelt out in Terms & Conditions of employment in the Code of Regulations, 2006.

1.2 Research Problem

Many organizations have embraced the concept of performance management with the focus being on human resource management and performance for the last decade. (Beardwell & Claydon, 2007. They use fixed performance contracts to drive performance though such type of targets are poor motivators and lead to dysfunctional behaviour (Hope, 2009).

Targets form just one part of performance measurement and management framework and by themselves have little effect without being owned and managed by people who take action to ensure that improvement happens (Whittaker-Brown & Barker, 2005). Target setting is pointless unless it is clear across the organization, who takes action on different aspects of performance, within given timeframes (Meekings, 2004). Performance measurement which is a continuous process is used to assess an employee's understanding of a company's goals and employee's progress towards contributing to them (Hakala, 2008). (Konrad, 2006) states that through a participative change process, employee's beliefs attitudes, and behaviour is affected. To engage the employee for results, the use of performance contracts in government enterprises are used to bring about results

The department of Nairobi Metropolitans Development, organizational performance is based on the outcomes and achievements of the performance contract signed between the department and the principal secretary of the ministry. A performance contract is a negotiated agreement between the management of a public enterprise and its owners (the government) with respect to the future goals of the enterprise; (Petrie, 1999). The essence of a performance contract is management by results and requires a minimum level of trust. Lidbury (1999) observed that performance contracting provided the framework for generating desired behaviour in the context of devolved management structures.

Local studies by various scholars indicate that employees perception on their level of involvement in target setting is critical as observed by Messah and Kariuki (2011) while researching on factors affecting implementation of performance contracts initiatives at municipal council of Maua in Kenya, The study recommended that, emphasis in all municipal and local authorities should be on all stakeholders' participation in setting performance targets. Nzuve and Monica, (2012) in their case study of the department of immigration in Nairobi, on assessment of employee perception of performance appraisal also observed that, many organizations are faced with various challenges as they endeavour to gauge and improve employee performance. Setting specific, measurable achievable, realistic and time bound targets remain a challenge (as cited by Lillian, Mathooko & Sitati, 2011) in their study on the effects of performance appraisal system on civil servants job performance and motivation in Kenya; a case study of the ministry of state for public service. They observed that, there is need to consult all stakeholders

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during the performance appraisal process against agreed targets. Kenneth, (2011) observed that despite target setting being an important issue, little research or no practical guidance on how to set targets has been done. The study will try to answer the question of the extent of employee perception of involvement in performance target setting in the department.

1.3 Research Objective

To establish employee perception of involvement in performance target setting in the department of Nairobi Metropolitan Development, Ministry of Lands, and Housing and Urban Development.

1.4 Value of the Study

The findings of this study will be useful to the Nairobi Metropolitan Development policy makers in understanding how employees perceive the process of performance   targets setting so as to manage the performance management effectively and efficiently
The department's employees will also benefit by gauging their level of involvement in the process and linking their individual performance targets to overall departments' strategic objectives so as to improve performance management

The findings of this study will equally benefit future scholars as a reference, while other government state departments may utilize the knowledge to enhance both employees and organizational performance management whereby individual employee contributions are measurable against set targets.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers the theoretical foundations of the study, employee performance target setting, performance contracting, performance management, and employee involvement in performance target setting.

2.2 Theoretical Foundations of the Study

This study is based on two theories namely; the goal setting theory and the motivation theory.

2.2.1 Goal Setting Theory

Locke and Latham (1984) observed that, it is based on a simple premise that performance is caused by an employee's intention to perform. Goal setting theory is an approach to motivation of employees to perform. The theory is based on the idea that the behaviour of employees can be altered by influencing their goals and targets. It comprises four general principles designed to elicit high performance and increase motivation in that goals should be challenging but attainable, goals should be specific rather than vague, employees should be involved in the process of setting their own goals and goals should be measurable in terms clearly understood by employees that is quantity, quality, time, and cost. A goal is defined as the purpose to which an endeavour is directed. It is important however to understand that setting a goal without an action plan is nothing more than a nice dream that we hope to fall into one day. Simply setting a goal is not

enough to achieve it you also need to take the necessary actions to get results. Virtually all organizations set targets both short and long term though, no single target captures all aspects of a business. Target setting is pivotal to managing performance in an organization and targets help managers to focus their mind on what to aim for. Target setting is more of an art than a science in that it involves making a balanced decision between competing choices. It could be either strategic or operational with key performance indicators for purposes of performance measurement. Budgets are used in targeting setting by allocating resources for future activities in a business.

Goal setting is the process of setting targets for accomplishment. Both individual and groups use goal setting to outline what, how and when to complete a task or to achieve objectives. Goal setting theory shows that specific and challenging targets are better than vague statements like "Do your best." Targets can work as directional signals but if perceived as attainable, they are motivating or vice versa. By the late 1990s goal setting had trickled down to all levels of the workforce. More and more companies established quotas or targets for their employees such as production or sales quotas. Locke and Latham are insistent that "goal-setting theory is among the most scientifically valid and useful theories in organizational science." (as cited by Locke, Latham & Erez, 1988). Acceptance of goals is contingent upon such factors as perceived fairness, legitimacy, trust in management and moral value of the objectives. There is the debate between the advocates of goal directed behaviour and the critics of target setting which is further complicated by the fact that annual budgets can create arbitrary numerical targets paving way for a new thinking on in organizational performance management.

2.2.2 Motivation Theory

Motivation theory is basically characterized by a certain level of willingness on the part of the employee to increase their effort, to the extent that this exertion also satisfies a predefined need or desire that employees hold. It is about individual behaviour directed towards realizing a goal. This is all about 'motives' and 'needs' in the context of work. Motivation can be understood as a psychological process resulting from the interaction between the individual and the environment (Beardwell & Claydon, 2007). Motivation levels can be high if employees see the targets in a budget as highly achievable. Targets help to direct performance and a line of sight is important to motivate employees to meet their performance targets. Targets are important and crucial for management's psychological value in motivating better performance. The concept of the line of sight which came from Vroom's expectancy theory, states that an employee is more likely to be motivated if they can see a relationship between their actions, the targets and the rewards for reaching the target. Employees must have the abilities to influence or control activities to achieve set targets. Never the less in many organizations employees and managers are asked to hit a budget cost target or a market share target yet, they cannot clearly see how their actions could result in hitting the target.

There are different ways of setting performance targets and ideally targets should come from external benchmarks that compare to the best in the industry. Other choices of performance target setting include top-down, bottom-up participation, negotiation and

ratcheting. Key elements of target setting to improve performance include; making employees understand how their performance is being measured, training employees so that they understand what they need to do to improve performance, recognizing how different levels of performance relate to rewards and punishments, providing them with regular information on performance so that they are able to make changes to improve performance, and to ensure employees are empowered to make necessary changes to improve their performance. Setting targets is a crucial part of the budget process as well as organizational performance management. Budgets serve a range of purposes such coordinating, providing communication channels, planning, controlling, and motivating. Traditionally organizations have used objective comparisons to performance targets primarily using financial measures. To overcome this some organization are now taking a flexible approach that allows more subjectivity in evaluation such as taking into account events outside a managers control and other factors included in objective performance targets. Despite target setting being an important issue, there has been little research a practical guidance on how to set targets (Kenneth, 2011).

2.3 Employee Performance Management

Neely, (1999) defines performance management as the systematic process by which a particular agency of the government allows the employees or members of the group to participate in the improvisation of the effectiveness of the organization in furtherance of the mission and goals of the particular agency. Fenwick, (1995) and Hitchcock (1992) state that performance management is the process of transforming strategic objectives into action, monitoring progress, and rewarding results. Fenwick, and Welch, (1999)

also define performance management as a process of establishing shared understanding about what is to be achieved, an approach to managing and developing people in a way which increases the probability to be achieved in both short and long term.

Performance management plays an important role in performance feedback, individual job assignments, development planning and identification of training. From the manager's perspective, performance management ensures that individual employees or teams know what is expected of them and they stay focused on effective performance (Stahl, Bjorkman, & Cebula, 2006). Vance and Paik (2006) also state that an effective performance management should entail an ongoing professional and productive organizational learning. Performance management contributes to the growth and success of the company especially through the combined development of competences and expertise within the organization. Performance management works in stages which represents a cycle namely; performance planning which involves establishing what is expected of an individual; performance development which entails provision of appropriate support to improve individual performance; performance review which entails assessment of how well or badly the individual is performing; performance coaching which involves guiding and encouraging the individual to improve his/her performance; and performance appraisal which involves acknowledgement and recognition of individual performance. "The notions of 'productivity through our people' customer focus, strong leadership, flatter structures and cohesive cultures all suggest a management framework which seeks to improve individual and organizational

performance in ways that can be measured and a concentration on competence or inputs alongside outcomes (Beardwell & Claydon, 2007).

Employee performance management critically links a number of themes including the extent to which the organization has identified strategic goals reflecting the needs of the business and the extent to which these are communicated and shared by each employee. Performance management involves a formal and systematic review of progress towards these goals. Theorists have developed a performance management cycle within which elements of the process can be identified, investigated and implemented. The purpose of setting objectives is to direct, monitor, motivate and audit individual performance. Application of expectancy and goal setting theories, imply that this is best achieved where individual has an important role in the determination of objectives for periods concerned (Beardwell & Claydon, 2007).

2.4 Employee Performance Target Setting

A performance target represents the level of performance that the organization aims to achieve from a particular activity (as cited by Whittaker-Brown & Barker, 2005). Targets help to drive performance by prioritizing, defining an agreed direction focusing attention and resources towards achieving set target. Performance target setting motivates staff if they are challenging and realistic with a sense of ownership whereby, rewards and punishments are associated with set targets. The most well-known method for performance targets setting is the (SMART) way, an approach well understood amongst managers. The acronym describes the key characteristics of meaningful targets,

which are **s**pecific (concrete, detailed, well defined), measureable (numbers, quantity, comparison), achievable (feasible, actionable), realistic (considering resources) and time-bound (a defined time line). Since Performance target setting is a goal directed behaviour, employee target setting is determined by what management wants achieved as guided by organizational policies in place. This is aimed at ensuring that expected results are well managed.

Targets help to drive improvement in a number of ways in that, they help initiate discussions in the areas that require targets set against and show more precisely a defined agreed direction while focusing attention on resources required in achieving set targets (as cited by Whittaker-Brown & Barker, 2005)). Performance targets should be short and simple, result based, discussed and agreed between supervisor and officer/appraise., while, they feed into departmental and ministerial targets /objectives and must contribute to why the organization exists. Targets should range from five to seven at most for them to be realistic and achievable. How to set useful targets for your business is just a small step from measuring your performance to the much more dynamic process of driving up performance levels across your business. This involves setting performance targets in the key areas that drive your business.

In performance targets setting, there is need to understand the employee's knowledge, experience, ownership and understanding, while clearly identifying who the target is set for whether an individual, team or for the entire organization or even in partnership with

other organizations. You will also need to identify how these targets will be achieved. The ministry of state for public service identified some challenges encountered while institutionalizing performance appraisal system, as mind set, skepticism and lack of willingness to embrace change among others. (Ministry of State for Public Service [MSPS], 2009). Targets must be realistic by acknowledging opportunities, constraints, changing circumstances and achievability, while aiming at continuous improvement and establishing time frames. There is need to identify   key areas that drive your business and establishing ways of measuring performance before starting performance targets setting. This will give everyone in the business a clear sense of what they should be aiming for. There is scientific evidence that the level of performance depends on the degree of participation in planning and personal acceptance of the goals, indicators and targets laid down. The new and more fruitful approach has seven elements to help avoid the problems encountered in target setting. These elements are understanding the typology of targets, clarifying the terminologies used, distinguishing between different measures , adopting a systematic perspective encompassing all the key factors influencing organizational performance, acknowledging the unknown and unknowable, charting performance and differentiating managerial time spans of attention and added value from front line to boardroom (Meekings, Briault & Neely, 2011)

2.5 Employee Involvement in Performance Target Setting

Holden, (2001) noted that under various human resource management models employee involvement is a key component of human resource management strategies. Peters and Waterman in their book 'In Search of Excellence' in 1982 expounded on the managerial

and organizational benefits of promoting employee involvement. They emphasize on the values of employee involvement, echoing non human reactions to structures in respect of their theories about motivation which make people feel valued and respected by management by walking around and encouraging bottom up problem solving groups (Beardwell & Claydon, 2007). Armstrong and Murlis (2007) observed that to manage continuous performance improvement, there is need for understanding the employee by perceiving the employee's work problems, concerns, competences and technologies required. This depends on being attentive; open minded and not guided by the presumptions of what the other person needs or does not need. This is coaching which lies at the heart of effective day-to-day feedback and successful development.

Difficulties in setting targets are a common problem encountered during the creation of performance management system and are hard to resolve. To make it easier there is need to ensure that measures selected are relevant to objectives recognized as actionable and important by the managers designing the system (Hope, 2003). Performance management is a joint process that involves both the supervisor and the appraise by trying to achieve and clearly defining where you are and where you want to get, identifying measures, and more so involving the stake holders who are the staff, and the citizens, doing an action plan on how to achieve the targets, doing the final checks to ensure staff and citizens understand and are happy with the targets and finally monitoring the progress, since target setting is an imperfect process. Several factors affect the process of target setting and many targets are not well done due to the following; lack of ownership of the targets,

unreliable data, ambiguous indicators, distorted activity and confusion over terms used (Whittaker-Brown& Barker, 2005).

The mechanism of employee participation and involvement must be considered with respect to four dimensions namely; the degree of involvement (the extent to which employees influence the final decision), the level of involvement (whether at the job, department or organization), the forms of involvement (direct participation, indirect participation and financial) and finally the range of subject matter being considered in the involvement scheme. In practice the form that employee involvement scheme takes, is determined by the management (Beardwell & Claydon, 2007). Mang'ale (2013) in his study on employees perception of performance contracting process in the ministry of local government in Kenya, observed in his conclusion that since employees were not involved in the process , they did not own it nor were they committed to it. The performance contract forms the basis for drawing performance targets and he recommended employee involvement as critical for achievement of set targets.

Result based management is a broad management strategy aiming at changing the way institutions operate, by improving performance, programmatic focus and   service delivery. To change over to results-based culture from process based culture is a lengthy and difficult process that calls for the introduction of new attitudes and practices as well as sustainable capacity building of staff. Result based management is participatory and team based approach to programme planning and focuses on achieving defined and measurable results and the impact. In Kenya's public service it has been practiced since

the 1990s and the performance appraisal tool has also been reviewed to allow the employee participate more in planning and assessing their performance. Kamuna (2007) in her study on conditions necessary for effective performance management system in a case of Deloitte & Touché, observed that the objectivesof the performance agreement can be expressed as targets which are quantifiable results to be attained, which can be measured in such terms as return on capital employed, output, throughput, sales, levels of service delivery, cost reduction, reduction of reject rate.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the proposed research design, target population, data collection and data analysis.

3.2 Research Design

A descriptive survey was adopted. This survey research design is a technique in which information that describes existing phenomena is gathered by asking individuals about their perception, attitudes, behaviour or values (Mugenda and Mugenda, 2003). It is a systematic gathering of information from respondents for understanding and predicting some aspects of behaviour of the population of interest. The design was found appropriate because it allowed the collection of large amounts of quantitative data from a sizeable population in a highly economical way. The design enabled use of descriptive and inferential statistics in analysing data.

3.3 Population of Study

The target population comprised of twenty five (25) employees from the department of Nairobi Metropolitan Development.

3.4 Data Collection

This study used primary data which was collected through a self-administered, structured questionnaire. The questionnaire had two sections, A and B. Section A covered

demographic profiles while Section B covered employees' perception of involvement in performance target setting. The questionnaire was administered through drop and pick later method.

3.5 Data Analysis

The collected data was edited for accuracy, uniformity, consistency and completeness. The data was coded and tabulated in readiness for descriptive statistical analysis such as; percentages, the mean and standard deviation. The findings have been presented in descriptive method, in form of tables and figures.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter covers analysis, presentation and interpretation of the study. The data has been presented in a descriptive form, followed by graphical presentation such as tables, pie charts and bar charts. The chapter concludes with the interpretation of the findings.

4.2 Response Rate

Fifteen (15) questionnaires out of twenty five (25) were received, representing sixty percent (60%) response rate.

4.3 Demographic Characteristics of Respondents

These include respondent's job group, age bracket, gender, highest level of education and length of service in the department.

4.3.1 Employees Job Groups

Table 4.1 indicate that, (60%) of the respondents were technical staff, 27% senior managers and 13% were middle support staff. None of the respondents were policy makers, implying that either the department does not have incumbents in those positions or they were inaccessible.

Table4.1: Employee Job Group

Levels	Employee Category	Job Group	Percentage
1	Policy Makers	S-V	-
11	Senior Level Managers	P-R	27%
	Technical Staff	K-N	60%
111	Support staff (Middle)	G-J	13%
			100%

Source: Civil Service Code of Regulations (2006).

4.3.2 Gender

From the study, 46.7% of the respondents were male while 53.3% were female suggesting positive gender parity in Nairobi Metropolitan Development. This may imply that the department resonates well on affirmative action as shown in Table 4.2.

Table 4.2: Gender

Gender	Percentage
Male	46.7%
Female	53.3%
Total	100%

4.3.3 Age Bracket of Respondents

From the study 53% of the respondents were between the ages of 46-55 years of age, 7% were between 25-34 years, and 27% were between 35- 44 years, and only 13% were above 55years and none below the age of 25 years as shown in Figure 4.1. This is a clear indication that majority of the staff are over 45 years of age and human resource plan

should be put in place for succession management if continuous performance improvement is to be maintained.

Figure 4.1: Age Bracket of Respondents
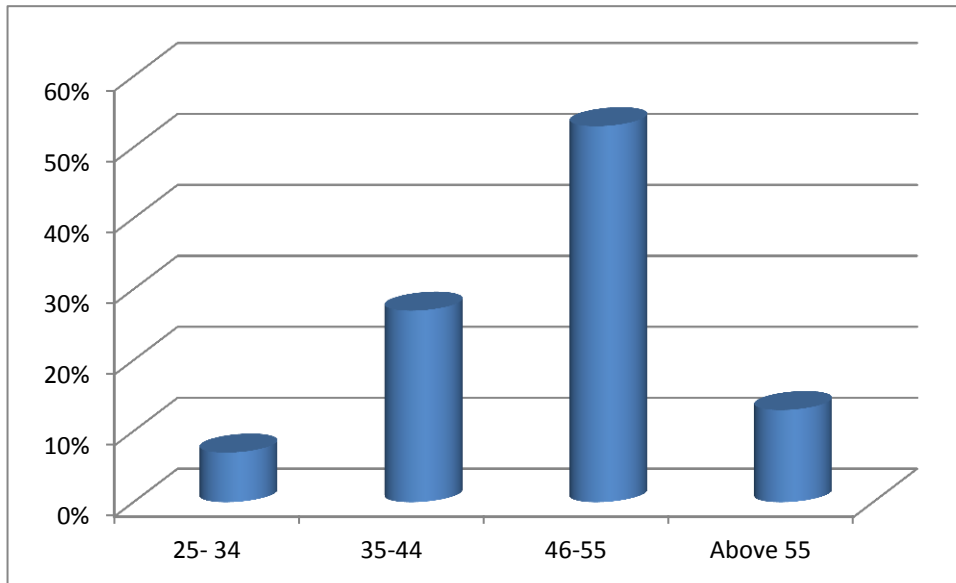
4.3.4 Highest Level of Education of Respondents

Results in Figure 4.2 reveals that 7% of the respondents were certificate holders, 27% held a diploma, 7% had a bachelors degree while, 60% held a masters degree. This indicates that majority of the employees hold masters degree, and were highly knowledgeable, competent and participated fully with understanding, in the performance management process which includes the setting of performance targets.

Figure 4.2: Highest Level of Education of Respondents
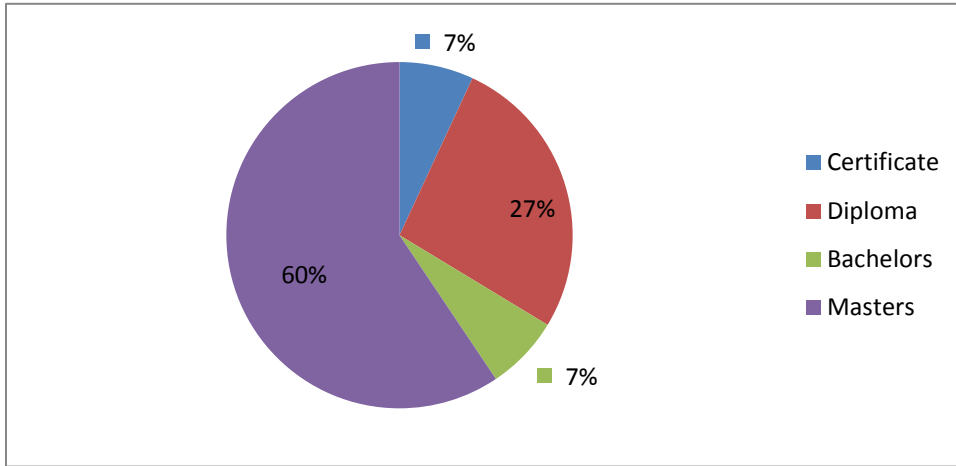
4.3.5 Respondents Length of Service in the Department

As shown in Figure 4.3, the respondent's length of service in the department varied from 27% having served for 5 years or less, 13% between 6-15 years and 27% between 16-25 years to 33% having served for over 26 years. This implies that most of the respondents have a good institutional memory, and are well informed on the performance target setting process.

Figure4.3: Respondents Length of Service in the Department
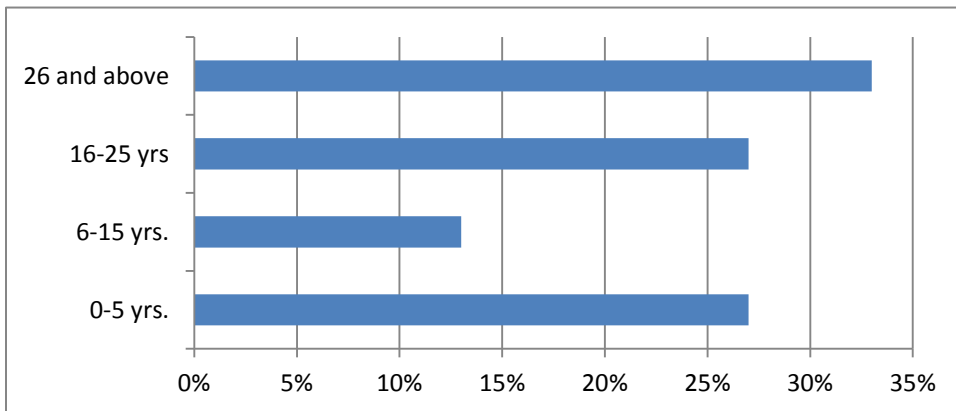
4.4 Employee Perception of Involvement in Performance Target Setting

The results of the study indicate that employees positively perceive their involvement in performance target setting as reflected by a mean of 3.6 implying that, employees had a positive perception of involvement of performance target setting in the department. In line with Vroom's theory of expectancy, employees may feel motivated if they can see a relationship between their actions, the targets and the rewards in achieving the targets. The relationship between employee involvement in target setting and the organization's performance is perceived to exist in Nairobi Metropolitan Development as shown in the Table. 4.3 with a grand mean of 3.6. Employee involvement is considered as being central to most human resource management models and is seen as the tenet of 'soft' human resource management whereby, the focus is upon capturing the ideas of employees and securing their commitment (Beardwell and Claydon, 2007). Employees also positively perceived performance target setting as a concerted effort of the employee and the supervisor as reflected by a mean of 3.8. This is supported by the goal setting theory which states that, to elicit high performance and increase motivation, employees should be involved in setting their own goals that are measurable.

The findings are also consistent with Peters and Waterman (1982) who expounded on the managerial and organizational benefits of promoting employee involvement. They emphasized on the values of employee involvement, echoing non-human reactions to structures in respect of their theories about motivation which make people feel valued and respected by management, by walking around and encouraging bottom up problem solving groups. The findings indicate that, participating in activities such as the rapid

result initiative helps the employees commitment to identified performance targets as reflected by a mean of 3.9 since they positively perceive it as involvement in performance target setting. The study on factors affecting implementation of performance contract initiatives in Maua Municipal Council in Kenya, recommended that all, municipal and local authorities should involve all stakeholders to participation in performance target setting because this was lacking as observed by (Messah & Kariuki, 2011).

The ownership of performance targets makes employees feel motivated in the department due to perceived fairness, as reflected by a mean of 3.7. This helps employees commit to achieve set targets which is consistent with (Locke, Latham & Erez, 1988) view that acceptance of goals is determined by factors such as perceived fairness, legitimacy and moral values of the objectives. Employees in Nairobi Metropolitan Development were of the opinion that target setting defines the direction of an organization as reflected by a mean of 3.9. This is consistent with the views of Beardwell & Claydon, 2007 who observed that, employee performance   management looks into a number of themes such as, the extent to which an organization identifies its strategic goals, reflecting the need of the business and the extent to which these are communicated and shared by each employee. The findings indicate that communication processes are perceived to exist in the department by a mean of 3.3 which helps employees to familiarize with the performance target setting system and also perceive fairness in the whole process, leading to ownership of set targets.   The philosophy of setting specific, measurable, agreed,

realistic and time bound targets is also positively perceived to be in use with a mean of 3.4.

Employees had a positive perception of being consulted in setting up performance measurements for the department as reflected by the mean of 3.6 which is in line with the employee empowerment initiative to ensure that they are involved in making necessary changes to improve performance. The employees also positively viewed the outlines of job descriptions provided for each position as reflected by a mean of 4.0 as a way of making it known to them on what is expected of them. For employees to understand what they need to do to improve performance and recognize how different levels of performance relate to rewards and sanctions, they need skills which they positively perceive to have been availed to them as reflected by a mean of 3.6. Employees also perceived that they are involved in setting performance measurements through customer service charters as reflected by the 3.5 mean. This is consistent with improving individual and organizational performance in ways that can be measured as observe by (Beardwell & Claydon, 2007). Understanding employee perception of involvement in performance management and particularly in setting performance targets is important for any organization. Generally the study findings indicate that, the employees of Nairobi Metropolitan Development have a positive perception of their involvement in performance targets setting.

Table 4.3: **Means and Standard Deviations of Respondents to Employee Perception of Involvement in Performance Target Setting**

	Statement	Mean	Std. Deviation
1	The process of target setting defines more precisely the agreed direction of the organization	3.93	1.38
2	Performance target setting helps in identifying priority areas	4.46	0.63
3	Individual Performance targets are aligned to the strategy of the organization	4.00	1.30
4	Work planning is a consultative effort of the supervisor and the employee	4.26	0.88
5	Individual wok plan is linked to the performance contract targets	4.00	1.41
6	Employees have individual annual performance targets	3.73	1.62
7	Target setting is participative	3.20	1.47
8	The performance contract is linked to the strategic targets of Nairobi Metropolitan Development	3.86	1.25
9	Performance target setting is a concerted effort of the employee and the supervisor	3.80	0.77
10	Result based management enhances employee involvement in performance target setting	3.93	0.96
11	Employees feel motivated due to sense of ownership of performance targets	3.73	0.80
12	Job descriptions for each position helps employees in setting performance targets	4.06	0.96
13	The job description provide adequate outlines of what is expected from individual employees	3.67	1.18
14	Appropriate support is provided to improve individual performance target setting	3.33	0.80
15	Employee performance review is carried out adequately to	3.40	1.40

	enhance performance target setting		
16	Performance acknowledgement, recognition and selection are practiced	3.40	1.06
17	Participating in rapid result initiative (RRI) help align employee commitment to identified performance targets	3.87	0.92
18	Communication processes are in place to help employees familiarize with performance target system	3.33	1.04
19	Performance target help management put national standards into local context for employees	3.13	1.60
20	Customer focus service charters are part of the performance target setting for the public	3.53	1.30
21	Performance target setting helps the department to develop a culture of continuous improvement	3.67	1.18
22	Employees are consulted in setting performance measurements	3.60	0.83
23	Targets help demonstrate to the public and other stakeholders the importance of identified areas and commitment to deliver	3.73	0.88
24	Baseline reports surveys are used in performance target setting	2.73	1.33
25	The philosophy of specific, measurable, accurate, realistic and time bound (SMART) principle is used in setting performance targets	3.40	1.35
26	Training in relevant critical skills is considered in employee target setting	3.60	1.35
27	The aim of performance target setting is communicated to employees	3.40	0.99
28	Senior management is interested in employees opinions and ideas in performance target setting	2.40	1.36
	Grand Mean	**3.60**	

CHAPTERFIVE: SUMMARY, CONCLUSION AND RECOMMMENDATIONS

5.1 Introduction

The chapter presents the summary, conclusions, and recommendations, limitations of the study and suggestions for further research.

5.2 Summary

The objective of the study was to establish the perception of employee involvement in performance target setting in the department of Nairobi Metropolitan Development. The findings indicate that at the time of the study, 60% of the employees were among the technical staff falling between job groups K-N whereby, the majority were female sat 53%. These were highly skilled with 60% holding a masters degree and that the majority at 33% had served for over 26 years in the public service. The findings also indicate that, there exists a positive relationship between the employee perception of involvement in performance target setting and the performance management with a grand mean of 2.07.This is in agreement with the view that the best way to secure commitment in achieving of target is by full participation in the setting of performance targets by those responsible for implementing them as expressed by (Armstrong & Murlis, 2007). The study findings also indicate that majority of the employees perceive the process to be participative   with a mean of 2.07 through employee consultations in setting the performance measurement with a mean of 2.40 This helps the organization develop a culture of continuous improvement.

5.3 Conclusion

Results indicate that, the process of target setting defines more precisely the agreed direction of an organization with a mean of 2.06 by helping in identification of priority areas. This is in agreement with concept of setting performance targets for any business in that doing so is only one step from measuring your performance and more so a dynamic process of improving performance across all levels in the organization. There exists scientific evidence that the level of performance depends on the degree of participation in planning and acceptance of personal goals, indicators and targets laid down. As identified by MSPS (2009) the challenges of mind set, skepticism and unwillingness to embrace change, should be addressed for full benefits of performance management through performance contracting to be realized. This is also echoed by Peters and Waterman in their book 'In Search of Excellence'1982 with respect to their motivational theories that, people feel valued and respected when involved since it provokes non-human reactions to structures.

When creating a performance management system, setting targets is a common problem which should be solved by ensuring that selected performance measures are relevant to objectives recognized as actionable (Hope, 2003). This is because performance management is a joint process involving the supervisor and the staff who are stake holders. Mangále (2013) in his study on employee perception of performance contracting in the Ministry of Local Government in Kenya observed that employee involvement is critical for achievement of set goals.

5.4 Recommendations

Results of the study indicate that employee involvement in performance target setting exists strongly in the department though other factors may be obstructing optimal performance. The researcher therefore recommends further research on factors affecting change from process based management culture to result based management culture.

The research findings also indicate that a variance of 1.35 standard deviation in training in relevant critical skills in employee target setting. The researcher therefore recommends employee capacity building on result based management in the public service. Since the research findings is negatively skewed to performance acknowledgement, recognition and sanction with a mean of 3.4, it is recommended that ways and means of enhancing it be sought, with a view to enhance continuous performance improvement.

5.5 Limitations of the Study

In the first instance as is common with many studies, the sample size expressed the feelings of units and section heads which did not capture the opinions of the majority of those supervised.

The managers of government ministries also posed a limitation in that, titles of departments, units and sections had changed, causing confusion and resulting to delays in obtaining quick responses. New roles have been created by the current government structures making some former heads of departments irrelevant, making it hard for the

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researcher to obtain required relevant information. The researcher was also restricted by the time available to collect data which was in turn impressed on the respondents.

5.6 Suggestions for Further Research

There would be need to assess employee perception of involvement in other organizations in the public service as well as private sector.

The study also suggests an assessment of an effective employee involvement scheme to enhance public service performance management.

Studies on employee perception of involvement in other stages of performance management such as performance appraisal may be carried out.

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APPENDICES

APPENDIX.I   COVER LETTER

Agnes G. Muchohi

P.O Box 30130-00100

Nairobi.

13th October, 2014

To the respondent

RE: RESEARCH SURVEY QUESTIONNAIRE.

 I am a Masters of Business Administration Degree student, and part of the requirement for the award of the degree, is to carry out a management research in an area of interest relevant to your major discipline. This is what I wish to accomplish with this questionnaire and you have been identified to participate in the survey.

Kindly complete the attached questionnaire which will be picked as soon as you finish the exercise.

Please note that information obtained will be treated confidentially and will be only used for purposes of this study.

Thank you.

Agnes G. Muchohi

Please tick (√) where necessary.

SECTION A: Demographic Data

1. Designation (please indicate)……………………..

2. Job Group between;   A-F   (   )

                              G-J   (   )

                              K-N   (   )

                              P- R   (   )

                              S- U   (   )

3. Department; Please indicate: Administration ( ) Human Resource Management( )

   Finance( ) Infrastructure, Transport and Utility( ) Metropolitan Planning( ) ICT( ).

   Accounts ( ) Procurement ( ) Corporate Affairs ( ) Metropolitan Investment ( )

   Social Infrastructure ( ) Metropolitan water and Sewerage ( )

4.   Your gender*(tick as appropriate)*

   Male   (   )

   Female   (   )

5.   Age Bracket

   Under 25   (   )

   25 – 34   (   )

   35 – 44   (   )

   46 – 55   (   )

   Above 55   (   )

6. No. of years of service with the department

    0 – 5 yrs.   (   )

    6 – 15 yrs.   (   )

    16 – 25 yrs.   (   )

    26 and above   (   )

7. What is your highest level of education?

    Certificate   (   )

    Diploma   (   )

    Bachelors   (   )

    Masters   (   )

    PhD   (   )

SECTION B Employees perception of involvement in performance target setting

8. To what extent do you agree with the following statements in your organization. Use as appropriate, **5.**Strongly Agree**, 4.**Agree, **3.**Neither Agree Nor Disagree **2.**Disagree**, 1.** Strongly Disagree.

	Statement	5	4	3	2	1
1	The process of target setting defines more precisely the agreed direction of an organization.					
2	nance Target setting helps in identifying priority areas					
3	Individual performance targets are aligned to the strategy of the department.					
4	Work planning is a consultative effort of the supervisor and the employee					
5	Individual work plan is linked to the performance contract targets.					
6	Employees have individual annual performance targets.					
7.	Target setting is participative in the department.					
8	The performance contract is linked to the strategic targets of Nairobi Metropolitan Development?					

9	Performance target setting is a concerted effort of the employee and the supervisor					
10.	Result based management, enhances employee involvement in performance target setting					
11.	Employees feel motivated due to the sense of ownership of the performance targets					
12.	Job descriptions for each position help employees in setting performance targets.					
13.	The job descriptions provide adequate outlines of what is expected from individual employees					
14.	Appropriate support is provided to improve individual performance target setting.					
15.	Employee performance review is carried out adequately to enhance performance target setting.					
16.	Performance acknowledgement, recognition and sanction are practiced,					
17.	Participating in rapid result initiatives (RRI) help employee commitment to identified performance targets.					
18.	Communication processes are in place to help employees familiarize with performance target system					
19.	Performance targets help the management put national standards into local context for employees understanding.					
20.	Customer focus service charters are part of the performance target setting for the public.					
21.	Performance target setting helps the department to develop a culture of continuous improvement					
22.	Employees are consulted in setting performance measurements for the departments targets					
23.	Targets help to demonstrate to the public and other stakeholders on the importance of identified area and the commitment to deliver					
24.	Baseline survey reports are used in setting performance targets.					
25	The philosophy of specific, measurable, agreed, realistic and time bound (SMART) principle is used in setting performance targets					
26.	Training in relevant critical skills is considered in employee performance target setting					
27.	The aim of Performance target setting is communicated to employees.					
28.	Senior management is interested in employee opinions and ideas in the Performance target setting.					