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PERFORMANCE MANAGEMENT PRACTICES IN
AND LIGHTING COMPANY LIMITED

BY

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

OCTOBER, 2014



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DECLARATION

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

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

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DEDICATION

To my Son Matthew and my beloved Mother Jane for standing by me throughout the MBA program.



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KNOWLEDGEMENT

First, I would like to thank God and my employer Kenya Power and Lighting Co. Ltd for facilitating my research project. Dr. Stephen Nzuve, for guiding me throughout the project, my research assistant and lastly to all the respondents who participated in the feedback for the research project.



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ABSTRACT

Performance management practices are compulsory in any organization today owing to the competitive nature of business and increased customer rights protection. Kenya Power and Lighting has not been left out in this quest of management of performance and has as a result established practices that support performance. The study has concluded that the practices of performance management that exist within management are perceived highly by the employees who practice them. From how the objectives are set to how they are measured, reviewed and rewarded, employees seem to embrace them. Non-unionisable employees who are the only participants in performance management practices have embraced these practices and annual rewards that come in form of bonuses are a well expected and known event in the organization. Performance management practices in the organization are therefore a trend that has not only reached its expected peak but also a great success. The challenges that were observed need to be attended to in order to create a seamless flow and respect amongst both the employee and employer for the benefit of all other stakeholders.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Performance management is a key aspect when it comes to delivery of services within any organisation, whether one is supervising, being supervised or is on the receiving end of a service, performance management ensures that there is a smooth delivery. The process of performance management is necessary to ensure that top performers keep to the top and for the others below them that there is continuous improvement for the purposes of growth and consistency of the business.

There are numerous factors that affect performance and they range from getting the correct human being for the job, knowing the market demands and creating a feedback channel amongst many others according to Wiig (2004). When performance is managed, roles and responsibilities are clear and a highly motivated team will achieve desired results. A focussed team will take a challenges in an optimistic attitude when they are sure of what objective is to be met and the channel for escalating issues to in case of upcoming challenges.

People who are dedicated to their jobs will live for the challenge while working and they become more innovative at the work place making it easy to develop and manage their talents. This allows for individual growth, which creates an enthusiastic employee for the job. McPheat (2010), in his publication on performance management emphasises the need to communicate the benefits of performance management to the team for the purposes of clarity, rewards and consequences, methods of improving skills and above all allowing the employee to know that they are in charge of their own success by following the performance plan.

the brain interprets sensory information, turning it into meaningful representations of the external world (Nevid, 2009). Kotler (2003) describes perception as the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world. Though perceptions help us make sense of the world, they may not accurately reflect external reality. Attention is the first step in perception, through selective perception; you limit your attention to certain stimuli while filtering other stimuli. This would then lead an individual to be influenced by other factors known as perceptual sets (Allport, 1955). Perceptual sets include bodily needs, what we see, expectations and emotional states (Allport, 1955). Commonly known influencers of perception are spirituality, knowledge and previous experiences.

People can emerge with different perceptions of the same object because of three perceptual processes namely, selective attention, selective distortion and selective attention. Kotler (2003). The author further describes that human beings are exposed to tremendous amount of stimuli in a day and they go ahead and retain only what seems useful to them, thus selective attention. This background information, applies to performance management, and how the employee perceives the practices in place will influence the outcome. In cases of selective retention, an employee can choose to do what is in his favour and not necessarily what is right and directly affecting performance negatively.

Selective distortion is the tendency to twist information into personal meanings and interpret it in a way to fit our perception. In selective retention, people will forget much that they learn but will tend to retain information that supports their attitudes and beliefs. This will as a result distort uniformity expected by the supervisor and thus losing the team spirit in the work



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measures difficult. Selective distortion also delays work specified time.

According to Purcell, et al (2003), there exists discretionary behaviour which supports performance management. The team describes this behaviour as a choice that people make about how they carry out their work and the amount of effort, care, innovation and productive behaviour they display. It therefore makes a major difference because a person will choose not to just do a job, but to do a great job. A supervisor can be careful to set out the objectives of performance, but the outcome is dependent on the employee perceptions towards the task to be done, making the concept of perception key in performance management. It would be of great interest in the study to find out how employees perceive performance management practices, taking into account the factors that influence them in the environment in which they operate.

1.1.2 Performance Management

Performance management is described as a systematic process for improving organizational performance by developing the performance of individuals and teams according to Armstrong (2006). There is therefore a deliberate move to align resources, systems and employees to the strategic objectives and priorities. But for people to perform there must be some form of knowledge, which in turn must be managed to ensure that it gives back to the business. (Wiig, 2004).

Understanding the uniqueness of an employee in for an area of expertise can greatly add to performance, if it is not managed, the results may not be in line with the strategic goals. Performance Management is also defined as the process of directing and supporting employees to work as efficiently and effectively as possible in line with the needs of the



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all these definitions, people as a major resource and a components of Performance Management. Ultimately, each

individual has to fit into the strategic objectives of the organisation and the organisational processes have to support performance management with an aim of efficiency and effective delivery of services. Without this line of thinking it would be impossible to meet the ultimate goal of productivity.

Managing teams and their performance is largely entrusted to supervisors, and it is the duty of the supervisor to identify how best to handle it within their sections. It is important for any supervisor to look at it as a way of motivating staff in partnership with his or her teams; otherwise it becomes a very unpleasant and difficult task. Once the supervisor understands their role in performance management, it is upon them to come up with ways of ensuring that the intended goal is met through the use of people. Largely performance management has the same benefits within varied organisations, the main objective according to Armstrong (2006), is to establish a high performance culture which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills contributions within a framework provided by effective leadership.

1.1.3 Performance Management Practices

Overall, there must be an acceptable way of handling the processes and outcomes of the organisation and this is where managers come in. The role of the human resources manager has moved away from the traditional firing and hiring (Dessler, 2008), he is more involved in strategic planning through strategic human resource management which matches internal strengths and weaknesses with external opportunities and threats for the purposes of competitive advantage (Dessler, 2008). The use of balanced measure approaches to manage organisational performance consists of processes of performance management with input



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employees, who all have a vision of meeting the strategic goal

If there is a strong foundation of an already existing

process, it is important that it is reviewed to meet organisation expectations.

Various experts have explained the concept of Performance Management in different ways, but all these models have a common ground in ensuring objectives are set when the process begins. It is at this point that the employee is made aware of what is clearly expected of them and it is agreed upon between supervisor and employee. Monitoring or measuring performance is another crucial stage. Here the process is kept in check to evaluate progress and make any corrective action and changes as may be deemed necessary. Feedback of performance results follows ensuring that the employee and the supervisor agree on continuous developments in the process. The review process which is in most cases annual is considered a very serious one and is therefore formalised by use of performance appraisal which is agreed upon by employee and supervisor. Once the performance appraisal has been done and signed off, a reward system based on performance is encouraged as a source of motivation to the employee.

1.1.4 Kenya Power and Lighting Company Ltd

Kenya Power falls in the energy sector amongst other nine players who are categorised in four groups namely sectoral policy and regulation enforcement, generators, transmitters and distributors. Specifically, Kenya Power falls into the Power sub-sector as a player in the distribution category. In this category, there is also Rural Electrification Authority that undertakes to electrify the rural folk as mandated by Government. In this same category, there is Tanzania Electricity Supply Company, which through external partnership with Kenya Power distributes Power in a nearby border town in Kenya (Kenya Power, 2012). The Sectoral policy and regulation involves two key players. The two are The Ministry of Energy



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mission who are mandated to ensure that the sector runs interventions. The Energy Regulatory Commission is

responsible for enforcing regulations, consumer protection, tariff reviews, licensing power companies and approving Power Purchase Agreements. The Energy Regulatory Commission plays a major role in creating a balance amongst players and therefore arbitrates in cases of dispute.

Transmission is another key player in the sector and here we have two key players, Kenya Electricity Transmission Company Limited and Uganda Electricity Transmission Company connected to the Kenya transmission network (Kenya Power, 2012). Kenya Power and Lighting Company, now with a rebranded have its genesis in 1922 when two utilities namely Nairobi Electric Power and Lighting Syndicate and Mombasa Electric Light and Power Company came together and incorporated a company East African Power & Lighting Company (Kenya Power, 2012). As the name would have it, the area of interest for the business was within East Africa and therefore in 1932 and 1936 obtained licences to control Tanganyika Electricity Supply Company and Uganda respectively. There was a turn of events in 1948 when Uganda Electricity Board was formed.

The organisation today continues to trade with the name Kenya Power but has gone through transformation in line with consumer demand, customer growth and changes in the business environment. The organisation operates under a new vision, to provide world class power that delights our customers, mission - Powering people for better lives and core values of Customer First, One Team, Passion, Integrity and Excellence (Statistics Kenya Power, 2013). The employees in the organisation are categorised as either non union or union based staff, with the larger number being in union. Currently the union staffs operate under the Collective

pts them from the performance management practices. rned by existing practices on performance management where the Human Resources Division is tasked to ensure that these employees conform to the stipulated practices as outlined in the organisation. The process starts with each division setting targets that are derived from the corporate objectives. The targets that are agreed upon by supervisor and employee are to be achieved within a particular period ó normally one year. Within this one year, there are constant checks and support measures to ensure that the employee performance is geared towards achieving results. Finally there is a measure to ensure that the target is met and the result determines if there is to be a reward or not. With an expected increase in customer base and the highly published bill of rights in the current constitution, demand for quality service delivery is on the rise and has made performance management very crucial in the company.

1.2 Research Problem

Performance Management ensures that performance in an organisation essentially benefits all stakeholders. For the manager, it allows them to make decisions actively in a quick and effective way, which finally results into expected profits, efficiency and an overall performance improvement. The employee is also set to benefit from an environment that is motivating and supportive. Kenya Power invests highly in employee performance management, and if so, are managers tasked with managing this process qualified and capable of managing it from the point of initiation to that of delivery. Management's efforts are supposed to be supported by employees, and through this study, it would be interesting to find out if employees see performance management that same way. It would also be interesting to know what the organisation should do in order to keep the employee positive for the purpose of maintaining the process.



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a lot of investment in trying to get work and results
existence of performance contracting in the late 1990s

through the performance contracting initiatives supported by the Government and realised by the Kenya Power management team. In 2005, the use of dashboard and most recently, there is a deliberate move towards the balance scorecard. This is supposed to improve service delivery. (Kenya Power, 2012/2013).

In other studies it was been found that about 96% of employees indicated that the organisation had implemented and sensitized staff on performance management practices through seminars and the results revealed that the goal setting, rewards and recognition, training and development all had positive impact especially on productivity. It was also concluded that there could be more influence on productivity than performance management practices (Okumu, 2012). Perceived performance factors that influenced performance management included understanding of Performance Management, stakeholder involvement, continuous monitoring, feedback and leadership commitment (Nzuve & Njeru, 2013).


There is no known study on how performance management practices have been perceived by employees in Kenya Power, which is currently the sole distributor of electricity in the country, this study would fill this gap.

1.3 Research Objective

To establish employee perception of performance management practices in Kenya Power and Lighting Co. Ltd.

1.4 Value of the Study

The study will improve the knowledge base of the perception of employee performance management practices in the organisation and give an opportunity for managers to bridge any



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also enrich the policies on employee performance

strategic goals. For the academic fraternity, it will increase

the scope of findings in the area of employee performance management practices.



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WO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review and presents the theoretical foundation of the study on employee perceptions towards the existing performance management practices in Kenya Power. The literature review has been reviewed from reference books, journals and theories that have been researched and published by various scholars in performance management.

2.2 Theoretical Foundation of the study

Performance management is described as the "Achilles Heel" of human capital of Management and is deemed the most difficult to implement (Pulakos, 2009). The fact that it is difficult to implement has not brought expectations of the stakeholders lower in many organisations around the world, to the contrary, it has created a demand for better service and expected posting of higher profits in organisations. Creating high performing teams will require that both the management and employees work together to meet this expectation. There are various arguments that contribute to performance management e.g. "pay for performance increases competitiveness and productivity" (Dessler, 2008) or making clear goals makes the whole team perform better. The study will use some of these theories to understand further performance management.

2.2.1. Vroom's Expectancy Theory

Psychologist Victor Vroom says a person's motivation to exert some level of effort depends on three things, expectancy (in terms of probability) that his or her effort will lead to performance, instrumentality, or perceived connection (if any) between successful performance and actually obtaining the rewards; and valence, which represents the perceived value the person attaches to the rewards. (Dessler, 2008). Vroom believed that increased

...ance so long as the person has the right tools for the job,
...e manager or just the right tools for the job. The basic

idea is that people will be motivated because they believe that their decision will lead to a determined outcome (Redmon, 2009).

This theory focuses on the outcome versus the need of the individual. He saw effort being the result of motivation which then led to performance. In order for a person to be motivated, effort, performance and outcome must be linked. The theory states that individuals have different sets of goals and be motivated if there is a positive correlation between effort and performance. It would then mean that if teams or individuals are to put in effort, they must be expecting some performance and this performance will then lead to a desirable reward that will at the end satisfy their important needs. According to McPheat (2013), Expectancy means that you believe that the effort you put in can affect the way you deliver; instrumentality refers to the belief that your performance will affect the outcome and valence is the importance that a person places on the expected reward.

"The relationship between Effort and Performance is known as the E-P linkage" (Isaac, 2001). "The expectancy component of expectancy theory is the belief that one's effort, will give the expected performance goal" (Scholl, 2002). Expectancy is given a high importance in the theory thus, for a person to be effectively motivated, that individual needs to perceive that the effort given will result in an acceptable level of performance. Perception is very important throughout this theory, as it concludes that in order for a person to be motivated into putting effort towards a task, they need only to believe that their effort will result in a certain level of performance, or that a certain level of performance is attainable. This belief is what directs effort ensuring that the desired performance is met as would be stipulated in the expectation.



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... could have the resources for the job, know exactly
... receive the reward and finally have the belief that the

reward will be of value to him or her. The challenge with this theory is that each individual has unique perceptions of expectancy, instrumentality and valence. Many researchers who have found that other factors such as position, tools and effort will lead to higher performance have, also slashed the assumption that rewards will lead to high performance.

2.2.2 Latham and Locke's Goal Theory

Goal theory is in line with the 1960s Management by objectives which was a process used to manage, motivate and appraise people by setting objectives and measuring performance (Armstrong, 2012). Locke further researched the theory in the 1960s with a focus on showing the relationship between goal setting and improved performance. A goal is the aim of an action or task that a person consciously desires to achieve or obtain a result (Locke & Latham, 2006). For the manager it becomes a starting point when the team or individual requires guidance. If an individual discovers that the results expected are not being achieved, there should be change of strategy in order to achieve the results desired. Goal setting according to Locke & Latham (2006) is motivated by unsatisfied performance and they found that there is a direct relationship between goal difficulty, level of performance and the effort involved. The relationship was found to be positive as long as the person remained committed to the task, had the ability to attain the goal and did not have conflicting goals around them.

The theory gives teams and individuals the freedom to strategise and do, but at the end ensure that the expected performance is reached through the goals that will have been set or re-set depending on the environment. This freedom and direction ensures that the organisation meets its desired end and that the worker through effort and commitment delivers what is



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is rational that motivation will improve if people have
ive feedback. The theory has influence on performance

management practices and practices in learning and development.

In the goal theory, it is also clear that the goals must be specific and challenging (Ordoez et al., 2009) and will require more effort and input. Many researchers have adopted the SMART way of goal setting to ensure that this specificity is met even as the teams and individuals do not lose the challenge. This has been found to be a major boost to the behaviour as well as the performance of individuals and teams within the organisation (Ordez et al., 2009). The theory has also got a share of criticism, according to, (Ordez et al., 2009) argued that unethical behaviour can result from motivating employees to meet specific and challenging goals like in the case of the local scenario, connecting customers to the electricity network in order to meet the set target. According to the authors, this focus on goal attainment can actually promote unethical behaviour by creating a focus on ends rather than the means (Ordóñez, et al., 2009). Not only was negative behaviour addressed by Latham & Locke, but the means to mitigate this issue were offered as well, such as offering progressive awards toward goal attainment, organizational control systems, and an ethical workplace culture (O'Neil & Drillings, 1994).

2.3 Performance Management Practices

Managing organisational performance has five dimensions according to Sink and Tuttle (1990), creating visions for the future, planning the present state, and developing strategies to improve that state, designing, developing and implementing improvement interventions, designing, redesigning, developing and implementing measurement and evaluation systems and finally putting cultural support systems in place to reward the reinforced programs.



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ensure employee trainings, appraisals and rewards
competencies of an individual or team needs to achieve
goals is best practice in any organisation (Dessler, 2008). Best practices in employee
performance management practices support and optimize performance in an organisation.
This has made easy the traditional role of primary management function, which include
planning, organizing, staffing, communicating, motivating and controlling resources.
Planning is coping with uncertainty by formulating courses of action to achieve specified
results (Kreitner, 2008) and best practices in Performance Management have ensured that
plans become feasible in any organisation.

A standardized and quantified employee performance management process is an essential
way to track employee progress and maximize productivity in the workplace. Most managers
and human resource departments understand the core benefits of performance management.
According to Armstrong (2012), strategic performance management focuses on what needs to
be done to help the organisation achieve its business goals. Individuals will eventually make
up teams, but it is expected that each team aligns itself to the strategic goal and each
individual's goals are aligned to the objectives to the organisational.

Regular evaluations help ensure recognition for high performing workers, and they help keep
mid-level performers on track toward the achievement of reasonable goals. Evaluations also
help managers deal with low performers by providing a clear record of all efforts made to
avoid termination. These objectives are all vital aspects of performance tracking and
workplace management; however, in reality most performance evaluations are conducted
with reluctance employees and ignorance from management. Various experts have explained
the concept in different ways, but Mabey has used a cycle to explain the Performance
Management Process.



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organisation, and each team consists of individuals who are accountable to meet some expected results as is dictated by top management. The teams (Armstrong, 2007) should discuss targets and standards of performances and should specify each individual members contribution to the team. According to Purcell et al(1998), teams supply the elusive bridge between the aims of the individual employee and the objectives of the organisation. They can provide the medium for linking employee performance targets to the factors critical to the success of the organisation. The plans and targets of the organisation are set to ensure stakeholder satisfaction has been met through their contributions of what returns they expect from the organisation of which they have invested. Based on Catt and Miller (1991) setting objectives requires knowing exactly what is to be accomplished. It includes assigning responsibilities, specifying a time period and determining a method of evaluation.

As is defined by the total quality expert William Deming (Armstrong, 2006), the manager needs to decide what to do and how to do it - planning. Plans should be updated at least annually, and, if job responsibilities change, more frequent revisions are appropriate. In this stage, there is also the critical element of goal setting. Goal setting is a tool that can be used to motivate and challenge employees or the line manager to achieve results in the objective setting process and it should be clear what the desired result is. Many organisations will either focus on increasing revenue through sales or improving customer satisfaction. Measuring the goal is also crucial to ensure that the employee tasked with the activity is moving towards attaining the goal agreed upon. The agreed upon goals should be achievable and related to the corporate objective. This will ensure that the individual feels as part of the bigger team and once they call for any form of support, the manager will take it seriously



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Overall corporate objective. The objective will have to be
stability and commitment.

2.3.2 Measurement of Employee Performance

Virtually all organisations appraise their employees formally or informally. According to Dessler (2008), Performance appraisal is any procedure that involves setting work standards, assessing the employees' actual performance relative to those standards and providing feedback to the employee with the aim of motivating him or her to eliminate performance deficiencies or to continue to perform above par.

Appraising from an employee point of view is very important because promotions and pay are associated with appraisals, according to Dessler (2008). It also adds to continuous feedback and a well planned out process of what goals should be achieved. With performance appraisal, the employee also has an opportunity for career planning and review. In this process the supervisor must have the competence to appraise and Human Resource Department should have a policy and offer an advisory role in the process. Dessler (2008) notes that to have better appraisals, even if the supervisor is in charge of the appraisal process and is deemed competent, rating committees, self-appraisal and peer appraisals should be embraced. This he reckons will be a more cohesive approach.

2.3.3 Feedback for Performance Results

In this stage there is review, continuous feedback and assessment on how the set targets have been achieved and any corrective measures are taken. Training and development is considered in this stage to improve performance. It is a deliberate move to ensure that people in the organisation acquire knowledge, skills and competencies (Armstrong, 2012), with the aim of being effective at work for the benefit of both the organisation and the individual.



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that with increased technology in the industry for e gives better results and more ideas. It ensures that the

organisation and its methods are relevant in the market and are competitive.

Training and Development also facilitates an organisations strategy, increases effectiveness and improves employee recruitment and retention (Saks & Haccoun, 2010). This would mean that the job is done with fewer errors and that there is continuity in the work done due to low turnover of the worker. On job training, where a person learns the job when doing it (Dessler, 2008). This is mostly done through the supervisor or co-workers and by extension the human resources staff in T&D. According to Werner & De Simone (2012), there are at least four identifiable techniques for on job training methods, namely job instruction, job rotation, coaching and mentoring. Depending on what an organisation chooses, on job training is effective, has minimal expenses and there is no need to do it away from the area of work.

The other alternative is off the job training and development techniques. This training is mostly aimed at management level and above. It ensures that the strategy employed to attain goals in the organisation are refined with the sole aim of making sure the job is done to or beyond expectation. According to Armstrong (2012), organisations that are committed to training as advocated by profession have a tendency to offer more off the job trainings and should be given prominence measure of the health of the training effort in the organisation. He also notes that organisations that are high-level trainers embrace more off the job trainings. Training then sets in; where skills are imparted to ensure that the new or existing employee fits into the newly assigned task. It is essential having in mind that the knowledge will meet the business needs (Armstrong, 2012). With this in mind, there is expected return on investment. Dessler (2008) classifies coaching as an on the job training where an employee is put under a manager or under the person whose position they are to take over



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...ent the manager or that attached employee is responsible
...job. It is deemed a very relaxing way of learning.

2.3.4 Rewards based on Performance

Reward is also critical in this stage for the purpose of motivation. To reward a person has some short-term effect on the motivation of the individual in the organization (Levoy, 2009). A reward system in the work places include having appraisals for employees as well as integration that is targeted at making improvements by making sure that there is clear flow of information to and from the employees in the organization (Emery, 2009). To have an effective reward system, the focus should be turned from financial (money ó focused) to behavioural focused reward system (Daniel et al., 2006). It has been noted that the payment of benefits to the employees has been and still remains to be very insufficient although it is a necessity in the organization (Emery, 2009).

A reward system is meant to bring positive reinforcement (Daniel et al., 2006) to the individuals and this should be addressed, as it ought to, for it to be termed as successful. Bonuses are common rewards for performance, but according to Daniel et al, bonuses that are given at the end of every year should instead be replaced with pay for performance reward system, as bonuses have been perceived to be very discretionary payments that are made to employees for their well ó done jobs (Daniel et al., 2006). Reward strategy can have a number of meanings other than that of being a plan, or something equivalent ó a direction, a guide, a course of action. Three components are noted as compulsory for an effective reward strategy, they include, clearly defined goals which a linked to the overall strategic objective. Secondly, they have to be well-designed pay and reward programmes tailored to the need of the organisation and its people and consistent all integrated with one another. Thirdly,



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ed, there needs to be effective and supportive resource
(n, 2001).

The guiding principles in developing reward strategies may incorporate or be influenced by some general beliefs about fairness, equity, consistency and transparency according to Armstrong (2007). Fairness means that reward management processes should operate fairly in accordance with the principles of distributive and procedural justice. In the case of performance management, it would be a great consideration to ensure that there is a direct relationship between the achieved targets and the rewards given. There are broadly two types of rewards, they are either financial or non-financial. Financial rewards are those directly or indirectly related to monetary gain, while the non-financial rewards have no monetary value. According to Mathis and Jackson (2006), financial rewards include basic pay, bonuses and performance related pay. Non-financials include health insurance, recognition, pension schemes, allowances and added responsibility.

2.3.5 Performance Improvement Interventions

This stage reviews the entire process with the aim of improving the next cycle of performance management. The supervisor and employee sit together identifying the areas of concern, which have been previously experienced. This should serve as a working document (Armstrong, 2012) for managers and individuals as a reference of their objectives and activities. This review process maps what is expected in the next cycle of Performance Management and paves way for both the supervisor and employee to detail new objectives in a more confident and near accurate manner. Decisions are made to retain what favours the business and remove what brings it down.



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...t and other factors that affect operations are also taken
...of making business sense and retaining staff that have
commitment and achieve targets as is stipulated. Improvement interventions also ensure that
there is no monotony in work that could lead to boredom as a result of routine practices. The
eagerness is staff to try new things and achieve them also ensures that the organisation is a
breast with new practices in the market.

3.1 Introduction

This chapter describes the research design, population of study, sample size, data collection and data analysis.

3.2 Research Design

This study is a descriptive survey research design. It describes the basic features of the data in the study. It also provides simple summaries describing what is, or what the data shows while considering quantitative descriptions in a manageable form.

3.3 Population of study

The population included the non-unionisable employees from the existing three levels, namely, top management, middle and lower level management. Non-unionisable employees are the only ones subjected to performance management in the organisation. The employees total to an average of 2000 employees (Kenya Power, 2012).

3.4 Sample

Kenya Power has a total of 2000 management employees and the sample size constituted 322 as per the formula below, which was about 16 % of the total population. According to Kinoti (1991), for a descriptive study 10% of the accessible population is enough.

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 * (N-1)) + (X^2 * P * (1-P))}$$

Where :

- n = sample size
- X² = Chi – square for the specified confidence level at 1 degree of freedom
- N = Population Size
- P = population proportion (.50 in this table)
- ME = desired Margin of Error (expressed as a proportion)

all levels:

No.	Level	Population	Sample
1	Top Management	50	8
2	Middle Management	750	121
3	Lower Level Management	1200	193
	TOTAL	2000	322

3.5 Data Collection

Primary data was collected using a structured questionnaire. The questionnaires were administered through email and drop and pick later.

3.6 Data analysis

In this study, data was summarized and analysed and descriptive statistics, which included mean, standard deviation and frequency distribution, was used. The data summarised and presented in tables, graphs and charts.



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ANALYSIS, PRESENTATIONS AND INTERPRETATION

4.1 Introduction

The chapter gives the findings of the study. It is based on the analysis and interpretation of the primary data collected via both email and pick and drop. A research assistant was engaged to assist with the data collection. The emails were used for the areas outside the Nairobi region. The results explained in this report will aim to establish the employees' perception of the performance management practices currently on going at Kenya Power.

4.2 Response rate

A total of 322 questionnaires were distributed to 322 respondents as per the sample size. 244 questionnaires were successfully filled and returned, placing a response rate of 76%. Pick and drop recorded the highest response rate, showing a return of over 80%, while emails proved to have a lesser response.

4.2.1 Respondents by Region

Kenya Power being a monopoly distributor of electricity in the country is represented in all the 47 counties. The respondents came from representative areas within the country in order to give a more representative view of performance management practices. The pie chart below demonstrates response by region. 55% of the respondents were drawn from Nairobi region, 14% drawn from the Mt Kenya region, 13% drawn from the North and Central Rift, 10% from the Coastal region and 8% from West Kenya. Nairobi region covers Nairobi County and parts of Machakos County; Mt.Kenya region covers Central and North Eastern Kenya; the Western region covers Kisumu and Kisii; the North and Central Rift cover Nakuru, Naivasha and Eldoret.

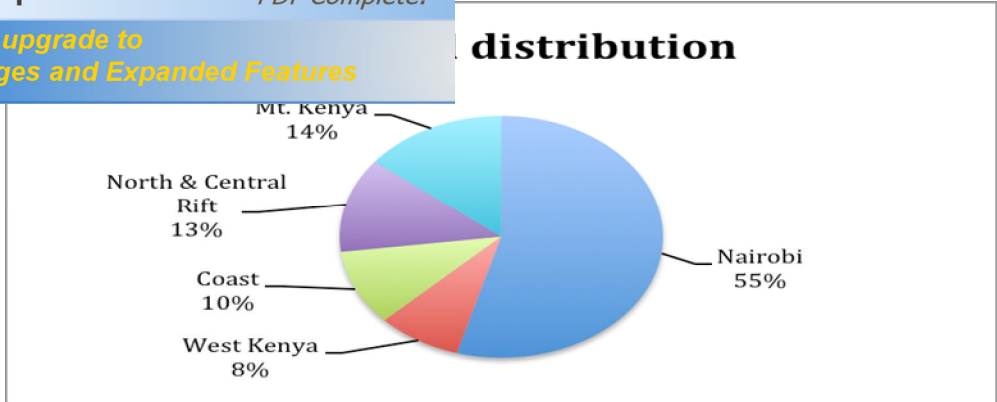


Figure 1: Regional Profile

4.2.2 Respondents by Management level

The executive management is the topmost level of management and supervises most of the staff in middle management who is represented in senior standard terms; the senior standard is mostly the middle level management staffs that supervises the standard and contract terms staff who are in the lowest level of management. The study was administered to varying levels of management positions held at Kenya Power. The levels were broken down to allow a smoother process in data collection. The different levels represent the following stages of management: -

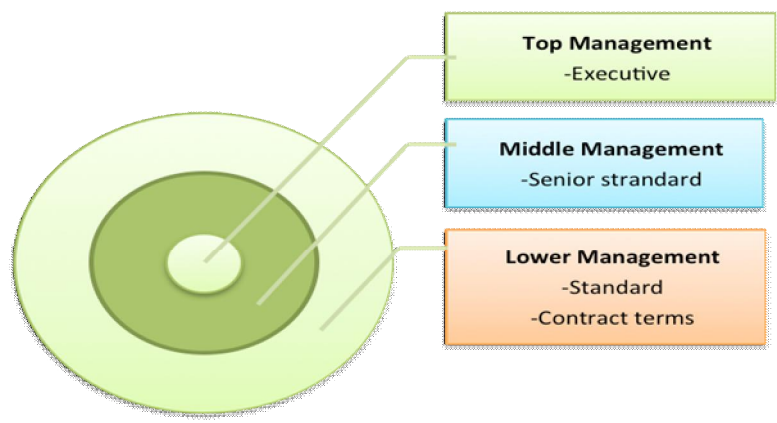


Figure 2: Management Levels

majority of the respondents were from middle level management. 27.4% were from lower level management with a

27.4% rate, while 3.4% were drawn from the executives who make up the top management level.

These findings got the highest response from the middle level management which was not anticipated in the stratified sample size earlier projected. This however did not interfere with the expected response during the analysis of findings.

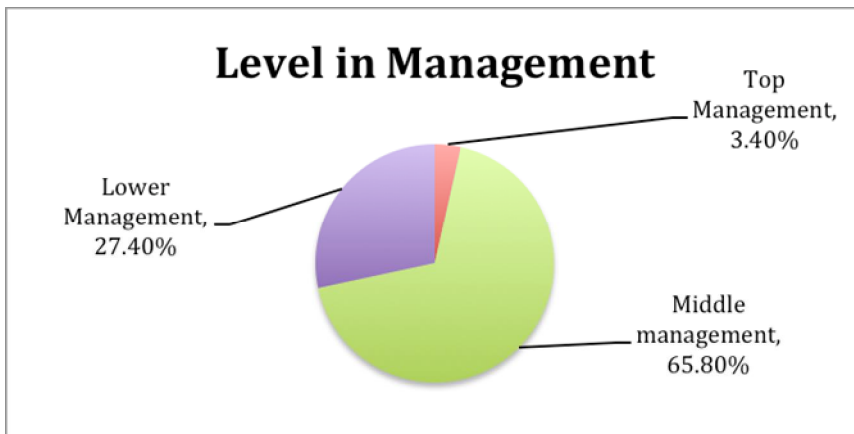


Figure 3: Level of Management

4.2.3 Respondents by Level of Education

According to the survey findings majority of the respondents have attained a degree represented by the 45% response rate. Diplomas represented by the 35% and fell in the category of lower management, while 19% of the respondents have attained their Masters degrees. A 1% Doctorate level was attained by a group that is already in executive management or is strongly aspiring to reach top management.

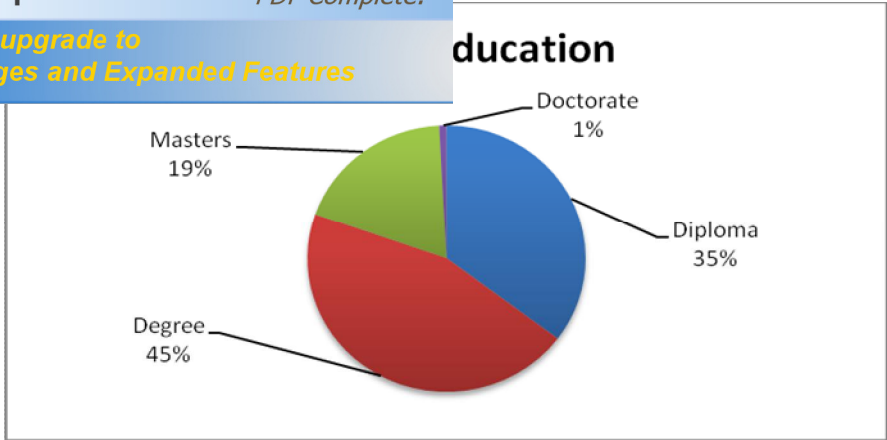


Figure 4: Level of Education

4.2.4 Respondents by Age

The pie chart below demonstrates the age representation from the respondents. Majority of the respondents as represented by the 40.9% response rate were in the 29 to 39 years age bracket while 30.8% represented the 18 to 28 years bracket. A diminishing 23.2% represented the 40 to 50 years bracket while the over 50 years recorded a small 5.1% of all the respondents. Education came up as a very positive factor in the study with all the respondents having a diploma and above and not less.

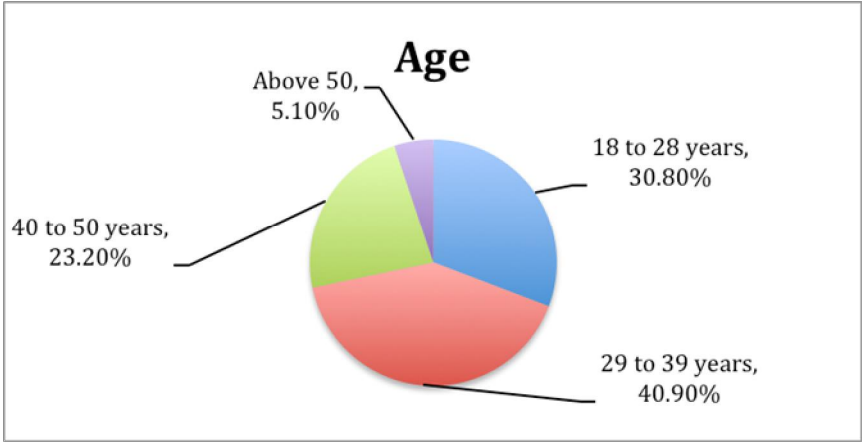


Figure 5: Age

The survey is as a result of the response from the successfully completed questionnaires. These are the representatives of management teams from different regions within Kenya. The survey sought information from non-unionisable representatives from the lower level, middle and top management levels depicted by the terms, "Contract Terms", "Standard", "Senior Standard" and "Executive", with the aim of establishing the perception of the already existing performance management practices within the organisation.

The findings from the survey carried out will be explained further by using the cycle of performance management practices. The order begins with setting of objectives of what is expected from the employee with the assistance of the supervisor, the measurement of employee performance follows ensuring that the employee is in tandem with what was set in the objectives. Once the measurement is done, feedback is expected to ensure that both the supervisor and employee are working to meet the objective, feedback will determine if the employee gets rewarded based on their performance and lastly ensuring that performance improvements are put in place for the next cycle of performance management, usually within the next year.

4.3.1 Setting of Objectives

Each organization has set objectives on goals they aim to achieve as a business. For such an endeavour to be successful, there are important points to consider when setting objectives. These objectives should be clearly communicated to the employees by the supervisor with an understanding that the employee has well understood what is expected of them. The employees should also participate in setting objectives and the human resources department

the process. Finally, the employee should receive both supervisor for the purposes of team work and cohesion in

the work place.

The survey sought to gain the employees perceptions on how objective setting was managed as a key ingredient in the performance management practices that exist. The objectives provided to employees have to be well communicated, understood and directly linked to the organizational goals. When setting objectives, there is a need to involve the human resource division as well as the supervisor in collaboration with the employee.

The figure below demonstrated the positive response of over 60% agreement, demonstrating that there is good communication when setting objectives. There are however minor representations of 11% and below that disagree on how set objectives are communicated and how they are linked to the organizational goals.

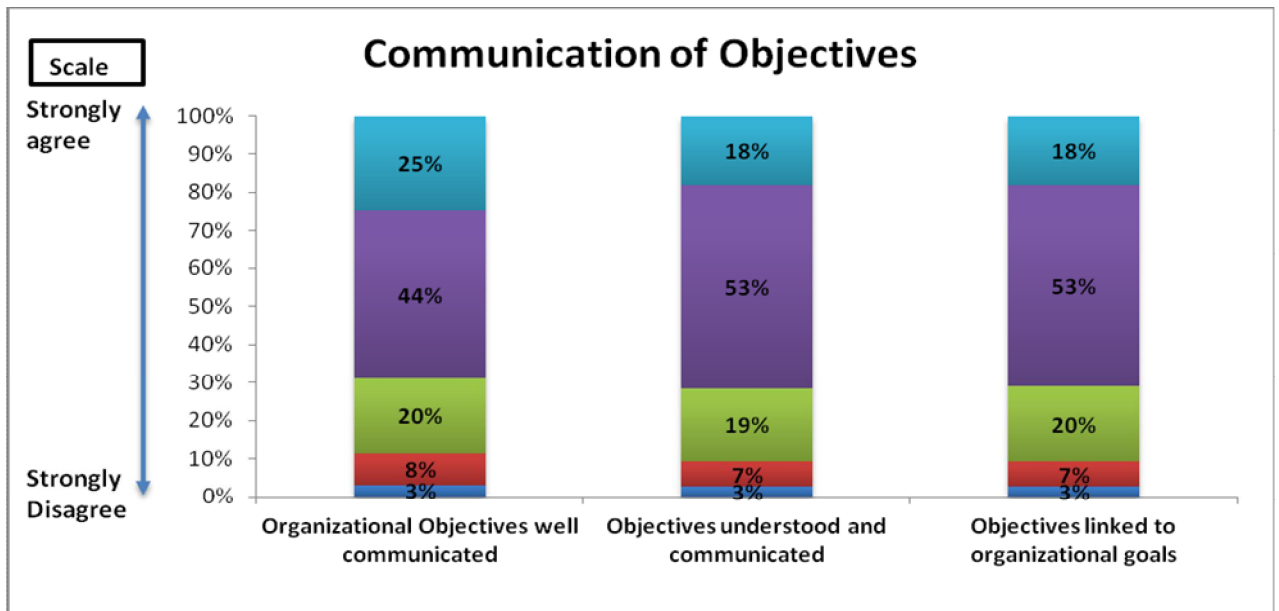


Figure 6: Communicating objectives



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...n the graph (Figure 6) indicate that indeed the human employees are involved in setting objectives as demonstrated above. Well-communicated organisational objectives scored a 44 % high of respondents agreeing and 25 % strongly agreeing that they were well communicated. 11% were of the opinion that the objectives were not well communicated.

A total of 53% respondents confirmed that they understood the communicated objectives while 10% of them felt the opposite of that, while 18 % strongly agreed that they were understood and communicated. Another positive response depicts the well-understood and communicated objectives within the performance management practices within the organisation.

Objectives being linked to organisational goals were also a crucial contributor to the setting objectives process. 53% of the respondents agreed that objectives were indeed linked to organisational goals with a minority 10% claiming the opposite. 18% strongly agreed while 20% agreed that the relationship between organisational objectives and objective setting existed. The respondents therefore proved that the organisational goals were indeed linked to the set objectives.

The organisational goals start from the National Government and are cascaded down to top management through the Board of Directors. The top management is responsible to ensure that the goals are transformed into results through work which is realised through divisional target setting and then to individual target setting. Each individual contributes to the organisational goals by understanding the individual role assigned to them. The supervisor needs to ensure that the goals are not only achieved, but are realistic and finally met as is mandated. All levels of management must therefore ensure goals are understood.

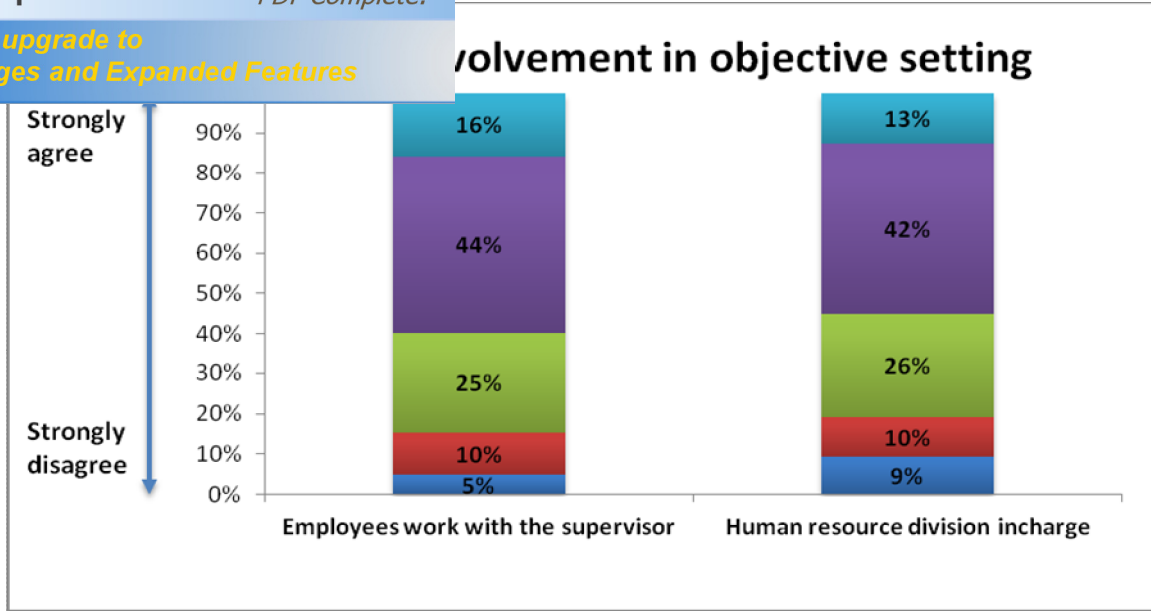


Figure 7: Level of involvement in objective setting

On the level of involvement in objective setting as illustrated on Figure 7, the findings focussed on two areas, which were the involvement of the supervisor and that of the human resources division. The human resources division is seen as a regulator or guide in relation to performance management practices in the company.

A majority 60% of the respondents agree that there is employee involvement when setting objectives and 15% felt there was no involvement at all. Another 25% felt that they neither agreed nor disagreed leaving a large area with no real association in the involvement of objective setting. Another 42% felt that human resources division was not only a regulator, but was in charge of the objective setting process, while a mere 19% disagreed. 26% of the respondents were in the grey area giving no conclusive opinion. The findings conclude that human resources department holds a large stake in ownership of objective settings even if the

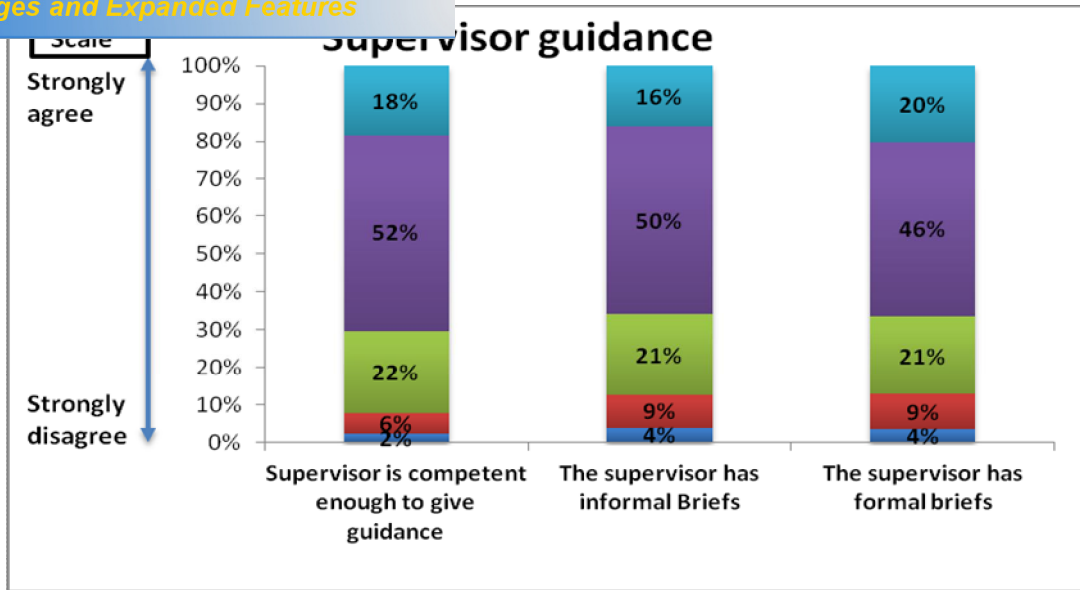


Figure 8: Supervisors guidance in objective setting

The supervisors' competences in providing the employee with guidance and ongoing briefs whether informal or formal play a critical role in ensuring that the employee works towards the set objectives. Majority of the respondents agree that the supervisor does indeed provide guidance and has both formal and informal briefs with the employee when setting objectives as is represented in Figure 8. About 70% agree that the supervisor is competent enough to give guidance, while well over 50% give formal and informal briefs providing guidance while setting objectives.

4.3.2 Measuring performance

Kenya Power has an existing system that is in use to measure employees' performance at work based on their set objectives. They have employed methods previously and most recently to gauge employees' performance. These forms of measurement are many, but

include performance contracting which is very common, in the performance management process.

By determining what perception the employees have on the current performance management practices at Kenya Power, the study sought to confirm whether the appraisals were done, whether they represented an accurate and transparent way to measure performance and the role of the human resources division in the measurement process.

The figure 9 represents the general consensus that these performance appraisals are indeed compulsory and carried out annually at Kenya Power. Between 88% and 82%, respondents agreed that the performance appraisals were compulsory and were done annually. 3 % respondents refuted the performance appraisal being done as a compulsory exercise, while a similar percentage disagreed that they were done annually.

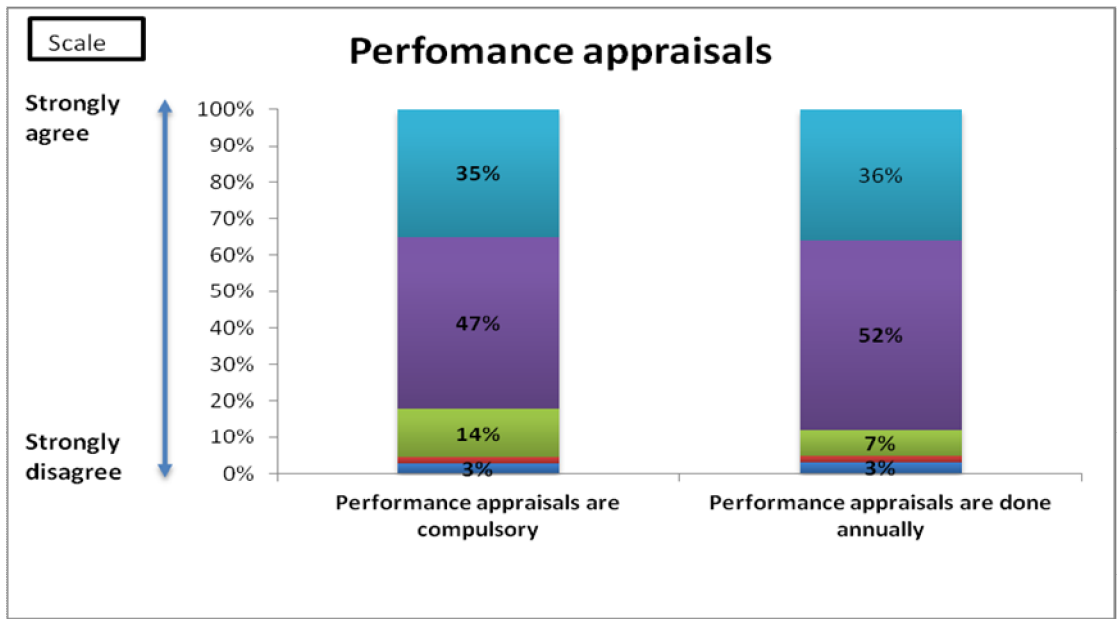


Figure 9: Performance appraisals

from the employees and supervisors whether the process is transparent and accurate way to measure an employees work performance. This is demonstrated in the figure 10 that confirms that the current process meets the expectations of the employees. Over 60% confirm that the appraisals are not only transparent, but this transparency spreads to supervisors and employees.

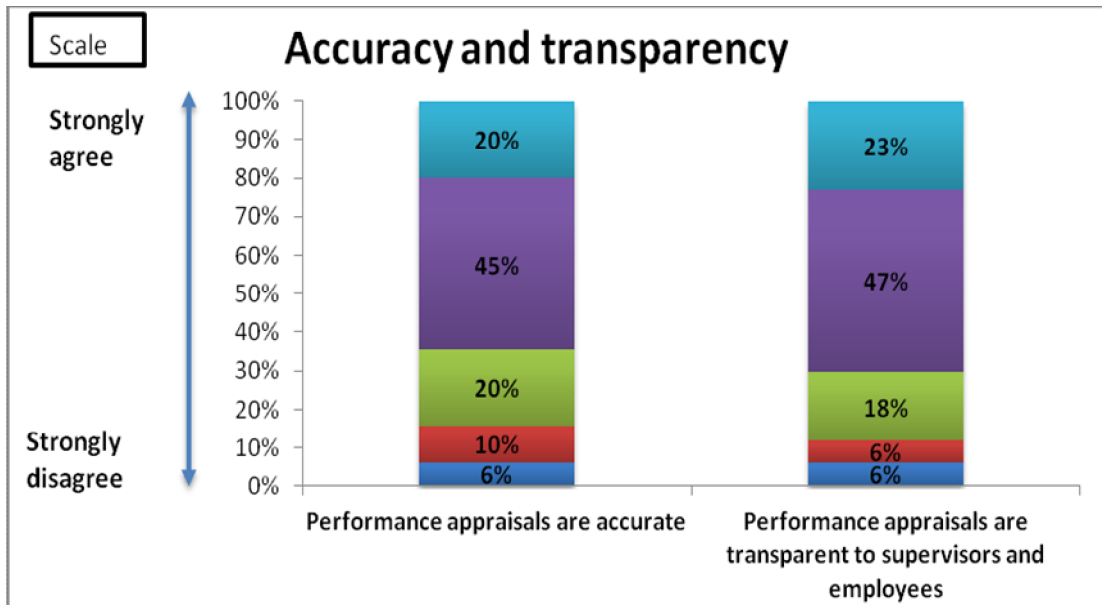


Figure 10: Performance appraisal-accuracy and transparency

The human resources division plays a major role in measuring the performance of employees. At Kenya Power, they are charged with measuring performance but they only act as a regulator as the process is fully owned by the respective supervisor. Figure 11 demonstrates the human resource division's involvement in the measurement process. 69% agree that human resources division is in charge of the measuring process, while 15% disagree. 76% agree that human resources do act as a regulator while 10% disagree with that statement.

the division is not only in charge, but couples up as a management process within the organisation.

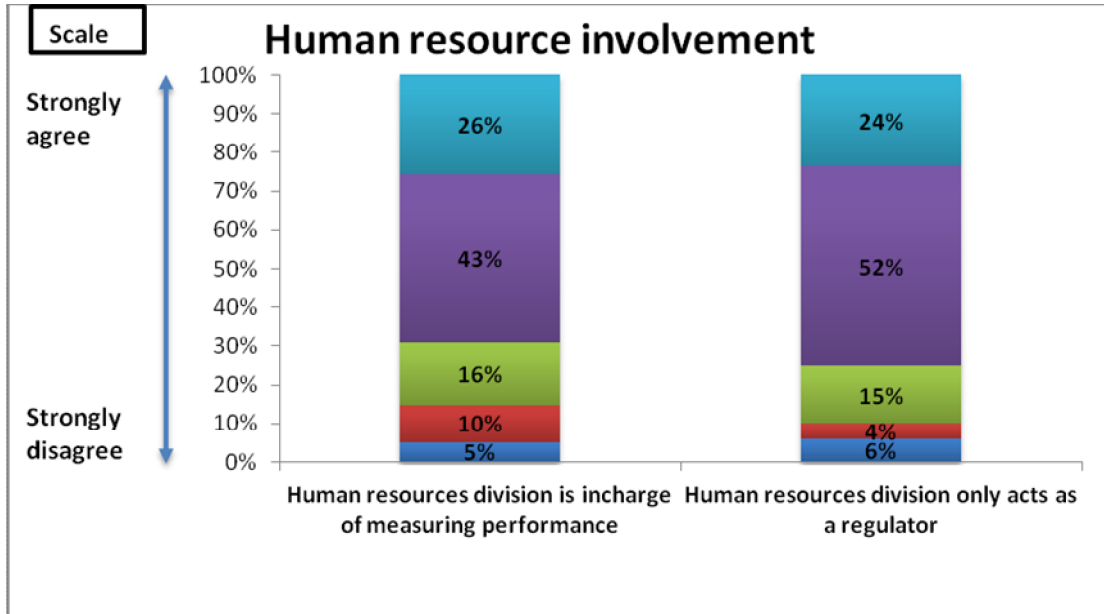


Figure 11: HR involvement in performance measurement

4.3.3 Feedback for Performance Results

The performance management process involves the supervisor, employee and human resources division constantly tracking and measuring the progress of an employee's performance. This requires feedback procedures in place to ensure that the employee is continuously improving in their performance. This involves continuous feedback and assessments on targets set and achieved. With such information, the supervisor is able to take corrective measures with employees who are unable to meet their targets. This can be done by providing coaching, guidance on enhancing performance as well as constant discussion with the employee on ways to improve.

whether the feedback measures mentioned are in effect at
 demonstrates the respondent's views on whether employees
 are currently receiving the necessary feedback to improve their performance.

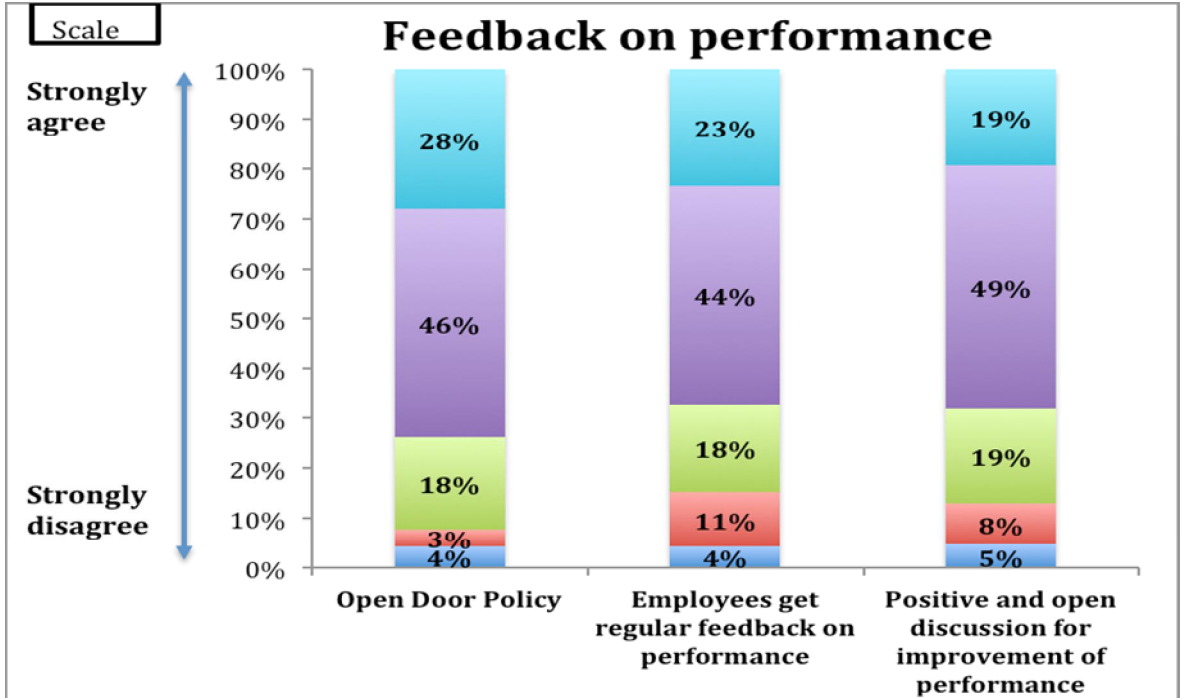


Figure 12: Feedback and discussion on performance

The respondents confirmed that there is an open door policy in place to support the employees as they perform. A total of 74% agreed with the existence of that policy with 7% disagreeing with it. It would therefore mean that it is easy to reach the supervisor within the performance management practices. 67% confirmed to be getting regular feedback on performance and 15% did not agree to be getting any form of feedback from their supervisor. 68% of the respondents got positive and an open discussion on an improvement of their performance while only 13% did not.

that there exists feedback on performance within the
 only available, but are also supportive of the staff during

this process. The open door policy is a very positive show for the business allowing staff to get guidance and candidly discuss with their supervisors on expectations.

Where an employee is performing below expectations, the supervisor is required to support and employee and provide recommendations as they see fit to ensure that performance is met within the required timelines and with the tools in required. This may include recommending training and providing tools of work to enhance knowledge and skills. Figure 13 below demonstrates the employees views on whether this is ongoing at Kenya Power.

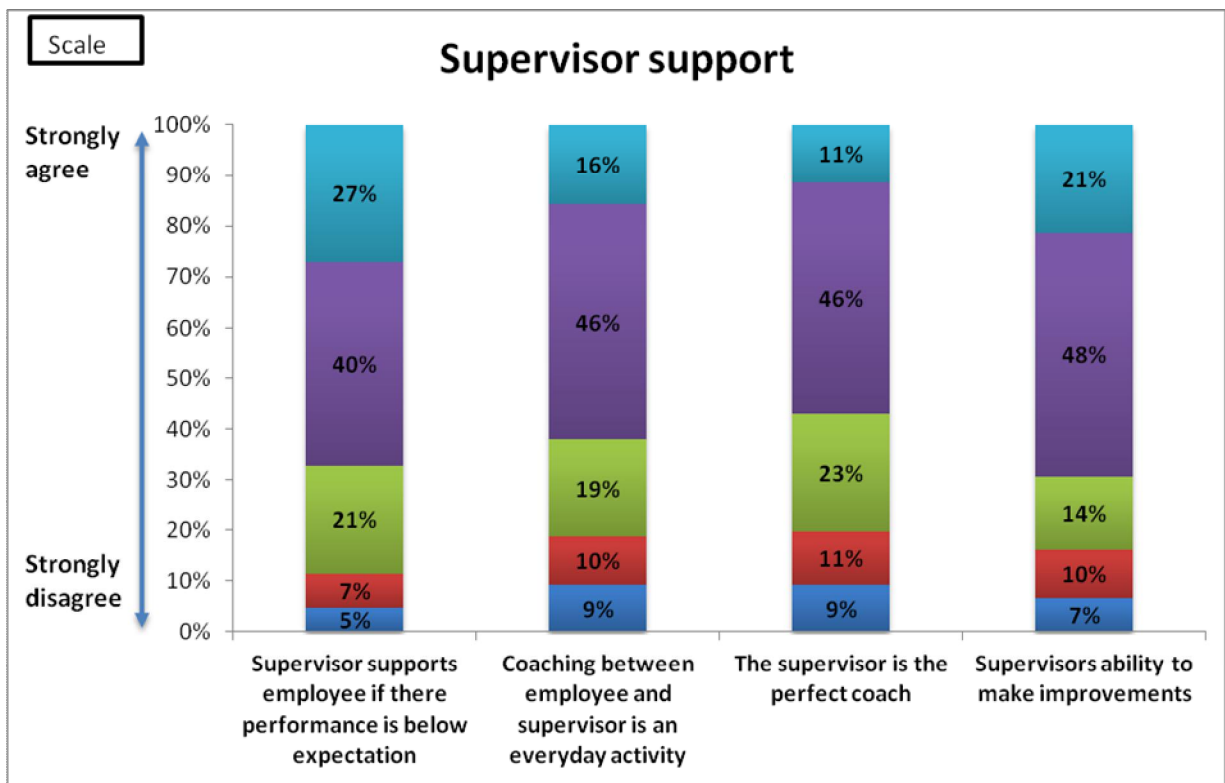


Figure 13: Supervisor support



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67% indicating that the supervisor is available for
performance is below expectation, 12% of the respondents

disputed any form of support leaving room for improvement. The supervisor being available to coach and being competent enough to coach was affirmed by 57% of the staff with 20% in disagreement. This also displayed the confidence level of the supervisor's ability to make improvements on the process at 69%, with another 17% disagreeing with this ability.

The findings therefore confirm that the supervisor is a positive contributor to the process, but there is slight room of improvement in this area.

4.3.4 Rewards based on performance

Rewards in an organization act as a motivator for employees to perform at full potential. The most common forms of rewards at the workplace include; money, promotions and a bonus at the end of a successful year. However, these rewards are based on targets met and those surpassed. These rewards are used to congratulate employees on a job well done, reward the excellence of teams as well as encourage those that are under performing to try harder. For an employee to receive any of the above or other forms of praise or reward, they must meet and surpass the targets set with their supervisors. Reward systems also have to be fair and transparent and received regularly to encourage employees to keep employees motivated to continue meeting and surpassing targets. The rewards are individual based and not division based.

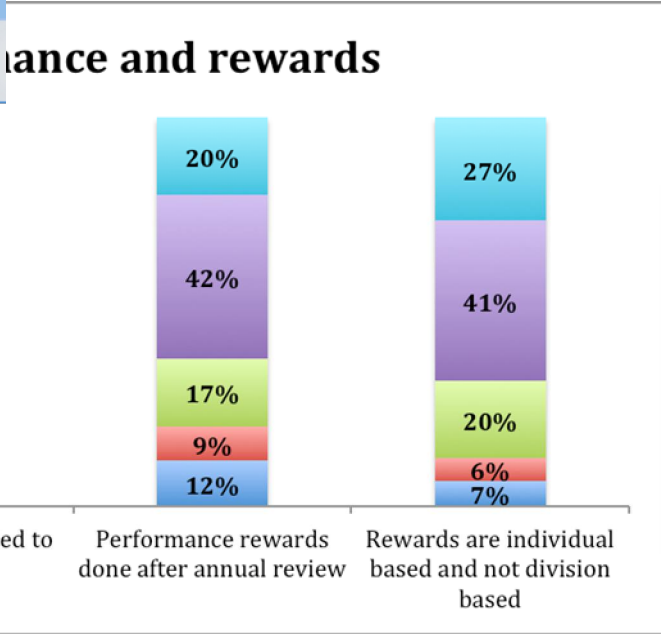


Figure 14: Performance tied to rewards and review

The study sought to determine the direct relationship between performance and rewards at Kenya Power. The figure 14 demonstrated the importance with which performance is tied to receiving a reward. Majority of the respondents agreed that the performance was tied to rewards.

The respondents agreed that 64% of their performance is tied to rewards while 20% disapproved of this. 62% affirmed that performance rewards are done annually, while 21% disagreed that this happened. Rewards came out as a very crucial process in the completion of the performance management process within the organization.

68% agreed that the rewards given are individual based and not division based, while 13% disagreed with that.. 20% are unclear on how the current rewarding system at Kenya Power.

which rewards for excellent work performance can be... ss. The figure 15 demonstrates the different forms based

on feedback from the respondents.

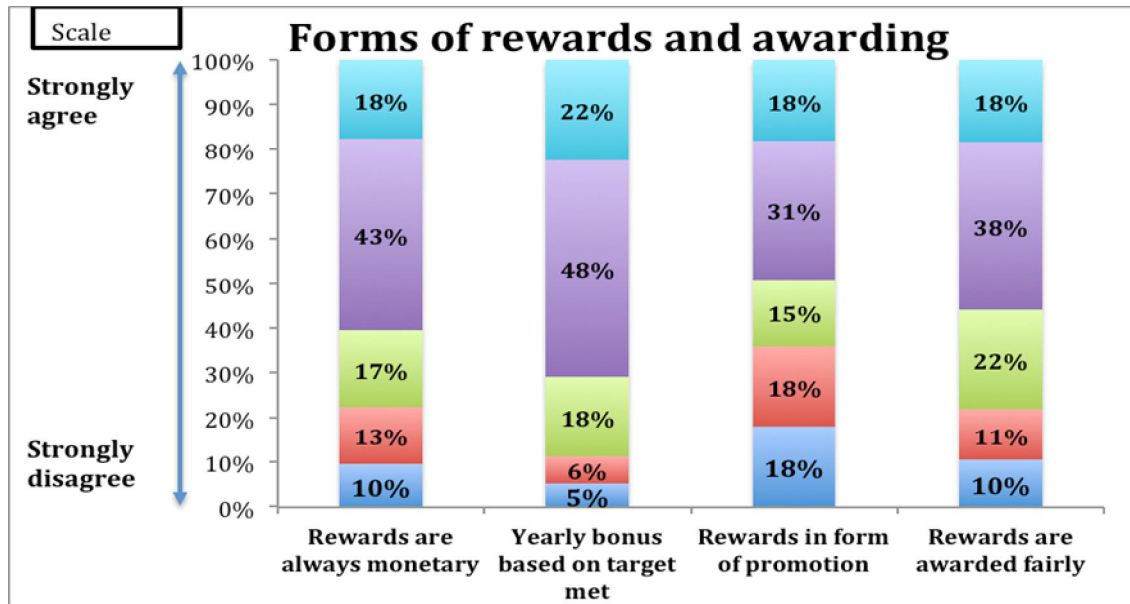


Figure 15: Rewards and how they are awarded

Rewards come in various forms ranging from monetary, bonus and promotions. The respondents agreed that 61% came in monetary form while 23% disagreed. 70% agreed that there was a yearly bonus while only 11% refuted this fact. Promotions were least considered as a form of reward with 49% agreeing that it existed as a form of reward and 36% refuting its existence.

Respondents felt that rewards were awarded fairly with 56% supporting its fairness and 21% disagreeing and deeming the process as one that is not fair. 22% of the respondents had no true view on this issue. 68% of the respondents felt rewards were individually based and 13% felt they were division based.

Interventions

There are continuous and improvements that need to be made to improve the processes are to be advised by the employees and their respective supervisors.

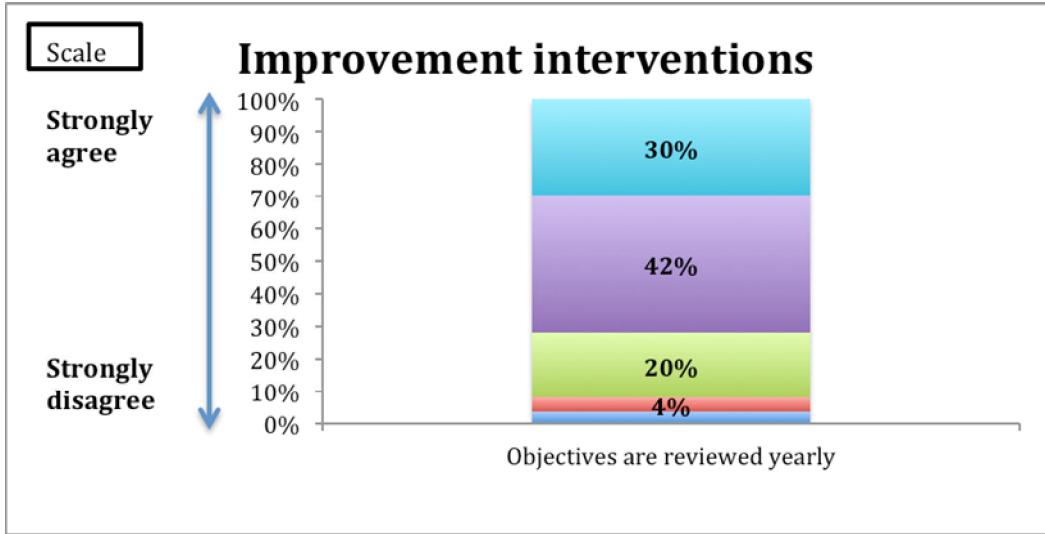


Figure 16: Performance Improvement Interventions

The figure 16 demonstrates that objectives are reviewed yearly. 72% agreed that the objectives were reviewed yearly while 7% disagreed with this finding. This allows for a fresh start in the following year.



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FINDINGS, CONCLUSIONS, LIMITATIONS

5.1 Introduction

This chapter gives the summary and conclusions drawn from the study. Other areas covered in the chapter include limitations of study, recommendations and suggestions of areas of further research.

5.2 Summary of Findings and Conclusions

The findings indicate that there are a high percentage of respondents that agree the performance management practices at Kenya Power are in place and are effective. The findings also indicate that there is a need to improve the reward strategy tied to promotions. 36% of the respondents felt that the link between promotions and rewards is still lacking. The highest ratings were given with regards to monetary benefits and that the bonuses are given on annually based on the target. The findings also revealed that 21% disagree with the statement that highlights the fairness in rewards given to employees.

The findings further reflect that to those whom performance management practices are exposed and rated, largely understand what is expected of them and highly rate the ability of their supervisors in coaching and guidance during the execution of the process. Clearly reflected in the pecking order, top management had the highest understanding of the practices followed by middle and then lower management levels. The perception of this practices is more positively perceived by top most management than lower management, but all levels of management seem to believe in the practices as a whole. Even though a majority confirm that the process is undertaken yearly, there remains room to tag performance to rewards are more intrinsic than extrinsic. This will ensure that the organisation rewards positive competition



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retain the best workforce which will in turn yield
d to the citizens as a whole.

To conclude, the study was a success and brought out the perceptions by the employees and delivered findings that would reflect performance management practices in the organisation as viewed by the employees in all levels of management.

5.3 Limitations of the study

The survey brought out the fact that the lower level management was not as responsive as predetermined in the sample size selected. The respondents in middle management the most responsive to the statements provided in the questionnaire.

Time and resources were not available to increase the scale of coverage for this study to areas such as Kisumu and the greater Mombasa area. An area like West Kenya only got an 8% representation yet it has a whole lot of management employees. Nairobi carried the day with a 55% representation, which was a good outcome, but considering the current age of devolution, the numbers should have been spread better. This is owed to lack of time and resources.

5.4 Recommendations

The study revealed that the lower management responses were less than expected. Kenya Power may opt to carry out a study to discover why they are reluctant to give their responses when compared to middle level management.

5.5 Suggestions for further research

The study revealed that there are between 17 % to 25% percentage of employees who would neither agree nor disagree with perceptions on the performance management practices



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It would be of essence to know why this came about setting, accuracy and transparency and the improvement

interventions. Determining the gaps would ensure that the employer knows which areas to reset.

It is imperative that Kenya Power addresses the areas that the employees did not agree were working for them. These areas include appraising employees annually and ensuring rewards are more wide and thus not the monotonous bonus which is a generic and outdated form of reward. This will help to improve their perceptions on the measures in place to improve their work performance.

It is advisable for Kenya Power to carry out a study to gather information on whether their customers are directly affected by the performance management practices that employees go through that influence their work performance. The company should also promote continuous dialogue with the lower level management employees to encourage them to air their views, it proved hardest to get responses from the lower level managers who are crucial in the most operational part of management and cannot be ignored when it comes to succession. Research should be a continuous tool to track the progress made to improve the performance management practices currently in place at Kenya Power or those that will be implemented in future.

The study will go a long way to benefit the company in the future and as a result, it is recommended that the organisation partners with learning institutions to better the knowledge and perception of performance management practices in the organisation.

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ANNEX I: QUESTIONNAIRE

(Circle or Tick the appropriate one)

Level in Management	Contract Terms	Standard	Senior Standard	Executive
Age	18 to 28 years	29 to 39 years	40 to 50 years	Above 50 years
Highest Level of Education	Diploma	Degree	Masters Level	Doctorate

PART B: Employee Perception of Performance Management Practices

This section deals with how employees perceive Performance Management Practices in Kenya Power. The following action points reflect the current situation of Performance Management in Kenya Power. To what extent do you agree with them?

1=Strongly Disagree 2=Disagree 3=Neither Agree Nor Disagree 4=Agree

5=Strongly Agree

Statement	1	2	3	4	5
Organisational objectives are well communicated to the employees					
The supervisor understands and communicates objectives to the employees					
Objectives are directly linked to the organisational goals					
Employees work with supervisor in objective setting					
The human resources division is in charge of objective setting					
The supervisor is competent enough to give guidance on objective setting					
The supervisor has informal briefs to ensure that the employee works towards the set objective					
The supervisor has formal briefs to ensure that the employee works towards the set objective					
The supervisor has an open door policy if the employee requires guidance or any form of clarification					
The employee gets regular feedback on performance					

and open discussion for area of work.

Statement	1	2	3	4	5
If performance is below expectation, the supervisor supports the employee to ensure that the objective is met					
Coaching is an everyday activity between supervisor and employee for the purpose of ensuring performance is met.					
The supervisor is the perfect coach					
The supervisor has the ability to make improvements that will influence employee performance which include recommending training and providing tools of work.					
Performance appraisals are compulsory to measure performance					
Performance appraisals are done annually					
Performance appraisal is an accurate way of measuring performance					
The process of measuring performance is transparent to both the supervisor and the employee.					
The human resources division is in charge of measuring performance					
The human resources division only comes in as a regulator of the performance measure process, but it is fully owned by the supervisor.					
Performance is tied to rewards					
Performance rewards are done after every annual review					
Rewards are always monetary					
Rewards come in form of a yearly bonus, based on what percent of the target was met.					
Rewards are in form of promotion					
Rewards are awarded fairly					
Rewards are individual based and not division based					
Objectives are reviewed yearly					