EMPLOYEE PERFORMANCE MANAGEMENT PRACTICES IN THE KENYA LOCAL GOVERNMENT SECTOR: A CASE STUDY OF THE CITY COUNCIL OF NAIROBI //

BY

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REG. NUMBER: D61/P/8340/01

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, UNIVERSITY OF NAIROBI, KENYA
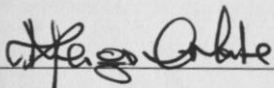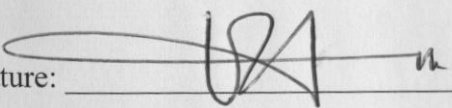
OCTOBER 2008

DECLARATION

I declare that this project proposal is my own original work and has not been presented for award of any degree in any university.

Signed: _____   18-11-08

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This management project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

In loving memory of my parents, Peter Njenga Kimari and Alice Wanjiru Njenga who taught me the value of hard work and have made me the person I am today. They remain my inspiration.

To my children, Wanjiru Akinyi, Olale Njenga, Okongo Kimari and Aoko Gathoni who have withstood the absence of a fulltime working mother and part time student and kept the peace when I needed quiet to understand calculus.

To my grandson, Stanley Joseph Muga, for bringing joy, beauty and contentment into my life.

I love you all most dearly.

TABLE OF CONTENTS

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATION

LIST OF ABBREVIATIONS

CBO   Community Based Organizations

CCN   City Council of Nairobi

CCNSF   City Council of Nairobi Stakeholders Forum

DFID   Department of Financial International Development

DPM   Department of Personnel Management

KEPSA   Kenya Private Sector Alliance

KIPRA   Kenya Institute of Public Policy Research Analysis

KLGRP   Kenya Local Government Reforms Program

KRA   Key Result Areas

MBO   Management By Objective

NCBDA   Nairobi Central Business District Association

NGO   Non Governmental Organizations

PPP   Public Private Partnership

SPSS   Statistical Packaging for Social Sciences

RRI   Rapid Results Initiative

TQM   Total Quality Management

PSRS   Public Service Reform Secretariat

RBM   Results Based Management

WITS   Work Improvement Teams

LIST OF FIGURES

Page

LIST OF TABLES

ABSTRACT

The objective of the study was to assess the extent to which the City Council of Nairobi has employed performance management practices among its employees and to determine the impact of performance management practices on the organization's overall performance. To achieve the objective of the study, the researcher used a descriptive study in which the employees of the City Council of Nairobi working in salary scales 1-9 were sampled. The study used disproportionate stratified sampling method to sample 60 employees. The data was collected using closed and open-ended questionnaires, which were accompanied by cover letter. Once the pertinent data was collected the researcher carried out both qualitative and quantitative analysis. Descriptive statistics such as mean, mode, median and standard deviation, frequency distribution and percentages were used. Results were presented in form of tables, pie charts, and graphs.

The study established that the Council used performance management practices to a large extent, as the respondents indicated that they actively involved in the planning of their own performance (mean score 1.3), there were written guidelines on performance management for managers and individuals (mean score 1.2) and that the lines of communication about performance management framework were open (mean score 1.2). The study established that performance management practices had enabled the organization achieve its organizational goals as was indicated by 23 percent of respondents. Respondents also indicated that the practice had helped the organization improve on quality of service provision (17%).

Therefore, following the successful implementation of performance management system in the City Council of Nairobi, the study recommends that all the local authorities adopt the system as a management strategy.

ACKNOWLEDGEMENT

I am indebted to my supervisor, Mr. Duncan Ochoro, for going through the rigorous exercise of critiquing my work and for setting close deadlines to keep me on toes. It has been a most rewarding learning experience to work under his guidance

To my daughter, Wanjiru Akinyi, who introduced me to the World Wide Web of the Internet, and to unlimited information.

To my friend and former college mate Njoki Kahiga for her active support of my effort to seek and obtain a scholarship for the course.

To those who sacrificed their time to speak to me during the interviews and to fill and return the questionnaires, for without your time and cooperation, this project would not have been completed

Lastly, to all those who supported me, a word of encouragement, a textbook lent, time off from a busy office. To each of you I extend my deepest appreciation.

CHAPTER ONE: INTRODUCTION

1.1 Background

Since the turn of the millennium, organizations have seen rapid pace and rate of change. This first decade of the millennium is expected to see even more transformation, with the world changing at an unprecedented speed. The competitive advantage of an organization in a global economy depends primarily on how well its human resource is managed. Of course, the financial, technological, and other material resources are undoubtedly also critical to the organization's success in the competitive global market, but these resources are generated by the industrious and creative efforts of people, and it is their ingenuity that also ensures that these resources are effectively deployed. It is no wonder then that the importance of the human resource function is increasingly being recognized. Stuart (1992: 82) said, "........the area of human resource has joined strategy formulation as one of the two most important areas of expertise for managers, surpassing even marketing and sales". The evolving role of the human resource function in the strategic management of businesses along with its traditional functional specialization was also recognized by a Conference Board report (Freedman, 1991).

The recognition of the strategic and operational importance of human resource management by scholars and practitioners of management science has done much to advance the state-of-the-art in the human resource function. Developments in human resource management techniques and practices to promote work motivation particularly through performance management, work design, reward systems, employee supervision, and organization development and change strategies, have enabled organizations to create conditions which foster, promote, support, and reinforce employee effectiveness. These techniques and practices give organizations the competitive edge both in the short and long term, as well as in their domestic and international markets.

Recent efforts to "reinvent the government" and improve performance in public sector organizations have focused on performance management practices (Hood, 1995). Performance management practices include specifying which goals to achieve, allocating decision rights, and measuring and evaluating performance (Heinrich, 2002). A fundamental question is whether

1

performance management is applicable in the public sector, and whether it will actually improve public sector performance (Heinrich, 2002).

Theory suggests that clear goals and measurable results are necessary in order to prevent the diffusion of organizational energy (Rangan, 2004). By quantifying goals and measuring whether they are achieved, organizations reduce and eliminate ambiguity and confusion about objectives, and gain coherence and focus in pursuit of their mission. In addition, the use of incentives may increase performance (Bonner and Sprinkle, 2002); however, measuring and rewarding only part of the performance may have undesirable effects on overall performance (Burgess and Ratto, 2003). The use of economic and behavioural theories provides the opportunity to investigate what performance management elements help in explaining public sector organization's performance.

1.1.2 Performance Improvement Dimensions in the Local Government Sector

The concern with job performance is important both in the theory and practice of public administration and our understanding of public sector performance management has reached a conceptual turning point. There are many dimensions to the performance of local government employees:

First, there is the management dimension, with components such as planning, communication, appraisal, diagnosis, review and back to planning. Performance management systems would provide managers with a means of evaluating and rating an employees' overall performance as a basis for rewards and sanctions. Second, there is the fiscal dimension, where the government cut back on the grants to local authorities, and requiring them to widen their revenue basis and to spend their money more wisely. Since personnel is a major expenditure for local authorities, then performance management helps them to re-examine that large personnel expenditure. There have been frequent calls for retrenchment of the local authority bottom heavy employee by the public private sector, but due to the political environment I which the sector operates the ministry have instead put a freeze on employment (though not in critical areas). On the surface, performance management has the potential to improve efficiency, effectiveness accountability and responsiveness of employees in local authorities. Third, there's a public opinion dimension to the examination of performance of local authority employees. There is a critique of accountability and

excessive waste of government by its publics, and thus the various government sponsored commissions and taskforces

1.1.3 The Kenya Local Government System

The local government system is a form of public administration that addresses local problems and needs in different localities through elected councils. These local authorities are established under the Local Government Act, Cap 265 of the Laws of Kenya. Local Authorities are mandated to provide services and coordinate the affairs of a particular locality. The Minister for Local Government, who holds supervisory powers over all local authorities, heads the Ministry of Local Government. The Ministry is supposed to give policy direction, guidance and supervisory direction to all the local authorities, including the City Council of Nairobi. Currently, there are one hundred and seventy five local authorities in Kenya, which administer defined areas, with a division of power between four levels, or categories: City Council, Municipal, Town and County Councils. The first three categories of councils manage urban areas, while the last category manages rural areas.

A Council comprises both a political and an executive/ administrative structure. The political wing comprises: ward councilors who are elected by and represent the citizens of each of the wards into which the local authority is divided; nominated councilors and a public officer that is representative of the civil society. Councils run through a committee system with the councilors electing from among themselves the Committee Chairmen. The Council's executive or administrative structure comprises a number of different departments linked directly to the committee structure. Councils are therefore unique social political and economic units set up to provide a diversity of expression reflecting the needs and aspirations of each locality, and to provide a suitable forum for discussion and generation of development agenda for the local communities, through their elected representatives.

The Local Government Act Cap 265 has given local authorities an opportunity to provide, or to cause the provision of a variety of services including health, education, road development, maintenance of street lighting, water and sanitary provision, recreation and sporting grounds, fire disaster services, morgue and cemetery services, development control and solid waste

management, custody and rehabilitation of street families. This is however not conclusive, but is an indication of the place of the local authority sector in the government's development agenda in all areas within the councils' jurisdiction. In order to fund these programs, the councils have various sources of revenue, including licensing of businesses, rates, fees and charges for services, etc. These sources have however become inadequate due to the explosion of migrant workers to the councils, without the commensurate financial resource to give the extra population required standards of service.

Councils have constantly been accused of corruption and inefficiency. In the past, the government has disbanded councils and appointed Commissions to run them in an attempt to introduce transparency and to improve service delivery. The pace of life has quickened, with population growth, industrialization and advanced global technology and an even more complex social organization has evolved. New and much changed services have become necessary and new technology developed. The need to re-assess the local government system, with particular regard to service delivery has therefore been recognized for some time. Of the direct government initiatives to re-vamp the local authorities are the following: the Kenya Local Government Reform Program which has had to focus more on improving efficiency aspects of the councils; The Poverty Reduction Strategy Paper that links national policy formulation planning and budgeting with grassroots levels of the populace. Its target is to reduce poverty. Another initiative is the Local Authority Service Delivery Action Plan (LASDAP). It involves the residents of a local authority in identifying, planning and privatization of council funded projects in their areas. The residents are directly involved through workshops and meetings to discuss their needs. The HIV/Aids funds are also disbursed at the constituency level where the ward representatives (councilors) are represented.

The Government has been enabling the councils through the Local Authority Transfer Funds (LATF), which is currently 5% of government consolidated funds, but is set to grow to 20%. All these initiatives have focused on financial capacity, rather than strengthening the capacity of the Councils management at which higher levels they suffer a chronic shortage of managerial, professional/technical staff.

1.1.4 Local Government Policy on Performance Management

The Local Government policy on performance management, as with the rest of the public service, is contained in the "Economic Recovery Strategy for Wealth and Employment Creation (2003-2007)". The strategy recommends sweeping reforms in the management of the public service including introduction of Performance Contracts in the management of all public agencies. The key elements of the Public Service Reform Strategy include accelerating the ministerial rationalization and developing strategic plans for ministries/departments/local authorities and developing, introducing and institutionalising performance based management practices in the public service. The Reform Strategy includes undertaking service delivery surveys in all ministries/departments/local authorities; developing service delivery charters with clear service bench marks, standards and requirements, to enhance efficiency, transparency and accountability in service delivery; putting the Permanent Secretary for Local Government ministry and the Town Clerks of the 175 local authorities on performance contracts. Capacity building, which has been constrained and especially so for the human resource development and management, has also been given priority within the overall local authority operations and annual budgets.

1.1.5 The City Council of Nairobi

Nairobi, the capital city of Kenya, was established as a railway headquarters in 1898. It became a Municipal Council in 1928, and was later incorporated to city status in 1950 by a Royal Charter during the British colonial administration. Nairobi has an estimated population of about 3.3 million inhabitants living in an area of 690 sq. km. It occupies a strategic position in the East African sub region, as well as at the African, and global level as an international city providing trading communication and commercial linkages. The City Council of Nairobi is the local authority governing the capital city of Kenya. It is therefore a public institution whose level and quality of service delivery has social -economic, as well as political implications for the whole country. Nairobi is also unique due to its geographical location, which has made it a suitable place to host international agencies like UNEP and UN-Habitat. It has relatively well-developed financial services with international banking and insurance components. The city produces between 52% and 54% of the gross domestic income. It is thus a national cash cow that deserves more in the way of allocation of resources.

The City Council of Nairobi is under the Ministry of Local Government. The overall decision-making organ is the council composed of elected and nominated councilors. The growth and development of the city of Nairobi is therefore managed by the CCN; in accordance with the Local Government Act, Cap 265 of the Laws of Kenya. The City Council of Nairobi has faced many challenges in its pursuit to deliver quality and efficient services to its stakeholders. Many attempts have been made in the past to study the ills facing the policy and executive arms and come up with recommendations for improving the its performance, for example: The Ongeri NCC Independent Probe Committee Report (1983), The Omamo Commission (1995) and very recently, The Extra-Ordinary Inspection of CCN: The Rweria Report (2003).

The City Council of Nairobi is divided into two arms, the policy arm headed by the mayor and the executive arm headed by the Town Clerk. The policy arm is further subdivided into 17 standing committees with sub committees under them. The Full Council committee is set up to adopt all the resolutions of the 17 committees. Figure 1.1 below illustrates the organization structure of the policy arm of the Council.

Figure 1.1: Organization structure of the policy arm of the City Council of Nairobi
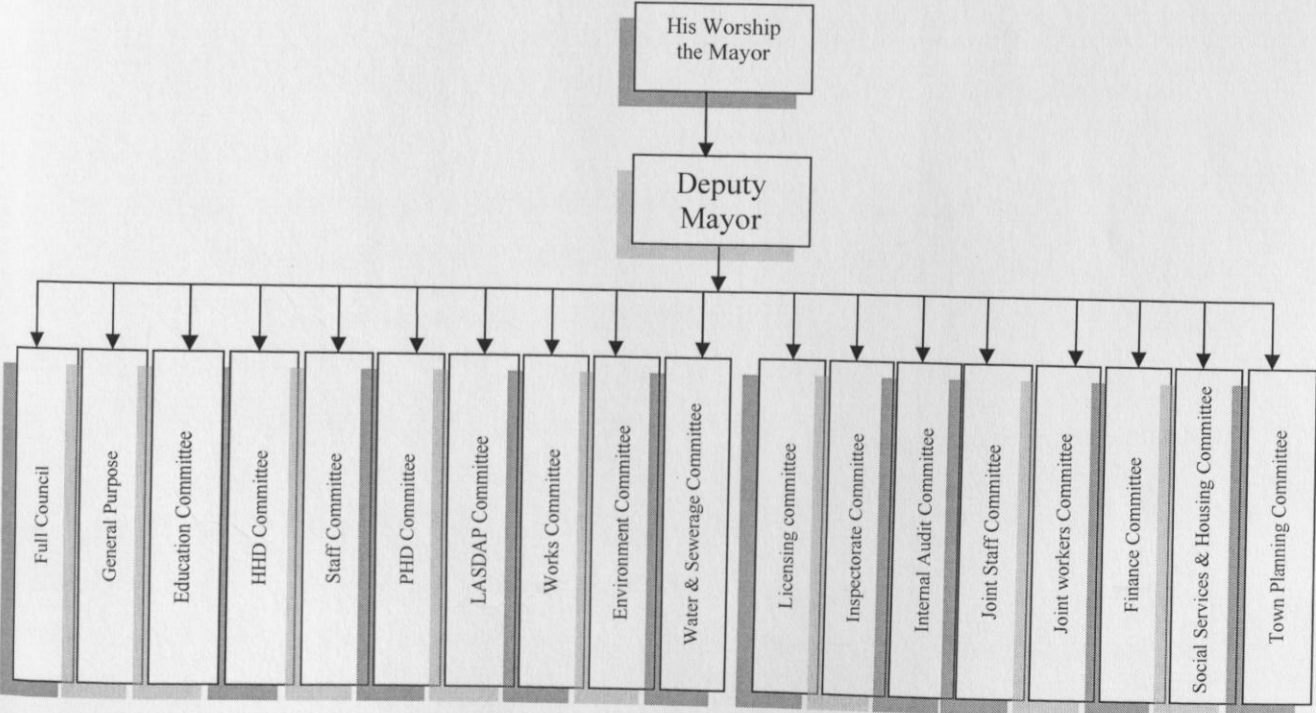
Source: The City Council of Nairobi Reform Secretariat

The Town Clerk as the Chief Executive Officer heads the present administrative structure and management process of the Council and oversees the day-to-day management and administrative activities of the organization. In order to effectively discharge its mandate, the Council is organized into 15 functional departments each of them responsible for particular core function areas and each department reporting to its relevant Council standing committee.

The departments are as follows: (1) Office of the Town Clerk; (2) City Treasurer's Department; (3) City Education, (4) Public Health, (5) City Engineer's; (6) City Planning (7) Social Services and Housing; (8) Housing Development (9) City Inspectorate (10) Human Resources Management; (11) Internal Audit (12) Environment; (13) Procurement; (14) Investigation and Information Analysis; (15) Legal Affairs.

The departments are managed by Heads of Departments (Directors) who are responsible for their day to day activities, but are answerable to the Town Clerk. Each department is further sub-divided into sections headed by Assistant Heads of Departments (Assistant Directors). Each department has adopted a unique management structure so that it can offer its mandated services adequately. The departments are illustrated under Figure 1.2.

Figure 1. 2: Departments of the City Council of Nairobi.

TOWN CLERK

DEPUTY TOWN CLERK "A"

DEPUTY TOWN CLERK "R & D"

- ADMINISTRATION
- CITY PLANNING
- PUBLIC HEALTH
- CITY TREASURER
- CITY ENGINEER
- SOCIAL SERVICES & HOUSING
- CITY EDUCATION
- DIRECTOR OF AUDIT
- CITY INSPECTORATE
- HOUSING DEVELPMENT
- HUMAN RESOURCE
- PROCUREMENT
- LEGAL AFFAIRS
- INVESTIGATION & INFORMATION SYSTEM
- ENVIRONMENT
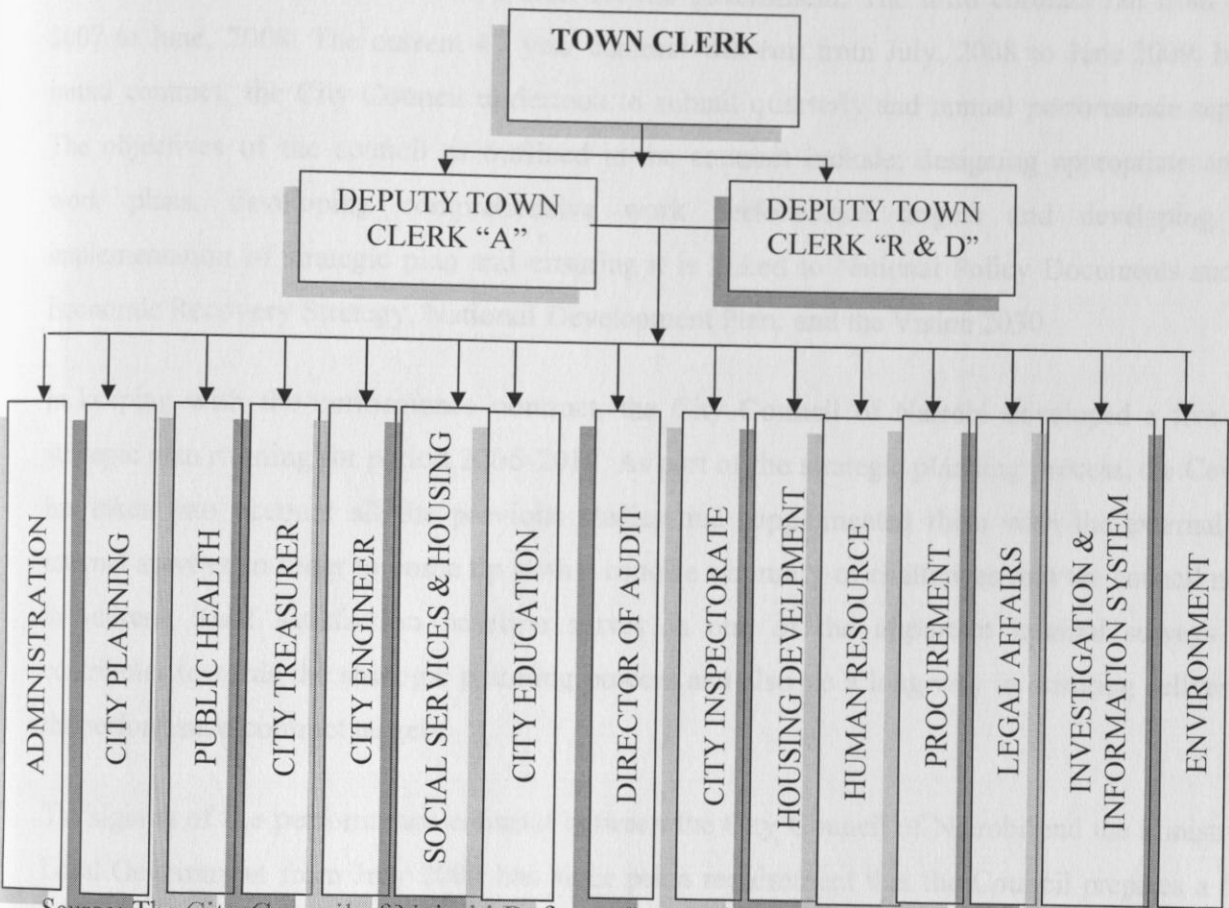
Source: The City Council of Nairobi Reforms Secretariat

The basic structure of the Council with the first seven departments was constituted in 1963 and has only undergone structural changes over the last five years, yet the then city population of 200,000 has since grown to about 3.3 million, at an approximate annual rate of 5%. The Council has thus lacked a reasonable level of responsiveness to the environment, adequacy, effectiveness and efficiency to provide good governance and service delivery in terms of quality and quantity.

1.1.6. Performance Contract in the City Council

The City Council of Nairobi is now on its third one-year performance contract with the government, after successfully implementing the first one, which ran from July 2005 to June 2006. The second contract ran from 1st July 2006 to June 2007, was signed by Nairobi Mayor, His Worship Coucillor Dick Wathika, the Chairman of Finance Committee, Councillor Paul Mutungi

on behalf of the Council and the Minister of Local Government, Hon.. Musikari Kombo and the Permanent Secretary, Mr. Solomon Boit for the government. The third contract ran from July, 2007 to June, 2008. The current 4th year contract will run from July, 2008 to June 2009. In the initial contract, the City Council undertook to submit quarterly and annual performance reports. The objectives of the council as outlined in the contract include; designing appropriate annual work plans, developing comprehensive work performance targets and developing and implementation of strategic plan and ensuring it is linked to National Policy Documents such as Economic Recovery Strategy, National Development Plan, and the Vision 2030.

In keeping with the performance contract, the City Council of Nairobi developed a five-year strategic plan running for period 2006-2010. As part of the strategic planning process, the Council has taken into account all the previous studies and supplemented them with the external and internal surveys in order to come up with a concise summary of challenges that the council needs to address. Staff satisfaction baseline survey is one of the important internal surveys that contributes towards the strategic planning process and also go a long way in ensuring delivery of the performance contract targets.

The signing of the performance contract between the City Council of Nairobi and the Ministry of Local Government from July 2005 has since put a requirement that the Council prepares a five-year strategic plan, set yearly targets and achieve specified objectives. The objectives of the performance contracts are: To provide, maintain physical and social infrastructure that will promote development and economic activity and growth; Co-ordinate and supervise urban development that meets statutory requirements, development conditions, environmental safety and security standards; Manage and enhance local and external revenues sources as set out in the third schedule of the Local Government Act; Provide and promote access to quality and equitable preventive, promotive, curative and rehabilitative health care services; Promote Social Welfare, rehabilitate street persons, cater for the welfare of children and youth empowerment within the Council's jurisdiction; Engage stakeholder participation in policy formulation, monitoring and evaluation; and to enhance capacity building to support responsive systems

1.2 Statement of the Problem

The Kenya government, in its strategy paper for performance improvement in the public sector (DPM, 2001) recognized that mounting cost and low productivity had been a major impediment to economic growth and improved standards of living. Government inability to maintain and expand essential economic infrastructure and basic social services while absorbing a high population of the nations' resources has been a major source of economic stagnation and rising poverty. Reshaping and revitalizing the public sector to provide an enabling policy environment, infrastructure and services called for a major change in the way the sector operates, in institutional organization and relationships, and in the individual and collective behavior of those serving in the sector.

The local authorities in Kenya and especially City Council of Nairobi, being a reflection of the larger public service, have been accused of ineptitude by their residents due to lack of services provision. The one time 'City in the Sun' has gradually deteriorated into a city manifested in such problems as overcrowding, inadequate sanitation, polluted water, inefficient solid and liquid waste management, bad roads, dilapidated houses, among other ills.

The Council has been characterized by lack of finances despite the fact that it collects revenue every day from the residents and business community. The council has been accused of maintaining a workforce in excess of 18,000 employees whose monthly salaries contributed to 80% of the total Council budget. Although this figure has since reduced to about 12,100 employees, it still means that funds meant for operations are inadequate for the purpose. The majority of the council's employees, in salary scales 10 to 18 which is about 94.4% is semi and unskilled workers. The recruitment of this cadre of employees has previously been based on political considerations rather than the requirement of the Council on the professional advice of the Human Resource Manager. Conversely, at senior and middle level management, which make only 5.66% of the total workforce, and where officers are professionally and technically competent, the Council suffers from perennial limitation of human resource capacity. This has made it difficult for the management to provide proper supervision to its employees and therefore, difficult to measure their performance. These shortcomings could only be attributed to lack of proper management especially of the human resource.

The current management system has contravened aspects of management principles as it has failed to recognize the importance of individual responsibility, leading to lack of accountability. There is a lack of systems to document performance issues in a systematic and timely way. There is a performance management disconnect as most employers say they incorporate best practices into their management programs but the execution of these programs frequently fall short of in the eyes of both employers and employees (The Daily Nation: Tuesday 14th November, 2006) Therefore the problem of rewarding or disciplining errant employees as there is no recorded evidence of past weaknesses in performance or mistakes made.

Despite the aforementioned drawbacks, the City Council of Nairobi has in the recent times been trying to redeem its public image by restructuring its operations and improving its service delivery to the Nairobi residents. This has born fruits to some extent as it has managed to rid the city of garbage (mainly in the Central Business District), enhanced beautification of the city, fixed the roads and ensured that its employees are paid on time as a means of motivation. Signing performance contract with the Permanent Secretary Ministry of Local Government was meant to ensure achievement of the agreed targets and prepare employees in the City Council of Nairobi for the desired changes in working styles, attitudes and work ethics. Even though performance contracting was implemented almost two years ago, it is not clear what it has achieved for the period it has been in operation. This leads to the question whether the Council's adoption of performance management practices has succeeded in ensuring improved performance by its employees and service delivery to its residents.

Performance management practices are a relatively new area in Kenya, with a rather limited number of empirical studies that investigates the impact of performance management practices in public sector organizations. Ochieng (2006) did a survey on the perception of the school senior managers on performance management systems. This study proposes to investigate the use of performance management practices in City Council of Nairobi and how these practices affect the performance of the organization in service delivery. It will seek to determine the interventions that can be made to sustain the benefits gained and address any problems that may hinder realisation of the full potential of this policy initiative. Most other literature in this area has also relied on the relation between factors such as contracting, measurements, benchmarking, and performance. The researcher was however not aware of any study done on the employee performance management

practices in the Kenya Local Authorities. A knowledge gap therefore existed and it was this gap the study sought to fill by addressing the research questions: To what extent had the City Council of Nairobi employed performance management practices among its employees and what was the impact of performance management practices on the organization's overall performance.

1.3 Objectives of the Study

The specific objectives of the study were to;

1. To assess the extent to which the City Council of Nairobi has employed performance management practices among its employees.

2. To determine the impact of performance management practices on the organization's overall performance.

1.4 Importance of the Study

This study may be of value to any person interested in highlighting the performance management practices at the City Council of Nairobi, it is hoped that its findings will specifically benefit the following groups of people:

The City Council of Nairobi's Top Management will be in a position to utilize the findings of the study and recommendations to develop more appropriate strategies that will go a long way in helping the Council achieve its objectives.

The Ministry of Local Government will utilise the findings the study to benchmark performance management practises in the City Council of Nairobi with the other 175 Councils in the country.

Stakeholders will be enlightened on what the government is doing to improve service levels using performance contracting. An improved service level will be of direct benefit to the stakeholders.

Scholars will benefit from the study, which is expected to contribute to the existing literature in the field of performance management, particularly in the local authorities. Future scholars can use this research as a basis for further research in the area of branding.

12

CHAPTER TWO: LITERATURE REVIEW

2.1 Performance Management.

The term "Performance Management" has been used differently by many scholars to describe varied issues. Sloltye (2003) recognizes that this term has a two-fold meaning. First is the performance appraisal or evaluation and second is applied behaviour analysis in organization settings. According to John S Bailey, a professor of Florida State University, performance management is the systematic, data oriented approach to managing at work that relies on positive reinforcement as the major way to maximize performance (Sloltje, 2000). Davis (1995) on the other hand 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 expectation later used for feedback and performance evaluation. In essence, performance management is a shared process between managers and the teams they manage. It is a strategic and integrated process that delivers sustained success to an organization by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams (Armstrong, 2001).

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's job contributes to the goals of the organization, what doing the job well means and how the employee and supervisor will work together.

The performance management system involves the integration of human resource management activities that are linked to the organization's planned goals (Mumford and Gold, 2004). Brulton and Gold (2004) described the 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 Performance Management System that must exist in order to ensure success (Price, 1997). The combined impact of a number of related aspects of performance management may be expected to achieve more to improve organizational effectiveness than the various parts if they function separately. Performance management is

13

concerned with improving performance in order to achieve organizational, team and individual effectiveness. Improving performance is only achievable where there are effective processes to continuous development. This addresses the core competence of the organization and the capabilities of individuals and teams. Since performance management is concerned with satisfying the needs of various stakeholders such as owners, management, employees, customers, suppliers and the general public, employees should be treated with respect as partners in the enterprise, and their interests respected. To this end, performance management encourages communication and involvement of managers and their team members in defining expectations and sharing information on the organization's mission, values and objectives' (Lawson, 1995).

The driving force behind the success of an organization irrespective of its objectives or types is performance. It is against performance results that organization's relevance will be assessed. Performance is defined as a record of outcomes produced in a specific job function or activity during a specified period of time (Bemadin and Russel, 1993). According to Brumbrach (1988), performance means both behaviour and results. Behaviour emanates from performance and it transforms performance from abstraction to action. Not just the instruments for results, behaviours are also outcomes in their own right and the product of mental and physical effort applied to a task and can be judged apart from results (Njagi, 2003).

A number of researchers and authors observed that in order for an organization to enhance its performance, it would need a skilled, competent and knowledgeable management team that could steer the organization to its optimum level. This would be through effective leadership of the employees by the development of the required attitudes, behaviours and skills. Patterson, West Lawthom and Nickell (1999), through a research based on over a hundred UK Manufacturing Companies, observed that the most important determinant in predicting company performance was people management practices. Ironically in the same research, evidence proved that Human Resource Management was one of the most neglected areas of managerial practice within organizations.

Drucker (1954) is quoted to have said that the greatest opportunity for increasing productivity is to be found in knowledge, work itself, and especially in management (Wehrich and Kounts, 1994).

Ulrich (1997) observed that knowledge has become a direct competitive advantage for companies selling ideas and relationships. It is therefore important that organizations adopt effective and efficient ways of managing their performance by focusing on skills, competence, lifelong learning and changing the work design where appropriate. This can be obtained by adopting the performance management practices.

2.2 Historical Development of Performance Management

Performance Management, which is one of the most important and positive developments in the sphere of human resource management in recent years, was first coined by Beer and Ruh in 1976 but did not become recognized as a distinctive approach until the mid-1980's. Its recognition grew out of the realization that a more continuous and integrated approach was needed to manage and reward performance. It had become apparent by then that the crudely developed and hastily implemented performance related pay and appraisal system were not delivering the results that somewhat naively, people were expecting from them (Armstrong, 1994). Performance management traces its origin to three approaches to management, namely; Merit Rating, Management By Objectives (MBO) and Performance Appraisals. Merit rating requires the managers to judge the worth of the staff against various work and personality factors or characteristics. Management by Objective is a dynamic system developed by Peter Drucker in 1952. It seeks to integrate the company's needs to clarify and achieve its profit and growth with the manager's need to contribute to and develop himself. Performance appraisal systems were developed in the seventies and eighties and incorporated some feature of MBO in what were termed as result oriented schemes. These systems have been operated as a top-down approach incorporating an annual appraisal meeting that dwelt on the past and was used mainly to determine "merit" pay awards which gradually became known as performance related pay. However, this became unpopular and Douglas McGregor phrased it as "playing at being God" (Spanberg, 1994).

Performance management is underpinned by a philosophy based on motivation theories. The three motivation theories that have contributed most to the philosophy of performance management are: goals setting, reinforcement and expectancy. Goal setting theory was developed by Laham and Locke (1979) on the basis of a fourteen-year research program into goal setting as a motivational technique. They claimed that the level of production in the companies they studied was increased

15

by an average of nineteen percent as a result of goal setting processes with the following characteristics: that the goals should be specific, challenging but reachable, fair and reasonable, individuals should participate fully in the goal setting, feedback should ensure that people develop a sense of pride and satisfaction, and that feedback will give commitment to even higher goals. Reinforcement theory suggests that success in achieving goals and rewards act as a positive incentive and reinforce the successful behaviour, which is repeated the next time similar need arises. Expectancy theory was originally developed by Vroom (1964) and states that for there to be a heightened motivation to perform, individuals have to: feel able to change their behaviour, feel confident that a change in their behaviour will produce a reward, value the reward sufficiently to justify the change in behaviour (Daniels, 1987).

2.3 Conducting a Performance Improvement Analysis.

This entails comparing current performance against specific performance standards. The manager measures the frequency of employee behaviour (what the individual says or the physical movements made and the outputs; the physical evidence of completed work produced by those behaviours) prior to any management change. Through this analysis, one measures the present performance, establishes a standard, specifies why behaviour is deficient, calculates the net economic value of improvement after the cost of solutions and places them in priority order. The result of this analysis is the identification of potentially high pay-off behaviours and outputs that can be improved (Burgoyne, 1996). This is an important first step because quite often; key behaviours and outputs are overlooked or undervalued in organizations. This process, also referred to as Role Definition, provides the framework for performance management. It has three main stages: the purpose of the employee role; this provides the foundation of the performance agreement because it summarizes what the role holder is expected to do: the Key Result Areas (KRA's) which define the main output areas of the role; and the principle accountabilities which define the main output areas of the role. The KRA's provide the headings against which objectives and performance standards are agreed; key competencies which indicate what the role holder has to be able to do; and the behaviour required to perform the role effectively. Performance standards are used when it is not possible to set time-based targets and are sometimes referred to continuing objectives because those essential objectives may not change significantly from one review period to another if the task remains unattended (Fletcher, 1993).

Performance management therefore provides a framework for the agreement of objectives as expressed in targets and standards of performance. This creates mutual understanding of these objectives and the roles of both the managers and individual have to play in achieving them.

2.4 Individual Approach to Task Performance

The performance management system enables individuals to develop their abilities, increase their job satisfaction and achieve their potential to their own benefit and that of the organization as a whole. It also recognizes that individual employees should be committed, identify with the organization, want to stay in it, and prepare to work hard on behalf of the organization (Lawson, 1995). The employee does this by presenting the organization as one worth working for. The individual objectives of the employee should to be made as clear as possible to the employee. Each employee should therefore work hard towards achieving them. He should endeavour to be dynamic, take initiative in all areas of his work rather than restricting himself to the job description only.
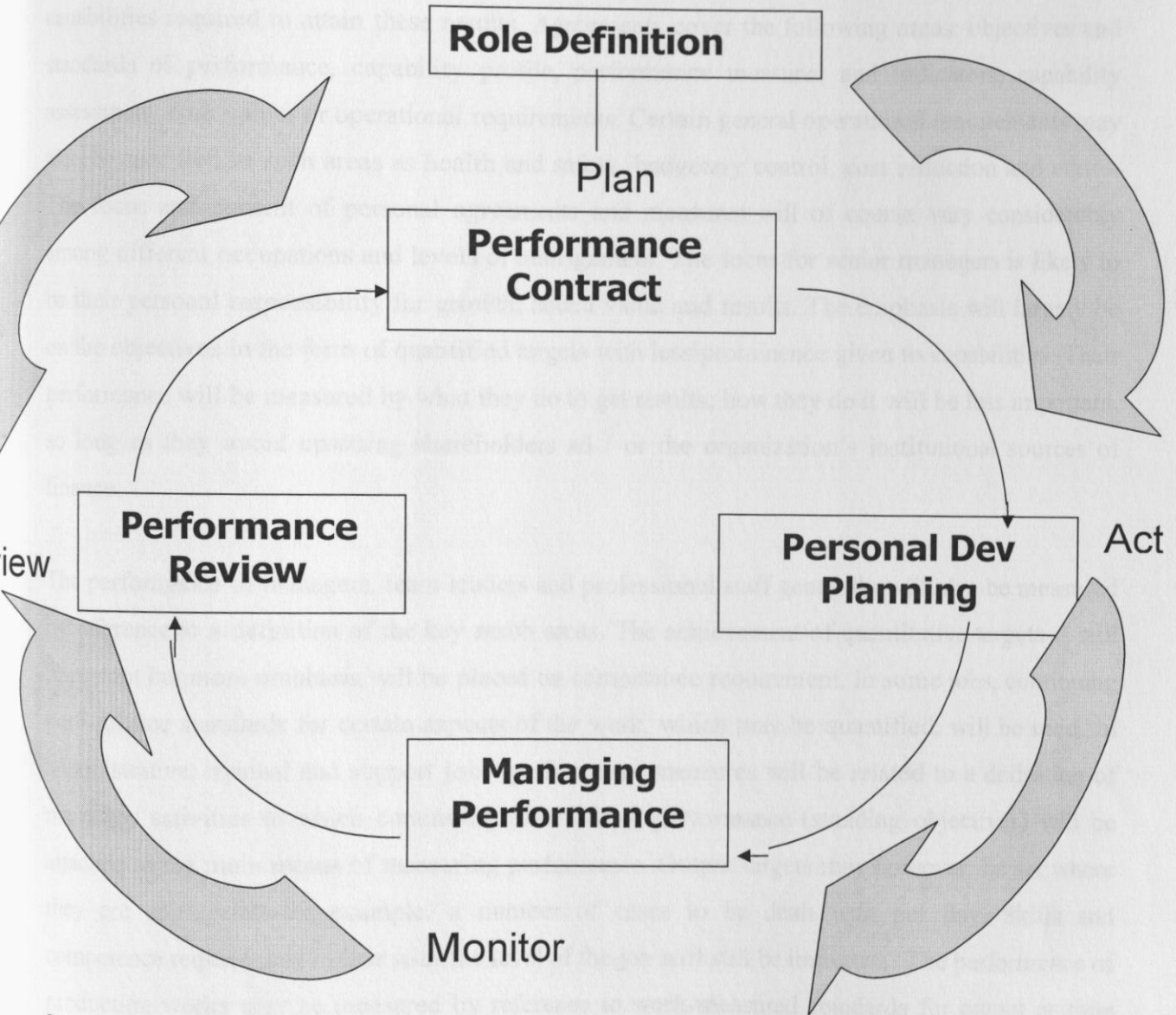
2.5 Team Performance

This is a critical principle of the performance management system. As defined by Schnneller and Bealty (1993, p, 254), "a team is a small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable." Performance management acts as a lever for change in developing a more performance-oriented culture, hence increasing motivation and commitment of employees. Since teams are the basic units of performance for most organizations, they mix together the skills, experiences and insights of several people. Teams are created and organized by significant performance challenges and it is normal for teams to outperform individuals acting alone or in large organizational groupings, especially when performance requires multiple skills, judgments and experiences (Shaw, 1997). High performance teams invest much time and effort exploring, shaping and agreeing on a purpose that belongs to them, both collectively and individually. They are characterized by a deep sense of commitment to their growth and success.

2.6 Conceptual Framework of Performance Management

Although every organization wanting to introduce Performance Management should develop its own version to suit its needs, the following is a framework within which an appropriate process can be developed and operated.

Figure 2.1   **THE PERFORMANCE MANAGEMENT CYCLE**

Role Definition

Plan

Performance Contract

Performance Review

iew

Personal Dev Planning

Act

Managing Performance

Monitor

Source; Armstrong 2001 page 17

18

2.6.1 Role Definition

Role definition provides the framework for performance management. It sets out three things:- the purpose or the role, the key result areas and capabilities.

2.6.2 The Performance Contract

Performance Contract or Agreement, defines expectations, results to be achieved and the capabilities required to attain these results. Agreements cover the following areas: objectives and standards of performance, capability profile, performance measures and indicators, capability assessment, core values or operational requirements. Certain general operational requirements may also be specified in such areas as health and safety, budgetary control, cost reduction and ethics. The focus and content of personal agreements and measures will of course vary considerably among different occupations and levels of management. The focus for senior managers is likely to be their personal responsibility for growth, added value and results. The emphasis will largely be on the objectives in the form of quantified targets with less prominence given to capabilities. Their performance will be measured by what they do to get results; how they do it will be less important, so long as they avoid upsetting shareholders ad / or the organization's institutional sources of finance.

The performance of managers, team leaders and professional staff generally will also be measured by reference to a definition of the key result areas. The achievement of quantitative targets is still important but more emphasis will be placed on competence requirement. In some jobs, continuing performance standards for certain aspects of the work, which may be quantified, will be used. In administrative, manual and support jobs, performance measures will be related to a definition of main key activities to which continuing standards of performance (standing objectives) will be attached as the main means of measuring performance. Output targets may however; be set where they are appropriate-for example, a number of cases to be dealt with per day. Skills and competence requirement in line with the level of the job will still be important. The performance of production works may be measured by reference to work-measured standards for output or time taken. Skilled staff is a special case. Their performance is usually measured against sales targets, but competencies in matters relating to customers and providing good service will also be important.

2.6.3 The Personal Development Plan.

This sets out the actions people intend to take to develop themselves in order to extend their knowledge and skills, increase their levels of capability and improve their performance in specified areas. According to a report from the University of California, the development of employee skills, knowledge and experience is essential in today's rapidly changing workplace. In order for the organization to remain competitive and retain its position for excellence, employees should have up- to-the minute information and ability to use technologies, adapt to organizational change, work in flatter organization and work effectively in teams and other collaborative situations.

Employees too recognize that it is essential for them to continue to learn so that they will be effective in their current jobs and be able to move to other positions or accept new responsibilities as roles demand. One needs to ask, "What are the functions which this unit will need to perform in the near future and over the next two to five years?" An assessment of a unit's future needs will help in identifying development opportunities for employees that will also benefit the organization. When you support and encourage growth and development of employees, you build on their motivation to the organization and improve morale.

2.6.4 Performance Management Controls

Performance management practices are aimed at improving delivery services by public organizations. Historically, public organizations have relied on action controls (rules and procedures) to control organizations; however, the past decade has witnessed various changes in management control of public sector organizations, including a shift towards output controls (Ter Bogt, 2003). This has only been possible where the organizations have embraced a need for change from the traditional management methods that are passive, inward-looking and bureaucratic to a proactive, outward-looking, results oriented focus. Management control systems focus on the implementation of the strategies and the attainment of the goals of the organization; they attempt to ensure that the organization designs effective programs and implements them efficiently (Anthony and Young, 2003). The management controls are practices aimed at enhancing the performance of the employees and therefore, organisations.

Organizations can use three forms of control: output (results) controls, action (behavioural) controls, and clan (personnel/cultural) controls (Merchant and Van der Stede, 2003). Output controls involve evaluating and rewarding individuals (and sometimes groups of individuals) for generating good results, or punishing them for poor results. Action controls try to ascertain that employees perform (or do not perform) specific actions known to be beneficial (or harmful) to the organization. Finally, clan controls help to ensure that employees will control their own behaviours or that the employees will control each others' behaviours. Amongst others, clan controls clarify expectations; they help ensure that each employee understands what the organization wants. It should be noted that these forms of control are not necessarily discrete, and elements of all three forms may be found in any one organization.

Controls are thus required at the stage in which action is taken to implement the performance agreement and personal development plan as individuals carry on their day-to-day work and their planned learning activities. It includes a continuous process of providing feedback on performance, conducting informal progress reviews, updating objectives and where necessary, dealing with performance problems (Daniels 1998)

2.6.5 Performance Reviews

This is the formal evaluation stage where a review of performance over a period takes place covering achievements, progress and problems, as the base for a revised performance agreement and personal development plan (University of California San Diego, 2001). An overall review is taken of the progress made and the analysis of performance concentrates not only on what happened but also why it happened, so that data is obtained for planning purposes. Obtaining a historical perspective through analysis is a necessary part of the review, but reaching an agreement about what should be done in future really what matters.

Performance reviews provide those involved with the opportunity to reflect on past performance as a basis for making development and improvement plans. The review enables those concerned to get together to engage in dialogue about the individual's performance and development and the support provided by the manager. It is not an occasion for appraisals although some feedback will be provided. Neither are there interviews in which one person asks questions and the other one

21

responds. They must be like free – flowing, open meetings where views are exchanged so as to reach agreed conclusion (Armstrong, 2001).

The performance reviews include the continuous ongoing reviews and the formal approval of review. Continuous reviews are informal meetings that take place throughout the year. They involve the manager, employee and the team. The aim is to enable the employees and team to focus on developmental issues that are related to the set of objectives and standards. Through these meetings, the employee is supported during the implementation stage and problems can be arrested before they get out of hand. According to Nyambega (2005), the feedback can be very brief, for instance, "Good job" or more detailed; for instance, "You are working too fast, slow down." These meetings also ensure that there are no surprises at the formal review.

Formal reviews usually take place annually and its key objectives are: measurements of results against targets, feedback of employees' performance, positive reinforcement of the employee, exchange of views which is free and frank, agreement in action plan for the future. Both the manager and employee should be well prepared for the feedback session. The manager should create the right atmosphere for meeting. The employee should complete a self-assessment a head of time. The self-assessment requires employees to think about new performance over the past rating period and to be aware of their strengths and weaknesses so that they can participate more fully in the discussion.

During the feedback session, the manager should adopt the joint problem solving interview style. This is sometimes referred to as counselling. Here the manager and employees work together to solve performance problems in an atmosphere of respect and encouragement. (Noe, Hollenbeck, Gerhart and Wright 2004). The manager indicates that he or she is willing to listen to all problems put forward by the individual employee and in return, the employee listens to the performance problems the manager wishes to rise.

2.7 Measuring Performance.
Measurement is an important concept of performance management. It is the basis for providing and generating feedback, it identifies where things are going well to provide the foundations for the building further successes (Armstrong and Baron (1998). It also indicates where things are

failing, so that corrective action can be taken. In general, it provides the basis for answering two fundamental questions: whether what is being done worth doing; whether it is been done well. In measuring performance, performance standards, performance measures, methods of measuring results, sources of performance information, performance reviews, preparation for feedback sessions and conducting the feedback sessions are important elements that need to be put in place. These are explained in details in the following paragraph.

Performance standards can be defined as a statement of the conditions that exists when a job is being performed effectively. The performance standards usually remain relatively the same as the task remains the same. The performance standard should be stated in such a way, that it is specific and observable. The standards should preferably be in quantifiable terms e.g. speed of response, where this is not possible qualitative approach may have to be adopted e.g. this task will have been well done if a specific outcome is obtained (Armstrong, 2003). The performance standards should be clearly outlined in job descriptions and should be communicated to the new employees during induction and socialization (Marchington and Wilkinson 2004). The job descriptions are reviewed regularly as the job changes, and are also agreed upon between the manager and the subordinates (Foot and Hook 1996).

Performance measures provide evidence of the extent to which the job holders have produced the intended results. This is the basis for providing feedback for both the managers and individuals to monitor their own performance. Armstrong (2003) suggested the following as a guide for defining performance measures. Measures should relate to results not efforts. The results must be within the job holders control; measures should be objective and observable and can be defined in terms of finance, output, impact on internal and external customers, time e.t.c. Data must be available for management and existing measures be used or adapted whenever possible. Performance measures should be agreed upon among all critical parties and should be based on the organization's objectives. What is to be performed, measured and assessed should be in line with the jointly agreed goals. It should apply to all staff. A working environment should also be created that is conducive to successful performance. Finally there should be an effective way to measure the desired performance.

23

There are various methods that can be used for measuring results; such as making Paired Comparison, Rating individuals, e.g. Graphic Rating Scale, Mixed Standard Scale, Critical Incident Method, Behaviourally Achieved Rating Scales (BARS). Some of the approaches or processes to performance management include: Management by Objectives (MBO), and Total Quality Management (TQM). Noe, et al (2004) observed that measurements of results were easier to link to the organization's goals and were highly acceptable to managers and employees alike. The total quality management was needed in finding the causes of problem, measures of performance or relationships between work-related variables. It was therefore useful in avoiding problem areas and solving problems. A description of Management by Objective and Total Quality Management processes are as follows:

2.7.1.1 Management by Objectives (MBO)

This method falls under the criteria of results performance measurement. This is a system in which people at each level of the organization set goals in a process that flows from top to bottom, so that employees at all levels are contributing to the organization's overall goals. These goals become the standards for evaluating each employee's performance. (Noe et al 2004). MBO has the following essential elements and key stages as outlined by price (1997): Goal setting, Action Planning, Self-control and periodic reviews.

2.7.1.2 Total Quality Management (TQM)

This method falls under the criteria for quality performance measurement. It measures both individual performance and the system within which the individual works. This assessment is a process through which employees and their customers work together to set standards and measure performance with the overall goal being to improve satisfaction. Here the employee's customers may be inside or outside the organization, a customer being whoever consumes the goods and services produced by the employees. The feedback aims at helping the employees to continuously improve, to the satisfaction of their customers. It is also aimed at avoiding pitfalls of rating individuals on outcomes e.g. sales or profit over which the employees do not have complete control. (Noe et al 2004).

Table 2.2 below shows the distinctions of the various approaches to performance measurements in terms of: fit with the strategy, validity, reliability, acceptability and specifity.

Table 2.2: **Approaches to Performance Measures**

Criteria					
Approach	Fit with strategy	Validity	Reliability	Acceptability	Specifity
Comparative	Poor unless manager takes time to make link.	Can be high if ratings are done carefully.	Depends on rate but usually no measure of agreement used.	Moderate, easy to develop and use but resistant to normative standard.	Very low.
Attribute	Usually low, requires manager to make link	Usually low, can be fine if developed carefully.	Usually low, can be improved by specific definitions of attributes.	High, easy to develop and use.	Very low.
Behavioral	Can be quite high.	Usually high, minimizes contamination and deficiency.	Usually high.	Moderate, difficult to develop, but accepted well for use.	Very high.
Results	Very high.	Usually high, can be both contaminated and deficient.	High	High usually developed with input from those to be evaluated.	High regarding results, but low regarding behavior necessary to achieve them.
Quality	Very high.	High but can be both contaminated and deficient.	High.	High usually developed with input from those to be evaluated.	High regarding results, low regarding behavior necessary to achieve them.

Source: Noe, Hollenbeck, Gerhart and Wright (2004) Fundamentals of Human Resource Management.

There are various sources of performance information; such as managers, peers, subordinates, self and customers. Using just one person as a source of information poses certain problems. People tend to be subjective by liking some people more than others, and those feelings can bias how

25

employees' efforts are perceived. One person is also likely to see an employee in a limited number of situations. In order to get as complete an assessment as possible, Nyambega (2005) recommend the 360-degree performance appraisal. This combines information from the employees, managers, peers, subordinates, self and customers. He quotes the bible from the book of Proverbs 11:14 which state that "where there is no guidance, the people fall, but in abundance of counsellors there is victory".

2.7.2 Performance Improvement Programs

Performance improvement programmes aim at finding solutions to performance problems. Where a gap has been established between the required and actual performance, steps need to be taken to find the reasons for the gap, Noe, Hollenbeck, Gerhart and Wright, (2004) suggest that performance problems stem from the employees level of ability and motivation. Generally the performance problems can be categorized into four groups which all need different improvement programs. They are as follows: low ability and high motivation, low ability and low motivation, high ability and low motivation and finally high ability and high motivation. The problems are explained below.

2.7.2.1 Low Ability and High Motivation:

Sometimes lack of ability is a deterrent to performance when an employee is new on the job or where the job has changed. In the case where a motivated employee lacks knowledge, skills or abilities, the deficiency could be corrected through coaching, training, feedback, restructuring job assignment and goal setting. Coaching is a person to person technique designed to develop individual skills, knowledge and attitudes. It is most effective if it takes place informally as part of the normal process of management or team leadership. It includes effective feedback; controlled delegation using whatever situation may arise as learning opportunity and providing guidance on how to carry out specific tasks with the aim of helping the employee learn (Noe, Hollenbeck, Gerhart and Wright 2004).

Training is a planned continuous effort by management to improve employee competency levels and organizational performance at their present jobs. Feedback is where more detailed feedback is provided for the employees on how they are progressing on a job against the set standards (Noe,

Hollenbeck, Gerhart and Wright 2004). Restructuring job assignment is done so that the demand of the job no longer exceeds the employee's abilities; whereas the goal setting is where the manager and employee set the goals together (Noe, Hollenbeck, Gerhart and Wright 2004).

2.7.2.2. Low Ability and Low Motivation

Where the employee's performance is poor because they have neither the ability nor motivation to perform the job, then they may not be fit for the position. To help solve this problem, the manager could adopt the following: providing the specific feedback or withholding rewards. Where the employee does not respond by improving their performance then the manager may either demote them or terminate the employment (Noe, Hollenbeck, Gerhart and Wright 2004).

2.7.2.3. High Ability and Low Motivation

It's the case where an employee has high ability but low motivation. The deficiency could be removed through fair treatment and adequate reward, counselling, career management, stress management, where the employee is treated fairly, rewarded adequately and given more possible feedback i.e. praise (Noe, Hollenbeck, Gerhart and Wright 2004). Counselling is where managers use listening skills as part of the daily work. Organizations may avail professional counselling services for more personal and deep seated problems e.g. issues of child care, family responsibilities, alcohol, and drug abuse, depression brought about by changes in life stage e.t.c. (Marchington and Wilkinson, 2004).

2.7.2.4 High Ability and High Motivation

Where the employee is highly motivated, with a high ability to perform, the challenge remains to sustain this momentum. This will be achieved by directing the employee to further self-development, recognition and reward for good performance and constant, truthful feedback.

Career management consists of the process of career planning and management succession. Career planning shapes the progression of individuals within an organization in accordance with assessment of organizational needs and the performance, potential and preference of individual members of the enterprise. Management succession planning takes place to ensure that as far as possible the organization has the managers it requires in meeting future organizational needs.

27

Stress management involves supporting the employee to effectively manage stress (Noe, Hollenbeck, Gerhart, and Wright 2004).

Table 2. 3: Improving Performance Ability

	Low Ability	High Ability
High Motivation	Misdirected effort • Coaching • Frequent performance feedback • Goal setting • Training or temporary assignment for skill development. • Restructured job assignment	Solid performance • Reward good performers • Identify development opportunities • Provide honest, direct feedback.
Low Motivation	Dead wood • Withholding pay increase • Demotion • Firing • Specific direct feedback in performance problems	Under utilizes • Give honest, direct feedback • Provide counselling • Use team building and conflict resolution • Link rewards to performs outcomes • Offer training for needed knowledge or skills • Manage stress levels

Source: Noe, Hollenbeck, Gerhart and Wright (2004). Fundamentals of Human Resource Management.

From the table above, it is evident that the methods used to solve the performance problem will depend on the type of the problem (Noe, Hollenbeck, Gerhart and Wright 2004).

2.7.3. Pay Reviews

There has been a lot of controversy on linking performance appraisal to pay. Relating performance to pay brings about the potential conflict between the need for employees to talk frankly about their performance and reluctance to do so because it will jeopardize their pay award. Some organizations therefore opt to hold performance development interviews and performance reward interviews separately in order to minimize the effects (Foot and Hook 1996). Atandi (2003) suggest (quoting Armstrong and Murles (1998)) that the pay should be linked directly to

28

performance. This is because the objectives to pay for performance is to improve individual, team and organizational performance by helping the employees focus on the elements of the performance, which delivers organizational success. Efforts are therefore directed where they are needed (Atandi 2003).

2.8 Kenya Public Sector Initiatives to Stimulate Performance Management

Most countries have promoted several initiatives to stimulate the use of performance management practices in public sector organizations, including central government and local governments. (Van Helden, 2005). Performance management can be defined as the process of defining goals, selecting strategies to achieve those goals, allocating decision rights, and measuring and rewarding performance (Heinrich, 2002). First of all, for effective performance management, the definition of clear missions, objectives and targets helps each employee understand what the organization wants and provides focus in operations ("communication purpose"). Second, by measuring performance with regard to the objectives and targets, public managers should be able to tell the public for what purposes their money is used ("transparency/accountability purpose"). Third, public sector organizations may use performance measurement to learn and improve performance ("learning purpose"). The transparency created by measuring performance may indicate where the organization excels, and where improvements are necessary. Fourth, performance measurement systems may provide the basis for compensation of public government officials ("appraising purpose") (Rangan, 2004). A careful specification and monitoring of performance, alongside a set of incentives and sanctions, can be used to ensure that the public sector managers continue to act in society's best interests (Newberry and Pallot, 2004).

2.8.1 Rapid Results Initiative (RRI)

Rapid Results Initiative is part of a comprehensive action plan in a bid to manage, and improve service delivery and change the public perception of organisations. The Rapid Result Initiative (RRI) is a series of small scale, results producing, and mometum-building processes meant to translate intent into action and to achieve measurable results in a hundred days. This ensures major change efforts within the contract period, by enhancing the implementation of long-term programmed activities into a short-term period of 100 days. The main purpose is to build

29

confidence in the local populace with regard to the councils in their developmental activities which are geared towards the effective and efficient provision and delivery of goods and services.

The Public Service Reform, the Development Secretariat and the Ministry of Local Government have on several occasions embarked on a 100 days Rapid Results Initiatives in the Council with the ultimate objective of improving services to Kenyans. In developing RRI action plans, reformers assumed that all past initiatives to improve service delivery had not worked and where they worked, they were not effective. The teams charged with reforms have therefore identified all those service delivery points that are rendered by the Council and have re-examined the levels of service delivery and the problems and difficulties that public face in obtaining the services. It is towards this end that coaches are attached to the Council to provide coaching and mentoring for both the RRI teams and Councils themselves on the RRI projects.

2.9. Summary of Literature Review

In conclusion, performance management can be defined as a process designed to improve organizational, team and individual performance. In order to ensure the success of a performance management system, full support and commitment is required from the line managers, top management and employees i.e. they should all be totally committed to the system. At the local government level, support is required from the Ministry of Local Government in facilitating budgetary approvals and timely remissions of development funds for projects that the Council undertakes on behalf of the government.

Sparrow and Hilltop (1994) observes the following: performance management will essentially be most effective where line managers own the system, top managers are visibly committed to the system and finally to the greatest possible extent, employees are consulted about the design of the system. It is important that development of mission statement, critical success factors, ethical considerations, legal considerations, organization strategies and objectives, organizational culture/values statement, open communication, independent teams, performance indicators, pay reviews, performance improvement programmes are considered.

CHAPTER THREE: METHODOLOGY

3.1 Research Design

This study adopted a descriptive design. Cooper, (2000) states that a descriptive study is concerned with finding out who, what, where and how of a phenomenon which is the concern of this study. The purpose of descriptive research design is to describe the state of affairs as it is at present (Kothari, 1990). It provides data about the population being studied; it is used when the objective is to provide a systematic description that is as factual and accurate as possible. The descriptive research design enables the researcher to find out the relationship between variables of interest. The dependent variable is performance of employees, and the independent variables are empowerment, training, remuneration and motivation.

Case studies provide a focused insight to phenomena that may be vaguely known or understood. Young (2000) states that a case study is a very powerful form of qualitative analysis that involves a careful and complete observation of a social unit; be that unit a person, family, an institution or even an entire community.

3.2 Population and Sampling Design

3.2.1 Population

A population is the total collection of elements from which we wish to make some inference (Donald 1990). The population for the study was all employees in the City Council of Nairobi working in salary scale1-9. These were the scales of employees who were under performance contract and they were six hundred and ninety three (693) in total.

3.2.2 Sampling Design

The sampling frame refers to the total number of respondents from which the sample is chosen. The sampling frame was the City Council of Nairobi employee payroll. Stratified random sampling is a method of dividing the population into or strata based on one or more variables central to the analysis and then drawing a simple random sample from each of the subgroups. In a disproportionate stratified sampling process, the size of the sample selected from each subgroup is

disproportional to the size of that subgroup in the population. This sampling method is more common in surveys of organisations because organisations tend to be more variable, for example in their labour force numbers. Disproportionate stratification is used for two purposes: to give larger than proportionate sample sizes in one or more sub-groups so that separate analyses by sub-group will be possible; and to increase the precision of key survey estimates. In this study, the population was divided into three strata according to job scales: the first stratum, that of top management ranged from scale 1-3 from which 10 respondents were drawn, the second stratum constituting middle level management, ranged from scale 4-6 from which 20 respondents were drawn, the third stratum that constituted lower level management ranged from scale 7-9 and from this stratum, 30 respondents were drawn.

Table 3. 1: Sample Size Selection

Salary Scales	No. of employees	Number selected
Scale 1- 3	19	10
Scale 4 – 6	88	20
Scale 7 – 9	589	30
Total	693	60

3.3 Data Collection Methods

Primary data was collected using a self-administered questionnaire. The use of a questionnaire was selected because it was convenient in obtaining the answers from the respondent. A questionnaire enables the researcher get firsthand information about the work situation. It also provides an opportunity for anonymity to promote high response rate. Prior to collection of the actual data, pilot-testing questionnaires was done to test the accuracy of language and meaning and to test whether the respondents understood the questionnaire. From the experience gained in this way, improvements were effected and the ambiguous questions reframed.

An introduction letter from the researcher was distributed to the sample units used in pilot testing the questionnaire to give the reasons for carrying out the research. This ensured high response rate, as the researcher also selected a time during which most of the staff were deemed to be free. The

questionnaires were then given to them for immediate response. In cases where the respondents were committed discharging their duties, the questionnaires were collected at their convenience but within a time frame of a week.

A questionnaire with both open-ended and close-ended questions was used to collect the data. The close-ended questions were selected to guide and restrict the response to the study area of interest as well as to help the respondents make quick decisions. Open-ended questions were also used to enable the respondents express their opinions not captured by the close-ended questions. The questionnaire was designed into two sections; Section A captured the demographics of the respondent, and Section B contained questions that relate to performance management. The responses to the questionnaire were set in a Likert scale with respondents being given an option: for example, Not Clear, To Small Extent, To Moderate Extent, To Large Extent or To Very Large Extent. These questionnaires were hand-delivered to the respondents and collected within a week by the researcher, once filled.

3.4 Data Analysis and Presentation

The data collected from the field was coded and entered into the computer for analysis using Statistical Package for Social Sciences (SPSS). The analysis was both qualitative and quantitative. Quantitative analysis was carried out using descriptive statistics such as mean, mode, median, standard deviation and frequency. Qualitative data analysis was carried out using content matter and by categorizing the main themes or patterns of information. This was presented using graphs, pie charts and tables and a final report compiled for presentation containing the recommendations and conclusions of the study.

# CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

In this chapter, data pertaining to the extent to which the City Council of Nairobi has employed performance management practices among its employees and the impact of performance management practices on the organization's overall performance is analysed and interpreted.

A total of 60 respondents comprising 10 employees in the salary scale 1-3, 20 employees in the salary scale 4-6 and 30 employees in the salary scale 7-9 were sampled. Each employee was given a questionnaire from which he or she responded by completing and returning the questionnaire. This gave a response rate of 100%. The data collected was edited and coded. Data analysis of the responses from the questionnaires was done using descriptive statistics such as mean, mode, standard deviation and frequency. The study also used content matter analysis where the responses were qualitatively analyzed. Where applicable, presentations were done in form of pie charts, graphs and tables.

4.2 Respondents General Information

The respondents were first asked to provide information on: their gender, the age bracket to which they belonged, the highest level of education attained, the position held in the organization, the department and the number of years respondents had served in their current position. (Appendix 2). It was apparent from the study that a majority of the respondents (63%) were male while female respondents comprised only 37 percent. (See Figure 4.1)

Figure 4.1: Gender

Source: Researcher (2008)

34
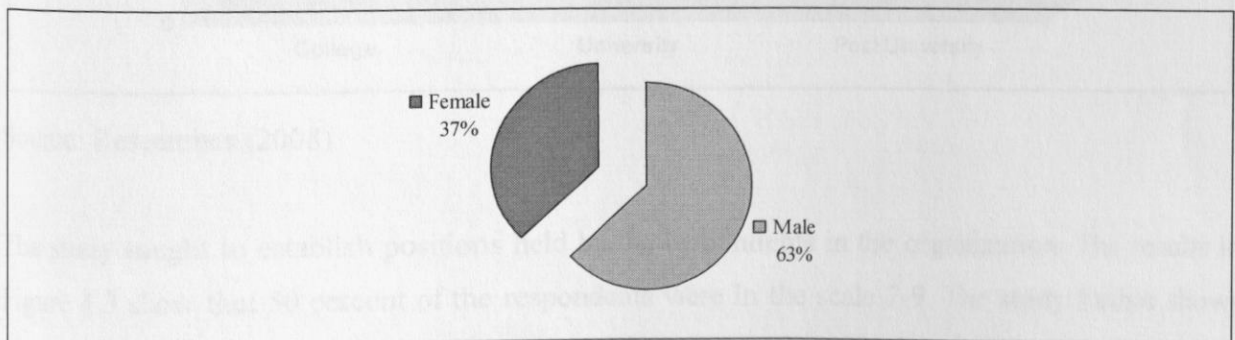
According to the results of the study presented in Table 4.1 below, 34 (57%) of the respondents indicated they were in the age bracket 35-44 years. The study also established that 16 (27%) respondents were in the age bracket 45-55 years.

Table 4.1: Age Bracket

Ages	Frequency	Percent
25 - 34 years	10	17
35 - 44 years	34	57
45 - 55 years	16	26
Total	60	100

Source: Researcher (2008)

The respondents were asked to indicate their highest level of education. The study results as shown in Figure 4.2 below indicate that 38 percent of the respondents had post university certificates. It was also evident that 35 percent had university degree certificates.

Figure 4.2 Level of Education
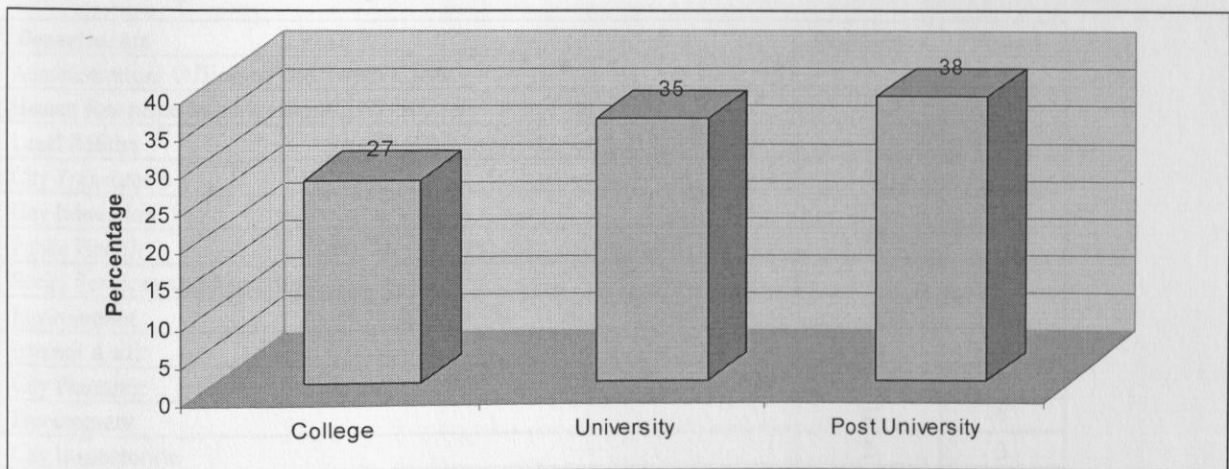
Source: Researcher (2008)

The study sought to establish positions held by the respondents in the organization. The results in Figure 4.3 show that 50 percent of the respondents were in the scale 7-9. The study further shows that 33 percent of the respondents were in the scale 4-6 and 17 percent in salary scales 1-3.

Figure 4.3 Respondents' Job Scale
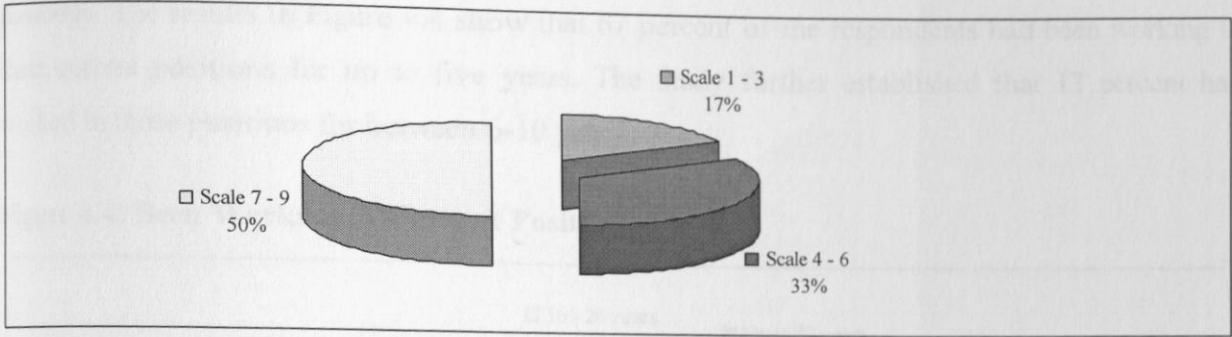
Source: Researcher (2008)

The study sought to establish the departments under which the respondents were currently serving in the organization. The results of the study as presented in Table 4.2 below show that 18 respondents did not indicate their departments. The majority of respondents came from the departments of Legal Affairs and Environment with 5 (8%) respondents. This was followed by Procurement, which had 4 (7%) respondents.

Table 4.2: Respondents' Departments

Departments	Frequency	Percent
Administration/ Office of the Town Clerk	3	5
Human Resource Management	2	3
Legal Affairs	5	8
City Treasurer's	2	3
City Education	2	3
Public Health	3	5
Social Services and Housing	3	5
Environment	5	8
Internal Audit	2	3
City Planning	3	5
Procurement	4	7
City Inspectorate	2	3
City Engineer	3	5
Housing Development	2	3
Investigation and Information Analysis	2	3
None responsive	17	28
Total	60	100

Source: Researcher (2008)

The study sought to establish how long the respondents had been working in their current positions. The results in Figure 4.4 show that 67 percent of the respondents had been working in their current positions for up to five years. The study further established that 13 percent had worked in those positions for between 6-10 years.

Figure 4.4: Been Working in Current Position
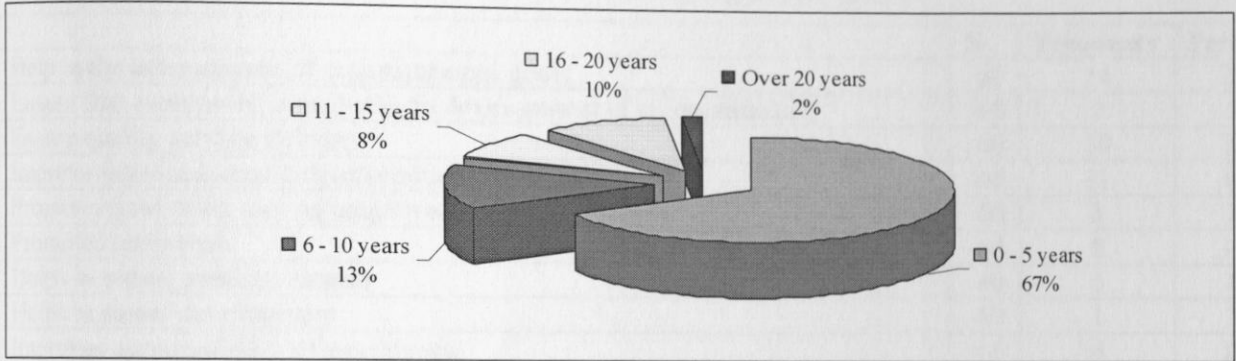
Source Researcher (2008)

4.3. Extent to Which City Council of Nairobi has Employed Employee Performance Management

In this section the study sought to establish the extent to which the City Council of Nairobi has employed employee performance management practices. The result of the study are summarised below

4.3.1 Whether Aware of Performance Management.

Respondents were asked to indicate whether they were aware of the concept of performance management. According to the findings of the study 59 (98%) out of the 60 respondents indicated that they were aware of the concept.

4.3.2 Word to Best Describe Performance Management System

Respondents were asked to indicate which sentence best described what they understood by performance management system. According to the findings of the study, all the respondents (100%) indicated that performance management is a process designed to improve organizational, team and individual performance; which is owned and driven by line managers.

4.3.3 Benefits Obtained from Performance Management System

The study sought to establish from the respondents if there were any benefits which could be obtained from the performance management system. All the respondents indicated that indeed benefits could be obtained from performance management systems.

Table 4.3 Benefits Obtained from Performance Management System

|	N	Frequency	Percent
Help in the achievement of organizational goals	60	14	23
Ensure that everybody contributes to development of an organization	60	1	2
Ensure quality service delivery	60	10	17
Improve organizational output/productivity	60	11	18
Promotes hard work among employees	60	1	2
Promotes teamwork	60	8	13
Helps in setting realistic targets	60	5	8
Helps in career development	60	1	2
Improves accountability of employees	60	6	10
Used as a yardstick to measure performance	60	2	3
Improves efficiency and effectiveness of work	60	7	12

Source: Researcher (2008)

Table 4.3 shows that 14 (23%) respondents indicated that performance management helps in the achievement of organizational goals. The study also established that 11 (18%) respondents felt that performance management would improve organizational productivity. The study further established that 10 (17%) respondents felt that performance management ensures quality service delivery.

4.3.4 The Objectives for using Performance Management

The respondents were asked to state their opinion on why performance management was being used. The findings of the results are presented in Figure 4.5 below.

38

**Figure 4.5: Objectives for using Performance Management**
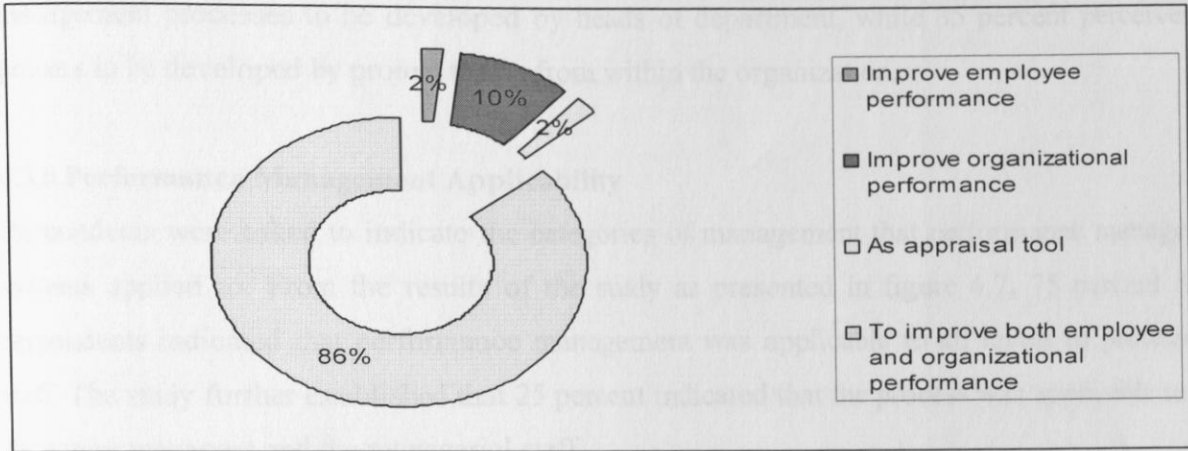
Source: Researcher (2008)

Figure 4.5 shows that 86 percent of the respondents indicated that the objective of using performance management was to improve both the employee and the organizational performance, while 10 percent indicated that it was meant to improve organizational performance.

4.3.5 Who Develops Performance Management Processes in the Organization

The study sought to establish the person responsible for the development of performance management processes in organization. The results of the study are shown in the Figure 4.6.

**Figure 4.6: The Person Responsible for Development of Performance Management Processes**
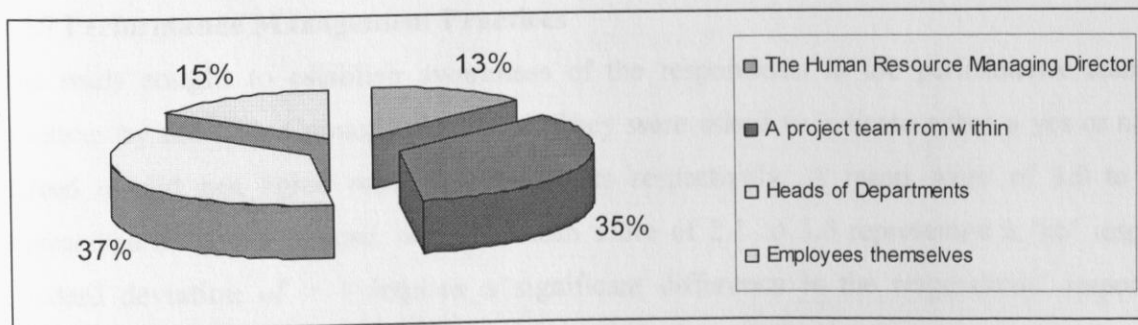
Source: Researcher (2008)

The results of the study show that 37 percent of the respondents perceived performance management processes to be developed by heads of department, while 35 percent perceived the process to be developed by project teams from within the organization.

4.3.6 Performance Management Applicability

Respondents were asked to indicate the categories of management that performance management systems applied to. From the results of the study as presented in figure 4.7, 75 percent of the respondents indicated that performance management was applicable to all levels of professional staff. The study further established that 25 percent indicated that the process was applicable to both the senior managers and the managerial staff.

Figure 4.7 : Performance Management Applicability
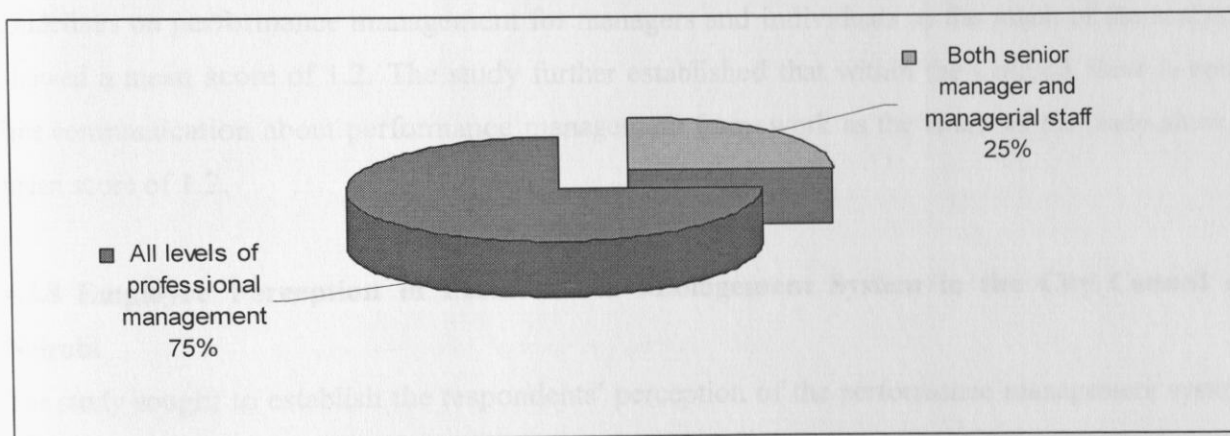
Source: Researcher (2008)

4.3.7 Performance Management Practices

The study sought to establish awareness of the respondents to the performance management practices by the City Council of Nairobi. They were asked to indicate either a yes or no if they agreed or did not agree with the statements respectively. A mean score of 1.0 to 2.0 has represented a 'yes' response, while a mean score of 2.1 to 3.0 represented a 'no' response. A standard deviation of > 1 implies a significant difference in the respondents' response. The findings of the study are presented in Table 4.4 below.

40

Table 4.4: Performance Management Practices

	N	Mean	Std. Error	Std. Deviation
Employees actively involved in planning for their performance	60	1.3	0.06	0.45
There are written guidelines on performance management for managers and individuals	60	1.2	0.05	0.40
Organizational objectives are integrated with the individual and departmental ones	60	1.1	0.04	0.34
There is open line communication about performance management framework	60	1.2	0.06	0.43

Source: Researcher (2008)

Results of the study as presented in Table 4.4 show that a majority of the respondents indicated that indeed employees of the Council are actively involved in planning for their performance as the mean score was 1.3. The majority of the respondents also indicated that indeed there are written guidelines on performance management for managers and individuals as the result of the analysis showed a mean score of 1.2. The study further established that within the Council, there is open line communication about performance management framework as the result of the study show a mean score of 1.2.

4.3.8 Employee Perception of Performance Management System in the City Council of Nairobi

The study sought to establish the respondents' perception of the performance management system in the organization. This was measured on a five point likert scale where respondents were required to indicate the level to which the statements provided apply to their perception of performance management systems in the organization. The range was 'not clear', 'small extent', 'moderate extent', 'great extent', and 'very great extent'. The score 'not clear' has been taken to represent respondent that had 'no idea' at all and to be equivalent to mean score of 0 to 1.0. The score 'small extent' has been taken to represent the statement only applied to the respondents' perception of the performance management system of the organization only minimally and to be equivalent to mean score of 1.1 and 2.0; the score 'moderate extent' has been taken to be equivalent to mean score 2.1 and 3.0; the score 'great extent' to be equivalent to mean score of 3.1 and 4.0; and the scores 'very great extent' has been taken to be equivalent to a mean score of 4.1 to

41

5.0. A standard deviation of > 1 implies a significant difference in the respondents' response. The relevant responses are summarized in Table 4.5.

Table 4.5: Respondents' Perception of Performance Management System

	N	Mean	Std. Error	Std. Deviation
Aware of overall strategy of organization and my part in it	59	3.7	0.15	1.15
Mission statement been communicated to employees	59	3.8	0.14	1.07
Performance planning process clear and finalized	59	3.0	0.12	0.96
Work objectives and tasks clearly stated	59	3.3	0.15	1.18
Managers and team leaders provide constructive feedback	59	2.8	0.12	0.94
Performance problems dealt with arise	59	2.7	0.14	1.05
Managers trained on dealing with under performance	59	2.7	0.15	1.12
Managers and individuals prepare systematically for performance appraisal	59	3.2	0.14	1.06
Performance reviews concentrate on job related facts and observed behavior not opinions.	55	3.2	0.14	1.06
Employees involved in negotiating targets of department and individual	57	3.2	0.16	1.19
Organization relies on teamwork to get things done	58	3.4	0.15	1.11
Performance review meetings conducted in friendly and helpful way	59	3.4	0.15	1.14
Employees given opportunity to discuss any work problems	59	3.2	0.14	1.06
Understand evaluation criteria	58	3.6	0.14	1.05
Performance management in organization is linked to reward	60	2.1	0.14	1.07
Performance management meetings end with clear plan of action for future to which employees agree	58	2.8	0.15	1.16
Employees feel motivated after appraisal meetings	57	2.6	0.17	1.25
Attitudes of employees has improved towards tasks they perform with performance management	58	3.1	0.15	1.11
Performance management systems have improved public service	58	3.7	0.13	0.99
The financial performance of organization has improved with introduction of performance management	59	3.5	0.14	1.09

Source: Researcher (2008)

The study established that the mission statement had been communicated to employees as indicated by a majority of the respondents. The statement that applied to their perception 'to a great extent' as the result of the study in Table 4.5 show a mean score of 3.8. Other statements which were applicable to the respondents' perception 'to a great extent' included: respondents awareness of overall strategy of organisation and their part in it (mean score 3.7); that performance management systems have improved service delivery to the public (mean score 3.7); respondents understand evaluation criteria (mean score 3.6); and that the financial performance of organization has improved with introduction of performance management (mean score 3.5) among others. The

statements that applied moderately to the respondents' perception were: that performance planning process are clear and finalized (mean score 3.0); Managers and team leaders provide constructive feedback (mean score 2.8); and that performance management meetings end with a clear plan of action for future, to which employees agree (mean score 2.8) among others.

43

CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1   Summary

The overall purpose of the study was to determine the performance management practices in the local authorities in Kenya. The first specific objective was to assess the extent to which the City Council of Nairobi has employed performance management practices among its employees. The second specific objective was to determine the impact of performance management practices on the organization's overall performance. Out of the 60 employees that were sampled, all responded. This gave a response rate of 100%.

5.2 Discussion

5.2.1 Extent the City Council of Nairobi has Employed Performance Management Practices

The study sought to establish the extent to which the City Council of Nairobi had employed performance management practices. The study first sought to establish the respondents' level of awareness of performance management concept. It was apparent that 98 percent of the respondents were aware of the concept of performance management. To test this further, the study asked respondents to indicate the words they thought best described performance management system. All the respondents indicated that performance management is a process designed to improve organizational team and individual performance and that it is owned and driven by line managers. This agrees with Armstrong (2001) definition of performance management as a strategic and integrated process that delivers sustained success to an organization by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams. Further, according to the study, 86 percent of the respondents indicated that the objective of the introduction of performance contract was to improve both employee and organizational performance. This clearly showed the respondents' level of awareness of performance management system and also its application in the organisation.

It was apparent that the City Council of Nairobi applied performance management practices in all levels of professional management (75%). In an attempt to further establish the extent to which the Council had employed employee performance management systems, the study asked respondents to indicate by either a 'yes' or a 'no' to the statement regarding the performance management

44

practices. The study established that the employees were actively involved in planning for their own performances as the study results showed a mean score of 1.3. They also indicated that indeed there were written guidelines on performance management for managers and individuals (mean score 1.2). The study further established that the organizations' lines of communication about performance management framework were open (mean score 1.2). Performance appraisals should however be taken more seriously and be used by management as a tool to motivate and discuss career plans, performance and training.

5.2.2 Impact of Performance Management Practices on Organization's Overall Performance

The study sought to establish the impact of performance management practices on organization's performance. According to the results of the study, performance management system had helped the City Council of Nairobi to achieve it organizational goals, this was confirmed by 23 percent of the respondents. The study further established that performance management system had helped in ensuring quality service delivery (17%). This was further strengthened when majority of the respondents (mean score 3.7) indicated that performance management system had improved public service to a great extent. This could be attributed to change of attitude of the employees as the respondents indicated that the attitudes of employees has improved to great extent towards tasks they perform with performance management (mean score 3.1)

The performance management system had led to improved organizational output or productivity as was indicated by 18 percent of the respondents. This was so as respondents indicated that the financial performance of the organization had improved with the introduction of the performance management to a great extent (mean score 3.5). Performance management system had helped improve the organization's efficiency and effectiveness of work (12%). The respondents indicated that performance management meetings end with a clear plan of action for future to which employees agree (mean score 2.8). Performance management system has helped promote teamwork in the organization as 13 percent of respondents indicated so. Respondents further reaffirmed that the City Council of Nairobi today relies on teamwork to get things done (mean score 3.4).

The study established that performance management system has ensured transparency in the way the organization is managed. Respondents indicated that the organization's performance review meetings conducted in friendly and helpful way (mean score 3.4). The employees are also given opportunity to discuss any work problems (mean score 3.2), and the employees are involved in negotiating performance targets of departments and of individuals (mean score 3.2).

5.3 Conclusion

Following the results of the study it can therefore be concluded that the City Council of Nairobi has employed performance management system to a large extent and that its employees are fully engaged in the process. The Council is advantaged by having over half of its professional workforce who are in the top and middle management being in possession of degree and post degree certificates. This would explain the reason why they have quickly grasped the concept as as indicated by the respondents that they knew exactly why performance management system was introduced into the organization.

The City Council of Nairobi has benefited a great deal from the practice of performance management both as an organization and as individuals within the organization as they can now work as a team. The organization is more open than before, there is improved efficiency of the organization and effectiveness of work leading to improved financial performance and a motivated workforce. A Customer Satisfaction Baseline Survey carried out in June 2008 confirms these findings as it indicated that a majority of respondents (79%) who are stakeholders agreed that the Council had improved in its service delivery to its residents.

The Local Authorities Sector evaluation in the performance Contract year 2006/2007 also saw the City Council of Nairobi emerge the overall winner among the 175 local authorities countrywide. A Customer Satisfaction Baseline survey carried out by the City Council of Nairobi has backed this perception with a mean rate of 78 percent.

5.4 Recommendations

Following the success of the implementation of performance management system in the City Council of Nairobi the study recommends that the Council introduces a rewards system of

remuneration to the high achievers if the officers are to feel there worth and if there is to be sustained improvement in performance. The schemes of service should be introduced and implemented and which clearly stipulate career progression, entry point academic qualifications and experience. One other way to do so would be to continuously review and enhance the terms of service in order to attract and retain a highly educated and motivated staff.

It is further recommended that all the local authorities adopt the system as a management strategy.

5.5. Limitations

The first limitation of the study was that the study was limited to City Council of Nairobi, which is an urban set-up, and with far greater human resource capacity than other councils. The findings of the study may not therefore be applicable to local authorities in the rural set-up. Secondly, the study limited itself to Public Service Commission salary scales, and ignored middle level supervisory cadre such as administrative officers and clerical officers who are soon to be placed under performance contract. Third, the study ignored the Kenya Local Government Workers Union, and their influence on performance management. They are the representatives of the employees but their input was not sought because they are in the lower cadres of salary scales 10 – 18, yet they represent even the management up to and including the Town Clerk. Forth, some respondents did not provide all the information thus depriving the study of some required data.

5.6   Suggestions for Future Research

This study was done on the City Council of Nairobi only. It is suggested that similar study should be replicated in other local authorities countrywide. A similar study can also be done to include all cadres of staff in the City Council of Nairobi, as well as in the other local authorities.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

University of Nairobi

School of Business

P. O. Box 30197

NAIROBI

Dear Respondent

REF: REQUEST FOR RESEARCH DATA

I am a Master of Business Administration (M.B.A.) student at the University of Nairobi. I am required to submit as part of my course work assessment a research project report on **"Employee Performance Management Practices in the Kenya Local Government Sector: A Case Study of the City Council of Nairobi"**.

You have been selected to participate in the study. I would appreciate if you could assist me in answering in full the herewith-attached questionnaire for the purposes of this research. Where need be, I will be willing to avail myself for further explanation or collection of the questionnaire. Please be assured that all your responses shall be kept strictly anonymous and confidential and shall only be used for academic purposes and destroyed after data analysis is done. A copy of the research findings shall be availed to you if you so wish after completion of the study.

Thank you in advance.

Njenga - Orlale, Lydia M.   D. O. Ochoro

M.B.A. Student (Researcher)   Project Supervisor

University of Nairobi   **University of Nairobi**

APPENDIX 2: QUESTIONNAIRE

SECTION A: RESPONDENT'S PROFILE

Q1. Gender   Male ( )   Female   ( )

Q2. What age bracket do you belong?

(a) Below 25 years   ( )

(b) 25-34 years   ( )

(c) 35- 44 years   ( )

(d) 45- 55 years   ( )

Q3. Highest level of education attained

(a) Secondary level   ( )

(b) College level   ( )

(c) University   ( )

(d) Post University   ( )

Q4. Please indicate your position in the organization by ticking in the appropriate box below:

Job Scale 1-3   ☐   Job Scale 4 – 6   ☐   Job Scale 7 - 9   ☐

Q5. Which is your current department? ………………………………….

Q 6. Please indicate the number of years you have served in your current position by ticking an appropriate box below.

(a)   0-5 years   ( )

(b)   6-10 years   ( )

(c)   11- 15 years   ( )

(d)   16-20 years   ( )

(e)   Over 20 years   ( )

SECTION B: PERFORMANCE MANAGEMENT

Q7. Are you aware of the concept of performance management?

               Yes ( )   No ( )

Q8. Which of the following choices best describe what you understand by the term performance management system? Tick against one.

a) A process designed to improve organizational, team and individual performance, which is owned and driven by line managers_____

b) A processes designed to improve organizational performance that is owned and driven by the line managers_____

c) A process designed to improve individual performance that is owned and driven by line managers_____.

Q9. Are there any benefits that can be obtained from the performance management system?

               Yes ( )   No ( )

If 'yes'explain_____

_____

Q10. In your opinion, what are the objectives for using performance management?

a) To improve employee performance

b) To improve organizational performance

c) As an appraisal tool

d) Both (a) and (b)

Q11. Who develops performance management processes in your organization?

a) The Human Resource Management Director

b) A project team from within

c) Heads of Departments

d) Employees themselves

Q12. Which of the following categories does performance management systems apply to?

a) Senior managers only

b) Managerial staff only

c) (a) and (b)

d) All levels of professional staff

Q13. Employees are actively involved in planning for their performance

Yes ( )   No ( )

Q14. There are written guidelines on performance management for managers and individuals

Yes ( )   No ( )

Q15. Organizational objectives are integrated with the individual and departmental ones

Yes ( )   No ( )

Q16. There is an open line of communication about performance management framework

Yes ( )   No ( )

Q 17. The following statements (a - t) apply to your perception of performance management systems in your organization.

Please tick the most appropriate option using the scale provided of:

1. Not clear

2. To a small extent

3. To a moderate extent

4. To a great extent

5. To a very great extent

	Statement	1	2	3	4	5
a.	I am aware of the overall strategy of the organisation, and my part in it					
b.	The mission statement been communicated to employees					
c.	The performance planning process clear and finalized					
d.	Work objectives and tasks clearly stated					
e.	Managers and team leaders provide constructive feedback as required during the year					
f.	Performance problems dealt with as they arise					
g.	Managers are trained on how to deal with under performance					
h.	Managers and individuals prepare systematically for performance appraisal					
i.	Performance reviews concentrate on job related facts and observed behaviour not opinions.					
j.	Employees are involved in negotiating the targets of the department and the individual					
k.	The organization relies on teamwork to get things done					
l.	The performance review meetings are conducted in a friendly and helpful way					
m.	Employees are given the opportunity to discuss any of the work problems					
n.	I understand my evaluation criteria					
o.	Performance management in the organization is linked to reward					
p.	Performance management meetings end with a clear plan of action for the future to which employees agree					
q.	The employees feel motivated after appraisal meetings					
r.	The attitudes of employees has improved towards the tasks they perform with performance management					
s.	Performance management systems have improved public service					
t.	The financial performance of the organization has improved with the introduction of performance management					

THANK YOU ONCE AGAIN FOR YOUR TIME