

**PERFORMANCE MANAGEMENT SYSTEMS STRATEGY AND  
EMPLOYEE COMMITMENT AT KENYA COMMERCIAL BANK  
GROUP, THIKA BRANCH, KENYA**

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## **DECLARATION**

This research project is my original work and has not been presented for the award of a degree course in this university or any other institution.

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This research project has been submitted for examination with my approval as the University Supervisor.

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God bless.

## **DEDICATION**

I give special dedications to my beloved parents and sisters who have always been supportive and encouraging.

## TABLE OF CONTENTS

<b>DECLARATION .....</b>	<b>II</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>III</b>
<b>DEDICATION .....</b>	<b>IV</b>
<b>LIST OF TABLES .....</b>	<b>VIII</b>
<b>LIST OF FIGURES .....</b>	<b>IX</b>
<b>ABBREVIATIONS AND ACRONYMS .....</b>	<b>x</b>
<b>ABSTRACT .....</b>	<b>XI</b>
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background to the Study .....	1
1.1.1 Performance Management Systems Strategy .....	3
1.1.2 Employee Commitment.....	4
1.1.3 The Banking Sector in Kenya .....	6
1.1.4 KCB Group, Thika branch .....	7
1.2 Research Problem .....	9
1.3 Research Objectives .....	10
1.4 Value of the Study .....	11
1.5 Summary of the Chapter .....	12
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>13</b>
2.1 Introduction .....	13
2.2 Theoretical Foundations.....	13
2.2.1 Goal Setting Theory .....	13
2.2.2 Expectancy Theory.....	15
2.3 Performance Management System Strategy and Employee Commitment .	15
2.3.1 Setting Goals and Employee Commitment .....	16
2.3.2 Monitoring, Evaluation and Employee Commitment .....	17
2.3.3 Feedback and Employee Commitment.....	17
2.3.4 Reward and Employee Commitment .....	18
2.4 Summary of the Chapter .....	19

<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>20</b>
3.1 Introduction .....	20
3.2 Research Design .....	20
3.3 Population of the Study .....	20
3.4 Data Collection.....	21
3.5 Data Analysis .....	21
3.6 Summary of the Chapter .....	22
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION ..</b>	<b>23</b>
4.1 Introduction .....	23
4.2 Demographic Information.....	23
4.3 Performance Management Systems Strategy at KCB Group, Thika Branch in Kenya .....	26
4.4 Influence of PMS Strategy on EC in KCB Group Thika Branch .....	27
4.4.1 Respondents Involvement in Goal Setting during PMS Process .....	27
4.4.2 Supervision .....	29
4.4.3 Feedback.....	31
4.4.4 Reward and Recognition .....	34
4.4.5 Level of Importance of the Statements Below .....	37
4.4.6 Suggestion on how to Improve on Job Commitment .....	39
4.5 Discussion of Findings .....	39
4.6 Summary of the Chapter .....	41
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION .....</b>	<b>42</b>
5.1 Introduction .....	42
5.2 Summary of the Findings .....	42
5.3 Conclusion of the Study .....	44
5.4 Recommendations .....	45
5.5 Limitations of the Study .....	45
5.6 Suggestions for further research .....	46

<b>REFERENCES.....</b>	<b>47</b>
<b>APPENDICES.....</b>	<b>52</b>
Appendix I: Letter of Introduction.....	52
Appendix II: Questionnaire .....	53

## LIST OF TABLES

<b>Table 4.1:</b> Response Rate Analysis.....	23
<b>Table 4.2:</b> Age of the Respondent.....	25
<b>Table 4.3:</b> Level of Education.....	25
<b>Table 4.4:</b> Acceptance of BSC.....	26
<b>Table 4.5:</b> Views of Respondents that were Involved in Goal Setting .....	27
<b>Table 4.6:</b> Perception of Respondents that are not Involve in Setting Goals.....	28
<b>Table 4.7:</b> Respondents of Rate of Level of Acceptance of Goals .....	29
<b>Table 4.8:</b> Effectiveness of Supervision on Respondents .....	29
<b>Table 4.9:</b> Feedback from Evaluation .....	31
<b>Table 4.10:</b> Provision of Training where Need to be.....	32
<b>Table 4.11:</b> level of Commitment due to Provision of Training.....	33
<b>Table 4.12:</b> If feedback Improves Communication .....	33
<b>Table 4.13:</b> If one is Recognized in the Job.....	34
<b>Table 4.14:</b> Availability of a Reward System .....	35
<b>Table 4.15:</b> Evidence of being Rewarded .....	35
<b>Table 4.16:</b> Job Satisfaction.....	36
<b>Table 4.17:</b> Making Decisions .....	36
<b>Table 4.18:</b> Good Pay.....	37
<b>Table 4.19:</b> Cross Tabulation of Level of Education and Good Pay .....	37
<b>Table 4.20:</b> Descriptive Statistics.....	37
<b>Table 4.21:</b> Importance of Good Working Conditions .....	37
<b>Table 4.22:</b> Good Physical Surrounding.....	38
<b>Table 4.23:</b> Adequate Job Security .....	38
<b>Table 4.24:</b> Good Working Relations .....	39



## **LIST OF FIGURES**

<b>Figure 4.1:</b> Gender of Respondents .....	24
<b>Figure 4.2:</b> Respondent's Length of Service .....	25
<b>Figure 4.3:</b> Level of Commitment of Respondents for those involved in Goal Setting .....	28
<b>Figure 4.4:</b> Effectiveness of the Supervision .....	30
<b>Figure 4.5:</b> Fairness of Evaluation .....	32
<b>Figure 4.6:</b> If Recognition is a Good Incentive to Enable One be Committed.....	34

## **ABBREVIATIONS AND ACRONYMS**

<b>ATMs</b>	Automated Teller Machines
<b>BSC</b>	Balanced Score Card
<b>CBK</b>	Central Bank of Kenya
<b>EC</b>	Employee Commitment
<b>KBA</b>	Kenya Bankers Association
<b>KCB</b>	Kenya Commercial Bank Group
<b>PMS</b>	Performance Management System
<b>S&amp;L</b>	Savings and Loans
<b>SMART</b>	Specific, Measurable, Achievable, Realistic, Time Scaled
<b>SPSS</b>	Statistical Package for Social Sciences
<b>SPSS</b>	Statistical Package for Social Sciences

## **ABSTRACT**

The purpose of this study was to determine the influence of Performance management system strategy on employee commitment in the banking industry. Performance management involves more than simply providing an annual review for each employee. It is about working together with that employee to identify strengths and weaknesses in their performance and how to help them be a more productive and effective worker. Learn how to develop a performance management system so that you can help everyone in your organization work to their full potential. The objectives of the study were to identify performance management systems strategy at KCB Group, Thika branch in Kenya, determine Influence of performance management systems strategy on employee commitment in KCB Group, Thika Branch. The research study attempts to explain the two theories that relates to Performance management system and employee commitment. Primary data was obtained through questionnaires, using structured and unstructured questions. The study put across questions touching on their involvement in setting up goals and if the employees were involved, if evaluation and feedback method was done correctly and in time and if they were a reward system. The study used a cross-sectional research design to meet the objectives of the study. The data was analyzed by use of SPSS. The data was presented using graphs, table and pie-Charts. The study found that Performance management system strategy influences commitment of employees

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

A good performance management system strategy and committed employees will have the effect of focusing on set objectives in an organization, at both departmental and individual objectives. This is achieved through successfully identifying employee's training and development needs and providing constructive feedback to the employee's on their performance. This enables employees to improve and develop their skill sets within their role. The management can motivate its employee by providing them with continuous career development and training by valuing and recognizing their contribution to the organization performance. Further, performance management plays an important role in performance feedback, individual job assignments, development planning and identification of training needs.

In a manager's perspective, performance ensures that individual employees or teams know what is expected of them and they stay focused on effective performance (Stahl, Bjorkman and Cebula, 2006). Vance and Paik (2006) also relate that an effective performance management should entail an ongoing professional and productive organizational learning and so the requirement for the individual expatriate to commit to continual reflection regarding the expatriation experience. Performance therefore contributes to the growth and success of the company especially through the combination of competences and expertise within the organization hence employee commitment.

This study is based on motivational theories. One of them by Edwin Locke is the goal-setting theory. The theory has been found to be exceptionally reliable, valid, and useful across diverse work situations (Locke et al., 1981). The theory suggests that difficult and specific goals lead to higher performance when compared to vague *do-your-best goals* (Locke and Latham, 2002).

Goal setting involves the development of an action plan designed to motivate and guide a person or group toward a goal. Goal setting can be guided by goal-setting criteria (or rules) such as SMART criteria. Goal setting is a major component of personal-development and management practices. Studies undertaken by Locke et al. (1981) have shown that more specific and ambitious goals lead to more performance improvement than easy or general goals. As long as the person accepts the goal, has the ability to attain it, and does not have conflicting goals, there is a positive linear relationship between goal difficulty and task performance.

Today changes in technology, global economics, trade agreements, and the like are directly affecting employee/employer relationships thus leading to high employee turnovers thereby affecting employee commitment in the organization. Performance has become one of the biggest issues for the Banking industry in Kenya because people are the ones who generates profits and considered as the capital or asset of the organization. This study focused on the performance management system as a strategy to enhance employee commitment in the public service (Allen and Meyer, 1990).

KCB Group being one of the leading banks in Kenya faces such problems. The banks needs to makes sure it has a well-structured performance management system for it to start tackling all the competition in the industry. Driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talent, employee commitment is emerging as the most critical workforce management challenge in today's organizations. To many organizations, "surprise" employee departures can have a significant effect on the execution of business plans and may eventually cause a parallel decline in profitability and survival (Mukanzi, 2013).

### **1.1.1 Performance Management Systems Strategy**

Armstrong (1998), describes performance management as a deliberate human resource management intervention aimed at aligning employee's work efforts with the objectives of the organization, manage these efforts on a daily basis, measure employee performance, reward them accordingly, and stimulate individual development to enhance employee contribution to the organization's success. An organization's performance management system must bring out the right behaviours in both managers and employees all year round.

Cardy and Dobbins (1994), on the other hand, define performance management as a formal and systematic process by means of which the job-relevant strengths and weaknesses of employees are identified, measured, recorded and developed. Although performance management may sound as if it has the same meaning as a performance management system, they are different. A PMS strategy is an authoritative framework for managing employee performance that includes a policy framework as well as a framework relating to all aspects and elements in the performance cycle, including

performance planning and agreement, performance monitoring, review and control, performance appraisal and moderating, and managing the outcome of appraisals (Simeka Management Consulting, 2004).

Performance management system is a process that begins by translating overall institutional objectives into clear individual objectives that will be set as targets for individual employees on a quarterly or annual basis (Amos et al., 2008). Performance management involves setting goals, monitoring an employee's achievement of those goals, sharing feedback with the employee, evaluating the employee's performance, rewarding the employee's performance or firing the employee. The performance target of individual employees also sets the agenda for supervisors and individual employees regarding the monitoring and reviewing of performance. It is in line with those set performance targets and requirements that the satisfactory or non-satisfactory performance of employees will be determined. After such determinations, good performance may be rewarded and poor performance may be improved through appropriate improvement measures (Cardy & Dobbins, 1994).

### **1.1.2 Employee Commitment**

Employee commitment is a crucial 'work attitude' (Morris et al, 1993). It has been defined in several similar ways to emphasize its behavioral and psychological moorings. For instance: "a stabilizing force that acts to maintain behavioral direction when expectancy/equity conditions are not met and do not function" (Locke, 1976) and; "a psychological state that binds the individual to the organization" (Allen and Meyer, 1990). Cohen (2003) states that, "commitment is a force that binds an individual to a course of action of relevance to one or more targets". This general description of

commitment relates to the definition of organizational commitment by Arnold (2005) namely that it is “the relative strength of an individual’s identification with and involvement in an organization” (Arnold, 2005). Miller (2003) also states that organizational commitment is “a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization”. Organizational commitment is therefore, the degree to which an employee is willing to maintain membership due to interest and association with the organization’s goals and values.

Employee’s commitment is a force that binds an individual to a course of action of relevance to one or more targets (Meyer and Herscovitch 2001:302). Employee commitment involves strong believe and acceptance of the organization’s goals and values, a willingness to exert considerable effort on behalf of the organization, strong desire to maintain membership into the organization, performance, attendance, organization citizenship behaviour, job satisfaction and consistency of values. ‘Binding’ refers to the maintenance of the relationship with the commitment object and is seen as the most important outcome of commitment (Meyer et al., 2002).

Thus, committed individuals stick to the object(s) of their organizations. As is the case in private life, many individuals have conflicting commitments in work life, such as those towards work, profession, career, colleagues, department, and the organization as a whole. There are different forces that can compel an individual to a particular course of action. We may do so because we like it (affective bonding), because we feel obliged (normative conformity) and/or because people have good reasons for their commitment (rational choice) (Allen and Meyer 1990).



### **1.1.3 The Banking Sector in Kenya**

A commercial bank is a financial intermediary which collects credit from lenders in the form of deposits and lends in the form of loans. The Kenyan banking industry is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The Kenya banking system is supervised by the Central Bank of Kenya. The CBK is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. Central Bank of Kenya (2012) confirms that the banking sector comprises of 43 commercial banks, 1 mortgage finance company, and 6 deposit taking microfinance institutions, 5 representative offices of foreign banks, 115 foreign exchange bureaus and 2 credit reference bureaus. The sector has continued on a growth trajectory with the size of assets growing tremendously. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector interest's .The KBA serves as a forum to address issues affecting members. The Banking sector in Kenya has continued to grow in assets, deposits, profitability and products and services. The growth has been mainly underpinned by; an industry wide branch network, expansion strategy both in Kenya and in the East African community region and automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products. Players in this sector have experienced increased competition over the last few years resulting from increased creativity and innovations.

The sector has continued on a growth trajectory with the size of assets standing at Ksh.2.2 trillion, loans and advances at Ksh.1.3 trillion, while the deposit base is Ksh.1.7 trillion and profit before tax of Ksh.53.2 billion as at 30th June 2012. The number of customer deposit and loan accounts in banks stand at 14,893,628 and 2,051,658 respectively. Stress tests conducted by the Central Bank indicated that the sector remains sound and resilient. It is noteworthy that the financial sector is developing and deepening faster than the overall economy. It grew by 9.0% in 2010 and 7.8% in 2011 while the economy grew by 5.8% and 4.4% in 2010 and 2011 respectively. This has been driven by financial infrastructure that has enabled financial inclusion. The growth of micro deposit accounts (accounts with average balances of Ksh100,000 and below) has been a critical contributor to the development and deepening of the banking sector. These accounts have increased from about 2.14 million in 2005 to 14.0 million in June 2012. The Central Bank of Kenya continues to work with the Government and the banking sector to implement reforms geared towards reducing the cost of credit to increase the number of Kenyans able to access credit (Central Bank of Kenya, 2012).

#### **1.1.4 KCB Group, Thika Branch**

Kenya Commercial Bank Group (KCB) is a financial services provider headquartered in Nairobi Kenya. As of December 2010, it was among the three largest commercial banks in Kenya with assets of more than US\$2.65 billion (KES: 223 billion), and shareholders capital valued at US\$486 million (KES: 40.9 billion). The other two large Kenyan commercial banks are Barclays bank Kenya and standard chartered bank Kenya. As of December 2010, KCB Group, the parent company of KCB Kenya, had the largest branch network in Kenya (168 branches) of all 44 licensed commercial banks in the country.

Shares of the stock of Kenya Commercial Bank Group (KCB Group), the parent company of Kenya Commercial Bank, are listed on the Nairobi stock exchange (NSE), under the symbol (KCB). The Group's stock is also cross listed on the Uganda securities exchange (USE), the Rwanda stock exchange (RSE) and the Dar es Salaam stock exchange (DSE). As of August 2010; the Government of Kenya owns 17.74% of Kenya Commercial Bank. The remaining 82.26% is owned by institutional and private investors. KCB has more than 177 branches throughout Kenya, making it the largest banking network in the region. It has the largest number of own-branded ATM in Kenya. Since 2004 all of the branches in Kenya have been re-branded as part of a wider corporate branding exercise. KCB has partnered with Pesa Point to increase the number of ATM points where customers can access their funds (KCB, 2012).

KCB Thika branch was first opened in 1968 placing it in the central region. Its business includes retail, S&I mortgage, and corporate business. It is classified as a large branch because of its outstanding loan book which equals 3.9 billion shillings and the number of account it holds (45 000 account). In the central region its number one in terms of performance and profit levels while country wide its number four (KCB 2012).

KCB Group, Thika Branch like any other organization faces challenges of employee commitment. Cole (2002) states that some of the reasons employees may not be completely satisfied with their jobs include: conflict between co-workers; conflict with supervisors; poor pay; lack of proper equipment; lack of opportunities for promotion; having little or no say in decisions that affect them; fear of losing their jobs through downsizing or outsourcing. The bank has been facing such problems hence the need for this research.

## **1.1 Research Problem**

Using performance management systems strategy ensures that employees not only fulfill their responsibilities, but do so to the best of their abilities and up to expectations. Performance management system allows an organization to tap the full potential of employees. A good performance management system strategy helps in providing them with a clear picture of what is expected from each one of them and what they need to accomplish. Measuring the performance of every employee is also important because it ensures that tasks are efficiently completed on time and on or under budget. It also points out any shortcomings of either the staff, and helps managers to take the appropriate corrective actions. Performance management system strategy gives organizations the tools to instill the desired qualities in the employees in order to get the job done. (Fenwick, De Cieri and Welch, 1999)

KCB Group has undergone a restructuring program that has seen mid-level and top level managers being trimmed as part of the strategy of cutting cost and consolidating posts to boost performance. KCB Group like any other organization faces challenges which include retention of employees, growth of the organization, conflicts with supervisors and lack of opportunities for promotion; having little or no say in decisions that affect them, fear of losing their jobs through downsizing or outsourcing. Through this study the researcher will be able to bring out clearly the link between performance management systems strategy and employee commitment in the bank.

Rogers (2005) undertook a research on performance management for twenty two companies in 1998. The findings were that companies with a strong performance management system realized revenue growth, stock price growth and income growth.

Kotter and Heskett (1992) studied organizations which had no culture of performance management system. Thus the comparative analysis revealed that performance management system serves as vital component for increasing company profitability. Effective performance management system requires considerable effort and commitment from the human capital management practitioner as well as seniors of the organization (Holsinger and O'Neill, 2003). Majority of the failure reported was due lack of senior management support in the organization (Charan, 1999).

Kithuku (2012) conducted a research on effects of performance appraisal on job satisfaction at KCB Group. Mukanzi, (2013) carried out a research on the influence of human resource management practices on firm performance in the Kenyan banking industry in 2013. Further conclusions drawn from the study were that performance appraisal is a vital means to offer promotion, recognition, and career progression; that the developmental purpose of performance appraisal is more productive in influencing organizational performance.

A thorough research found no studies had been conducted on performance management systems strategy and employee commitment at KCB Group. This research therefore seeks to fill the gap by answering the following question. What is the influence of PMS strategy and EC at KCB Group, Thika branch in Kenya?

### **1.3 Research Objectives**

The objectives of this study are:

- (i) To investigate the influence of performance management systems strategy on employee commitment at KCB Group, Thika Branch in Kenya.

(ii) To identify performance management systems strategy at KCB Group, Thika Branch in Kenya

(iii) To identify the challenges of performance management systems strategy on employee commitment in KCB Group, Thika Branch.

#### **1.4 Value of the Study**

Improving the performance of workers has gained attention in both private and public sector. Attention also needs to be placed in the effort of improving employee commitment in their places of work through having a well-structured performance management system. Appropriate measures need to be put in place to ensure that causes preventing optimal performance are identified. The research study will help to educate the public sector about the ways of improving PMS strategy which translates to committed employees. The research will also help the managers and the workers, to realize their obligations and responsibility towards, the good performance of an organization. The research will also provide the policy makers with information on how to curb the present undesirable situation and to understand pertinent performance management issues in regards to an organization.

The study will add on to the existing foundation of knowledge on the implementation on the best measures of performance management practices in public sectors. The research will in totality help to revive the organization to a good functional organization and somehow guarantee its effective and smooth existence. The findings of the study are expected to assist KCB Group strengthen their performance management systems strategy by specifically emphasizing on employee commitment as a critical component in scaling up performance in the organization. The study will also enlighten the

management and staff of KCB Group on the importance of performance management systems as a business improvement strategy.

## **1.5 Summary of the Chapter**

The chapter highlights the effects of a good performance management system strategy and motivation job design on commitment of employee. It explains the positive aspects drawn from it. The study is based on goal setting theory this is so because it was found to be exceptionally reliable, valid, and useful across diverse work situations. KCB Group, Thika Branch like any other organization faces challenges of employee commitment which include conflict between co-workers; conflict with supervisors; poor pay; lack of proper equipment; lack of opportunities for promotion; having little or no say in decisions that affect them; fear of losing your job through downsizing or outsourcing. The bank has been facing such challenges hence the need for this research. A good performance management system strategy helps in providing a clear picture of what is expected from each employee and what they need to accomplish. The objectives of the study are to identify performance management systems strategy and to determine Influence of performance management systems strategy on employee commitment in KCB Group, Thika Branch. The research study will provide knowledge to the public sector about the ways of improving PMS strategy which translates to committed employees

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter the researcher presents the reviews of related literature to the subject of the study. The study starts by providing a theoretical background on the theory that guides the study which is Goal-setting theory and Expectancy theory. The two theories guides the study to bring out the relationship between performance management system and employee commitment at KCB Group. The chapter discusses how the theories came about, the people who developed them and their key points. The chapter then discusses an in-depth understanding on the relationship between performance management system and employee commitment. It brings out clearly how each variable of performance management system leads to employee commitment. Finally there is a summary of the chapter.

#### **2.2 Theoretical Foundations**

This section will present the theories related to the study which will strive to find out if PMS strategy influences EC. The theories that aid the study are Goal setting theory and Expectancy theory.

##### **2.2.1 Goal Setting Theory**

Goal-Setting theory guides the study to try and unveil the relationship between performance management system and employee commitment at KCB Group. The theory revolves around setting the right and most appropriate goals at different levels in an organization which matches with performance management system which brings about



objectives and goals which are set for different position. Goal setting theory is a guide for PMS strategy because it enables managers set the right goals and objectives for different positions that are used by employees to guide them on what they are supposed to do in their daily activities.

The theory began with the early work on levels of aspiration developed by Lewin (1967) and has since been primarily developed by Locke (1960) who began goal setting research in the 1960's. The research revealed an inductive relationship between goal setting and improved production performance. American psychologist Locke (1960) from the University of Maryland studied the power of goal setting since the late 1960s. He first posited that employees were motivated by goals and feedback in his Lewin (1968) article "Toward a theory of task motivation and incentives." He later fine-tuned his perspective to include that the difficulty and specificity of the task also was a good predictor of performance. In other words, if the goal was too easy, the motivation wasn't as compelling. A goal is the aim of an action or task that a person consciously desires to achieve or obtain (Locke and Latham, 2002; Locke and Latham, 2006).

Goal setting involves the conscious process of establishing levels of performance in order to obtain desirable outcomes. This goal setting theory simply states that the source of motivation is the desire and intention to reach a goal (PSU, 2014). If individuals or teams find that their current performance is not achieving desired goals, they typically become motivated to increase effort or change their strategy (Locke and Latham, 2006).

The key points that Locke and Latham (2002) confounded were that motivational goals needed to have the following dimensions: clarity, challenge, commitment, feedback and

complexity. Goals need to be clear and measurable such as: my goal is to reduce maintenance downtime by 15 percent. This assists employees know exactly what they are supposed to do and their required outcome. Secondly, goals must be challenging, with achievement as the final payoff. Easy goals tend to demotivate employees when assigning individual tasks more challenging ones should be considered when coming up with a PMS. Thirdly, employees must feel as part of the goal-setting process to be committed to a clearly relevant goal. For a PMS strategy to be over rally accepted employee must be involved in the process of formulation Next, there must be a program that involves feedback, recognition and progress reports. Lastly, the task must be complex but not overwhelming, with sufficient time and adequate resources available.

### **2.2.2 Expectancy Theory**

The theory had been proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behaviour in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behaviour in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman et al, 2005).

## **2.3 Performance Management System Strategy and Employee**

### **Commitment**

The variables of interest in this study will be setting goals, monitoring, evaluation, feedback and reward system.

### **2.3.1 Setting Goals and Employee Commitment**

Earley and Hulin (1985) suggested that the acceptance of goals and commitment to attain them is greater when the workers are allowed to participate in the goal setting process. Erez et al. (1985) investigated the impact of participation in goal setting on goal acceptance and performance in American college students. They hypothesized that the level of goal acceptance will increase as the degree of participation increases and that participation influences performance through its influence on acceptance hence commitment to the goals. The results revealed that participative and representative goal setting significantly increased individual goal acceptance hence employee being committed to the goals. (Erez et al. 1985). Erez and Earley (1987) investigated participation in goal setting and its effect on goal acceptance in a cross-cultural context. The results from this study suggest that participation in goal setting increases acceptance, even when the goals are difficult therefor employees work hard to accomplish them.

Erez and Arad (1986) investigated the social, cognitive, and motivational factors that underlie the effects of participative goal setting. They found out that when goals are participatively set in a group, performance and commitment levels increase. They, therefore, suggested that “socio-psychological group processes” increase the likelihood of goal accomplishment. In other words, the combination of both psychological and sociological factors will influence the effect of participation in goal setting on performance and commitment.

### **2.3.2 Monitoring, Evaluation and Employee Commitment**

Monitoring and evaluation is a process that helps improve performance and achieve results. Its goal is to improve current and future management in terms of output, outcome and impact. Monitoring and evaluation are both important activities in performance management system. In most organizations, they will have both corporate scorecard for the company as a whole, and separate scorecards for each division/employee that feeds into the overall scorecard (Gaertner, 1999).

According to Bass and Avolio (1997) leadership is the most significant factor for examining the employee performance. For an organization to be outstanding it needs to have an outstanding leadership and provides good relationships for growing organizations. Jones and George (2000) asserts that leaders are efficient when they influence their subordinates by effectively achieving the organizational objectives therefore when the leadership is good and in order then the employees will be committed to work harder. Fair monitoring and evaluation is important in any organization as it's a platform to show good governance which is a motivator to the employees. According to Bass and Avolio (1997) leadership is the most important aspect for determining the organizational performance. According to Bass and Avolio (1997) leadership is the most significant factor for examining the employee performance.

### **2.3.3 Feedback and Employee Commitment**

Feedback is a critical component of all performance management systems. It can be defined as information about an employee's past behaviours with respect to established standards of employee behaviours and results. Effective performance feedback is timely, specific, behavioural in nature, and presented by a credible source. The goals of

performance feedback are to improve individual and team performance, as well as employee commitment, motivation, and job satisfaction (Aguinis, 2009). Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop (Teke, 2002). Through this the PMS strategy is able to influence employee commitment because employees are able to know the shortcomings and improve on them.

Taylor, Fisher and Ilgen (1984) suggest that feedback is essential for organizational effectiveness and that lack of feedback can lead to anxiety, inaccurate self-evaluations, and a diversion of effort toward feedback gathering activities therefore lack of commitment. Moreover, effective feedback has the potential to enhance employee commitment, engagement, motivation, and job satisfaction (Aguinis, Gottfredson & Joo, 2011). Performance feedback is effective in changing employee work behaviour and enhances employee job satisfaction and performance (Islam & Rasad, 2006). Locke and Latham (1990) proposes a number of factors, including characteristics of the feedback source and message, and timing issues such as the amount and frequency of feedback employees received attitudinal outcomes of feedback as enhancing employee commitment.

#### **2.3.4 Reward and Employee Commitment**

Organizational rewards refer to all the benefits, financial and non-financial, that an employee obtains through his/her employment relationship with an organization. According to the tenets of social exchange theory, on being rewarded for their work by the organization, employees will reciprocate by developing effective commitment to the organization. A PMS strategy should be well structured to capture how reward system

should be because reward motivates workers to achieve their goals and be best performers. The provision of rewards by an organization has been shown to be a major factor that strengthens the psychological contract between the employee and employer (Malhotra *et al.*, 2007).

Previous empirical work indicates that extrinsic, intrinsic and social rewards all play an important role in enhancing employee commitment towards an organization (Angle and Perry, 1983; Eby *et al.*, 1999; Loscocco, 1990; Malhotra *et al.*, 2007; Mottaz, 1988; Williamson *et al.*, 2009; Young *et al.*, 1998). Employees with high levels of effective commitment wish to stay with an organization as a consequence of the positive feelings that arise from the employment relationship. There are contrasting views in literature as to the relative strength of the relationships between the different types of rewards and employee commitment. Some authors argue that the relationship between extrinsic rewards and employee commitment is stronger than that between intrinsic or social rewards and employee commitment as organizations have direct control over their provision (Angle and Perry, 1983). Others argue that intrinsic and social rewards are stronger antecedents of employee commitment than extrinsic rewards (Eby *et al.*, 1999).

## **2.4 Summary of the Chapter**

The chapter has discussed previous studies related to this study. It first highlights the theories which are used to support the study. The two theories are goal setting theory and expectancy theory. The study reviews past studies which are related to this study by bringing out the link between performance management system and employee commitment. The variables involved are setting goals, monitoring and evaluation, feedback and reward.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the research design, population of the study, data collection and data analysis used in this study.

#### **3.2 Research Design**

According to Saunders, Lewis and Thornhill (2009) research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This research was conducted as a cross-sectional descriptive survey. A cross sectional descriptive survey is any collection of data from a sample of individuals (or groups) at a particular point in time as a basis for inferring the characteristics of the population from which the sample comes (Kish, 1995). In this type of study, subjects are contacted at a fixed point in time and relevant information is obtained from them. On the basis of this information, they are then classified as having or not having the attribute of interest.

#### **3.3 Population of the Study**

A population is a representation of all elements, individuals, or units that meet the selection criteria for a group to be studied, and from which a representative sample is selected for detailed examination (Cavana, 2001). The study population will be all the employees of KCB Group Thika Branch. A census was preferred because it enabled the researcher to have an in-depth understanding of the influence of performance

management system as a strategy to improve employee commitment in KCB Group, Thika Branch and also the whole population was subjected to the study.

### **3.4 Data Collection**

Primary data was used because first-hand information was collected. In order to achieve the set objectives, primary data was collected by use of a questionnaire. A questionnaire is an instrument specifically designed to elicit information that is useful for analysis (Babbie, 2007). The study used both open ended and closed ended type of questions. The questionnaire was divided into three sections; the first section is gathering personal information of the respondents and the others who will be involved with the performance management system strategy used and influence of performance management system strategy on employee commitment at KCB Thika branch. The instrument was administered to employees of KCB Group, Thika Branch to assist in determining the influence of performance management system strategy on employee commitment.

### **3.5 Data Analysis**

For the purposes of this study, data analysis employed descriptive statistics. Descriptive statistics is the analysis of data that helps describe, show or summarize data in a meaningful way such that, patterns might emerge from the data. The measures used to describe the data set are measures of central tendency and measures of variability or dispersion. Measures of central tendency include the mean, median and mode, while measures of variability include the standard deviation (or variance), the minimum and maximum variables. Qualitative data was organized into tables and graphs through the aid of Statistical package for Social Sciences (SPSS) software.



### **3.6 Summary of the Chapter**

This research was conducted as a cross-sectional descriptive survey. The study population was all the employees of KCB Group Thika Branch and it was conducted as census. Primary data was collected by the use of questionnaire whereby both open ended and closed ended questions were used. Descriptive statistics was used to analyse the data.

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter comprises of the analysis of data collected using a questionnaire that was administered to all the employees of KCB Group, Thika Branch using cross-sectional descriptive analysis. The chapter starts by analyzing the demographic information of the respondents. The information is represented by use of tables and figures. The next part was to establish which performance management system does the bank use to assess its employees. The last part contains data analyzed to find out how the variables influence employee commitment in the bank. The information is represented by use of tables, figure and discussions of the results obtained

#### 4.2 Demographic Information

The researcher presents the respondents profile in relation to gender, age, level of education and experience. This is done in order to make a basis of making conclusions on the views that respondent gave on the influence of performance management system strategy and employee commitment in KCB Group, Thika Branch as shown in Table 4.1 below.

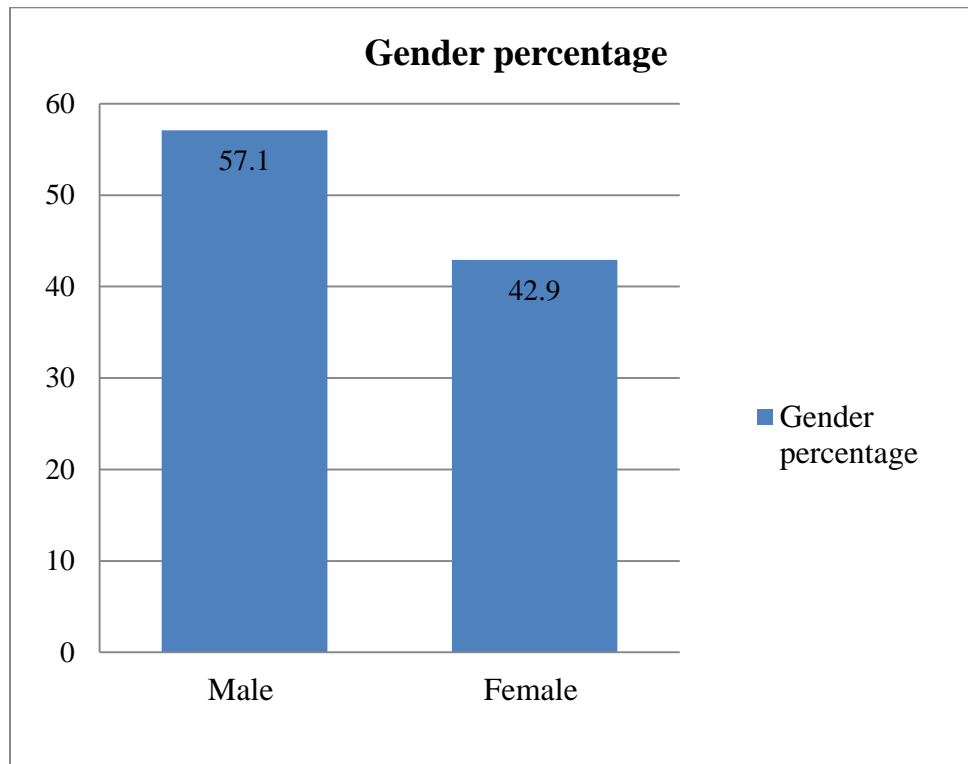
**Table 4.1: Response Rate Analysis**

Category	Population	Responded	Percentage
Population	68	35	51.4%
Targeted responded who failed to respond		33	48.5%
<b>TOTAL</b>	<b>68</b>	<b>68</b>	<b>100%</b>

Source: primary data

Table 4.1 clearly indicates that not all respondents returned the questionnaires and they were the minority representing 48.5% of the population, while those who returned the questionnaire were 51.4%.

**Figure 4.1: Gender of Respondents**



Source: primary data

According to Figure 4.1 most of the respondents contacted were found to be male 57.1% while their female counterparts were 42.9%. Based on the figure, the dominated gender among the respondents is male. This shows that there are mostly male who have interest in participating in research studies.

**Table 4.2: Age of the Respondent**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	17	48.6	50.0	50.0
	31-40	15	42.9	44.1	94.1
	41-50	2	5.7	5.9	100.0
	Total	34	97.1	100.0	
Missing	System	1	2.9		
Total		35	100.0		

Source: primary data

According to Table 4.2 most of the respondents were aged between 21-30 which represented 48.6%. While the least number of responded were between 41-50 years of age representing 5.7% of the respondents.

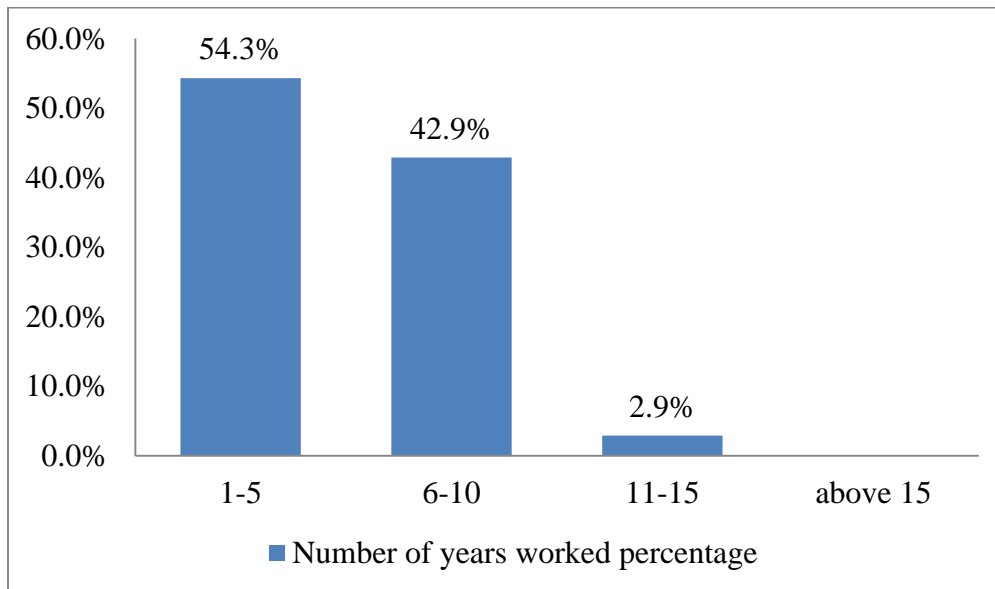
**Table 4.3: Level of Education**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	University	35	100.0	100.0	100.0

Source: primary data

From the information portrayed in Table 4.3, respondents were found to be bachelor's degree holders.

**Figure 4.2: Respondent's Length of Service**



Source: Primary data

According to Figure 4.2, it was revealed that most of the respondents had worked in KCB Group for the period between 1-5 years represented 54.3% while 42.9 had worked in the bank for the period between 6-10 years. Those who worked between 11-15 years represented 2.9%.

### **4.3 Performance Management Systems Strategy at KCB Group, Thika Branch in Kenya**

The study found out that all employees of KCB Group, Thika Branch were all subjected to a balance score card as a way of evaluating their performance. From table 4.4, the respondents contacted 74% said that the balanced score card was the best method to be used to assess them because it covered all the parameters required, it was equally balanced in terms of assessment, it was objectives and gave a clear idea of what the employer expected. While 23% of the respondent said that it was not the best method to be used because it was subjective and some suggested performance appraisal as an alternative method that could be used. The researcher noted that a balanced score card is used to assess the employees and it was the best method to assess them.

**Table 4.4: Acceptance of BSC**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
INV		1	0.28	0.28	1.28
	NO	8	22.9	22.9	25.7
	YES	26	74.3	74.3	100.0
	Total	35	100.0	100.0	

Source: Primary data

According to Table 4.4, respondents revealed that the balanced score card was the best method used to assess them (74.3%) of the respondents. This means that there was no need of changing the method of appraising them.

#### **4.4 Influence of PMS Strategy on EC in KCB Group Thika Branch**

The variable that influences employee commitment are discussed. In goal setting the researcher was interested to establish if employees were involved in coming up with goals in their departments. Concerning feedback the researcher was interested in knowing whether it was happening and how it affected the employees. Reward and recognition was also important to pose questions on this effect since it will assist to highlight the importance of hard working employees.

##### **4.4.1 Respondents Involvement in Goal Setting during PMS Process**

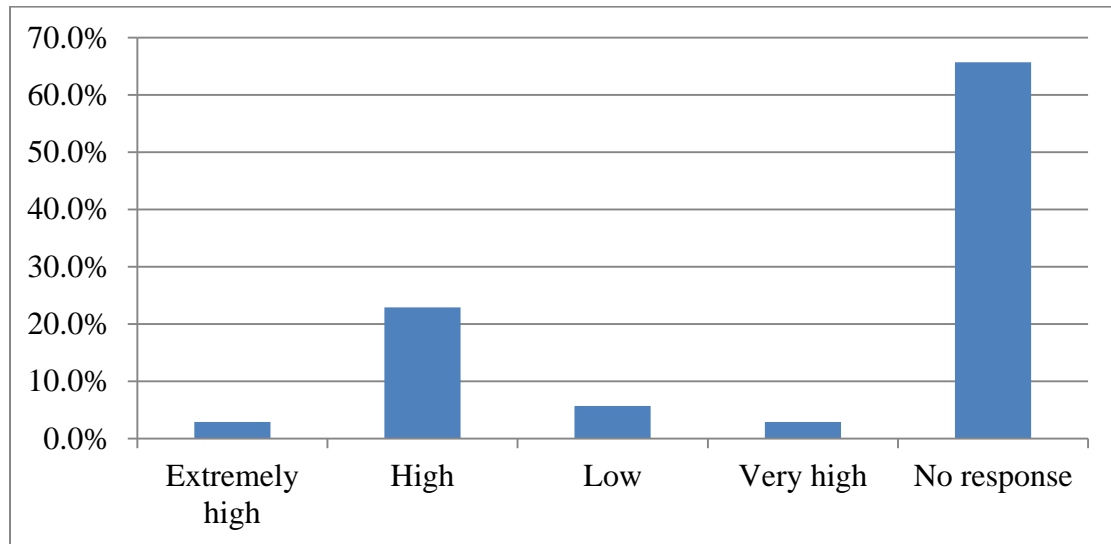
According to Table 4.5, 60% of respondents said they were not involved in setting goals which are used to come up with the balanced scored card. While 31% said they were involved in coming up with the goals. It was established that not all employees were involved in setting goals in the bank.

**Table 4.5: Views of Respondents that were involved in Goal Setting**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
INV		3	8.6	8.6	8.6
	NO	21	60.0	60.0	68.6
	YES	11	31.4	31.4	100.0
	Total	35	100.0	100.0	

Source: Primary data

**Figure 4.3: Level of Commitment of Respondents for those Involved in Goal Setting**



Source: Primary data

Figure 4.3; show the level of commitment of the 31.4% of the respondents involved in goals setting. According to table 4.6 those involved in goal setting had a high level of commitment. This shows that the more the employees are involved in goal setting then their commitment improves. Therefore goal setting has a positive impact on commitment.

**Table 4.6: Perception of Respondents that are not involved in Setting Goals**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid		14	40.0	40.0	40.0
	NO	5	14.3	14.3	54.3
	SOME	5	14.3	14.3	68.6
	YES	11	31.4	31.4	100.0
	Total	35	100.0	100.0	

Source: Primary Data

From Table 4.6, contacted respondents who were not involved in setting goals found the set goals were difficult to achieve (31%) while 14% of the respondent felt that some of

the goals were difficult to achieve. Therefore it was established that it is important for employees to be involved in setting up goals.

**Table 4.7: Respondents of Rate of Level of Acceptance of Goals**

Outcome	No response	Low	High	Percent
Yes		11		52.8
No			3	14.2
Some			3	14.2
No response	4			19

Source: primary data

From Table 4.7 the respondents that found the goals difficult to achieve showed little acceptance of the goals as they represented 52.8%. Their acceptance of the goals was very low. While those who responded NO their acceptance of the goals was high. 19% represented those who did not tick the appropriate scale. The level of acceptance of the goals was very low to those who were not involved in goal setting which represents 52.8% of the respondents. This meant that there is a relationship between goal setting and commitment.

#### 4.4.2 Supervision

From the study it was found that constant supervision by supervisors was not the best way to encourage performance. 40% represented those who thought constant supervision was necessary to encourage performance. This made the researcher understand that the employees don't need constant supervision to encourage performance in bank.

**Table 4.8: Effectiveness of Supervision on Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	21	60.0	60.0	60.0
	YES	14	40.0	40.0	100.0
	Total	35	100.0	100.0	

Source: Primary Data

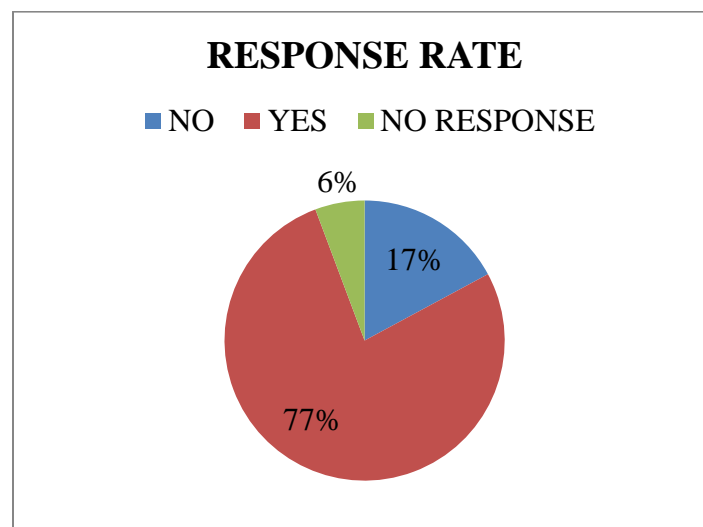


Table 4.5 above presents the respondents' perceptions on whether constant supervision enables one perform better. Herein, 60% said it was not effective and efficient and suggested that proper working environment to be established, reporting lines to be clear and transparent and minimal or no supervision to be accorded. 40% of those who responded yes said that the constant supervision was effective because decision making was quick and clear and useful when unable to close a business and would help in reviewing weakness.

The assessment of the employees is carried out quarterly and some felt that the assessment was based on figures generated from the system, biased, objective though personal matters can get in between when assessing, calculation between set objectives and job role are skewed.

The researcher noted that constant supervision was a hindrance for encouraging better performance.

**Figure 4.4: Effectiveness of the Supervision**



Source: Primary Data

Figure 4.4 shows the effectiveness of the supervision where by 59% of the respondent were of the opinion that the exercise of assessing them was effective in improving ones commitment to the job. While 32% said the exercise was not improving commitment and suggested that more involvement and better incentives would improve commitment. 9% did not respond.

#### 4.4.3 Feedback

The study was meant to find out whether feedback does occur in the bank and if it influences commitment.

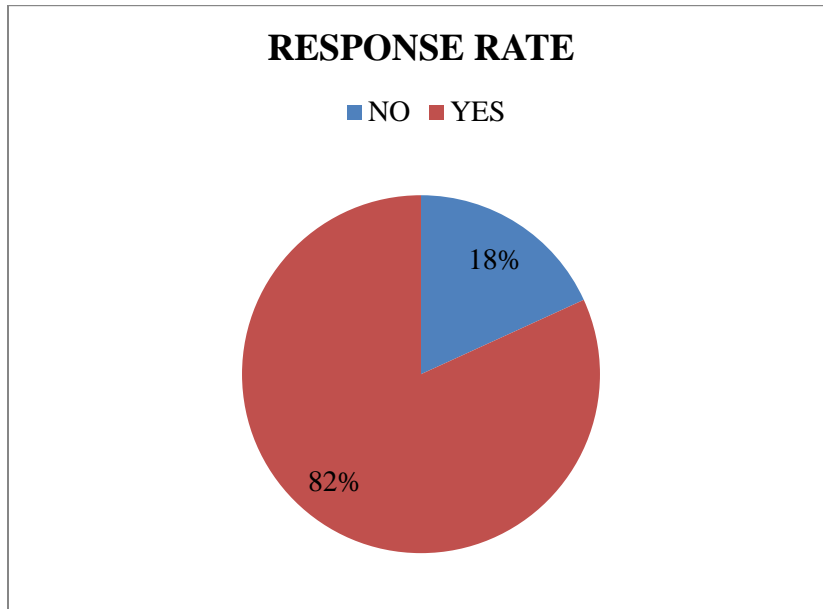
**Table 4.9: Feedback from Evaluation**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	NO	3	8.6	8.6	8.6
	YES	32	91.4	91.4	100.0
	Total	35	100.0	100.0	

Source: Primary Data

From Table 4.9, the analysis of respond rate found out that 91% of the respondents received feedback from the evaluation done while 8% did not receive any feedback. This data illustrate that there is no feedback form the evaluation done.

**Figure 4.5: Fairness of Evaluation**



Source: Primary Data

Figure 4.5 above shows that majority of the respondents (73%) were not evaluated fairly, while 29% were of the contrary opinion, and recommended that proper discussion between all parties to be done and realistic goals to be set. The researcher concluded that the evaluation done was not done fairly.

**Table 4.10: Provision of Training Where Need be**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	2	5.7	5.7	5.7
	YES	33	94.3	94.3	100.0
	Total	35	100.0	100.0	

Source: primary data

Table 4.10 above provides the responses on whether the employees are trained when need arises. The findings show that 94% of the respondents are provided with training where necessary and that after the training their commitment to their jobs improved. While 5.7

% were not provided with training and their commitment did not improve. The researcher noted that there was provision of training where necessary.

**Table 4.11: Level of Commitment due to Provision of Training**

		Frequency	Percent	Valid Percent	Cumulative Percent
INV		5	14.3	14.3	14.3
	HIGH	24	68.6	68.6	82.9
	LOW	4	11.4	11.4	94.3
	NEUTRAL	2	5.7	5.7	100.0
	Total	35	100.0	100.0	

Source: Primary Data

From the above Table 4.11 the level of commitment is noted to be high (68.6%) after the employees are accorded training. 11.4% represented those who received training but their commitment was still low. The researcher noted that provision of training boosted the commitment of the employees to their jobs and company.

**Table 4.12: If feedback Improves Communication**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		4	11.4	11.4	11.4
	NO	9	25.7	25.7	37.1
	YES	22	62.9	62.9	100.0
	Total	35	100.0	100.0	

Source: Primary Data

According to the results of Table 4.12 above, 62.9% of the respondents suggested that feedback acted as a way of improving communication in the organization while 25% were of the opinion that it did not improve communication. 11% of the respondent did not respond. The result indicated that feedback was essential to improve communication in the bank.

#### 4.4.4 Reward and Recognition

Results of questions filled touching on reward and recognition.

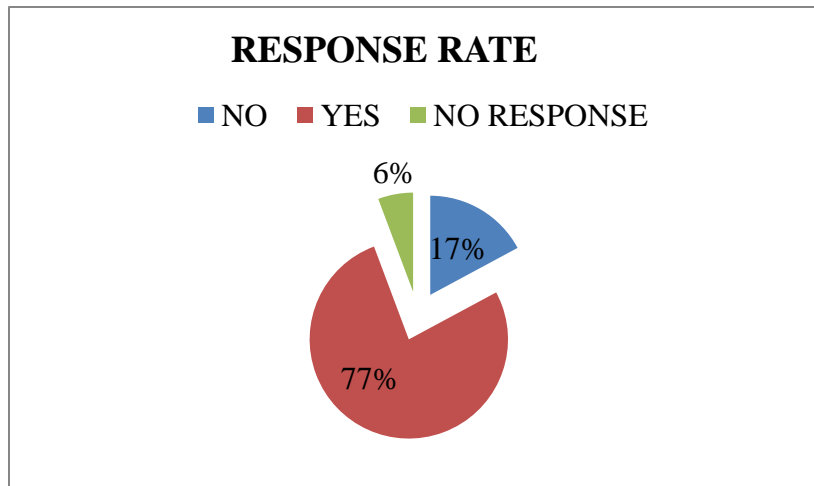
**Table 4.13: If one is Recognized in the Job**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	11	31.4	31.4	31.4
	No response	6	17.1	17.1	48.6
	Yes	18	51.4	51.4	100.0
	Total	35	100.0	100.0	

Source: Primary Data

From Table 4.13 above, 51% said they were recognized due to their work while 31.4% were not, they suggested the stumbling blocks were as a result of failure to have systems, hierarchy and that job targets were difficult and favouring some employees . They recommended that realistic and achievable targets to be set, proactive management, fair practices and promotion of those who deserve and be treated equally. 17% represented those who did not respond. The researcher noted that employees were recognized in the bank.

**Figure 4.6: If Recognition is a Good Incentive to enable one be Committed**



Source: Primary Data

Figure 4.6 above depicts that the response rate of those who felt recognition was a good incentive was 77% where most claimed it aided the relationship with their superiors. 6% represented those who did not agree that recognition was a good incentive and that it did not aid the relationship with the superiors.

**Table 4.14: Availability of a Reward System**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	No	1	2.9	2.9	2.9
	No response	6	17.1	17.1	20.0
	Yes	28	80.0	80.0	100.0
	Total	35	100.0	100.0	

Source: Primary Data

From Table 4.14, majority (80%) of the respondents claimed there was a reward system which was not as effective as it should be. 17% represented those who did not responded to the question. The 2% who answered NO felt that a reward system would make them more committed. This confirmed that there was a need for a reward system in bank.

**Table 4.15: Evidence of being Rewarded**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	No response	15	42.9	42.9	42.9
	Yes	20	57.1	57.1	100.0
	Total	35	100.0	100.0	

Source: Primary Data

Table 4.15 above, it's evident that a majority (57%) of the respondents have indeed been rewarded. Due to the reward system the respondents surpassed their targets, improved on their performance and became motivated, while 42.9% did not respond to the question. The researcher found out that it was important to reward employees because their performance improved and they became more motivated

**Table 4.16: Job Satisfaction**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	No response	8	22.9	22.9	22.9
	Somehow	9	25.7	25.7	48.6
	Yes	18	51.4	51.4	100.0
	Total	35	100.0	100.0	

Source: primary data

The Table 4.16 above provides responses on how the respondents level of satisfaction with their jobs. Majority of the respondent (51.4%) were satisfied with their job and for them to attain more satisfaction continuous training, better working conditions and remunerations should be provided.25.7% were not sure if they were satisfied with their job because of lack of growth and unrealistic expectations.

Suggestions, for them to be satisfied in their jobs were roles to be objective, promotions to be effected and pay increased.

**Table 4.17: Making Decisions**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	No	8	22.9	22.9	22.9
	No response	5	14.3	14.3	37.1
	Yes	22	62.9	62.9	100.0
	Total	35	100.0	100.0	

Source: Primary Data

According to Table 4.17 above, majority of the respondents (62.9%) were allowed to make some decisions without consultation, the respondents said it enabled them become more committed to their job. While 22.9% were not allowed to make certain decisions in their areas of work without consultations. They agreed it was important for them to be allowed to make certain decisions for which would lead them to be committed.

#### 4.4.5 Level of Importance of the Statements Below

The statement below have been rated by the respondents on how important they are

**Table 4.18: Good Pay**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	2.9	2.9	2.9
	Moderately important	1	2.9	2.9	5.7
	important	12	34.3	34.3	40.0
	Highly important	21	60.0	60.0	100.0
	Total	35	100.0	100.0	

Source: Primary Data

**Table 4.19: Cross Tabulation of Level of Education and Good Pay**

		Agree WITH THE Statements				Total
		Moderately important	Important	Highly important		
Good Pay	University	1	1	12	21	35
Total		1	1	12	21	35

Source: Primary Data

From Table 4.18, good pay was rated as highly important which represented 60% of the respondents. Across tabulation of level of education and good pay resulted to a majority acknowledging the importance of good pay.

**Table 4.20: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Years Worked	35	1	3	1.49	.562
Valid N (listwise)	35				

Source: Primary Data

**Table 4.21: Importance of Good Conducive Conditions**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	2.9	2.9	2.9
	Important	5	14.3	14.3	17.1
	Highly important	29	82.9	82.9	100.0
	Total	35	100.0	100.0	

Source: Primary Data



From Table 4.21, 82.9% of the respondent valued the working conditions and rated them as highly important. The researcher noted that for employees to perform well the working conditions should be conducive.

**Table 4.22: Good Physical Surrounding**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid		1	2.9	2.9	2.9
	Moderately important	8	22.9	22.9	25.7
	important	11	31.4	31.4	57.1
	Highly important	15	42.9	42.9	100.0
	Total	35	100.0	100.0	

Source: Primary Data

According to Table 4.22, 42.9% of the respondent valued the physical surrounding and rated them as highly important for them to perform. Also 31.4% felt it was important. Good surrounding was an important aspect for the employees to perform.

**Table 4.23: Adequate Job Security**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid		1	2.9	2.9	2.9
	Important	9	25.7	25.7	28.6
	Highly important	25	71.4	71.4	100.0
	Total	35	100.0	100.0	

Source: Primary Data

Table 4.23 above shows that 71.4% of the respondent valued job security and rated it was highly important for them to perform. This showed the researcher that when their job is secure they would perform well.

**Table 4.24: Good Working Relations**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid		1	2.9	2.9	2.9
	Important	11	31.4	31.4	34.3
	Highly important	23	65.7	65.7	100.0
	Total	35	100.0	100.0	

Source: Primary Data

From Table 4.24, above 65.7% of the respondent valued their working relations and rated it as highly important for them to perform.

#### **4.4.6 Suggestion on how to Improve on Job Commitment**

There were some suggestions put across on how commitment would be improved such as higher pay, team work, promotion and fairness when promoting, continuous training, rewards and awards, objective targets and matching job with skills.

#### **4.5 Discussion of Findings**

The objectives of the study were to identify performance management systems strategy and determine influence of performance management systems strategy on employee commitment in KCB Group Thika Branch. The study found that the bank uses a balanced score card to assess its employees. They indicated that the method used by the bank was the best method of appraisal because it addressed all the parameters required, it was equally balanced in terms of assessment, it was objective and gave a clear idea of what the employer expected. The study also found out that performance appraisal is conducted annually but with quarterly reviews.

The study also found out that not all employees are involved in setting goals in the bank though for those who were involved in goal setting their commitment improved. The study also found out that constant supervision was not the best technique to encourage performance. They indicated that constant supervision was not effective and efficient and suggested that proper working environment be established, reporting lines to be clear and transparent and minimal or no supervision to be accorded.

The study also found out that not all employees got feedback from the evaluation done and where feedback was available it was not done fairly. The study found out that the bank accorded training where there was a need. The researcher noted that there was provision of training where necessary. This boosted the commitment of the employees. The study also found out that feedback was key in improving communication in the bank.

The study found out that there was recognition in the work place which assisted the relationship with their superiors. The study confirmed indeed that there was a reward system and it was important because it enabled them surpass their targets, improve on their performance and became motivated and committed to their job. The study found out that allowing employee to be autonomous in encouraging some decisions was effective in making them be committed.

The study found out that the level of importance of the following statements; good pay, conducive working conditions, good physical surrounding, adequate job security and good working relations were rated highly important. The study found out that the following were to be provided for them to be committed; higher pay, team work, promotion and fairness when promoting, continuous training, rewards and awards, objective targets and matching job with skills.

## **4.6 Summary of the Chapter**

From the demographic information 35 out of 68 employees responded to the questionnaires. There were more male respondents than female and the most of the respondent were in the age group of 21-30. All of them were bachelor's degree holder. The length of their service of most employees in the bank was between 1-5 years. The study identified that the employees were assessed by use of a balanced score card. Goal setting is important and all employees should be involved in this exercise. Supervision by supervisors was found not to be important and it didn't encourage performance. It was established that feedback is important because it works as a corrective measure and one is able to gauge his performance. Finally reward and recognition was found to be an important aspect when coming up with a performance management system because it makes the employees more committed.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter provides the summary of the results of the study and presents a brief discussion with regard to the problem statement. It also provides suggestions for further research within the same industry.

#### **5.2 Summary of the Findings**

The study aimed at assessing the influence of performance management system strategy on employee commitment in KCB Group, Thika Branch. It sought to achieve the two objectives: to identify performance management systems strategy used and to determine the influence of performance management systems strategy on employee commitment in KCB Group, Thika Branch.

The study was a cross-sectional descriptive survey. The population of the study was all the employees of KCB Bank Group, Thika Branch. The primary data was collected through use of a questionnaire and data was analyzed using the statistical package for social sciences (SPSS). Other packages used were Microsoft Excel. Analysis was done by use of descriptive statistics.

The study found out that most of the employees were not involved in setting up the goals and objectives which later would be used to assess them. Due to this the set goals were hard and difficult to achieve and this affected the employee's level of commitment to the organization. The study found out that their commitment was low compared to those who were involved in coming up with the goals and objectives. Eventually they showed little

acceptance of the goals set. For those who were involved in setting up the goals acknowledged that the set goals were achievable and they had accepted the goals set. Their level of commitment was quite high compared to those who did not accept the goals set.

The study found out that constant supervision was not the best way to encourage performance. It was found out not to be effective and efficient and that proper working environment be established, reporting lines to be clear and transparent and minimal or no supervision to be accorded for their commitment and performance to improve. The study found that the assessment of the employees is carried out quarterly and some felt that the assessment was based on figures generated from the system, biased, objective though personal matters could get in between when assessing, calculation between set objectives and job role are skewed.

The study found out that training is accorded where necessary and this improved the level of commitment of employees. The study found out that there was a reward system though it was not as effective as it should be. It was found that recognition was not done to all due to: failure to have systems, hierarchy, difficult job targets and favourism. The study found out that realistic and achievable target to be set, proactive management, fair practices and promotion of those who deserve and be treated equally. For those who were rewarded their level of commitment improved due to this they surpassed their targets and their performance improved and became more motivated. From the study recognition found to be a good incentive and most claimed it assisted the relationship with their superiors. Minority represented those who did not agree that recognition was the best incentive and that it did not assist the relationship with the superiors.

The study found out that higher pay, team work, promotion and fairness when promoting, continuous training, rewards and awards, objective targets and matching job with skills were ways to improve commitment of the employee.

### **5.3 Conclusion of the Study**

The study concluded that the method of performance appraisal used by the bank (Balanced Score card) has a positive effect on employee commitment and performance. This is because it covers all the parameters required, it is equally balanced in terms of assessment, it is objective and gives a clear idea of what the employer expects. Minimum supervision should be accorded to encourage performance which later translates to commitment.

Based on the study there is need to involve employees in setting goals which helps them understand what is expected of them, their tasks and what they are supposed to do. If people receive rewards and are recognized then they are likely to be satisfied and this results in them being committed. Also the rewards should be administered fairly.

The study established that there should be feedback from the evaluation this is because the information obtained from it can be used to make very important decisions, motivate, continued learning and most of all improve employee commitment. For this to happen the process of evaluation should be conducted fairly.

The study also highlights the importance of reward and recognition which have tremendous benefits to the employees because they feel valued and this fosters employee commitment.

## **5.4 Recommendations**

The banking industry has become very diverse and competitive over the years and employee's turnover has become an issue in the industry. To reduce the number of turn over a way must be devised to look into ways of capturing employee commitment in the work place. Based on the findings of the study, performance management system should be used as a strategy to influence commitment of employees in the work place. KCB Group, Thika Branch should involve all its employees when reviewing the performance management system because this ensures that everyone is on board. Before the bank goes out to look for customers it must make sure all the needs of its employees are met because they are the ones who impact on the performance of the bank either positively or negatively.

All employees should be involved in formulating the goals and objectives because this spells out clearly what is expected of them. Feedback form evaluation done should be timely, fair and all employees should receive it. Favouritism should not be tolerated and all employees should be treated fairly. There should be a good working reward system to reward those who perform and excel in their duties.

## **5.5 Limitations of the Study**

This study was a survey on KCB Group, Thika Branch and therefore the results may not be generalized for the whole banking industry. This is because the views expressed by the respondents may only relate to KCB Group, Thika Branch. This is also because other banking institutions may be using other performance appraisal methods.



## **5.6 Suggestions for Further Research**

The study recommends that more research to be carried out so as to cover other performance management systems. This will help in identifying which methods are the best to use. The study also recommends that future studies should use secondary data from the banks, for example past performance records of employees in order to get the real picture on the effects of the performance management systems used. The study should seek to investigate how to ensure that the performance management systems method has positive effects on employee commitment. The study will be important because it will enable organizations to identify the best performance management systems methods to use.

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# APPENDICES

## Appendix I: Letter of Introduction



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE.....9/9/2015.....

**TO WHOM IT MAY CONCERN**

The bearer of this letter .....STEVEN KAMU MUNNOKI.....

Registration No.....DKI/79557/2012.....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**PATRICK NYABUTO**  
**MBA ADMINISTRATOR**  
**SCHOOL OF BUSINESS**



**Appendix II: Questionnaire to Determine the Influence of Performance Management System Strategy on Employee Commitment at KCB Group Thika Branch.**

**Section ONE: Demographic Information**

**Respondent Profile please (*Tick appropriately*)**

1. Gender

- Male [ ]
- Female [ ]

2. Age

- 20 years old and below [ ]
- 21- 30 years old [ ]
- 31-40 years old [ ]
- 41-50 years old [ ]

3. Level of education

- Primary [ ]
- Secondary [ ]
- College [ ]
- University [ ]
- Others (specify) .....

4. How many years have you worked in KCB Group

- 1-5 years [ ]
- 6- 10 years [ ]
- 11-15 years [ ]
- Above 15 years [ ]

**Section TWO: To identify performance management systems strategy at KCB Group, Thika Branch in Kenya**

5. Which performance management system does your employer use to assess you?

.....

(a)Do you feel if it's the right one to be used? .....



If YES give a reason if NO give an alternative one

.....  
.....

**SECTION THREE: INFLUENCE OF PMS STRATEGY ON EC IN KCB GROUP  
THIKA BRANCH**

6. Are you involved in goal setting during performance management system process? ...

(i) If YES are your considerations taken into account and what is the level of commitment? .....

Tick appropriately on the scale of 1-5

very low (1)	Low (2)	High (3)	Very high (4)	Extremely high (5)

(ii) If NO do you feel the set goals and objectives are difficult to achieve?  
.....

(iii) And what is the level of acceptance of the goals. Tick appropriately on the scale of 1-5

very low (1)	Low (2)	High (3)	Very high (4)	Extremely high (5)

7. Do you think constant supervision by your immediate supervisor; is a good technique to encourage you to perform well? .....

a) If yes how effective do you find this supervision to enable you perform better?  
.....

b) If it is not effective, what do you suggest could be done?  
.....  
.....

c) What is your opinion about the performance assessment exercise carried out?

.....  
.....

d) (d)How often is your performance evaluated annually? .....

e) Do you find this exercise effective in improving ones commitment to the job?

.....

f) If it is not effective, could you suggest how it could be improved to make it effective? .....

8. Do you get feedback from the evaluation that is done? .....

If YES do you feel it's done fairly? .....

If NO what do you think should be done?

.....

9. From the feedback does the organization provide training where there are needs for training? .....

If YES, does your commitment improve? .....

If NO, is your commitment affected negatively? .....

10. Does the feedback make you more committed to your job?

If yes Tick appropriately on the scale of 1-3

High	Neutral	Low
(1)	(2)	(3)

11. Does feedback improve communication in your work place?

.....

12. Do you feel that you are recognized in your job? .....

(i) If the recognition is absent what do you think is the stumbling block?

.....

(ii) What do you suggest could be done, so that you are able to feel recognized in your job?

.....  
 .....

13. Is there a reward system in your organization? .....

i. If YES how efficient is it .....

ii. If NO do you think a reward system can help you to be committed? .....

14. Have you ever been rewarded? .....

i. How has it affected your commitment .....

ii. Do you think the feeling of recognition in your job is good incentive to enable you be committed? .....

iii. Does rewarding improve the relationship with your bosses? .....

15. Do you feel satisfied with your Job?

(a) Yes (b) No (c) Somehow.

If you feel dissatisfied, what dissatisfies you most about your Job?

.....

(i) What do you feel should be done, in order to make your job more satisfying?

.....

(ii) During the course of your duty, are you allowed to make certain decisions?

.....

(iii) If NO, is it important to you that you make some independent decisions in relation to your job?

(a) Yes (b) No (c) Some how

(b) If yes, does it help in improving commitment and if No, does it affect commitment negatively .....

16. Do you agree with the following, as being important? Please indicate against each by ranking from 1-5 where 5= highly important 4= important 3= moderately important 2= neutral 1= not important

#		Highly important	important	Moderately important	Neutral	Not important
a	Good pay					

b	Good working conditions					
c	Good physical surrounding					
d	Adequate job security					
e	Good working relations.					

What do you think can be done to enable you to improve on your job commitment?

.....

**THANK YOU FOR YOUR COOPERATION.**