

**EMPLOYEE PERFORMANCE MANAGEMENT PRACTICES IN
KENYA SUGAR BOARD**

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**A Management Research Project submitted in partial fulfillment of the
requirements for the award of the degree of Master of Business
Administration (MBA) of the University of Nairobi.**

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DECLARATION

This project is my original work and has never been submitted for a degree in any other University.

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D61/70565/2008

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

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DEDICATION

To God be the Glory

To my father and mother for inspiration and shaping of my life

To my wife and children for the unwavering support

ABSTRACT

The study sought to establish employee performance management practices in Kenya Sugar Board in Nairobi. Chapter one focused on the importance of performance management, performance management, and employee performance management. Further more an overview of employee performance management practices was outlined.

Chapter two outlined an in depth definition of performance management as well as benefits of performance management to an organization. Employee performance management practices such as performance agreements / objectives, reviewing performance, rewards, training and development, employee development, career planning as well as development and career planning were described in detail.

Chapter three elaborated research methodology used in this study. Descriptive case study was used to establish employee performance management practices in Kenya Sugar Board in Nairobi. It was used because the research problem required detailed investigation of the Kenya Sugar Board. Primary source of data was used in this study. Three departments were involved in this study namely planning, Agriculture and Human Resource. Data was collected using an interview guide. Data collected was analyzed using content analysis technique.

The results of this study revealed that employee performance management practices are used to enhance the performance of individual employees and teams. This ultimately

improves the overall organization performance by attaining key strategic goals. Equally, the findings indicated that employees were involved in setting and owning objectives. Additionally, appraisals were done once a year, with training and development being used to address needs assessment. From this study, it was observed that career planning was being used to manage employee expectations. Rewards were used to encourage effort and desired behaviour, although they were mainly monetary.

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Performance Management Circle

LIST OF ABBREVIATIONS / ACRONYMS

SMART-	Specific, Measurable Achievable, Realistic and Time Bound
WTO-	World Trade Organization
COMESA-	Common Market for Eastern and Southern Africa.
FTA-	Free Trade and Area
EAC-	East Africa Community
KSB -	Kenya Sugar Board
ACP -	African Caribbean and Pacific.
EU-	European Union.
MBO-	Management by Objectives
CEO-	Chief Executive Officer
HR-	Human Resource
PRP-	Performance Related Pay
EPA-	Economic Partnership Agreements.
HODs-	Heads of Departments

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

Most business organizations report the use of formal systems of performance management and appraisal. However, a number of them express considerable dissatisfaction with performance management. Raters, ratees, and administrators have all expressed dissatisfaction with their appraisal systems. There is the view that most effective performance management systems recognize that appraisal is not an end in itself, rather it is a critical component of a much broader set of human resource practices that are linked to business objectives, personal and organizational development and corporate strategy (Bernardin, 2007). Business organizations aim at achieving sustained competitive advantage over their rivals. This may be manifested in areas such as profitability, maximization of shareholders value, increase in sales volume, market share, creating trust, empowering employees, embracing change, building team work and being customer oriented. When business conditions appear to decline, top level managers often seek to remedy the situation by revitalizing the company, by instituting numerous change initiatives. One of the initiatives used is by creating a business wide performance management process with two or more components; performance appraisal, training and career development, alongside motivation.

An integrated approach is used to communicate behaviors needed for the business organization's profitability. Performance management help organizations define clear performance goals and measures, conduct performance appraisals and provide on going performance feed back. It also helps link performance results to rewards and

consequences, and providing employees with opportunities for career planning and development. Attention of employees is directed towards the most important tasks and behaviors. Employees are informed about what is valued and information provided whether employee's behavior and results meet expectations of managers, colleagues, and customers. Performance management is essential for organizations as it can enhance employee motivation and productivity, it can support the achievement of the organization's strategic goals and facilitate strategic planning and change (Jackson, 2009).

1.1.1. Performance Management

According to Michael Armstrong (2006), performance management is a systematic process of improving organizational performance by developing the performance of individuals and teams. Jackson (2009) defines performance management as a formal structured process used to measure, evaluate and influence employees job related attitudes, behaviours, and performance results. Performance management means getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved in the short and long term. Performance management helps direct and motivate employees to maximize their efforts on behalf of the organization. It is owned and driven by line management. Beardwell (2007) views performance management as a control mechanism, and that reward management is managerial attempts to gain control over the efforts side of the wage / effort bargain which mirrors their unilateral control of the wage side.

Kandula (2006) observes that organization policies can if properly configured; provide a direct and economically significant contribution to a firm's performance. An organization's long term success in meeting its strategic objectives rests with its ability to manage employees' performance and ensure that performance measures are consistent with the organization's needs. Consequently, performance management has become more of a strategic issue for organizations than in the past. Effective performance management systems require employees and supervisors to work together to set performance expectations, review results, assess organizational and individual needs, and plan for the future. The most important concern in designing performance management system is, it fits with the origination's strategic objectives.

1.1.2. Employee Performance Management

Performance management should be a shared process between managers, individuals and teams in which objectives are agreed and jointly reviewed, in which corporate, individual and team objectives are integrated. All should feel ownership of the process and share complete understanding of the system. It should clearly be linked to broad issues and establishing long term goals. To achieve these things, managers must ensure that the people or teams they manage know and understand what is expected of them, have the skills necessary to deliver on this expectations: are supported by the organization to develop the capacity to meet these expectations; are given feed back on performance and have the opportunity to discuss and contribute to individual and team objectives (Foot and Caroline, 2008).

Tools used in performance management include: performance and development reviews, learning and development, coaching, objectives and performance standards, competences and competencies, pay, teams, 360 degrees feed back and performance problems solving. Bevan and Thompson (1992) suggest that a view is emerging of performance management which centres on dialogue, shared understanding, agreement and mutual commitment, rather than rating for pay purposes. Organizations are increasingly suggesting that workers take more ownership of performance management (Scott, 2006) and become more involved in collecting selfassessment evidence through out the year.

1.1.3. Performance Management Practices

According to Jackson (2009), and Beadwell (2007), performance management involves a number of practices such as defining of goals and their measures, performance appraisal, providing feed back, performance based incentives, development, career planning, motivation, training and development. All these are geared towards getting better results by understanding and managing employee performance within the frame work of agreed goals.

The purpose of setting objectives/goals is to direct, monitor, motivate and audit individual performance they must fulfill: otherwise the process will result in opposite effects being secured. This encourages the selection of appropriate goals which are specific, attainable and owned by the individual. The process as a management tool is established on the basis that organizational objectives can be broken down and translated into individual goals, the attainment of which can be measured (Armstrong, 2008).

Performance appraisal is used to identify individual's current level of jobs performance, employee strengths and weakness, to enable employee improve the performance, provide basis for rewarding employees in relation to their contributions to the organizational goals, to motivate individuals, identify potential performance, identify training and development needs as well as providing information on succession planning. Rewards are used to appreciate individuals or team's desired behaviour or business result that support the organization's goals and values. The rewards tend to be modest but are likely to include a public acknowledgement of some achievement. They include merit pay, incentive pay and earnings at risk (Jackson, 2009 and Nzuve, 1992).

Training refers to the process of imparting proficiency and knowledge relating to narrow areas of employment. Development refers to individual growth and self realization in a broad area. Training helps people adapt to a role behaviour that will be useful to an organization. A well designed career development programme will ensure needed talent is available. Working with individual employees will help them align their needs and aspirations with those of the organization, increasing the probability that the right people will be available to meet the organization's changing staff requirements. It improves the organization's ability to attract and retain high talent employment (Nzuve, 1992, 2007)

1.1.4. Kenya Sugar Board

The sugar sector is one of the significant contributors to the marketed production for Agricultural crops. It plays a critical socio- economic role among the sugar cane farming communities. The government aims at converting the sugar Industry into a vibrant

commercial enterprise in line with the National Vision 2030. In this regard several sugar factories have been established, both private and public owned. Despite these investments, self sufficiency in sugar industry has remained illusive over the years as consumption continues to outstrip supply. There however exists potential for Kenya to become and retain self sufficiency in sugar production and also produce surplus for export (Kenya Sugar Board Strategic Plan, 2009 - 2014).

The Kenya sugar Board is a regulatory body of the Kenya sugar industry established in 1st of April 2002 under the sugar Act 2001, succeeding the defunct Kenya sugar authority. It is charged with the responsibility of regulating, developing and promoting the Kenya Sugar Industry. Development covers research, cane development, factory rehabilitation and infrastructure development. Regulation concerns ensuring optimum availability of sugar in the country, licensing of millers, licensing of importers and exporters, issuing of molasses permits, formulating and implementation of overall policies and plans for the development of the industry, facilitating the arbitrations of disputes among interested parties, promotion and encouraging the use of environment friendly technologies in the industry. The Board also oversees the formulation of standard provisions governing mutual rights and obligations of growers and millers. It monitors domestic market in order to identify and advise on any distortions in the sugar market, and facilitate equitable mechanism for the pricing of sugar cane and appropriation of proceeds from the disposal of by products of sugar production between growers and millers. In promoting the sugar industry, the Board acts as intermediary between the government and the industry, identifies potential for investment in the industry, market investment opportunities in the

industry both locally and internationally in collaboration with industry institutions and government (Kenya Sugar Board Service Charter and Strategic Plan, 2009 - 2014)

It formulates and implements overall policies that provide a favourable environment for investment, as well as representing, promoting, articulating and lobbying for the interests of the industry in local, regional and international institutions, e.g. EAC, COMESA, ACP - EU among others. Kenya Sugar board is run by a board of directors, which consist of a non executive chairman elected by the board from among the grower representatives on the Board, seven representatives elected by the growers, three representatives elected by millers, the permanent secretary ministry of Agriculture, the permanent secretary Treasury, the Director of agriculture, and the Chief Executive of the Board. The board has a staff of over 93 employees, and over 40,000 employees in the wider sugar industry (Year of book statistics, 2007). The sugar industry supports over 6 Million Kenyans, and is a source of income for over 250,000 small scale fanners who account for over 85% of cane supply (Sugar Act, 2001).

1.2.Statement of the Problem

Due to cut throat competition, most business organizations have been forced to rethink employee performance management. In order to develop a sustained competitive advantage over rivals, business organizations have embarked on building the capacities of employees which cannot be replaced easily. Generally, employee performance management practices entail: performance agreements, rewards, training and development, and appraisal as a way of effecting changes in organizations with regard to

improving performance. Armstrong (2006) views performance management system as the improvement of organization performance by developing individual employees and teams. Additionally, he sees performance management as a continuous and much wider, more comprehensive and more natural process of management that clarifies expectations, emphasizes the support role of managers, who are expected to act as coaches rather than judges and focused on the future.

Business organizations in the sugar industry in Kenya are sensitive to making losses and being heavily indebted. The Sugar Industry has faced formidable challenges ranging from the closure of some factories due to adverse trading environment, leading to massive unemployment and loan defaults. Yet other firms are under receivership for instance Muhoroni and Miwani. Punitive tax regime has also lead to uncompetitive pricing, indebtedness and cost inefficiency in the industry. Lack of strategic direction and mismanagement of some of the industry institutions has led to inability to meet set targets. Additionally, there has been weak out grower institutions, poor roads infrastructure, and poor cane transport system. There has been low priced sugar imports arising out of the EU reforms and Economic Partnership Agreements (EPAs) leading to incapacitation of the local industry as well as government bureaucracy (slow process of addressing sensitive matters pertaining to sugar industry).

Studies conducted in this area include: Kiboi (2006) focused on management perception of performance contracts in State Corporation. Tuitoek (2008) studied performance appraisal practices among mass media in Nairobi Lang'at (2006) evaluated factors that

are necessary for the design of good performance contracts in state corporations. Obare (2006) focused on implementation of strategic plans in the public sector with reference to personnel Management of the Government of Kenya.

These studies have not considered employee performance management practices. It is important to conduct a study to determine employee performance management practices in Kenya Sugar Board. For any business organization to have a sustained competitive advantage, an effective performance management system needs to be put in place. Infusion of employee performance management practices is vital to improve performance.

1.3. Research Objective

The objective of this study was to establish employee performance management practices in Kenya sugar board.

1.4. Significance of the study

This study will be useful to Chief Executive Officers (CEOs) of State corporations. They will be able to use the information to evaluate and implement effective performance management practices. Heads of research functions will gain more knowledge in this area and therefore sensitize various stakeholders in the industry.

This study will be useful to the government, especially the office of the Prime Minister charged with coordinating function of ministries. The information will be useful in

assessing best performed state corporations with view to effecting performance based pay incentives.

This study will also be useful to State Corporations and employees of who will be able to analyze the feed back of appraisal, and undertake successful implementation of their goals/objectives.

CHAPTER TWO: LITERATURE REVIEW

2.1 Performance Management

Graham and Bennet (1998) define performance management as the integration of employee development with results based assessment. It involves performance appraisal, objective setting for individuals and departments, appropriate training programmes and performance related pay. Appraising of functional heads by their juniors, peers, employees in other departments, and customers are also incorporated in the system

Torrington (2008) states that performance management is used to imply organizational targets, frameworks like balanced score card, measurements and metrics with individual measures derived from these. Houldsworth (2004) describes performance management as a harder performance 'improvement' approach compared with the soft developmental and motivational approaches to aligning the individual and the organization which she suggests equates to good management practice. While many appraisal systems are still in existence and continue to be updated, performance management systems are increasingly seen as the way to manage employee performance and have incorporated the appraisal / review process into this. Clark (2005) defines performance management as establishing a framework in which performance by human resources can be directed, monitored, motivated and refined, and that links in the cycle can be audited.

Performance management is the process that unites goal setting, performance appraisal and development into a single, common system whose aim is to ensure that the employee's performance is supporting the company's strategic aims. It explicitly

measures the employees training, standards- setting, appraisal and feed back relative to how his or her performance should be and is contributing to achieving the company's goal. Performance management is not an annual exercise. It is a daily or weekly interaction to ensure continuous improvement in the employee's capacity and performance. It means ensuring that the employee has the training he or she needs to perform the job. Performance appraisal on the other hand is a year end event- the completion of the appraisal form Performance management is a process that starts the year with performance planning and is integral to the way people are managed throughout the year (Dessler, 2008)

Armstrong (2006) defines performance management as a systematic process of improving organizational performance by developing the performance of individuals and teams. It means getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exists for establishing shared understanding about what is to be achieved and for managing and developing people in a way that increases the probability that it will be achieved in the short and in the long term. It focuses people on doing the right thing by clarifying their goals. It is owned and driven by the line management.

Performance management systems grew in popularity in 1980's, due to the belief that facilitate rigorous specification of performance standards and measures, and increase the likelihood ofattaining business goals at a time when organizations need to respond to the increasing competitive business condition. This was also a move from collectivism

towards greater individualization of the employment relationship (Pennington and Edwards, 2000)

Jackson (2009) argues that performance management is a formal, structured process used to measure, evaluate, and influence employees, job related attitudes, behaviours and performance results. In essence, high performance organization whether public or private, must be keen in developing and deploying effective performance management systems, so that through such systems they can remain high performing and competitive organizations (National performance review for reinventing Government, 1997)

According to Armstrong (2006), performance management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges and focused on the future. He defines performance management as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors. Performance management is an integrated process of defining, assessing and reinforcing employee work behaviours and out comes. It includes practices and methods for goal setting, performance appraisal and reward system, which influence the performance of individual and work groups (Cummings and Worley, 2005). Wilson (2005) defines performance management as a systematic approach to improving individual and team performance in

order to achieve organizational goals. It is a practice through which work is defined and achieved.

Performance management is about aligning individual objectives to organizational objectives and ensuring the individual upholds corporate core values. It provides for expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviours (expected to be). The aim is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organizations. It is also concerned with ensuring that the support and guidance people need to develop and improve are readily available (Beardwell, 2007)

Procurement executives Association (1999) defines performance management as. the use of performance measurement information to effect positive change in organization culture, systems and processes, by helping to set agreed- upon performance goals, allocating and prioritizing resources, informing managers to either confirm or change current policy or programme direction, to meet those goals, and sharing results of performance in pursuing those goals. Organizations which do not integrate into their management development programmes, tend to experience lower than expected performance improvements and higher dissatisfaction (Longenecker and Fink, 2001)

It must also be possible to anticipate needed changes in the strategic direction of the organization and have a methodology in place for effecting strategic change. Successful accomplishment of these two tasks represents the foundations of good performance

management In essence, performance management provides organizations with the opportunity to refine their development activities. Performance management programmes provide feed back based on specific, rather than generalizations and one based on specific objectives derived from the desired outcome of performance measurement results.

Sink (1991) suggests that performance measurement is a mystery, complex, frustrating, and difficult, challenging, important, abused and misused function. The level of performance a business attains is a function of the efficiency and effectiveness of the actions it undertakes, and thus performance measurement can be defined as the process of quantifying the efficiency and effectiveness of an action. Zairi (1994) identifies that performance measurement has been the systematic assignment of a number of activities. He further suggested that the function of measurement is to develop a method generating a class of information that will be useful in a wide variety of problems and situations.

Successful organizations seek to create an efficient and effective performance management system, to translate organizational vision into clear measurable outcomes that define success, and which are shared throughout the organization and with customers and stakeholders; provide a tool for assessing, managing, and improving the overall health and success of facility management system; continue to shift from prescriptive, audit- and compliance- based oversight to an on going, forward looking strategic partnership; include measures of quality, cost, speed, customer service and employee alignment, motivation and skills to provide an in depth, predictive performance management system; and replace existing assessment models with a

consistent approach to performance management (adapted from Procurement Executives' Association, 1999).

2.2 Benefits of Performance Management

Organizations world over have recognized the importance of performance management. An organization's long term success in meeting its strategic objectives rests with its ability to manage employee performance and ensure that performance measures are consistent with the organization needs. Consequently, performance management is becoming more of a strategic issue for organizations than in the past. Effective performance management system requires employees and supervisors to work together to set performance expectations, review results, assess organization and individual needs, and plan for the future. Performance management system needs not to be formal in order to be effective. The most important concern in designing a performance management system is, if it fits with the organization's strategic objective. When business conditions appear to decline, top level managers often seek to remedy the situation by revitalizing the company, by instituting numerous change initiatives. One of the initiative used is creating a business wide performance management process with two or more components; performance appraisal, training and career development, alongside motivation. An integrated approach is used to communicate behaviours needed for the business organization's profitability. Profit related behaviours may entail creating trust, empowering employees, embracing change, building team work, and being customer oriented (Jackson, 2009)

Benardin (2007) observes that work performance is the record of outcomes produced or activities during a special time period. Performance appraisal information may be used by supervisors to manage the performance of their employees. Appraisal data can reveal employees' performance weakness, which managers can refer to when setting goals or target level for improvement. Performance management programmes may be focused on individual's performance, work groups or organizational sub units, or the entire organization. Data or performance should be collected at appropriate level and over time to indicate trends. The data collected from performance measurement is most widely used for compensation, performance improvement or management, and documentation. Companies with world class performance systems generally engage in best practices which ensures that an organization makes performance appraisal part of the culture "walk the talk" (Scherer and Segal, 2006).

According to Benardin (2007), there are several benefits accruing from a sound performance management system. Performance data from performance measurement is used for compensation, performance improvement and documentation. It is also used for staffing decisions e.g. promotion, transfer, discharge, layoffs, training needs analysis, employee development research programme and evaluation. Supervisors or line managers may use performance appraisal information to manage the performance of their employees. Performance appraisal data can reveal employees performance weaknesses, which managers can refer to when setting goals or target level for improvement. To motivate employees to improve their performance and achieve their targets goals, supervisors can use incentives such as pay for performance programmes (e.g. merit pay, incentives, and bonus awards). One of the strongest trends in this country is towards

some form of pay - for performance (PFP) system. Performance management helps to direct and motivate employees to maximize their efforts on behalf of the organization. Organizations with effective performance management define clear performance goals and measures, conduct performance appraisals and provide organization performance feedback.

Additionally, other HR practices that are central to effective performance management include linking performance results to rewards and consequences for career planning and development. Performance management directs attention to employees towards most important tasks and behaviours. To the organizations, performance management is essential in meeting their strategic objectives. Performance management serves many purposes in an organization; it can enhance employee motivation and productivity, support the achievement of the organization strategic goals and facilitate strategic planning and change. Conversely ineffective performance management can have numerous negative consequences such as low morale, high turn over and poor financial performance. Performance management practices address the issue of motivating employees to ensure that their capabilities are fully utilized (Jackson, 2009).

Beadwell (2007) expounds the purpose of performance management as developing control in relation to the employee behaviour, motivation and loyalty. It is used in modern time to control values, rather than simple actions with all the monitoring, discussion, measurement, evaluation, and goal setting. Some performance management techniques give the impression that they are effective in controlling actions but often miss the target of securing control over the effort levels because they do not develop powerful

value systems. It is possible for these systems to have some effect on the employee behaviours, to bring them into accord with organization targets, while really addressing the problem of underlying values. In order to achieve control over the effort side of the bargain, organizations need to acknowledge and apply management to the unarticulated links between Values, behaviours, performance, and growth.

The overall purpose of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business, and for their own skills and contribution within a framework provided by the effective leadership. Additionally, performance management aims at empowering, motivating and rewarding employees to do their best, focusing employees' tasks on the right things and doing them right. Aligning every one's individual goals to the goals of the organization, proactively managing and resourcing performance of employees against agreed accountabilities and objectives, and maximizing the potential of individuals and teams to benefit themselves and the organization, focusing on achievement of their objectives (Armstrong, 2006)

2.3 Employee Performance Management Practices

Performance management process should be regarded as a flexible process, (not as a system) that is evolutionary albeit coherent, process that is applied by line managers working with teams in accordance with circumstances in which they operate. It involves managers and those whom they manage, acting as partners, but within a frame work that sets out how they can best work together (Armstrong 2006). Performance management cycle has been developed to address various problems caused by management of

employees. The cycle consists of 5-elements: setting of performance objectives, measuring of outcomes, feedback of results, rewards linked to outcomes, and changes are made before new objectives are set for which out comes can be measured (Bead well, 2007).

2.3.1. Performance Agreements

This forms the basis for development, assessment and feed back in the performance management process. It defines expectations in the form of a role profile that sets out role requirements in terms of key result areas and the competencies required for effective performance. The role profile provides the basis for agreeing objectives and methods of measuring performance and assessing the level of competency reached. The agreement describes what individuals are expected to do and the support they will receive for their managers (Beardwell, 2007).

Setting objectives refer to any amount of prescriptive advice which indicates that objectives need to be achievable and linked to organization objectives. The purpose of setting such objectives is to direct, monitor, motivate and audit individual performance they must fulfill. Otherwise the process will result in opposite effects being secured. An application of expectancy and goal setting theories implies that this is best achieved where the individual has an important role in the determination of the objectives for the period concerned. This encourages the selection of appropriate goals which are specific, attainable and owned by the individual. Armstrong (2006) defines objectives as something that has to be accomplished. Objective setting that result in an agreement on what the role holder has to achieve is an important part of the performance management

processes of defining and managing expectations and forms the point reference for performance reviews (Jackson, 2009).

The process as management tool is established on the basis that organizational objectives can be broken down and translated into individual goals, the attainment of which can then be effectively measured. An acronym SMART is used, meaning specific or stretching, measurable, agreed or achievable, realistic/relevant and time bound. There are however difficulties in setting objectives for some jobs e.g. doctors, lecturers and lower levels in the organization hierarchy, as they may not have the opportunity to improve their performance or demonstrate merit, and may be unable to identify or relate to the organization goals (Armstrong, 2008).

Valid, transparent and accepted performance measurements are central to any effort to link pay to performance. Organizations must make a number of decisions when choosing performance measures to use for performance based pay. Firms have a large range of choices when deciding what measures pay should be tied to. When choosing performance measures to use for performance based pay, the organization strategy, the quality of the measures, and the behavior desired by the organization should be considered. Performance measures should reflect the purpose of giving rewards (Jackson, 2009).

Where objectives relate to number, increased sales, or increased production of widgets, for example the measurements becomes unproblematic. Change to competency based approaches to measurement which centre on three stages of competence development (know what, know why and know how). Therefore the outcomes can be measured in

relation to the individuals success in deploying, integrating and improving competencies in the identified field of activity. The outcomes are measured by the application of the appraisal schemes. It is possible that employees and line managers may meet performance appraisal schemes with distrust, suspicions and fear, but an integrated and effective process can lead to increased organization performance and employee motivation (Beardwell, 2007). According to Armstrong (2006), measurement is the basis for providing and generating feedback. It identifies where things are going well to provide the foundations for building further success, and it indicates where things are not going so well, so that corrective action can be taken.

The purpose of setting objectives/goals is to direct, monitor, motivate and audit individual performance they must fulfill; otherwise the process will result in opposite effects being secured. This encourages the selection of appropriate goals which are specific, attainable and owned by the individual. The process as a management tool is established on the basis that organizational objectives can be broken down and translated into individual goals, the attainment of which can be measured. An acronym SMART is used. For start up firms, performance based pay attracts outstanding talent. Pay for performance helps firms by linking the daily efforts, behaviors. When employees earn rewards for meeting specific performance goals, those goals are likely to be achieved. Tying pay to performance goals that reflect strategic objectives is a way for employers to communicate what the organization values and boosts employee motivation. Whether the goals are tied to growth, profit, cost savings projects success, customer service, environmental performance, or innovation, tying pay to achieving such goals usually

improves performance in that area. Outcomes can be measured in relation to the individual success in deploying, integrating and improving competency in the identified activity. The outcomes are often measured by the application of the appraisal schemes. The purpose of performance planning review and appraisal needs to be made clear if employees at all levels in the organization are to play an active role in the process (Armstrong, 2008).

2.3.2. Reviewing performance

Despite performance management being a continuous process, it is still necessary to have a formal review once or twice in a year. This provides a focal point for the consideration of key performance and development issues. The performance review meeting is the means through which the five primary performance elements of agreement, measurement, feed back, positive reinforcement and dialogue can be put into good use. Individuals should be encouraged to assess their own performance and become active agents for change in improving their results. Managers should be encouraged to adopt their proper enabling role: coaching and providing support and guidance (Armstrong, 2006).

Nzuve and Sing (1992) observe that performance appraisal is vital for both promotions and transfers. An appraisal of the employee is necessary at the time of employment and thereafter, on continual basis via rating scales. HR departments have the mandate to incorporate desired qualities, persons to evaluate and how to undertake the evaluation.

According to Cummings and Worley (2005), performance appraisal is a feed back system that involves the direct evaluation of individual performance by a supervisor, line

manager, peers etc. Business Organisations have put into place mechanisms for evaluation of feed back, pay for performance, developing employees and counseling. Jackson (2009) notes that organizations design choices for performance based pay vary greatly. Types of performance based pay include recognition, merit pay, incentive pay, putting employees' earnings at risk.

Tuitoek (2008) identifies various performance appraisal practices as: 360 degrees feed back, balanced scorecard, management by objectives, upward appraisal, self review and peer review. Additionally, she evaluates several appraisal techniques, critical incidence technique, and management by objectives (MBO), comparison technique; ranking methods, forced distribution / forced choice, result focused approaches and behaviors based approaches. Cole (2002) observes that appraisal may be used to assess employee's performance in carrying out the general duties, of his or her role together with specific targets that have been set It can also be used to assess a person's suitability for promotion, either generally or with specific jobs in mind.

Any systematic approach to performance appraisal will commence with the completion of an appropriate appraisal form. This will be followed by an interview in which the manager discusses progress with the member of staff. The result of the interview in some form of agreed action either by the staff member alone or jointly with his or her manager. The action generally materializes in the shape of job improvement plan, promotion to another job or to salary increase for example (Jackson, 2009).

Managing individual performance in organizations has traditionally centered on assessing performance and allocating reward with effective performance seen as the result of interaction between individual ability and motivation. Increasingly, it is recognized that planning and enabling performance have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from individual manager being central (Torrington, 2008). The nature of what is being appraised and the performance appraisal method differ from one organization to another. What is actually measured in performance appraisal is the extent to which the individual conforms to the organization (Coates, 1994).

2.3.3. Rewards

Jackson (2009) observes that designing choices for performance based pay (or incentives) vary from one organization to another. Additionally; he says that key design choices are the type of rewards, the performance measures and the means for linking them. Types of performance based pay incentives include recognition awards, these are non cash rewards as an after the fact display of appreciating or acknowledgement of an individual's or team's desired behaviours, effort or business result that support the organization's goals and values. The rewards tend to be modest, but are likely to include a public acknowledgement of some achievements.

Merit pay refers to the base pay, to be received by employees regardless of the performance. It is set at a market rate and a small pool of money is allocated for distributing annual raises that reflect the past years performance of each employee. They

are usually 50%. Incentive pay pegs the base pay near the market average and employees earn additional monetary compensation for excellent performances. With incentive pay, there is a little downward risk for employees and there is a more upside potential. The value of an excellent performer's incentive pay in a given year is greater than the size of a typical merit payment. With incentive pay high performers earn more but no permanent adjustment is made to an employee's base pay. Earnings at risk pay sets base pay below the market average and a large portion of total earnings are paid based on performance. The lower the base payment means that employees must earn their way back to the average market rate through their performance. In essence, employees face some downward risk; they will earn significantly less than the market average if they perform poorly. Offsetting the risk is an opportunity to earn more than the market average (Armstrong, 2006).

Based on expectancy theory, rewards influence effort when they have a high value. Employees only strive to achieve rewards that matter to them. Employers should therefore offer rewards valued by employees. Reward for performance range from a feeling of personal satisfaction, to public recognition, and small tokens, all the way to substantial monetary payments and stock ownership. Monetary rewards include cash and rewards that have cash value such as small (gift certificates) and large prizes (e.g. all expense paid vacation, direct stock awards, or stock options). Because different employees value different rewards, some organizations are introducing choice into their performance based pay practices. Not all employees are able to receive all the rewards an employer offers. Eligibility rules are applied. These are rules used to determine which

employees are covered by the various pay practices. Timing of rewards is important. The more quickly rewards follow desired behavior, the more potent they are in evoking subsequent desirable behaviour. In most cases incentives pay is received from several weeks to a year after the performance is being rewarded. Delayed rewards may not work in increasing desired behaviour because the employee doesn't see an immediate consequence. On the other hand, the longer the organization delay in paying the incentives, the longer it has use of the money. Also by delaying the payment of rewards, the company is less likely to reward employees who are about to leave (Jackson, 2009).

2.3.4 Linking performance to rewards

Jackson (2009) argues that if the link between performance and rewards is not clear, performance based pay / incentives will not work. The strength of the link between performance and rewards is addressed by the concept of instrumentality in the expectancy theory. When the rewards employees receive are influenced heavily by factors other than their performance, perceptions of instrumentality suffer, which reduces motivation. For performance based pay to work, there must be a strong link between reward and performance measures, and employees must know about it. Clear policies help, and should be communicated to employees in advance, so that they understand how their performance will be rewarded. One established, policies should be followed and not changed before rewards are distributed. Changing the rule in the middle of the game is frustrating to employees, and it is considered unfair.

2.3.5 Rewards and Performance Management

Although many organizations have introduced performance related pay (PRP) as a response to labor market trends and the like, the major motive has been to bring about motivational or performance improvements. Higher performance ratings are associated with higher increases in merit pay. Organizations are able to relate PRP to past performance and to this extent; it is possible that the reward function of PRP is being satisfied (Cannel and Wood, 1992).

Research findings show that personnel / HR managers believe that their organization's PRP systems have had at least some positive effects, such as improving employee performance. There is a belief on the part of managers that PRP is more effective in improving organizational performance when it is used as part of the broader performance management policy (Williams, 2002). Armstrong (2008) observes that many systems still link performance with pay. Although this may seem to be the best way to go, many employees would prefer non- monetary rewards like promotion and development.

2.3.6. Training and Development

Nzuve (2007) defines training as the process of imparting of proficiency and knowledge that are specifically related to relatively narrow areas of employment. He further defines development as individual growth and self realization in a broad area. Training helps people to adapt to a role behaviour that will be useful to the organization. Training has been a preserve of school. It is not so anymore; organizations have become involved in providing both specific job training and general training. Training as a management of

human resources function has the objective of improving both employee performance and overall organization performance. Training is a process characterized by the acquisition of specific skills or knowledge to perform specific tasks. The overall objective is to improve organizational performance. Training improves employee performance, leading to achievement of organization goals.

The best competitors use training and development to improve the ability of the workforce to implement the business strategy. It helps teach new employees about the company values, helps experienced employees continually improve the quality of service (Jackson, 2009). Training typically focuses on providing employees with specific skills or helping them correct deficiencies in their performance. For example, new equipment may require workers to learn new ways of doing the job or a worker may have a deficient understanding of a work process. In both cases, training may be used to correct the deficit. The major challenge concerning training is, unclear and unrealistic goals and whether it will be effective (Gomez, 2010).

2.3.7 Employee Development

It is a joint, on going effort on the part of an employee and the organization for which he or she works to upgrade the employee's knowledge, skills and abilities. Successful employee development requires a balance between an individual's career needs and goals and the organization's need to get work done. Employee development programmes make positive contributions to organization performance. A more highly-skilled workforce can accomplish more and supervisor's group can accomplish more as employees gain in

experience and knowledge. Retaining an employee saves the organization a great deal of money. One method of retention is providing opportunities to develop new skills (Nzuve and Singh, 1992).

Gomez et al (2010) views development as an effort to provide employees with the abilities the organization will need in the future. Development pays off in terms of more capable and flexible human resources in the long run. It is generally concerned with the workforce's skills and versatility; enrichment of the organization's human resources. The scope of development is on entire workforce group or organization.

2.3.8 Career Planning

A well designed career development programme will ensure needed talent will be available. Working with individual employees will help them align their needs and aspirations, with those of the organization, increasing the probability that the right people will be available to meet the organization's changing staff requirements; it improves the organization's ability to attract and retain high talent employment. It ensures that minorities and women get opportunities for growth and development reduces employee frustration, enhances cultural diversity as well as promoting organizational good will. The purpose of career planning and development is to increase the organizational present and future capability in attaining its goals e.g. avoiding managerial and professional obsolescence and constant change challenges in highly competitive and challenging world (Nzuve, 2007).

Employers have a big effect on employees' career. Some institute formal career management processes, while others do little. Career Management is a process for enabling employees to better understand and develop their career skills and interests, and to use these skills and interest most effectively both within the company and after they leave the firm. Ideally, the employer, employee, and the manager all play roles in planning, guiding, and developing the employee's career. To the employee, career planning means matching individual strengths and weaknesses with occupational opportunities and threats. The manager's role includes; providing timely and accurate performance feedback; providing developmental assignments and support; participating in career development discussions with subordinates and supporting employee development plans. The employer's role include communicating mission, policies and procedures, provide training and development opportunities including workshops, career information and career programmes; offer a variety of career paths, offer career oriented performance and provide feedback, mentoring opportunities to support growth and self direction (Dessler, 2008).

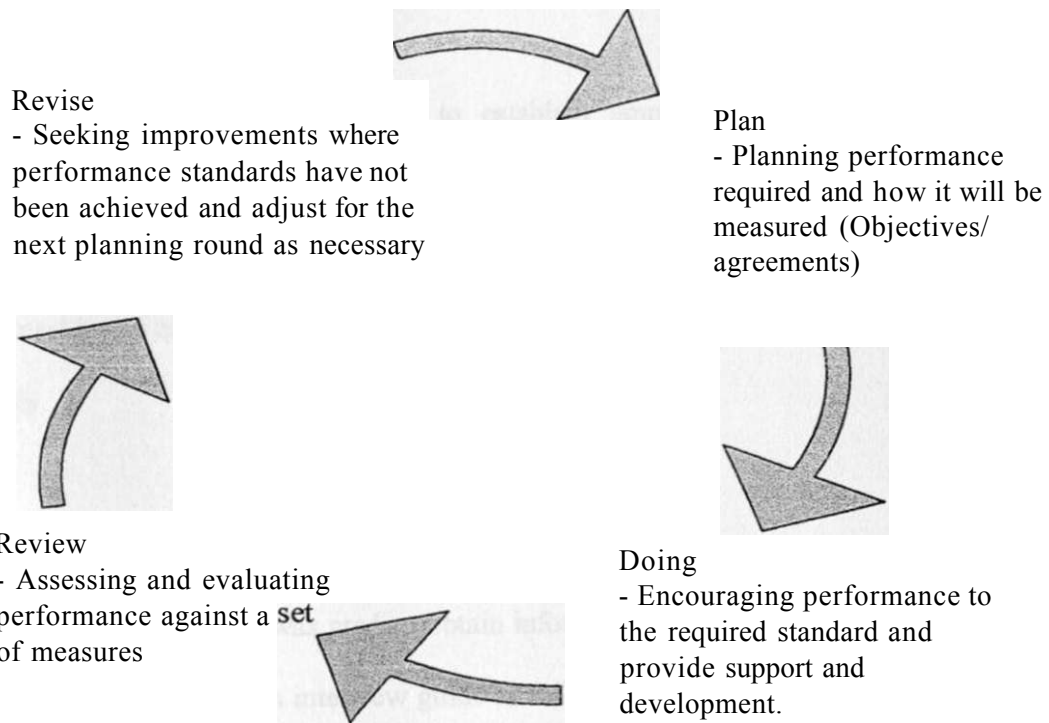
2.3.9 Development and Career Planning

While development is an effort to provide employees with the abilities the organization will need in future (Gomez, 2010), career planning is the deliberate process through which someone becomes aware of his or her personal skills, interest, knowledge, motivation and other characteristics. It also entails acquiring information about opportunities and choices, identifies career related goals and establishes action plans to attain specific goals. Development includes; job rotation, mentoring and coaching.

Coaching consists of ongoing, spontaneous meetings between managers and employees to discuss employees' career goals and development (Dessler, 2008).

Harrison (2005) defines strategic priorities for human resource development as: raising awareness of the need for a learning culture that leads to continuous improvement, developing competency of managers to become actively involved in learning that leads to knowledge creation; expand learning capacity throughout the organization, focus all the organization's knowledge workers, not just the key personnel harness, e-learning to knowledge sharing and knowledge creation. Development of a learning and development strategy will depend on; agreeing on the strategy making team, clarification of organization mission, exploration of core values, identification of the strategic issue facing the organization and agreeing on strategy and strategic plan.

Performance management cycle can be summarized as below:



Source: *The Author*

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

Descriptive case study was used to establish employee performance management practices in Kenya Sugar Board, based in Nairobi. It is used to to get detailed investigation of a social unit, which is a person, an institution/organization, family, cultural group or an entire community and emphasizes depth rather than die breath of the study.

3.2. Data Collection

Primary source of data was used to obtain information for the study. Personal interviews were conducted using an interview guide to collect data. Open ended questions were used to avoid subjectivity resulting from limiting respondents' answers to questions. The interview guide consisted of sections A and B. Questions in section A were general in nature. Section B questions were open ended, covering employee performance management practices and aimed at addressing the main objective of the study. Respondents were the Heads of Departments at Kenya Sugar Board as they are the supervisors of employees and implementers and evaluators of various performance management practices. They were interviewed on employee performance management practices in Kenya Sugar Board Kenya Sugar Board has 8 departments namely Company secretary, Head of Sugar Technology, Head of Finance, Head of Human Resource, Head of Agriculture, Head of Planning, Head of Sugar Development and Head of Internal Audit.

33. Data Analysis

Content analysis technique was used to analyze data collected, as the interviewer sought in depth information on employee performance management practices in Kenya Sugar Board.

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CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.

4.1 Demographic Statistics

Three of the respondents were in the top management, and one in the middle level management. This shows that most of respondents targeted have managerial roles and likely to be conversant with employee management practices in their organization. Three males and one female were interviewed. All the respondents were in the age bracket of between 35-44 years, implying that they were mature and had relevant experiences. Additionally, they had worked with Kenya Sugar Board for over 10 years. This shows that they were able to comprehend the questions in the interview guide, respond appropriately; and also appreciate employee performance management practices in force.

4.2. Employee performance management practices

In this study, employee performance management practices considered were; performance agreements/ objectives, performance reviews/appraisals, feedback, training and development, career planning and rewards.

4.2.1 Performance Agreements / Objectives

Setting of objectives for performance in KSB is meant to monitor individual performance as well as achievement of organization's strategic/overall goals. As to the extend of **employee were** involvement in setting own goals, respondents indicated that organization goals are broken down to lower levels where they become individual goals.

Objectives for employee performance in KSB are designed to be clear and attainable, at the beginning of the review period. HODs hold meetings with employees where targets are discussed and agreed upon. This is in line with the general practice across organizations; those objectives are meant to be clear, flexible, and be set out at the beginning of the review period.

Challenges encountered in setting objectives in KSB include lack of relevant skills to perform particular tasks. There are also changes in the wider industry and environment. Government policies regarding parastatals keep changing from time to time, so do the strategies. Coping up with such constant changes proves to be a major hurdle to handle.

It can be inferred that objective setting in KSB is a joint process between employees and their supervisors at the beginning of the review period. This is based on the best practice across organizations, where role profile provides a basis for agreeing objectives and methods of measuring performance and assessing the level of competences reached. The agreement describes what individuals are expected to do and the support

4.2.2. Performance Review

Review of employee performance in KSB is done once every year. This is done through a performance review meeting between the supervisors and their respective employees. Employees are given blank forms for self appraisal in advance, before the review meeting. At the time of the review meeting, discussions regarding employee performance are held, comparisons are made on their strengths and suggested areas for improvement.

The KSB was in the process of putting in place a structure to monitor performance at least on quarterly basis. Employee performance appraisals in KSB are mainly used to determine skills of employees and plan for necessary training. Additionally appraisals are used to track and monitor employee performance.

Current performance appraisal practices in KSB are used to improve employee performance. Interviewees reported that Management by Objectives was the most commonly used practice. Self appraisal and peer appraisal were yet to be effected. The organization was planning to introduce the balanced score card.

Employee performance appraisal in KSB is based on performance- achievement, of all or most targets and behavior. An employee has to score at least 90% to be considered as the best performance. Among appraisal techniques used in KSB to improve performance, Management by Objectives (MBO) is used widely. Employees are asked to set their own goals say for a period of 1-2 years. This is however an interactive process with supervisors.

Challenges encountered in reviewing employee performance in KSB include: frequent employee complaints over biases and dissatisfaction. A delay in conducting appraisals by HODs is another issue. HODs take too long- 1 year in undertaking process tasks. The management of KSB is however in the process of making the review a quarterly exercise.

From the results, it can be noted that performance appraisals are only done once a year. Performance appraisals are being used for the right purpose; determining skills deficit

and recommend training. This is not adequate as appraisals ought to be done on quarterly basis to track performance. Appraisals are based on performance and behavior. This is generally the trend in most organizations. Using only one appraisal technique is not recommended as it may not bring out desired outcomes, as compared to use of several techniques. It falls short of the expectations that performance objectives have been adhered to and on track to attainment. This is not based on the best practices which emphasize a continuous process via rating scales.

4.2.3 Employee feedback

Feedback on employee performance in KSB is done once a year. Rating scales are used to obtain information regarding performance of employees. The mode of communicating feedback to employees is mainly through verbal communication in meetings between Heads of departments and employees, where challenges are communicated to the appraisees. Occasionally written feedback e.g. commendation is done. From the foregoing, it can be said that giving of performance feedback to employees takes too long. Such delays may not assist in ensuring corrective behavior are executed.

4.2.4. Training and Development

Policy regarding training is in place in KSB, and includes a HR Manual on employee training. The KSB has a policy of training employees once a year. Employees are also being encouraged to go for further studies and the management pays 50% of the fees. Development of employees as practice is limited to those in supervisory positions.

Training needs in KSB are identified at the end of the year. Training needs analysis is done to identify skills 'gaps. It is from this needs analysis that employees are put on training. The objective of carrying out training at KSB is to achieve organization goals. It is also meant for improvement of performance, seal gaps in skills e.g. changes in technology. It is also a requirement of the law (government policy) that employees attend at least a 5-day training every year. Training is also meant to inform staff of changes in policy. It is also used to orientate new employees joining the organization.

Training in KSB is done regularly but after a review of performance has been done at the end of the year and critical deficits in skills identified. Employees who have attended training stand a better chance of being promoted to higher positions. Employees have to attend to series of training lasting at least five days to qualify for promotions. Facilitation of training is done via outsourcing from outside firms in areas that are critical. In-house training is done when outsourced firms are invited in Open training is also done; employees are send outside the organization to attend training. Training on the job is conducted only for new or deployed employees by their supervisors / line managers as a means of inducting them.

The various types of employee development programmes in KSB include leadership know- how, seminars and conferences on their line of work. Coaching and mentoring is not widely used, but then limited to senior managers, in preparation of higher responsibilities. Orientation of new employees is done responsibly by the CEO and immediate supervisors. It is clear that KSB uses mainly conferences and seminars to

develop its employees other programmes like mentoring and coaching have been restricted to the top management. World class organizations broaden mentoring and coaching especially to lower level employees as a means of preparing them to assume key roles/responsibilities in the future. Training and development at KSB is in line with the best practices whereby the major objective is to improve both employee performance and overall organization performance, and achievement of goals.

Development programmes in KSB have led to positive outcomes; more employee commitment and loyalty to the organization. The morale of existing employees has improved greatly judged by low absenteeism rates. Continuity of the organization has been guaranteed and succession planning secured. There are sufficient resources from the skills gaps to fill any deficit.

Employee training and development programmes in KSB have produced several benefits. These programmes have led to more skilled employees. There is also more productivity in the organization due to improved organization performance. There is a reduction of wastage and lower accident rates. Generally, strategic goals of the organization are being attained.

There are various challenges facing training and development in KSB. There is dissatisfaction from a number of employees. There are complaints, with virtually most employees preferring to be trained at the same time as others. There exist budgetary constraints, regarding funds allocated for training programmes. Impromptu trainings by various Heads of departments are another challenge. Unplanned trainings from various

functions pose a challenge of co-ordination and interference, as each seeks to conduct training.

It can be concluded that training is being used for intended purpose; sharpening employee skills to improve performance. However, there should be co-ordination of training programmes from the various functions by the HR department. Outsourcing of training is a noble undertaking to assist KSB concentrate on its core activities. Development programmes are limited to the senior management. Equally, coaching mentoring and job rotation not been effected. This is not in line with the best practices. Lower cadre employees need to be developed so as to assure key roles in future.

4.2.5 Career Planning

Career planning is being implemented in KSB. Employee interest, skills, and knowledge are developed by the employer. Additionally, opportunities regarding job postings are availed to employees through discussions. Employee career paths are developed by the employer. Career development in KSB includes mentoring and coaching. Less experienced employees are placed under mentors (those with skills, knowledge, attitudes and experience with time). This is aimed at assisting them to develop positive attitudes, improve performance and realize their maximum potential.

Retention of high talent employment in KSB is done by offering good benefits. Attractive pay and allowances are offered by the organization to its employees. Challenging jobs and objectives are availed to employees. This includes putting such employees on key positions within the organization e.g. chairpersons of various committees

Career planning in KSB improves employee performance by getting employees focused on their tasks. They get a sense of direction and pursue their line. Additionally, career planning motivates employee to work hard and become loyal to the organization. Career planning has produced several benefits in KSB. Skills are readily available for that particular career path in future should you want to replace, there is also loyalty and commitment to the organization as a whole, there is improvement in performance and attainment of organization goals. Individuals are able to develop their interest and career skills and use them effectively within the organization and even after they leave.

Challenges encountered in effecting employee career planning include unfulfilled expectations especially when pursuing a career path. Secondly, promotions may not be forthcoming. This has the potential of breeding low moral and go slow. Thirdly, there is need for a learning and development strategy which will depend on agreeing on a strategy making team, clarification of organization mission, and identifying of core values.

It can be inferred that career planning has been used to develop employ interests, motivation skills and knowledge (career paths). Career information is communicated to employees, thus creating a 'psychological contract' between employees and their employer. This is in line with the best practices where individual career paths are developed; less experienced persons are assisted to develop positive attitudes, improve performance and realize their maximum potential.

4.2.6 Rewards

Rewards in KSB are linked to performance. Good performance is rewarded while unsatisfactory performance is punished. Good performance is normally rewarded with one month's salary as long as it exceeds 90% of the targets. Additional bonuses are usually given at a flat rate to all employees. Bad performance of less than 40 % is punished through warning letters or threat of dismissal. Promotion of employees is based on ones current qualifications and position. Junior employees are promoted when their seniors retire or leave.

Key design choices for rewarding employee performance in KSB are purely monetary rewards. Letters of commendation are also used but occasionally. The motive of rewarding employee performance is to increase motivation of the workforce. Again it is meant to make employees work hard and repeat the same performance. In a nutshell, the motive is to enhance the performance of individual employees as well as that of the organization, so as to achieve desired strategic goals.

Rewarding employees in KSB has several benefits; improving the moral of employees contributes to better performance, rewards are a means to achieving sustained competitive advantage in the labour market and minimize labour turnover. In essence, rewarding employees' performance can produce a strong work force that is motivated, loyal and committed which can be a source of competitive advantage in the labour market and enhance retention of employees. This is in line with the best practices.

An eligibility rule for rewarding employees in KSB is based on the premise that an employee score at least 90% in individual appraisals. Rewards are linked to performance; for one to be rewarded, performance must be high. The higher the performance, the higher the rewards to encourage repeat of same efforts or behaviour. Rewards are normally given at the end of appraisals or contract period. This is done once a year, as long as one attained performance of 90% and above.

There are numerous challenges encountered in rewarding employees in KSB; there are constant complaints from employees based on appraisal levels; every employee would wish to be rewarded irrespective of the level of appraisal. There are also budgetary constraints; rewards have to be budgeted for. Settling on the reward system is also an issue. While the organization would prefer a one off bonus, a number of employees would prefer to be moved one grade higher. All these have financial implications on KSB.

From the foregoing, it can be said that rewards are partially used for the intended purpose; to motivate employees and improve performance. Rewarding employees has the net effect of producing highly motivated, loyal and committed employees who can be a source of competitive advantage. However, rewards in KSB have been limited to monetary form only. This is not based on best practices; there are other forms of non monetary rewards that need to be explored such as promotion, recognition and development

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Summary of Findings

Performance management is a systematic process of improving organizational performance by developing the performance of individuals and teams (Armstrong 2006). Processes exist for establishing shared understanding about what is to be achieved in the short and long term. This helps in directing and motivating employees to maximize their efforts on behalf of the organization. It is owned and driven by line management.

The results of this study reveal and are consistent with the fact that performance management is used to measure, evaluate and influence employees' job related attitudes, behaviours, and performance results. That it entails getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. HODs meet with employees to review performance. Equally, appraisals are used to establish training needs, promotion, transfer etc. Human resources best practices require that both the appraiser and the appraisee discuss appraisal results, give feedback. The findings of this study concur,

The findings from this study further reveal several practices are in use at KSB; performance agreements are used mainly for performance contracting, put in place at the beginning of the review period to achieve the goals of the organization and that employees are involved. Appraisals are done once a year where HODs meet with

employees in meeting. Data appraisal form is commonly used although balanced score card is being considered. Training and development is also being implemented. Training needs are identified after appraisals. Employees are also encouraged to go for further studies. Development is mainly used to improve the performance of senior management. Career planning is used to create readily available skills for a particular career path in future should need for replacement arise as well as enabling the organization to have loyal and committed workforce and improved performance. Rewards are mainly used to motivate employees and generate repeat performance, although they are mainly in monetary form.

5.2 Conclusion

From the study, we can conclude that employee performance management practices are used to improve both individual and team performance in an organization. The purpose of employee performance management practices is to develop control in relation to employee behaviour, motivation and loyalty. Equally important, performance management practices are used to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement in the organization.

5.3 Recommendations

From the foregoing, it is recommended that the management of Kenya Sugar Board consider quarterly reviews and appraisal. Appraisal techniques should be diversified to include Peer appraisal, Essay appraisal and Ranking method. Equally, appraisal practices

should be expanded to include 360 degrees feedback, balanced score card, self reviews and upward reviews.

Training and development programmes from various departments should be coordinated by the HR function. Appraisal feedback should take shorter periods. Development programmes should be expanded to include lower cadre employees. Other non - monetary rewards like acknowledgements, promotions to the next job group and letters of commendations should also be explored.

5.4. Limitations of the study

This study was limited to employee performance management practices in Kenya Sugar Board, to create a sustained competitive advantage. Secondly, the views were collected from KSB and may not necessarily mean that KSB clients and employees are satisfied with the current employee performance management practices. Moreover the study was performed on a regulatory firm which may not be necessarily a good representative of all the public organizations as far as improvement of performance and competitive advantage is concerned

5.5 Suggestions for Further Research

Given the above limitations, a study should be conducted on other public organizations in various sectors to enable comparison

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APPENDIX A: INTERVIEW GUIDE

SECTION A: GENERAL INFORMATION

- 1) Which of the following best describes your position?
 - a. Top management
 - b. Middle level management/Supervisory
- 2) Gender
 - (a). Male
 - (b) Female
- 3) Age bracket
 - a). Under 25 years
 - b). 26-34
 - c). 35-44
 - d). 45-54
- 4) Duration of employment
 - a) Less than 3 years
 - b) 6-10 years
 - c) Over 10 years
- 5) Which of the following best describes your department?
 - a) Finance
 - b) Sugar Technology
 - c) Human Resource
 - d) Agriculture
 - e) Planning
 - f) Sugar Development
 - g) Internal Audit
 - h) Others (Specify)

SECTION B: PERFORMANCE MANAGEMENT PRACTICES

PART I: PERFORMANCE AGREEMENTS/OBJECTIVES

6. What is the purpose of setting objectives in your organization?
7. To what extent are employees involved in setting their own objectives?
8. How do you design objectives / targets for your employees?
9. What are some of the challenges encountered in setting objectives?

PART II: REVIEWING OF PERFORMANCE/APPRAISALS

10. How does your organization review employee performance?
11. What are the uses of performance appraisals in your organization?
12. What are the current performance appraisal practices used to improve performance?
13. What are employee performance appraisals based on?
14. What kind of appraisal techniques do you use to improve employee performance?
15. How often do you receive feed back on the department's performance?
16. How is feed back on employee performance communicated to employees?
17. What instruments/tools do you use in appraising employee performance?
18. What are the challenges encountered in reviewing employee performance?

PART III: TRAINING AND DEVELOPMENT

19. What is the policy of your organization towards employee training and development for performance?
20. How often does your organization conduct employee training for performance?
21. What is the objective of carrying out training for performance?
22. Who does training of employees? Where is training conducted?
23. What are the various types of employee development programmes in your organization?
24. How have development programmes in place impacted on employee performance?
25. What are the benefits of employee training and development programmes in your organization?

26. What are the challenges encountered in training and development of employees to improve performance?

PART V: CAREER PLANNING

27. Do you implement career planning in your organization?
28. How does your organization retain high talent employment?
29. In what ways does career of planning improve employee performance?
30. How does your organization balance its needs and aspirations with those of employees to improve performance?
31. What are the benefits of career planning to your organization?
32. What are the challenges encountered in effecting employee career planning?

PART VI: REWARDS

33. How do you link rewards to performance?
34. What are the key design choices for rewarding employee performance?
35. What is the motive of rewarding employee performance?
36. What are the benefits of rewarding employee performance?
37. What are eligibility rules for employees to receive rewards?
38. When are these rewards given, and how often?
39. What are the challenges encountered in rewarding employees?

APPENDIX B: LETTER TO RESPONDENTS

NEBERT A. LUGALIA

P.O. BOX 365-50308

SEREM

JULY 2010.

Respondent's Address

Dear

INTERVIEW

The purpose of this interview is to gather information on employee performance management practices in Kenya Sugar Board. This information is being sought for completion of a research project, a requirement for a degree in Master of Business Administration (MBA) at the University of Nairobi.

You have been selected to take part in this study. Kindly assist me in this endeavour by allowing me to interview you. The information gathered will be used for academic purpose and recommendations shared with Management to help them in improving of performance. Information provided will be treated with utmost confidentiality.

Thank you for your co-operation.

Yours faithfully,

NEBERT A. LUGALIA