

**EMPLOYEE PERFORMANCE MANAGEMENT PROCESS IN NAIROBI
CITY WATER AND SEWERAGE COMPANY LIMITED**

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DECLARATION

This Research project is my original work and has not been presented for award of a degree in any university.


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Declaration by Supervisor

This research project has been submitted with my approval as the university Supervisor.

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DEDICATION

I dedicate this project to all those who stood by me during entire period of my study.

ABSTRACT

Employee performance management is about directing and supporting employees to work as effectively as possible in line with the needs of the organization. This requires paying attention to employee's attitude that improves the relationship between employer and employees. Success in business requires higher levels of performance in three areas namely: the quality of goods and services, the cost at which the products are produced and the speed with which the producers innovate and get new products in to the market. This means that in the face of the increasing competition, organizations must at all times strive to improve the performance of its employees and hence the overall organizational performance.

The objective of the study was to determine the employee performance management process in Nairobi City Water and Sewerage Company Limited. A case study design was used. Data collection was done using an interview guide. The respondents were the Director of Human Resources, Commercial Director and the Administration Manager. Data analysis was done using descriptive statistics and presentations in the form of tables and charts.

The study found out that the company has an employee performance management process. The aim of it is assisting in achieving sustainable improvements in the company overall performance, serving as a lever for change, increasing employees motivation and providing an outlet for employees to express their aspirations and concerns. The interviewees indicated that employee performance management process in the company has four steps starting with the setting of targets from

organizational, departmental, and individual, planning of employee performance, measurement of employee performance and finally review of employee performance.

The benefits derived from implementation of employee performance management process in the company included improving individual, team and the company overall performance. Further research on employee performance management process should be done on other water and sewerage companies in Kenya to augment the findings of this study.

TABLE OF CONTENT

Declaration.....	ii
Acknowledgement	iii
Dedication.....	iv
Abstract.....	v
List of Figures.....	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study	1
1.1.1 Employee Performance Management.....	2
1.1.2 Employee Performance Management Process.....	3
1.1.3 Nairobi City Water and Sewerage Company Limited	4
1.2 Statement of the problem.....	6
1.3 Objective of the Study	8
1.4 Significance of the Study	8
CHAPTER TWO: LITERATURE REVIEW.....	9
2.1 Employee performance management	9
2.2 The process of employee performance management.....	12
2.3 Employee performance measurement.....	16
2.4 Employee performance improvement initiatives.....	17

CHAPTER THREE: RESEARCH METHODOLOGY	19
3.1 Research Design	19
3.2 Data Collection	19
3.3 Data Analysis.....	19

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	20
4.1 Employee performance management process	20
4.1.1 Setting of targets	20
4.1.2 Planning of Employee Performance	21
4.1.3 Employee performance measurement.....	22
4.1.4 Employee performance review	23
4.2 Employee Performance Improvement Initiatives	24

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	27
5.1 Summary	27
5.2 Conclusions.....	27
5.3 Recommendations.....	28
5.4 Suggestions for Further Research	28

REFERENCES	29
Appendices.....	33
Appendix I: Interview Guide	33
Appendix II: NCWSCL Performance Appraisal Form	35
Appendix III: Employee Training Needs Analysis Form	36

LIST OF FIGURES

Figure 1.1 Employee Performance Management Cycle 15

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Organizations are open systems operating in turbulent environment (Johnson and Scholes, 2002) According to Kotler (2003) change is inevitable and yesterday's determinants of success can be today's and tomorrow's determinants of failure. Organizations must respond appropriately to the changes in their environment in order to survive and to achieve their strategic objectives (Arnold, 1996). As Charles and Gareth (1998) noted changes may be technological, legal, social, economic and political changes which affect all organizations whether private, public, non – governmental and non-profit making organizations. Globalization and its forces have also led to increased awareness and made customers to put pressure for better value products and services thus necessitating development of service quality strategies through the understanding of quality as perceived by the consumers of the services and products. Some Organizations deal with tangible products, others deal with services while others deal with both and whether the ultimate product is a physical product, a service or both, its quality is a critical measure of organizational performance and achievement of its strategic objectives, (Kotler, 2003).

With organizations attaching greater emphasis to knowledge workers, it is necessary to understand how performance management process facilitates achievement of managed performance (Armstrong and Baron, 1998). Through the years, public sector organizations have promoted the perception that their operational systems are too unique to be managed based on operational and organizational practices found in the private sector. As such, it is argued that public sector operational systems have distinct

constraints which characterize their inputs, processes and outputs. These constraints included, among other factors, budgetary constraints, unmotivated employees, rigid operating procedures and the influence of internal and external politics (Ward and Mitchell, 2004). These operational characteristics and constraints have compromised organizational effectiveness in the public sector in favor of operational efficiency.

Smith and Rupp (2002) established that the human capital is an essential element for sustainable competitive advantage, and how it is managed within the organization is extremely important. This is because the intellect and management of systems capabilities that facilitate achievement of managed performance are vested in the human capital. The effects of performance management process in public sector organizations are affected by institutional factors with the results suggesting that the behavioural effects of performance management process are as important as the economic effects in public sector organizations. According to Verbeeten (2008) large organizations appear to have more difficulty in defining clear and measurable goals, are less likely to use incentives and have lower quality performance.

1.1.1 Employee performance management

Walters (1995) observes that performance management is about directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization. This requires paying attention to employee attitudes that improve the relationship between the employers and employees. These include job satisfaction, commitment and perceived psychological contract and so on. However, agency theory (Jensen and Meckling, 1976) suggests that if both parties to the relationship are utility

maximizers there is good reason to believe that the agent (employee) will not always act in the best interests of the principal (employer).

Enterprises view employee performance management as a vehicle for articulating clearer definition of objectives and supporting new management monitoring and control methods (Biasi 2002). Modern enterprises have embraced employee performance management by having individual's desired objectives emanating from the goals of the organization. The concept of employee performance management was first coined by Beer and Ruh (1976) and later in mid -1980s by (Armstrong and Baron, 2004). Torrington (2005) indicates that it is not good having all the right people in the right place, but not delivering as per expectations .This leads to the fact that it is important to move away from the contract of employment and move towards a contract of performance.

1.1.2 Employee Performance Management Process

Employee performance management process uses the performance appraisal systems which is a formalized process to review the performance of employees. Coates (1994) argues that what is actually measured in performance is the extent to which the individual conforms to the organization. Some traditional appraisal was based on measures of personality traits that were felt to be important to the job. These traits include resourcefulness, drive, enthusiasm, application and intelligence. 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 it. According to mabey and Salaman

(1995) the essence of employee performance management as establishing a framework in which performance by individuals can be directed, monitored, motivated and rewarded and whereby the links in the cycle can be audited.

Bevan and Thompson (1992) posited that employee management system is concerned with how the organization has a shared vision of its objectives or a mission statement that is communicated to its employees, there are individual performance management targets in line with wider organizational objectives, there is regular formal review of progress towards achieving targets, there is review process that identifies training, and the process itself is evaluated –feedback through changes and improvement. Planning performance involves the establishing of performance targets, job behaviours and key processes linked to organization and customer needs. It involves establishing basis of measuring performance and providing direction i.e. initial energizing of behaviours. Managing performance involves monitoring of behavior and objectives. It involves reinforcing of desired behaviors and objective attainment where inappropriate behaviours are redirected and controls provided. Appraising performance involves formal meeting of employee and manager. This is a written record and focuses it on future and employee's development. This provides for re-planning and new objective establishment.

1.1.3 Nairobi City Water and Sewerage Company Limited

Nairobi City Water and Sewerage Company Limited was established by the enactment of the water act 2004. It was a department of the City Council of Nairobi and has been given an operational license by the Athi water services board. The company was formed to

provide efficient and effective water and sewerage services to the residents of Nairobi and for the last seven years, the company has tried to provide these services despite the various challenges ranging from old dilapidated water infrastructure network to a non-responsive customer base (NCWSCL establishment manual and Newsletter).

Nairobi City Water and Sewerage Company limited establishment manual also indicate that the company has 2,088 employees spread across the various stations and regions. Majority of the current staff were transferred from the city council of Nairobi and they pose a great challenge due to the public sector culture which has a lot of resistance to change and new ways of doing things. The company has for the last few years embarked on training programmes such as change management, customer care, computer skills training and leadership programmes for management staff. This coupled with the injection of new employees from the job market has provided significant changes in the productivity of the employees. According to Nairobi city water and sewerage company limited performance contract document for the financial year 2010/2011, performance contracts signed by the various staff have the various tasks which they agree with immediate supervisors to achieve in the given financial year. At the end of every six months performance appraisals are done and this acts as a check as well as tool to give feedback .The performance appraisal meetings are held between a supervisor and the individual staff and the various tasks are reviewed against the real achievements in the given period. Various recommendations are made and where there is need for training this is agreed and various measures put in place to improve any declining performance. By internalizing the performance contract by the employees of the company in terms of

individual objectives and targets done in agreement with immediate supervisor, the company is able to manage and review the performance of all cadres of employees throughout the year (NCWSCL human resources policy and procedure manual).

1.2 Statement of the problem

According to Storey and Sisson (1993) the increasing competitive environment remains a dominant factor today and has a major influence leading to increased concern for employee performance management and improvement. Many businesses have become global and as a result, success requires much higher levels of performance in three areas: the quality of goods and services produced the cost at which they are produced, and the speed with which the producers innovate and get new products and services to the market (Lawler 1995). According to Peppard and Preece (1995), managers of today are under increasing pressure to improve the competitive position of their organization, either to march on their competitors or to simply keep up with the ever increasing competition.

Nairobi City Water and Sewerage Company Limited performance contract document for the financial year 2005/2006, says that the company developed policies and procedures that were aimed at transforming it from the public service culture to a more private sector focused culture organization. The company developed a mission and vision statement to align itself with the new changes. Core values and a code of ethic for all employees were signed and this acted as a building tool to all employees to embrace the changes. In the 2005 / 2006 financial year strategic plan, the company introduced performance contracts and all employees were required to sign them with their immediate supervisors. This

means that managing performance of employees was important in order to sort out the past mistakes and improve the overall performance of the organization.

The emergence of various water service providers in Kenya has posed a great challenge to the water sector in terms of increased competition. The various water providers have been forced to be highly concerned with their employee's performance and this coupled with the high awareness levels of the customers has forced the water providers to enter into serious performance contracts with their staff which specify organizational targets and key result areas that must be achieved by each individual employee in line with the overall organizational objectives. Studies in employee performance management process has been undertaken in various contexts: Nginyo (2010) in her study of employee performance management practices among insurance companies in Kenya concluded that while applying performance management practices, organizations ought to embrace all the practices wholly and integrate them well with their organizational goals and objectives if they are to remain competitive. Mohamed (2008) in his study on employee performance management process in Postal Corporation of Kenya reported that performance management is a dialogue between supervisors and employees to consult upon performance expectations, clarify what the employee will be evaluated on, and set the stage for ongoing feedback and coaching. To the best knowledge of the researcher, no study has been done on employee performance management process in Nairobi City Water and Sewerage Company Limited. This study addresses this knowledge gap.

1.3 Objective of the Study

To determine the employee performance management process at the Nairobi City Water and Sewerage Company Limited.

1.4 Significance of the Study

The findings of this study will be useful to the Nairobi City Water and Sewerage Company Limited policy makers in understanding the current performance management measures in place and also the best performance management techniques which may help them improve the individual and organization performance objectives. Employees of Nairobi City Water and Sewerage Company Limited will also benefit from the findings in an effort to ensure that their performance enhances productivity.

The government of Kenya will also benefit in that it will formulate regulations and policies in the water sector which will be aimed at regulating the water sector institutions as far as employee performance management is concerned.

Future scholars may use the results of this study as a source of reference. The findings of this study can be compared with performance management process in other sectors to draw conclusions on various ways an institution can use performance management process for its benefits. It will also benefit consultants who endeavor to provide assistance to successful running of organizations in developing performance management process for its employees. .

CHAPTER TWO: LITERATURE REVIEW

2.1 Employee performance management

Employee performance management is a systematic process of improving organizational performance by developing the performance of individuals and teams. It focuses people on doing the right things by clarifying their goals. This process is owned and driven by line management (Armstrong 2006). Bacal (1999) defines performance management as an ongoing communication process undertaken in partnership between an employee and his or her immediate supervisor that involves establishing clear expectation and understanding about the essential job functions the employee is expected to do, how the employee job contributes to the goals of the organization and how the employee and supervisor will work together. Brulton and Gold (2004) described performance management system as an attempt to show a strategic integration of human resource activities, which together are linked to the goals and direction of an organization. These activities are the key elements of the employee performance management system that must exist in order to ensure success. Davis (1995) defines performance management as a joint process that involves both the supervisor and the employee, who identify common goals which correlate to the higher goals of the institution. This process results in the establishment of written performance expectations used as feedback and performance evaluation.

According to Cummings and Worley (2005), employee's performance management is an integrated process defining, assessing and reinforcing employee work behaviors and outcomes. It includes practices of goal setting, performance appraisal and rewards systems which influence performance of individuals and work groups. Carell (1995)

described employee performance management as total quality management programme that uses all management tools including performance appraisals to ensure achievement of set goals. Companies should find ways to get their strategic goals implemented at lower levels in organizations. Sloitye (2000) recognizes that employee performance management has two-fold meaning; performance appraisal or evaluation and applied behavior analysis in organization setting. .

Fletcher (2001) argues that performance assessment has widened both as a concept and as a set of practices, becoming more obviously as part of human resource management strategic integration of business policies. He divided current concerns into two thematic groups; namely the content of appraisal (contextual performance, goal orientation and self awareness) and the process of appraisal (appraisee integration-source feedbacks that have cross-cultural implications and are open to technological change). Armstrong and Baron (1998) highlights two central propositions used to justify performance assessment i.e. people ,either as individuals or teams, put the greatest effort into performing well if they know and understand what is expected of them and have had an involvement in specifying those expectations.

Employee's ability to meet performance expectations is based on individual levels of capability, the degree of support provided by management and the processes, systems and resources made available to them by the organization. Employee performance management should be a shared process between managers, individuals, and teams in which objectives are agreed and jointly reviewed and in which corporate, individual and

team objectives are integrated. All should feel ownership of the process and share a complete understanding of the system. Managers must ensure that the people or the teams they manage know and understand what is expected of them, have the skills necessary to deliver on these expectations and are supported by the organization to develop the capacity to meet these expectations, are given feedback on performance and have the opportunity to discuss and contribute to individual and team aims and objectives (Armstrong and Baron, 2005). According to Cannell (2007), the tools typically used in performance management include: Performance and development reviews, learning and development, coaching, objectives and performance standards, competences and competencies, pay, teams, 360⁰ feedback and performance problem solving.

According to Armstrong and Baron (1998), employee performance management has the following aims: Assisting in achieving sustainable improvements in an organizations overall performance, serving as a lever for change in developing a more performance oriented culture, increasing employee motivation, giving individual employees the means to develop competencies, improving team spirit and providing an outlet for employees to express their aspirations and concerns. Denissi and Pritchard (2006) argue that almost a century of research on performance appraisal has resulted in very few specific recommendations about designing and implementing appraisal and performance management systems whose goal is performance improvement. They suggest that there has been too great focus on measurement issues and not enough attention has been paid to the outcome of the performance management exercise. A performance agreement; also known as a performance contract defines expectations the work to be done, the results to

be attained and the attributes (skills, knowledge and expertise) and competencies required to achieve these results. It also identifies the measures used to monitor, review and assess performance (Armstrong 1994). The contract is between two parties and consists of two elements: the corresponding support in terms of resources, training and direction from the manager –the performance requirements in a performance contract are for the whole job and not just selected parts of it (Lockett 1992).

2.2 The process of employee performance management

Employee performance management process involves setting of organizational objectives and targets. This is the organizational mission, values and competencies, where an organization makes significant steps in identifying the performance required of the organization as a whole. Bevan and Thompson (1992) found that performance management organizations were more likely than others to have an organizational mission statement and to communicate this to the employees. Many organizations will identify the strategic business objectives that are required within the current business context to be competitive and that align with the organizations mission statement. Many organizations according to Torrington (2005) will identify the core values of the business and the key competencies required. Organizational objectives are particularly important, as it is common for such objectives to be cascaded down the organization.

The setting of departmental objectives and targets is the next step in this process. This is setting of departmental goals and the various key result areas of the department. It also involves setting of unit goals and measures, Williams (2000). These departmental

objectives must be in line with the organizational objectives and they cascade downwards to individuals in the organization.

Employee objectives and targets is the next step. This is the setting of individual performance management targets, which are related both to operating unit and to wider organizational objectives-Williams (2000). Individual objectives and a job description can be jointly devised by manager and employee. According to Torrington (2005), these objectives are outcome/results oriented rather than task oriented, are tightly defined and include measures to be assessed. These objectives are designed to stretch the individual and offer potential developmental as well as meeting business needs.

Planning of employee performance which is a shared view of expected performance is another step in this process. According to Torrington (2005) many organizations use targets, which are specific, measurable, appropriate, relevant and timed. He explains that performance expectations need to be understood and where possible, to involve a contribution from the employee. Specific objectives allow for and benefit from a greater degree of employee input, as employees will have a valid view of the barriers to overcome, the effort involved and feasibility. Williams (2000) argues that as individuals cannot always control their results it is important to have behavioral targets as well as output targets. He recommends a personal development plan, which would again underpin the achievement of the objectives. Ongoing coaching during the process is important and managers can guide employees through discussion and by giving constructive feedback. The managers need to encourage performance by providing timely

rewards when goals are reached (Ciasco 1996). According to Villanova (1998), the success of performance management depends on the level of accuracy of the manager feedback.

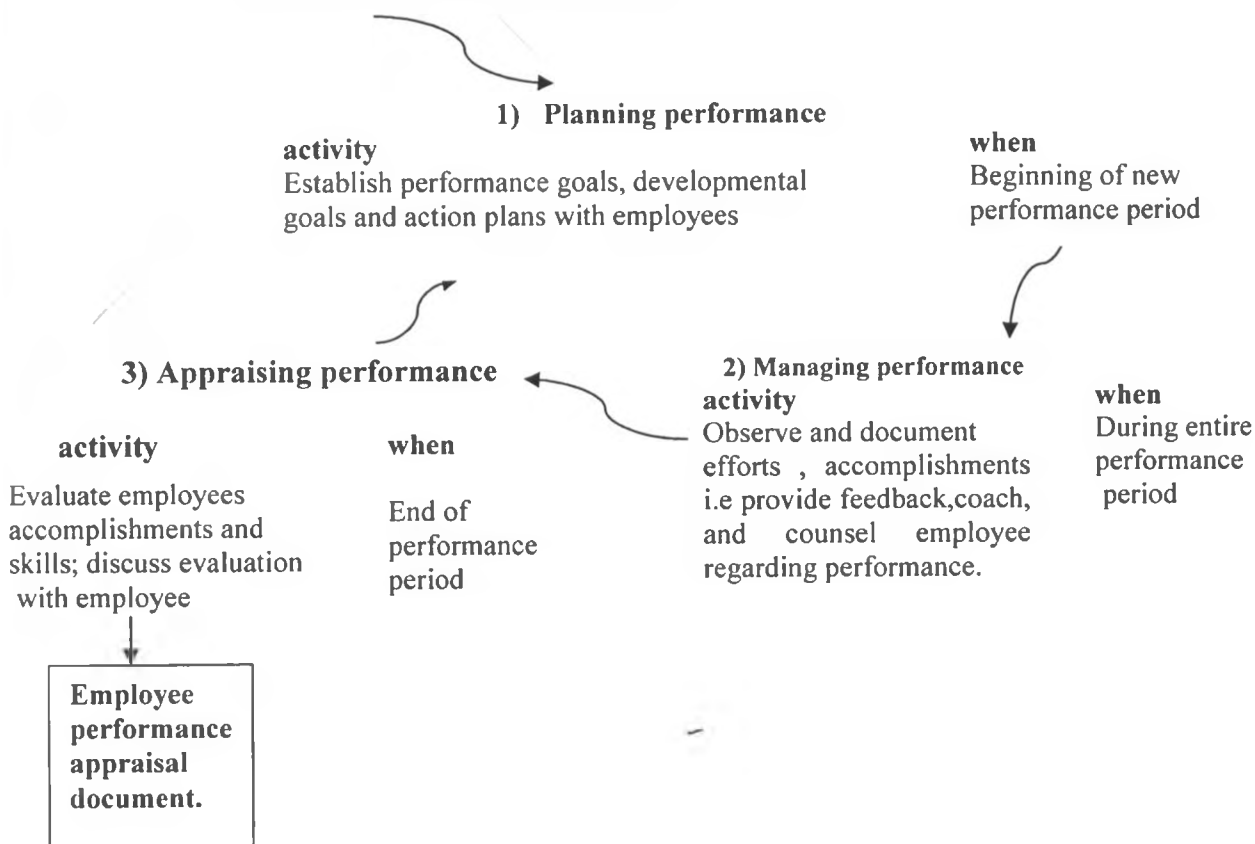
Measurement of employee performance is necessary in employee performance management process and involves the continuous and accurate exchange of performance related information by the supervisor to the employee. Performance gaps receive immediate and focused attention allowing the employee an opportunity to grow in trustworthiness (i.e. competence, professionalism and responsibility) and to adjust energy levels to reduce performance discrepancies-Marcoux (2004). This involves appraising employee performance, which is evaluating employee current and or past performance relative to his or her performance standards. The performance appraisal process itself contains three steps; define the job, appraise performance, and provide feedback. The appraising of performance involves use of a rating form. According to Williams (2000) two basic considerations in designing the actual appraisal tool are what to measure and how to measure it. Employee performance may be measured in terms of quality, quantity and timeliness of work. How to measure the performance may involve various methodologies. Neary (2002) indicates that we measure the target employee perception by a composite of targets provided by the target employee for feedback and rewards and employees behaviors are measured by utilizing a composite of ratings provided by coworker.

Review of employee performance is the final step in this process. This entails regular formal reviews, which concentrate on developmental issues and to motivate employees.

Annual review of employee performance according to Torrington (2005) may be needed whose aim is to check the extent to which objectives have been met and outcome may affect pay received. The review process involves creating an environment where high performance is actively encouraged and human resources policies are in tune with corporate goals-Williams (2000). Performance management process has various elements and is a self-renewing cycle as shown in figure 1.1 below.

Figure 1.1 Employee Performance Management Cycle

Organizational goals / standards.



Williams (2002) Managing Employee Performance pg.16

2.3 Employee performance measurement

According to Armstrong (2006), measurement of employee performance is the basis for providing and generating feedback since it identifies where things are going well to provide the foundations for building further success and indicates where things are not going so well, so that corrective action can be taken. It can be difficult in knowledge workers e.g. scientist but this difficulty is alleviated if a distinction is made between outputs and outcomes. An output is a result that can be measured quantifiably, while an outcome is a visible effect that is a result of effort but cannot necessarily be measured in quantified terms. All jobs produce outcomes even if they are not quantified. It is therefore often necessary to measure performance by reference to what outcomes have been attained in comparison with what outcomes were expected, and the outcomes may be expressed in qualitative terms as a standard or level of competency to be attained. When assessing performance, it is also necessary to consider inputs in the shape of the degree of knowledge and skill attained and behavior that is demonstrably in line with the standards set out in competency frameworks and statement of core values (Armstrong, 2006).

According to Bredrup (1995) performance measurement simply means retrospective collection of historical results, it is likely that the useful purpose will be served; from the point of view of employee performance management. Eccles (1991) noted that the commonly used indicators, especially accounting based ones, paint a picture of the past but if measurement is to be useful in employee performance management it has to be forward-looking and concerned with performance improvement. According to Walters (1995), various indicators used to measure employee performance includes: contribution

to the achievement of strategic objectives, measures of quality ,measures of quantity and volume ,measures of efficiency and value of money ,and measures of external internal customers satisfaction .

The range of feedback could be extended to include other stakeholders – external customers, clients or suppliers (540 degree feedback). This forms part of a self development or management development programme. These methods usually obtain data from questionnaires, which measure from different behaviours/perspectives. According to Armstrong (2006), to develop and implement 360 degree feedback required various steps: - i.e. define the objectives, decide on the recipients, decide on who will give the feedback, decide on the areas of work and behavior, decide on the method of collecting the data, decide on data analysis and presentation, plan initial implementation programme, analyze outcome of pilot scheme, plan and implement full programme and monitor and evaluate. Purcell (2003) assert that for people to perform effectively they must have the ability to do so by possessing the required skills and knowledge, be motivated to do the work and do it well and be given the opportunity to use their skills in playing their part in achieving team and organizational success.

2.4 Employee performance improvement initiatives

Caulkin (2001) suggests that organizations need to develop the capability of the organization as a whole. He concluded that this entails three aspects i.e.

Organizational focus; which entails learning organization, knowledge management, organizational development, investing in people, total quality management(TQM),

performance culture, lean production, business process re-engineering, just in time, standards e.g. international standardization for organization, customer care and orientation. Individual focus; which focuses on performance management, performance related pay, self development/continuous development, empowerment, involvement and engagement, physical and well-being initiatives. Team focus; which includes high performance teams, cross-functional teams and self regulating teams.

According to Guest and King (2001) many senior managers are not aware of the research on performance, and it is therefore unclear what is informing senior manager's choice of performance initiatives. Employee performance management once induced in an organization cannot be left in the hope that it will run smoothly and without any problems. A survey of Senior managers in total quality management organisations in the United states (Longenecker and Scazzero 1996) indicated that there were various continuing problems such as individuals not performing their jobs effectively, communication breakdown and ineffective supervision.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

A case study design was used in this study. The design was found appropriate for this study because it enables the researcher focus on a single entity and gather all factual information on the area of interest.

3.2 Data Collection

Both primary and secondary data was collected. Primary data was collected by use of interview guide (Appendix 1). The respondents were the company Human Resource Director, the Commercial Director and the Administration Manager. Secondary data was collected from human resources policy manuals and performance contract documents.

3.3 Data Analysis

Primary data was analysed using content analysis. This approach enabled the researcher to make inferences for the responses. Descriptive statistics such as means were used to analyse the categorical data. This also assisted in organizing and summarizing the data collected in tables and other graphical presentations for ease of understanding and analysis.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.

4.1 Employee performance management process

The company has an employee performance management process. The aim of it is assisting in achieving sustainable improvements in the company overall performance, serving as a lever for change, increasing employees motivation and providing an outlet for employees to express their aspirations and concerns. The interviewees indicated that employee performance management process in the company has four steps starting with the setting of targets from organizational, departmental, and individual, planning of employee performance, measurement of employee performance and finally review of employee performance.

4.1.1 Setting of targets

The targets and objectives of the company are set at the beginning of every financial year. These are the competencies which are required in any given financial year and all employees are required to attain them in a given period. These targets are set in form of a performance contract between the company and the Athi Water services board who are the supervisors of the company. Every directorate draws its objectives and targets from the overall targets of the company. These targets and objectives outlines what the given directorate aspires to achieve within the given period. These targets and objectives are drawn by the functional directors and all the staff in the directorate are required to achieve them. The functional directors are appraised by the managing director based on the achievement of the said targets.

The setting of departmental objectives and targets is the next step in this process. Every department in the company picks its targets from the objectives of the directorate which best fits in their area of operation. These departmental targets are the key result areas of the given department. According to the interviewees the company sets a target for achievement by all staff. The renewal of contracts of employment at the company is based on attainment of this pass mark on the given performance period.

The setting of individual targets is the next step. The employees of the company draw their targets from the departmental objectives. The individual employee signs a performance contract at the beginning of every financial year with clear targets which he/she must attain at the given period. The performance contract is signed between the employee and the immediate supervisor where they agree on the targets to be achieved. The individual objectives and a job description are developed and devised by the manager of the given department.

4.1.2 Planning of Employee Performance

The employee performance in the company is planned at all times. The company uses targets which are SMART (i.e. specific, measurable, appropriate, relevant and time bound). The managers always encourage performance at the company by providing timely rewards on achievement of the given targets. The study found that the reward at the company to its employee's good performance includes pay rise, promotions, letters of recognition and nomination to attend company events and workshops. All the employees

at the company are required to sign a code of conduct detailing on how they must carry themselves as employees and the kind of behaviour they need to portray. This means that behavioural targets forms part of employee performance planning and is appraised as the personal related performance.

The employee performance in the company is closely planned by checking on all the needs of the individual employee in order for the required performance to be achieved. The company puts in place various measures like deployment of staff to areas where their competence best fits, training of employees on various areas where they have gaps and also use of counseling in trying to improve their productivity.

4.1.3 Employee performance measurement

The employee performance measurement in the company is done through the performance appraisal process which is carried out every six months. This involves the use of a rating form (Appendix II). This is the evaluating of employee current performance relative to his or her performance standards and agreed targets. The rating form at the company is divided into various columns. Part 3, forms the personal development where training attended during the appraisal period and its usefulness are discussed. The training required and assistance / resources required are discussed and agreed with the supervisor. The interviewees indicated that employee performance at the company forms the basis for renewing of contracts of employment. All employees are required to attain a set performance mark. The training required to improve performance

is discussed and agreed with the supervisor and also the assistance / resources required to improve performance.

The employees of the company are required to self appraise themselves and then a performance appraisal meeting is held where the supervisor appraises the employee and they agree on a consensus. Various recommendations are made depending on the outcome of the appraisal. The interviewees indicated that good and high performance is always encouraged at the company. The top management analyses the appraisals of all the staff after every six months and commendation letters are given to those who perform well. The underperformances are also given show cause letters where they are cautioned against their continued poor performance and required to explain and commit themselves to improve the said declining performance.

4.1.4 Employee performance review

The employee performance review at the company provides an opportunity to discuss the individual employee performance. The interviewees indicated that this is reviewed every six months during the appraisal meetings. The feedback in terms of employee performance is communicated and employees are encouraged to improve their individual performance. The interviewees further indicated that it is during these performance review meetings that the needs of the employees to improve performance are discussed and agreed. These include the trainings, resources and support required. The study also found out that at the beginning of every financial year the company carries out a training needs analysis for all staff which is used to ensure that the training gaps which may

otherwise affect productivity and achievement of the set targets are addressed at the earliest time possible. The training needs analysis forms at the company are filled between an employee and the immediate supervisor (Appendix III). This means that the immediate supervisor is able to pick all the areas the employee needs to be trained on in order to improve performance.

4.2 Employee Performance Improvement Initiatives

The company has put in place various initiatives aimed at developing the capability of the organization. The interviewees indicated that the company invests heavily on staff development. Employees are sponsored by the company to attend both international and national trainings, workshops and seminars. The study found that at the beginning of every financial year the company sets a training budget which is over 50 million Kenya shillings and is used to train employees in different areas depending on the productivity gaps. In the 2010 / 2011 financial year, the study found that all the meter readers were sponsored for motor cycle driving course at the Automobile Association of Kenya whose aim was to fill a productivity gap on these employees who were taking a lot of time due to traffic to reach the site to read customer meters. After this training the company bought motorbikes to all the meter readers and now they take very minimal time to reach customers' houses to read the water meters. This substantially improved these employees' productivity.

Total Quality Management (TQM) is another area that the company has embarked on to improve employee productivity. The study found that quality of water is monitored from

the intakes all the way through the treatment, storage and distribution. The study found that the company has adopted a learning organization culture. The employees are allowed to leave early in order to attend various courses, e.g. undergraduate degree, diplomas and postgraduate degree courses. This implies that learning is seriously encouraged.

In its bid to improve reliability by providing quality water and sewerage service delivery to its customers, the company embraced and achieved certification to ISO9001:2008 in May 2008. It has since established and reviewed its quality policy through which it commits to provide these quality services that meet and exceed customer needs and expectations. It has further committed to achieve continual improvement of its Quality Management System (QMS) and in pursuit of this commitment, the quality objectives have been established at its various functions and communicated to all the employees who implement the objectives and related targets.

Through implementing the requirements of the ISO 9001:2008 international standard, the company has set SMART objectives to enable it implement, measure, monitor and to review the objectives regularly within its appropriate frameworks and the quality management system. The study found that the company has consistently complied with the requirements and retained the ISO 9001:2008 certification for three consecutive audits by the Kenya Bureau of Standards.

The company developed a customer care charter whose aim is to act as a means of communicating the company services and desired standards of delivery to all customers

and staff. This charter is also a good management tool that enables the organization to create good relations with the customers from the resultant mutual understanding from each party. The obligation of the company to the employees according to the charter is as follows: listen to opinion from employees for new ideas on how to improve the services, practice proactive information sharing, continuously empower and develop staff through training, value and appreciate the contribution of every staff to the service of customers, regard fellow employees as internal customers who must be treated with respect, courtesy and honesty, create forum to share information.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The company introduced employee performance management process as a means of assisting in achieving sustainable improvements in the overall performance, increasing employees' motivation and providing an avenue for employees to express their aspirations and concerns. This was due to the challenges the company was facing at inception since all its employees had been seconded from the City Council of Nairobi. The employee performance management process in the company has four steps starting with the setting of targets from organizational, departmental and individual, planning of employee performance, measurement of employee performance and finally review of employee performance. The company has noted various improvements in employee performance since the implementation of the employee performance management process. The company employees have come to understand what is expected of them and also the feedback on their performance is well communicated. The overall company performance has also improved meaning that the original intention of this process has been achieved.

5.2 Conclusions

The benefits reaped through the implementation of employee performance management process at the company shows that employee performance management process is an excellent process in terms of improving individual, team and company overall performance. Measurement of employee performance is necessary and should involve

continuous and accurate exchange of employees' performance with the supervisor. Employee performance feedback is important so that employees can know where they are doing well and the areas which they need to improve. Employee performance management process must be embraced and supported by all staff for it to succeed.

5.3 Recommendations

Employee performance management process has been implemented at the company with good success. What came out of the study however was that at the company it is only the management staff whose continued employment is based on achievement of set performance targets when their contracts of employment are being renewed. The same should be rolled out to employees at all levels in the company.

5.4 Suggestions for Further Research

The study recommends that further research on the same be done on other water and sewerage companies in Kenya to augment the findings of this study. This is because all the water and sewerage companies were formed under the same water Act 2004 but they operate under different social and physical locations hence they may have unique employee performance management processes.

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APPENDIX 1: INTERVIEW GUIDE

This interview guide is designed to collect information on employee performance management process at Nairobi City Water and Sewerage Company Limited and is meant for academic purposes only.

1. Interviewee name
2. What is your current job title?
3. What is the vision and mission of NCWSCL?
4. What do you understand by employee performance management process?
5. Please describe your role in employee performance management process in NCWSCL.
6. Describe how employee performance management process is communicated to the entire organization at NCWSCL.
7. Please describe the employee performance management process in NCWSCL.
8. How is your assessment of the current employee performance management process at NCWSCL in achieving organizational goals?
9. What strategies have been put in place to improve employee performance at NCWSCL?
10. What do you think should be done to improve the employee performance management process at NCWSCL?
11. In your view, what would NCWSCL have done better in employee performance management?
12. Would you recommend adoption of employee performance management process as a tool for improving organizational productivity?
13. How is employee performance measured at NCWSCL?

14. Please explain the employee appraisal process at NCWSCL.
15. What are the challenges of adopting an employee performance management process at NCWSCL?
16. In your opinion, is there any relationship between employee performance management process and NCWSCL performance strategy?
17. What are the employee performance improvement initiatives at NCWSCL?
18. Describe how employee objectives and targets are set at NCWSCL?
19. How is employee performance managed at NCWSCL?
20. Describe how employee performance feedback is done and communicated at NCWSCL.
21. What would you recommend to improve employee performance management process at NCWSCL?
22. Any other comments that you would like to share regarding employee performance management process at NCWSCL?

Thank you.

APPENDIX III: EMPLOYEE TRAINING NEEDS ANALYSIS FORM

	NCWSCL	Revision: 0.0
	EMPLOYEE TRAINING NEEDS FORM	Code: NCWSCL/HRADMIN/ HR-TRAIN/FORM 1

The purpose of this TNA

PART 1 PERSONAL RELATED DETAILS

To be filled by the individual employee

NAME

POSITION/DESIGNATION

DIRECTORATE/DEPARTMENT

REGION/STATION.....SECTION.....

DATE OF BIRT.....DATE OF EMPLOYMENT.....

S/NO.	TYPE OF QUALIFICATION	DESCRIPTION
1	ACADEMIC QUALIFICATION	
2	PROFESSIONAL QUALIFICATION	
3	SPECIAL SKILLS/ATTRIBUTES (IF ANY)	

PART 2 JOB RELATED DETAILS

State your current duties and responsibilities

To whom do you report to:

NAME.....POSITION.....

Whom do you supervise (list them down):

What training(s) have you attended in the last 1 year:

What training would you require to perform your job better (as discussed with your immediate supervisor)

To be filled by the immediate supervisor/HR person

State the employee's Job description (Duties and responsibilities for this position)

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.....
.....
.....
.....

State the Job specification for this position (Requirements for the position/job i.e. academic, professional and personal attributes)

.....
.....
.....
.....

Variance/Gap/Deficiency between the Requirement of the Job (Job specification) and the job holder's qualifications, skills, attitudes, knowledge e.t.c. possessed by the employee i.e. training need

.....
.....
.....
.....

Name of Immediate Supervisor..... **Sign:**