

***THE IMPACT OF PERFORMANCE MANAGEMENT IN BUSINESS  
WITHIN INSURANCE INDUSTRY IN KENYA:  
THE CASE OF SALAMA INSURANCE BROKER***

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***BY***

***JANE WAMBUI NDEGWA ✓***

***A Research Project submitted in partial fulfilment for  
the award of Postgraduate Diploma in  
Human Resource Management (PGD-HRM) of the  
University of Nairobi***

## DECLARATION

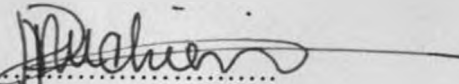
This Project is my original work and has not been presented elsewhere in any other University for Post Graduate Diploma .

Signature.....

Date.....<sup>th</sup>29 APRIL 2011

Jane Wambui Ndegwa  
L41/60017/07

This Research Project has been submitted for examination with my approval as University Supervisor.

Signature.....

Date.....03/05/2011

Patricia Muchiri  
Lecturer,  
Department of Extra-Mural Studies  
University of Nairobi

## **DEDICATION**

This Project is dedicated to my family whose support, love and understanding enabled me to undertake this task successfully.

May God bless them abundantly.

## **AKNOWLEDGEMENT**

I wish to acknowledge the Almighty God for giving me the strength and ability to complete my Project. My sincere gratitude and appreciation goes to all who contributed to the successful completion of this Project.

Special thanks to my Supervisor, Patricia Muchiri for her professional guidance and patience through the course of this Project.

## ABSTRACT

Performance Management is an incentive that leads to enhanced business performance if handled well. However, if the process is poorly implemented, it can potentially impact on the Business Performance negatively. It is against this background that the Researcher has been motivated to establish the extent to which Performance Management influences Business Performance.

Therefore the major objective of the Study is to find out the effect of Performance Management on Business Performance

The study is based in Nairobi where Salama Insurance Broker is located. Data will be collected through the aid of questionnaires and face to face interviews. Descriptive and Qualitative research designs will also be employed. The target population is SIB Administration, Finance, , Underwriting and Claims employees with a sample size of 50.

The Study Findings were that Performance tools in practise was hazy and only known to the Managers. The study further revealed that Staff appraisal took place when time lapse was too long to make any meaningful impact on the individual performance.

In addition, the Performance Management training methods were not clear to the employees.

The Study conclusions were that the Management did not communicate to the employees the benefits of the Performance Management tools neither were they consulted on choosing the methods. The Study further concluded that the Performance Training methods lacked to deliver the intended benefits but rather caused anxiety among the employees and brought down the productivity of the Organisation.

The Study recommendations were that employees should participate in choosing the Performance Management tools and let them know that this would be the basis of assessing their future productivity.

The Study further recommended that the Management should design Performance Training Methods that are easy to understand and translate to enhance productivity.

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## ABBREVIATIONS AND ACRONYMS

<b>SIB</b>	Salama Insurance Broker
<b>HR</b>	Human Resource
<b>HRM</b>	Human Resource Management
<b>SHRM</b>	Strategic Human Resource Management
<b>S M A R T</b>	
<b>Specific</b>	The task is defined and set as the specific Objective. The purpose is to offer guidance on what to be assessed at the end of the task.
<b>Measurable</b>	It must be possible to determine if the Objective has been met by using relevant measures.
<b>Achievable</b>	The set Objective is feasible in relation to resources available, and time period.
<b>Reliable</b>	The Objective should be consistent so that once accomplished, the results will have solved the problem it was intended to solve.
<b>Time bound</b>	The Objective is stated with time boundaries in which to accomplish it. The proposed activity should be scheduled within specific time period.
<b>BM</b>	Business Management
<b>PM</b>	Performance Management
<b>BPM</b>	Business Performance Management.
<b>KPIs</b>	Key Performance Indicators
<b>%</b>	Percentage

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the study

Performance management is a process of creating a work environment that enables people to perform to the best of their abilities. The process is the totality of the day-to-day activity that begins when a job is defined and ends when an employee leaves the organisation. The organisations embark on continuous exercise to enhance and guarantee that all the employees work to a coherent set of organisational goals and priorities (Harvard Business Review, 2005)

The process sets standards to measure the output based on SMART principle. The standards enable employees to understand what is expected and how their work will be evaluated. This measure is viewed to be transparent in judging employees' output. Consequently, it is the key of business results, when firms are competing in an increasingly market place, nothing provides greater, longer term differentiation than the quality of the employees and the work they perform. Managing employees' actions for maximum business results is therefore a chief priority and the approach may ultimately determine the company's destiny.

Performance management establishes a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions (George /Jones 2006)

The process is designed with an aim to harmonise and develop clear job description, selection of appropriate people for the right jobs, design effective compensation and recognition systems that reward people for their contributions, provide promotional/career development opportunities for staff and provide on-going coaching and feedback. The individual employee performance is always oriented towards achieving organisational goals.

The process primarily seeks to align the core competence of individuals, harmonise and nurture those of an organisation and addresses the broader issues facing the organisation if it were to function effectively in its environment and achieve its longer term goals (Armstrong, 2005)

Performance management is holistic, largely participatory and goal congruent process of managing and supervising employees at work. It is understood as a systematic approach of rewarding performance by generating and sustaining positive employee motivation. Its salient dimensions include performance standards-representing organisational goals and objectives, employee recognition and reward (Armstrong and Baron, 2005)

The operational of performance management remains an unsolved problem despite the relatively little attention it gets in the management literature.

Essentially, Insurance Brokers are the marketing crew of the Insurance Companies. The Broker plays a vital role in determining the premium portfolios of the Insurance Companies. Hence, the relationship between the Brokers and Insurance Companies calls for collective responsibility in order to maximise the mutual benefit in business turnover. Brokers undertake to underwrite as many classes of Insurance as they are mandated by the Commissioner of Insurance. The Motor Insurance is one of the highly sought type of insurance, it is a requirement enforced by the Government for anybody who owns a motor vehicle or cycle to have it. The premiums underwritten for the last 3 consecutive years were 60million, 50million and 25million respectively. The statistics were divided into various classes of insurances as 50% Motor business, 30% Fire business, 10% Accident and the rest 10% comprised of miscellaneous classes.

Salama Insurance Brokers was incorporated in 1981 with its Head offices at Chester House Koinange Street, Nairobi.

As a Broker, it transacted Insurance business as an intermediary between the Insurance companies and the client. Over the years, the firm grew to a premium income of 80million per annum and a workforce of 50 employees with 4 departments namely, Administration, Finance, Underwriting and Claims.

The firm enjoyed immense support from the Asian community as a result of the Managing Director being of Asian origin.

The Managing Director was advanced in age and decided to retire from the operations of the company and re-located to Canada to join his immediate family. His departure was a major blow and threatened the survival of Salama Insurance Brokers.

Consequently, the other directors decided to recruit a competent and dynamic Managing Director, to steer the Company forward (Chairman's report 2008)

The new Managing Director together with his team decided to introduce performance management with an intention of turning around the business for the good of all the stakeholders. The management reached the decision of implementing the performance management before preparing the staff of what was expected of them and the benefits that accrued. The staff was very sceptical and resisted any attempt to change the way they had carried out their duties, and had worked well for them in the past.

## **1.2 Statement of the Problem**

In an ideal situation, performance management is an incentive that leads to enhanced business performance.

However, incentives often have dysfunctional effects, and do not always lead to improved business performance.

If the system is poorly designed or poorly communicated to staff, it can have serious adverse effects that can lead to degradation in business performance.

Performance management has potential risks and adverse effects if poorly implemented. However, if well designed and implemented it can potentially be a tool for improving performance and a pedal for organisational change.

The question is really under what conditions performance management can be successful in terms of improving business performance.

This study therefore seeks to fill the gap regarding knowledge about performance management and its impact on business performance with reference to Salama Insurance Broker whose premium portfolios declined at an alarming rate from 60millions, 50millions and finally 25million within a span of 3 years.

## **1.3 Purpose of the study**

The purpose of this study was to assess the impact of Performance Management on Business Performance, within the Insurance Industry in Kenya.

## **1.4 Research objectives**

1. To investigate the relationship between performance management and Business Performance in Salama Insurance Brokers.
2. To establish how the Staff Performance appraisal impacts on the Business Performance in Salama Insurance Brokers.
3. To establish how the Performance Training Methods influence the Business Performance in Salama Insurance Brokers.

## **1.5 Research Questions**

1. What is the relationship between Performance Management and Business Performance in Salama Insurance Brokers?
2. What is the impact of Staff Performance appraisal on the Business Performance in Salama Insurance Brokers?
3. How does the Performance Training Methods influence the Business Performance in Salama Insurance Brokers?

## **1.6 Significance of the study**

The study will contribute to human resource management practise by providing an understanding on the relevance of performance management in boosting good business performance. The study will help Salama Insurance management to understand better and to appreciate the role the performance management plays in maintaining good business performance. Salama insurance will appreciate the dual benefit the performance management has to the firm and to the employees. The study is expected to assist the management in finding out the effectiveness of performance management in changing employee's attitudes towards their work, in order to improve the business performance.

## **1.7 Scope of the study**

All levels of management will be included in the study to give a general overview on how the performance management is interconnected with the business performance

## **1.8 Limitations of the study**

1. The researcher was a full time employee, and this demanded strict adherence to good time management so as to collect the necessary data in the evening and over weekends.
2. It was financially constraining to the researcher to visit cyber cafes to surf the net for information.
- 3 .Lack of the top management support for fear of bad publicity on their Business Performance.

## **1.9 Assumptions of the study:**

1. The respondents were expected to be honest and respond truthfully to the questionnaires.
2. That all the respondents were literate and would respond to the questionnaires appropriately.
3. That the respondents took minimum time to return the questionnaire to allow analysis in good time.



## **1.10 Definition of significant terms**

### **Attitude**

This is the SIB employees' feelings and beliefs, on how they approach their jobs.

### **Business Performance**

This is the process the SIB management has adapted to discover the efficient use of their business units, financial, human and material resources to arrive at the most optimal levels.

### **Culture**

This is the behaviour SIB employees have embodied and has subsequently become a traditional way of carrying out their duties.

### **Effectiveness**

This is the appropriate measure SIB management apply on the goals an employee is pursuing and the degree to which those goals are achieved.

### **Efficiency**

This is the measurement the SIB management apply to assess how well the resources are used to achieve the set goals.

### **Employee Performance**

This is the agreed framework agreed between the SIB management and the employees on how to plan and monitor the employee's output to the Organisation, based on SMART Principle.

### **Labour Turnover**

This is the number of people hired by SIB management to replace workers who leave the Organisation.

### **Organisational Performance**

This is the measure the Management of SIB use to determine how efficient and effective the resources are used to achieve Organisational goals.

### **Performance Feedback**

This is the process through which SIB Managers share Performance appraisal information with their Subordinates, by giving them an opportunity to reflect on their own performance, and develop plans for the future.

### **Performance Management**

This is the process employed by SIB management to assess progress towards achieving predetermined goals.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section covers literature review which is organised under four headings; The concept of performance management, The processes of performance management, The tools of performance management and The methods of improving performance management.

#### **2.2 Concept of performance management**

Performance Management is concerned with both defining the knowledge, skills and behaviour required to produce the desired results and measuring and comparing the actual results against the desired results. An analysis of the extent to which the desired results have been attained using the required knowledge, skills and behaviour facilitates the identification of developmental needs. (Secretaries and Administrators Journal, 1997)

Performance management is closely connected to performance measurement, sometimes they are mistaken for each other. In careful usage, performance management is the larger domain and includes performance measurement as a component. It provides a more integrated and continuous approach than is provided by performance appraisal schemes (Harvard Business review, 2007)

Performance management is based on the principle of management by agreement or contract rather than management by command. It emphasises development and the initiation of self managed learning plans as well as the integration of individual and corporate objectives.

It is a means of getting better results from the organisation, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. The process seeks to establish shared understanding about what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and long term (Armstrong, 2006)

Armstrong and Baron view performance management as a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance. As such, it establishes shared understanding about what is to be achieved and an approach leading and developing people to ensure achievement. This helps to reduce the potential negative effects of goal incongruence and incompatibility between those of an individual member and the organisations. The process advocates for a strategic and integrated approach to delivering sustained success to organisation, by improving the performance of the people who work in them, by developing the capabilities of teams and individual contributions. Consequently, it is important for the management to identify the criteria they choose to evaluate when appraising employee performance because it influences what the employees do hence, impacts on the business performance.

The Performance management evaluation is based on three most popular sets of criteria: individual task outcomes, behaviours and traits.

In individual outcome the end results count rather than means, for instance, the production manager could be judged on the criteria such as quantity produced, scrap generated and cost per unit of production. Similarly, a salesperson could be assessed on overall sales volume in the territory, increase in sales and number of new accounts established.

Behaviours in many cases are difficult to identify specific outcomes that can be directly attributed to the end result.

However, using the previous example of production manager, promptness in submitting monthly reports or leadership style the manager exhibits contributes to the business performance. In the case of the salesperson, the pertinent behaviour could be the number of contact calls made in a day or sick days per month.

Traits contribute to positive task outcomes; it determines the good attitude in the process of the final outcome. Growth traits in an employee that translate into positive business performance, show confidence, decisiveness, creativity, dependability, or possessing a wealth of experience.

Organisations succeed when they continuously ensure individuals have clear understanding of where they fit in the organisation, what is expected of them, and the skills and abilities they need to carry out their duties effectively.

The big challenges of following this strategy are identifying the real performers, nourish the top performers, improve or weed out the poor performers, in order to provide a competitive compensation to retain and motivate them to maintain the business competitiveness (Harvard Business Review,2008)

### **2.3 Processes of performance management**

The Performance management process is an endless spiral, which links several processes such as performance planning, managing performance throughout the year, taking stock of employee performance and potential.

Performance Management is one of the processes that when effectively carried out, helps employees know that their contributions are recognised and acknowledged. It is an on going process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organisation.

The communication process includes clarifying expectations, setting objectives, identifying goals, providing feedback, and evaluating results.

The implementation of performance management may span from months to years, hence, there is need to constantly focus on the critical goals that can bring visible progress and enhancement. Otherwise, there is tendency for busy employees to lose sight of the ultimate objective of performance measurement and treat its implementation as a mere data collection exercise for management. In order to remain competitive and relevant, the measures need to be continually reviewed and revised as the environment and economy changes.

The performance management is a cycle, with varying year-to-year based on changing objectives.

The cycle includes 3 phases:

Planning, Documentation, Coaching and Feedback, Review and Development

**Phase 1:** Planning consists of the Organisational goals which are often established during strategic planning. Performance Management translates these goals to results, which typically are described in terms of quantity, quality, timeliness or cost.

Results are the primary products or services desired from the focus of the performance process. For instance, this can be expressed in terms of percentage increase in sales, growth in size.

Performance objectives and standards define the expected results, verifiable and should be SMART.

The performance expectations is outlined and serves as a foundation for communicating about performance throughout the year, and basis for assessing Objectives set through a collaborative process between the employee, supervisor, and department elicit commitment. In order to achieve the set objectives, performance standards should be outlined to avoid deviation and dimensions set to assess the job performance.

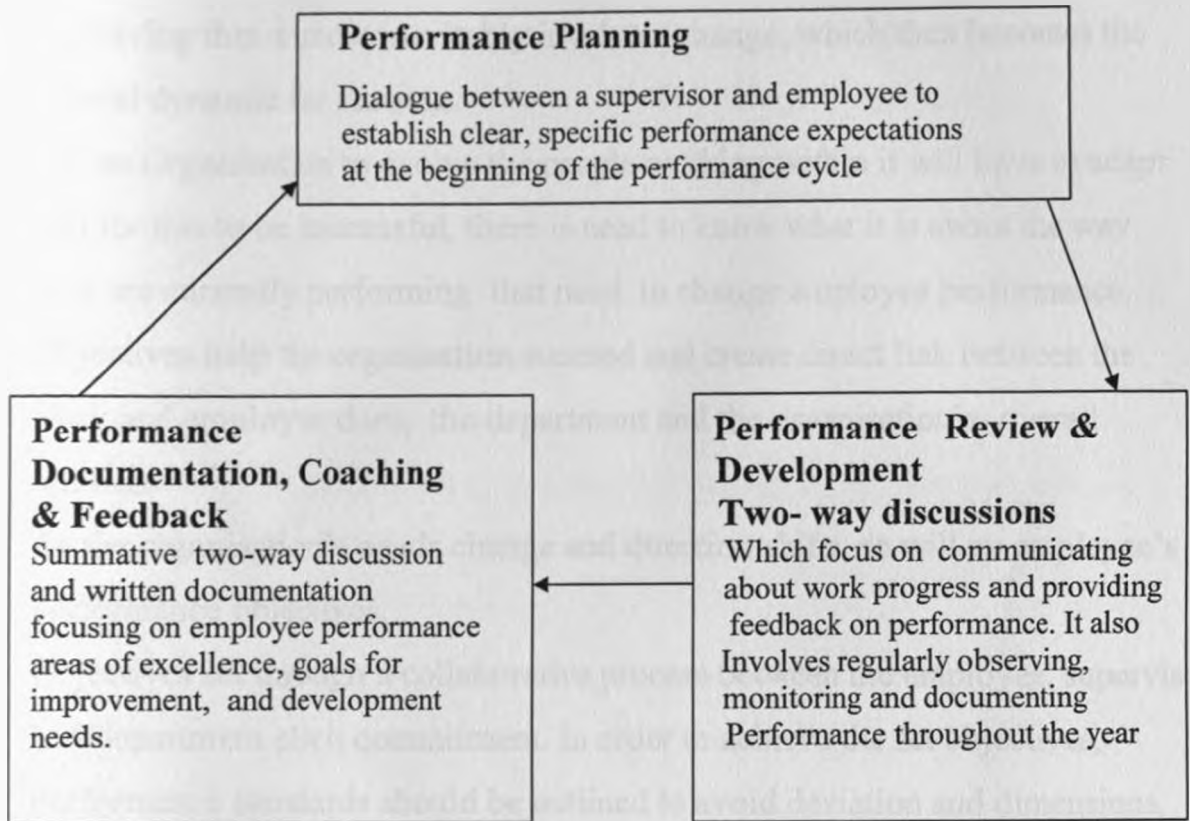
**Phase 11:** consists of the Documentation, Coaching and Feedback. Once the performance objectives, standards and dimensions are established, supervisors observe employee performance and check-in with them regularly, providing feedback while at the same time recognising and reinforcing strong performance by an employee, and identifying and encouraging improvement where necessary. Coaching entails strengthening communication between supervisors and employees, the parties work in harmony to ensure the objectives are on course and any deviations are corrected in good time.

Coaching helps to shape performance and increase the likelihood that the employee's results will meet organisational expectations towards meeting mutually established standards and objectives.

**Phase 111: Review and Development.** This is the final phase of the performance management cycle. It provides an excellent opportunity for supervisor to communicate with the employee about past performance, evaluate the employee's satisfaction, and make plans for the employee's future performance.

The performance assessment summarizes the employee's contributions over the entire assessment period. The key goal is to help the employee feel positive about the job, feel appreciated for specific contributions, keep motivated to do well and stay involved as a participant in the process.

After reviewing stage, the employer will compare the target to achieved objectives. This will enable the employer to identify the lacking skills and recommend training or any other remedial measures as the situation may point out.



**Fig 1: Performance Management Process**

The process begins when a job is defined and ends when an employee leaves an organisation.

### **2.3.1 Performance Management Tools**

In today's changing and volatile world organisations are continually looking for ways to improve performance and satisfy the demands of all stakeholders.

Achieving this almost inevitably involves change, which then becomes the pivotal dynamic for success.

For an Organisation to evolve the people working within it will have to adapt and for this to be successful, there is need to know what it is about the way they are currently performing that need to change employee performance.

Objectives help the organisation succeed and create direct link between the work and employee does, the department and the organisation's overall mission.

As the organisation's needs change and direction shifts, so will an employee's performance objectives.

Objectives set through a collaborative process between the employee, supervisor, and department elicit commitment. In order to achieve the set objectives,

Performance standards should be outlined to avoid deviation and dimensions set to assess the job performance.

Some of the commonly used tools to measure performance are;

### **2.3.2 360 degree appraisal**

The 360 degree feedback, also known as multi-level, multi-source feedback, it is a very powerful and sensitive process. It can increase the individual's awareness of how their performance is viewed by their colleagues and indeed how it compares with their own view of their performance.

It can serve as a strong spur for development and behaviour change (Harvard Business Review, 2007)



The concept of 360 degree feedback became increasingly talked about in the 1990s. It is the latest approach to performance evaluating that provides for the performance feedback from the full circle of daily contacts that an employee might have, ranging from bosses, customers and peers.

It offers the opportunity to build up a rounded picture of an employee and reduces the element of subjectivity particularly, where there are interpersonal or political issues between the individual and his immediate superior.

The method gives everyone a sense of participation in the review process and gain more accurate readings on employee performance.

It increases openness of task and performance-related communication in the organisation, among the inter-departmental colleagues, that may lead to cross-fertilisation of ideas on performance and objectives which may elicit innovations and creative solutions to problems.

The instrument recognises that the employee's immediate boss is not the only or necessarily the best person to assess his or her performance (Ward, 1987)

If the system is professionally managed, it increases individual self-awareness and improves understanding of the expected behaviour to improve organisational effectiveness. The assessment provides a more rounded view with less bias compared to an assessment conducted by one individual (Personnel Management journal, 2005)

Prior to introducing the 360 degree feedback process, the culture of an organisation needs to be considered. It works well where openness, mutual trust and honesty are part of the organisational culture and there is a genuine interest in and desire for performance improvement.

The adoption of a full 360 degree approach needs to stem from a steady evolution in appraisal and development practices. It is very unlikely that a 360 degree scheme would be accepted where there is no history of systematic feedback on performance.

Hence, the process is likely to be effective, particularly when aligned with organisational strategies and goals and linked to existing processes within the organisation.

The concept suits the less hierarchical, more flexible-structured and knowledge based organisations of the future.

The feedback plays a growing role in organisations through its ability to provide structured, in depth information about current performance and what will be required of an individual in the future to enable detailed and relevant development plans to be formulated. (Professor Fletcher, 2002)

### **2.3.3 Balanced Scorecard**

Balanced Scorecard is a performance management tool which began as a concept for measuring whether the smaller scale operational activities of a company are aligned with its larger scale objectives in terms of vision and strategy. It is a framework that provides managers with the instrumentation they need to navigate to future competitive success. An effective measure aims to integrate part of the management processes that provide executives with a comprehensive framework, that translates a company's strategic objectives into coherent set of performance measures.

Managers face challenges derived from the balanced scorecard since the scores are not based on any proven economic or financial theory, hence have no basis in the decision sciences. The process is entirely subjective and makes no provision to assess quantities such as risk and economic value.

(Kaplan & Norton, 1996)

### **2.3.4 Benchmarking**

This is the process of comparing the business processes and performance metrics including cost, cycle time, productivity, or quality to another that is widely considered to be an industry standard benchmark or best practice.

Essentially, benchmarking provides a snapshot of the business performance and helps to understand the current position in relation to a particular standard (Camp, 1989)

The process is used in management and particularly in strategic management, where organisations evaluate various aspects of their processes in relation to best practice companies' processes, usually within a peer group defined for the purpose of comparison.

This then allows organisations to develop plans on how to make improvement or adapt specific best practices, usually with the aim of increasing some aspect of performance. Benchmarking may be a one-off event, but often treated as a continuous process in which organisations continually seek to improve their practices (George/Jones, 2006)

Benchmarking creates a culture that values continuous improvement to achieve excellence and increases sensitivity to changes in the external environment.

It shifts the corporate mind-set from relative complacency to a strong sense of urgency for ongoing improvement by prioritising and focusing resources on the areas that need improve.

Benchmarking is based on learning from others, rather than developing new and improved approaches this cannot give a sustained competitive advantage hence, should never be the primary strategy for improvement.

### **2.3.5 Quality circles or Kaizen teams**

Kaizen is a philosophy of continuous improvement of all the employees in an organisation so that they perform their tasks a little better each day.

It is a never-ending journey centred on the concept of starting a new each day with the principle that methods can always be improved for better business performance

Kaizen is a Japanese system for generating and implementing employee ideas. The emphasis is on encouraging everyone to make improvements which results in many small improvements that accumulate to massive total savings. Circles should develop out of an understanding and knowledge of quality on the part of senior management and must not be introduced as a desperate attempt (Oakland,2000)

Mabati Rolling Mills is a local Company that has embraced the Kaizen philosophy 7years ago.

In 2003 all the workers and managers were introduced to the philosophy as a life-long journey, a journey that has enormous positive attributes and challenges as well. The workers accepted to be part of the Kaizen philosophy, adopted its principles and embarked on making the first steps in the journey.

Over the past seven years, the Kaizen principles have instilled a work ethic and discipline that continue to guide all employees of Mabati Rolling Mills to realise remarkable improvements through talent development skills, knowledge and attitude change to spur superlative achievement.

The Kaizen philosophy consists of tools and techniques that provide solutions to business excellence, provided the user is focused to use the tools and apply the techniques consistently (Kenya Institute management Journal,2009)

## **2.4 Methods of improving Performance management**

To improve performance, it is important to know what current performance is. Measurement provides the basis for providing and generating feedback, and thus can build the platform for further success or identify where things are going less well so that corrective action can be taken. It is important to identify what gets measured. Measuring the wrong things, perhaps because they are easy to measure, will plug the entire performance management system into disrepute.

When too many measures are used, the objective is likely to be missed out. Measuring of performance varies depending on the levels of competency and standards expected of outputs.

Different categories of staff are subjected to different measures - for example, a senior manager would be mainly measured by meeting objectives, but a production worker mainly by achieving outputs.

(Personnel Management Journal, 2005)

Individual and team performance needs to be capable of being linked in an understandable manner to organisational performance. Consequently, measures used will vary from organisation to organisation for example, public service organisations are likely to use different measures from private companies. The fundamental point is that measurement is not a thing unto itself. The point of measurement enables improvement and, as such, measurement must be an integral part of an ongoing program of performance analysis and improvement (MIT Sloan Management review, 2007)

Hence, the managers should learn to take the feedback without getting defensive or arguing. Listening to performance review feedback and focusing on how to use the information with level headed attitude shows the strive to be the best.

The Organization culture impacts on the performance. Culture is the pattern of shared beliefs, attitudes, assumptions and values in the Organisation which may not have been articulated but in absence of direct instructions shape the way people act and interact and strongly influence the way in which things get done (Schein, 1996)

Hofstede (1980) identified culture as any behaviour that is embodied in mindset tradition and professional conduct. Culture arises from the need for security.

The best performance measure will not flourish in an inhospitable environment that depicts symptoms of deeper cultural shortcomings.

Creating a measurement-friendly culture is not merely a matter of producing some inspiring slogans and printing them on laminated wallet cards. Changing the basic value system of an organisation is much more complex.

In Japan, for example the worker expects advice and guidance from the employer.

A Japanese worker moves to the management level through the ranks.

Hence promotion is based on length of service. He is also expected to remain an employee for one particular firm for life.

Their culture of management practises stretches the "bottom-up", the rate of disagreement is minimal, this makes their organisations very cohesive.

#### **2.4.1 Challenges of Performance Management**

The hidden challenges of implementing the Performance Management lies on the complex of behavioural issues.

The behaviours and attitudes of Organisation founders and influential subsequent leader will have had an enormous impact on the approach to managing performance.

When attitudes have been established for a while and well defined are likely to guide the behaviour and translate into values a person strongly cherishes (Harvard Business Review, 2006)

In the early years of implementation, it is difficult for the staff and the management.

A degree of tolerance from the management may sustain the momentum. Mistakes are likely to be made but what is critical is drawing lessons for innovations and creativity for future performance improvements.

Thus, the difficult task is consistency in implementation; maintain proper communication and co-ordination in order to focus on the critical goals.

The Organisation culture also influences the performance by developing an ideology which guides management on the formulation and implementation of coherent Human resource management strategies and policies.

In Public sector, the measures focus on accomplishment of tasks rather than objectives or their impact. For instance, the Government can renege on its promises because the State agency cannot take the government to court. This complicates the mechanisms of enforcement.

#### **2.4.2 Critical review**

Performance management is universally disliked and avoided. Very few managers want to face the arguments and diminished morale that can result from the performance management process.

Managers that are inexperienced may not know what they want to find out and end up collecting data and statistics which may not be useful.

This will cause frustrations and unnecessary effort for staff at the working level to prepare additional data and reports which adds no value.

However, change in Organisations is inevitable and nobody likes his/her status quo to be tampered with or be measured. Managers who are experts in their field may have the freedom to choose and manipulate measures for their own benefit. Hence, the introduction of performance management vehemently encounter resistance (Harvard Business review, 2007)

For a successful performance management, a culture of collective and individual responsibility for the continuing improvement of business processes needs to be established, and individual skills and contributions need to be encouraged and nurtured. Human capital is the intellectual asset that goes home every night with the employee thus departure of such employees have an effect on the business performance (Harvard Business review,2007)

An effective performance management process sets the foundation for rewarding excellence. By linking individual employee work efforts with the organisation's mission and objectives, the employee and the organisation understands how that job contributes to the organisation. Focusing attention on setting clear performance expectations (results+ actions and behaviours), it helps the employee know what needs to be done to be successful on the job.

Through the use of objectives, standards, performance dimensions, and other measures. This helps the department get done what needs to be done and provides a solid rationale for eliminating work that is no longer useful.( Greene,1999,p.160)

The negative consequences occur when the justifications for the use of performance management is the assumption that the process of measurement does not influence the behaviour of individuals and institutions involved.

This assumption is misleading because performance assessment indeed affect behaviour, and such side-effects are often counter productive.

Other shortcoming of performance management is biased manipulation and outright fabrication of performance data in order to create an appearance that targets are being met.

This raises the question of the need for external validation of reporting against performance targets, which attracts unbudgeted cost.(Mark,2008)

Organisations have a marked tendency especially in the public sector to regard performance measurement systems as a basis for finding fault and laying blame, rather than a basis for organisational learning.



This has proven to be a major obstacle to successful implementation of performance targeting schemes.

Performance targets are unlikely to have a meaningful positive impact on organisational performance when the corporate culture emphasizes fault-finding over learning (Institute of Corporate Governance Journal,2002)

The ostensible purpose of targets is to focus attention on things that matter most to the organisation, to its clients and to other stakeholders. Quite often, the organisation introduce large numbers of targets that end up defeating this purpose by diffusing rather than focusing attention.

The larger and more complicated they are, the less likely it is that they will make a meaningful, positive contribution to organisational performance. Organisations set performance targets without first assessing the practicalities of implementing a system for performance monitoring . Consequently, targets may be set in the absence of adequate information about, what constitutes a reasonable target figure, the availability or costs of obtaining data required to monitor performance in relation to targets and the level of administrative effort to support the performance monitoring system.

The implications for designers of performance management is that practical issues must be assessed up front, at the time when performance targets are being selected.( Greene,1999,p.172)

### **2.4.3 Staff Performance Appraisal Methods**

Staff Appraisal is based on an agreed framework that includes planning and monitoring of the employee's output to the Organisation, S M A R T Principle(George/Jones,2006)

Standards are established to serve as a guide for both the Organisation and the employee.

Standards enable the employee to understand what is expected and how the work will be evaluated, as well as detecting job difficulties relating to personal limitations. Such limitations can be as a result of lack of ability, training or experience, or on any other job-related deficiency that prevents an individual from performing properly on the job.

According to (Armstrong and Baron, 2005) Measuring Employee Performance is the most difficult area to get grips on and yet measurement is vital as a means of establishing the impact of people management practices. Unfortunately, it is the area most lacking in research material.

Drury (2001) stated that without a pre-set performance target, individuals do not know what to aim for. Thus the existence of a clearly defined quantitative target is likely to motivate higher Performance than vague statements such as “do your best” It is also difficult for employees or their superiors to interpret Performance unless actual Performance can be compared against predetermined standards.

However, it is important to evaluate the effectiveness of HR Practices by using the measurement dimensions based on S M A R T Principle. However, it is not necessary to measure everything, instead, focus on key measures linked to key objectives.

Controlling every aspect of an organisation’s activity is expensive and employees typically resent having their every move controlled.

Defined objectives provide a clear understanding of what the Organisation requires of the employee and reduces the role incongruence that in some cases triggers dissatisfaction on the job resulting to low Morale hence, Labour turnover which interrupts the smooth running of the Business.

According to Schein (1996) Culture affects the employees’ beliefs on how business should be conducted and governs how employees should behave and be treated.

Ideally, desirable behaviour should improve the performance measure and undesirable behaviour should have a detrimental effect on the measure.

#### **2.4.4 Performance Training Methods**

The concept, scope and methodologies of employee training have undergone many changes to respond to the need for efficiency or changes in the workplace. Aside from the obvious need for new employees to get familiar with the usual policies and work systems of the Company, they also get acquainted with the technology being employed. Thus, many Companies have found it useful for new employees to undergo familiarization training before formally assuming the assigned positions. However, training is not limited to the knowledge and mastery of technology-based production processes, it prepares the staff to keep up with the constantly changing work environment.

According to Kaplan and Norton (1996) the Training can also be used as a Strategy to retain employees by preparing career paths for them

This curbs a high labour turnover and ensures the Business continuity without interruptions.

Training is an important business tool that can be used to develop commitment and loyalty and to create a culture of cooperation among employees.

Although monetary compensation plays a crucial role in this, a culture that develops a sense of belonging among employees not only motivates them to do their best, but also makes them hesitate to leave the Company, even with more lucrative job offers.

Training can help businesses to develop and institutionalise a management system which can bring stability and growth.

According to Armstrong (2006), a plan should be developed for what should be taught, employees should be informed of the details. A timetable should be established with periodic evaluations to inform employees about their progress.

On-the-job techniques include orientations, job instructions training, apprenticeships, internships and job rotation. Off-the-job techniques include lectures, conferences, case studies, role playing and laboratory training.

#### **2.4.5 Business Performance**

According to Drury (2001) Business Performance is a measure that involves examining business performance by adopting the application of advanced Information Technology and making substantial changes on how the Organisation currently operates.

According to Drucker (1992) technology is an important enabler for Business Performance, but will not by itself take the Project to success unless the right people are leading the Project.

BPM is typically initiated from the top down and implemented from the bottom up, within the hierarchy of a given Firm. Proper implementation of the process enhances better feedback loops, continuous and real-time reviews that can help to identify and eliminate problems before they grow.

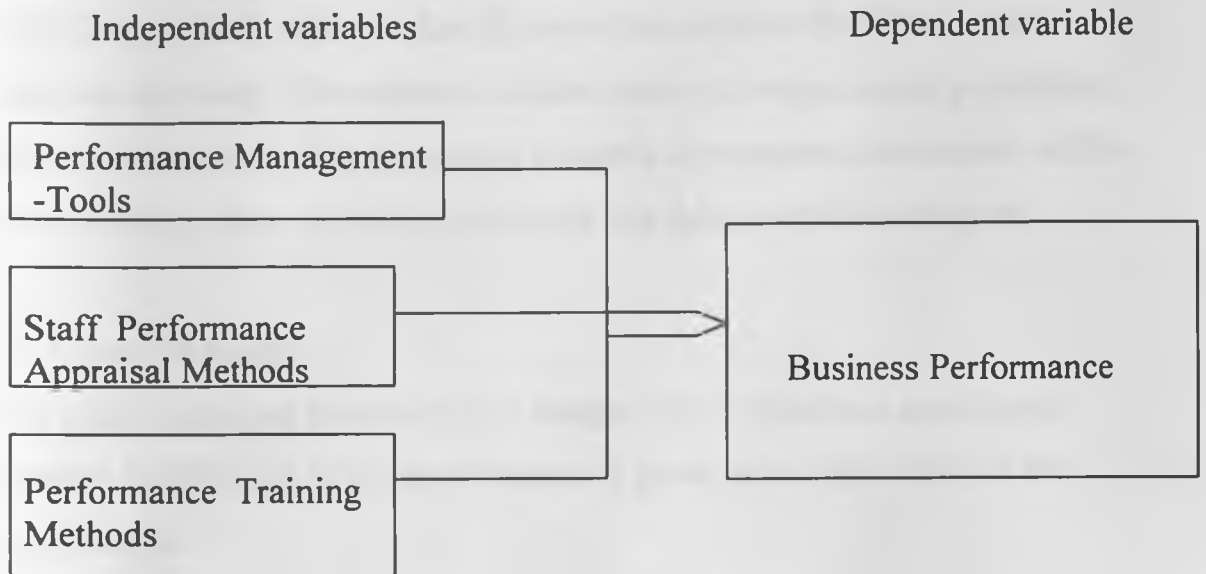
A Performance measure that is not a good indicator of what is desirable to achieve might encourage employees to take actions that are detrimental to the Organisation. "What u measure is what you get"

This can apply whereby employees concentrate on improving the performance measures even when they are aware that their actions are not in the Firm's interests( Drury,2001,p.597)

BPM focuses on the out come and aims to give customers greater satisfaction by continuously monitoring the Key Performance Indicators (KPIs)

The efficiency and effectiveness of a business is measured by using several financial/non-financial metrics/key performance indicators to assess the present state of a business and to prescribe a course of action, to avert a possible loss of business( Drury,2001,p.597)

## 2.5 Conceptual Framework



**Figure 2: Conceptual framework**

The Conceptual framework focused on the following independent variables Performance management Tools, Staff appraisal methods and Performance Training methods.

These variables were analysed with a view to establishing the effects on the Business Performance as the dependable variable.

The relationship can be illustrated in a diagram as shown above.

## CHAPTER THREE

### Research Methodology

#### 3.1 Introduction

This Chapter deals with the description of the methods that were used to carry out the study. The sections include: research design, target population, the sample and sampling procedure, research instruments, instrument validity and reliability, data collection procedure and data analysis techniques

#### 3.2 Research design

The study employed the descriptive design. The method was considered suitable for this type of research because it gives an in depth study of the organisation.

#### 3.3 Target Population

The target population was 50 employees of SIB. The researcher targeted the employees in Administration, Finance, Underwriting and Claims departments. The population of the study, as obtained from Human Resource department is as shown below:

**Table 3.1 The Population of the study**

Departments	Population
Administration	5
Finance	10
Underwriting	25
Claims	10
Total	50

Source: SIB HR Division, 2010.

### 3.4 Sample and Sampling procedure

The study used census. This procedure gave the researcher an opportunity to study the entire population of 50 Employees as the sample size was small.

According to Mugenda, (2003) when the target population is so small that selecting a sample would be meaningless, taking the whole population in such cases is advisable.

**Table 3.2 The sample size of the study**

<b>Department</b>	<b>Population</b>	<b>percentages</b>
Administration	5	10
Finance	10	20
Underwriting	25	50
Claims	10	20
Total	50	100

Source: SIB HR Division, 2010

### **3.5 Research Instrument**

The study mainly relied on primary data which was collected through questionnaires and interview. The method was chosen because it was relatively economical in terms of money and time.

The questionnaires had both structured and un-structured questions depending on the unique requirement of each area.

The questionnaires were divided into 3 sections:

Section 1 was on Employee profile which comprised of 6 questionnaires with an option to tick the appropriate answer.

Section 2 addressed the Implementation of Performance Management which comprised of 10 questionnaires with an option to tick the appropriate answer and also un-structured questionnaires for descriptive answers.

Section 3 addressed General questionnaires on Employee Performance which comprised of 8 questionnaires with an option to tick the appropriate answer and also un-structured questionnaires for descriptive answers.

The researcher also included an interview schedule that comprised of 4 questionnaires with an option to tick the appropriate answer and also unstructured questionnaire for descriptive answers.

The aim of conducting interview on one to one basis was to gather more information that might not be covered in the questionnaire and also offer clarification on any area that might not be clear to the respondents.

### **3.6 Instrument Validity**

According to Mugenda,(2003) validity is the accuracy and meaningfulness of inferences , which are based on the research results. Validity indicates the degree of accuracy of the data obtained in the study.



The instrument identified all items that ought to be used in measuring the concept by sampling validity. This was achieved by selecting a representative sample of indicators from the domain of indicators of the concept.

The researcher hence validated the content by designing an instrument that yielded content valid data. For instance, the concept under study is Performance Management, the researcher was able to identify items that ought to be used to measure the concept. This included items such as competence of the implementers, the planning process and the tools used.

### **3.7. Instrument reliability**

According to Mugenda,(2003) reliability is a measure of the degree to which a research instrument yields consistent results of data after repeated trials.

The researcher conducted a pilot study on a similar organisation in the same industry to assess the consistency of the instrument. The researcher studied 10 subjects due to the constraint of time and funds.

After the pilot study, the researcher took a sample of different items from the domain of indicators that measured the variables. The test was administered to the appropriate group. At random, the scored items were divided into two groups and the scores from each subject's total was computed. The results were compared and a reliability coefficient of 0.85 was obtained which implied that there was a high degree of reliability.

### **3.8 Data collection procedures**

Permission was sought from the Managing Director of Salama Insurance Broker. A questionnaire was prepared and administered to the officers identified for the study.

Questionnaire assumed anonymity. Hence, the researcher adopted the self-administered questionnaires and hand-delivered the questionnaires to the respondents and requested them to be sincere in their responses and assured them that all data collected was to be treated with utmost confidence.

The researcher explained to the respondents to take the shortest time possible to respond to the questionnaires to facilitate the researcher to collect them within a week for further analysis.

### **3.9 Data analysis tools**

In this study, the type of data received from respondents was descriptive.

The quantitative data was analysed in percentages and presented in tables, while the qualitative data was composed in descriptive statistics.

## CHAPTER 4

### Data Analysis, Presentation and Interpretations

#### 4.1 Introduction

This chapter presents and discusses the data presentation, analysis and findings of the study. The data was analysed and presented numerically by using tables and percentages.

The data was analysed quantitatively and qualitatively to represent the respondents perception of Performance Management in relation to Business Performance.

Tables were used to illustrate the quantitative presentation of the data while critical analysis were derived from the qualitative summary of the data.

#### 4.2 Response rate

Table 4.1 represents the response rate out of 50 participants.

Table 4.1 Response Rate

Departments	Sample	Response	Response rate %
Administration	5	5	100%
Finance	10	6	60%
Underwriting	25	23	92%
Claims	10	6	60%
Total	50	40	80%

The researcher invited responses from staff using questionnaires and , as illustrated in Table 4.1 out of 50 participants sampled for the study, a total of 40 respondents successfully gave the researcher useful information.

This represented 80% response rate which was considered satisfactory for the study.

### 4.3 Gender distribution

Table 4.2 shows the distribution of Gender of the respondents

Table 4.2 Gender Distribution

Gender	No	Percentages %
Male	15	38
Female	25	62
Total	40	100

The Male respondents were only 15(38%), while the Female respondents were 25(62%) of the total number of the respondents.

### 4.4 Marital status of Staff

Table 4.3 illustrates the marital status of the respondents

Table 4.3 Marital status of staff

Marital Status	No	Percentages %
Married	22	55
Single	14	35
Widow	2	5
Divorced	2	5
Total	40	100%

The married staff were 22( 55%), the single staff were 14(35% ), the Widowed staff were 2 (5% ), while the divorced staff were 2 (5%) of the total respondents.

#### 4.5 Age of the Staff

Table 4.4 illustrates the different Age groups of the Respondents

Table 4.4 Age of Staff

Age of Staff	No. of staff	Percentages %
Below 20	-	-
21- 30	10	25
31 - 40	20	50
Above 40	10	25
Total	40	100

The respondents below the age of 20yrs were none, respondents between the ages of 21-30yrs were 10(25%), respondents between the ages of 31-40yrs were 20(50%) while those above 40yrs were 10(25%) of the total respondents.

#### 4.6 Academic Level

Table 4.5 illustrates the different academic levels of the respondents.

Table 4.5 Academic level

Academic Level	No. of staff	Percentages %
Post Graduate	2	5
Undergraduate	6	15
Post secondary diploma	8	20
“O” Level	24	60
Total	40	100

Staff with Post graduate qualifications were 2 (5%), Staff with Undergraduate qualifications were 6 (15%), Staff with Post Secondary diploma qualifications were 8 (20%) of the total respondents

Staff with “O” Level qualifications were 24 (60%) of the total respondents.

However, out of the 24 Staff with “O’ level qualifications, 6 had embarked on different professional courses but were yet to complete.

#### 4.7 Distribution of positions in the Organisation

Table 4.6 illustrates the distribution of positions in the Organisation

Table 4.6 Distribution of positions in organisation

Title	No.	Percentage %
Senior Management	5	12
Middle Management	6	15
Supervisory level	6	15
Operational	23	58
Total	40	100

The Senior Management staff were 5 (12%), the Middle Management Staff were 6 (15%), the Supervisory staff were 6 (15%), while the Operational staff were 23 (58%) of the total respondents.

#### 4.8 Period of Service of Staff

Table 4.7 illustrates the period of service of the Staff

Table 4.7 Period of staff service

Years of Service	Respondents	Percentage %
1-5	25	62
6-10	9	23
Over 11	6	15
Total	40	100

The staff members who served in the Organisation between 1-5 years were 25(62% ), Staff members who served between 6-10 years were (23%), while the staff members who served over 11 years were 6 (15% ) of the total respondents.

#### 4.9 Distribution of Staff in the Organisation

Table 4.8 shows the distribution of staff in various departments

Table 4.8 Distribution of staff in the organisation

Departments	No.	Percentages
Administration	5	12
Finance	6	15
Underwriting	23	58
Claims	6	15
Total	40	100

The Administration department had 5(12%) members of staff, the Finance department had 6(15%) members of staff, the Underwriting department had 23(58%) members of staff, while the Claims department had 6(15%) members of staff out of the total respondents .

#### 4.10 The relationship between PM and BP

Table 4.9 illustrates the relationship between the PM and BP

Table 4.9 Relationship between PM and BP

		No.	Percentages %
1	Do you see any Relationship between PM &BP	38	95
2	Are you aware of any PM in the Organisation	40	100
3	Why do you think the Organisation Initiated PM programmes	35	88
4	State how the Employee Performance changes after the introduction of PM Programmes	28	70
5	How would you classify the Profitability of the Company	28	70

The respondents gave their opinions on the relationship between PM and BP. 38(95%) respondents agreed there was relationship between the Performance Management and the Business Performance. 40(100%) respondents agreed they were aware of PM

programmes in the Organisation. 35(88%) of the respondents agreed the organisation initiated PM programmes to improve the Business.

28(70%) respondents expressed their opinion that after the introduction of PM programmes, the Employees' Performance dropped. 28(70%) respondents agreed the profitability was bad .

#### 4.11 The Impact of Staff Performance appraisal on BP

Table 4.10 explains the Impact of Staff Performance appraisal on BP.

Table 4.10 Impact of staff performance appraisal on BP

		No	%
1	Have you heard employees comment on PM Programmes	32	80
2	Do you think the employees should be involved in selecting PM Programmes	30	75
3	Do you think the employees were satisfied with the PM Programmes	34	85
4	How are the staff appraisals carried out	38	95
5	How do you rate the Organisation in terms of HR initiatives to improve performance.	30	75

32(80%) of the respondents agreed the PM Programmes were not successful.30(75%) agreed they would like to be involved in selecting the PM Programmes.34(85%) of the respondents agreed they were not satisfied with the PM Programme.38(95%) of the respondents agreed the staff appraisal were carried out yearly.30(75%) of the respondents rated HR initiatives as poor.



#### 4.12 The Performance training methods and its influence on BP

Table 4.11 explains how the Performance Training methods influence the BP

Table 4.11 Performance training methods and its influence on BP

		No	Percentage %
1	What methods should be used in introducing the PM Programmes	28	70
2	Should the employees be involved in selecting the PM Programmes	38	95
3	Does a competent employee help in improving the BP	16	40
4	What would you suggest to the senior management to collect the situation in the Company.	30	75
5	Who implements the PM in the Organisation	20	50

28(70%) of the respondents agreed the methods used in introducing the PM Programmes to be simple to understand.

38(95%) of the respondents expressed their views to be involved in selecting the PM Programmes. 16(40%) of the respondents agreed competent employees would help in improving the BP 30(75%) of the respondents would want the Organisation carry out training to collect the situation in the company. 20(50%) of the respondents agreed the implementation of PM Programmes was carried out by the HR department and the departmental heads.

## **CHAPTER 5**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This Chapter gives the summary of Findings, Discussions, Conclusions and Recommendations derived from the research outcome.

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

The purpose of this study was to analyse the Impact of Performance Management in Business within Insurance Industry in Kenya with a case study conducted at Salama Insurance Brokers.

One of the objectives was to analyse the effects of Performance Management tools on Business Performance. The results showed the Performance Management tools in practise was only known to the Managers, this was expressed by 24(60%) respondents. The employees expressed their desire to be consulted on the Performance Management tools, this was expressed by 30(75%) respondents. The other objective of the study was to assess the Staff Performance appraisal methods. The method in Practise was to assess the staff performance yearly, this was expressed by 34(85%) respondents. The other objective of the study was to analyse the Performance training methods. The study indicated the Performance Management training methods should be simple to understand, this was expressed by 28(70%) respondents.

### **5.3 Discussion of Findings**

The Findings of the study indicated that the Performance Management tools in practise was hazy and only known to the Managers. This caused a lot of anxiety to the employees as to what was expected of them in terms of productivity. The employees expressed their desire to be consulted on the selection of the Performance Management tools. This is in line with Harvard Business review, 2008 that states that Organisations succeed when they continuously ensure individual have clear understanding of where they fit in the Organisation, what is expected of them, and the skills and abilities they need to carry out their duties effectively.

On the Staff performance appraisal, this took place when the time lapse was too long to make any meaningful impact on the individual performance. Hence, the employees misconstrued the practise as a waste of time, while others saw the process as a way of weeding out casualties for retrenchment. This is referred to by Drury,2001 when he stated that without a pre-set performance target, individuals do not know what to aim for. Thus the existence of a clearly defined quantitative target is likely to motive higher performance than vague statements such as “do your best” It is also difficult for employees or their superiors to interpret performance unless actual performance can be compared against predetermined standards.

The Organisation’s Performance Management training methods were not clear. The employees who failed to attain their targets, were denied the annual salary increment or subjected to other forms of disciplinary actions.

### **5.4 Conclusions**

The study concludes that the Management did not communicate to the employees the benefits of the Performance Management tools neither were they consulted on choosing the method. Consequently, the employees viewed the process as a threat and caused anxiety that affected their productivity.

The staff appraisal were carried out yearly and the employees were not involved in setting the targets that formed the basis for incentive schemes such as salary increment.

The Performance Management training methods is an exercise that involves extensive training for the employees to appreciate its long term benefits as well as the Organisation. As a result, this caused anxiety among the employees and their productivity went down affecting the Business Performance.

### **5.5 Recommendations**

The study recommends that the employees should be allowed to participate in choosing the Performance Management tools and let them know this would form the basis of assessing their productivity. Spell out specific criteria for evaluating performance such as SMART principle. This will help the employees understand what is expected and how their work will be evaluated.

The study further recommends, on the Performance Management training methods, the management should design simple and easy methods to understand. Methods that will enhance individual goal congruence and that of the Organisation.

The Staff performance appraisal methods should be reviewed within reasonable period. Timely identification of deficiencies makes it possible to take corrective actions before the difficulties become serious and possibly irresolvable.

### **5.6 Suggestions for Further Research**

This study focused on the Impact of Performance Management in business within Insurance Industry in Kenya. Further research should be carried out with a concentration on the Performance Management training methods and its effects on the Business performance, in a similar Industry with a larger population. The study should also be carried out to explore the Staff Performance appraisal methods and its impact on the Business Performance in Insurance Industry.

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**APPENDIX1: TRANSMITTAL LETTER  
FOR RESEARCH ON PERFORMANCE  
MANAGEMENT AND ITS IMPACT ON  
BUSINESS PERFORMANCE AT SIB.**

Date: 12/03/2010  
From: Jane Ndegwa  
To: Respondent

Dear Respondent,

**Re: QUESTIONNAIRE**

I am a Student at University of Nairobi pursuing a Post Graduate Diploma in Human Resource Management. As a partial fulfilment of the requirement for the award of this Diploma, I am required to carry out a research study on:

**The Impact of Performance Management in Business within Insurance Industry in Kenya: The case of Salama Insurance Broker, Nairobi.**

This is, therefore, to request you to kindly fill the attached questionnaire so as to enable me accomplish the study.

Please note that the information shall be purely used for academic purposes and shall be treated as confidential as is practically possible.

Thank you for taking your time to fill the questionnaire.

Jane Ndegwa  
Student, University of Nairobi.

# APPENDIX 2: QUESTIONNAIRE FOR PERFORMANCE MANAGEMENT AND ITS IMPACT ON BUSINESS PERFORMANCE AT SALAMA INSURANCE BROKER.

## Section 1

**Employee profile** (Please fill in the space provided by ticking (✓) on the appropriate box) or by writing short comments.

1. Name of respondent (optional).....

2. Gender: Male  Female

3. Marital Status

Married  Single  Others (please state) .....

4. Age of respondent: 20 or below  21-30yrs  31-40yrs

Above 40yrs

5. Highest academic level (please tick appropriate level)

- Post graduate

- Undergraduate

- Post secondary diploma

- Others (specify).....

6. Position held in the Organisation.....

7. Length of service at SIB: 1-5 yr  6-10yrs  11-15yrs  Over 15yrs

8. Name of the Department working for (please tick)

Administration

Finance

Underwriting

Claims



**Section 11- Implementation of Performance Management**

*(Please tick the appropriate box and comment or explain where instructed)*

9. Do you see any relationship between Performance Management and Business Performance?

Yes  No

10. Are you aware of SIB Performance Management programme?

Yes  No

11. Why do you think SIB initiated the Performance Management Programme?

- a) To improve Business Performance
- b) To identify the Training needs
- c) To reduce Labour turnover
- d) Any other reason (specify).....

Briefly give reason(s) for your answer

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

12. As an SIB employee, in your opinion, has the Performance Management programme been a successful exercise?

Yes  No

Please give reason(s) for your answer

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

13. (a) Have you heard employees make comments about the Performance Management programme?

Yes  No

(b) If your answer above is yes please comment briefly.

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

14. Who implements the Performance Management at SIB?

- a) Departmental Heads
- b) Human Resource Dept.
- c) External Consultants
- d) I don't know

15. a) Do you think the exercise is done competently?

Yes  No

b) Briefly give reason(s) for your answer above

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

16. Are you aware of the criteria used in implementing the Performance Management?

Yes  No

17. Do you think the objective of Performance Management is met ?

- a) Adequately
- b) Partially
- c) Not at all

Briefly explain your answer.

.....  
.....

18. In your opinion, what methods do you think should be used in introducing the Performance Management programmes?

.....

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

19. Do you think employees should be involved in selecting the Performance Management programme? Yes  No

Please explain your answer.....  
.....

20. Who in your opinion is a competent employee?

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

21. Does a competent employee help in improving the Company Performance?

Yes  No

22.. Please state how Employee Performance changes after the introduction of Performance Management programme.

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

**Section 111 – General questions on Employee Performance**

*(Please tick on the appropriate box and comment or explain appropriately)*

23) Which other Performance- related initiatives by HR are you aware of in the Company?

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

24) How do you rate SIB in terms of HR initiatives to improve Performance ?

Excellent  Very Good  Good  Poor

25) Do you think the Employees are satisfied with the Performance Management programme?

Yes  No

26) Performance Management is a long term planning geared to future success of Business Performance.

Strongly Agree

Agree

Disagree

27).How is the Morale of the staff in the Organisation?

a) Very high

b) High

c) Low

28) In your opinion what would you recommend to the senior management to correct the situation in your Company.

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

29) How would you classify the Performance of the Company in terms of Profitability

a) Very good

b) Good

c) Bad

d) Very bad

30) Do you think the introduction of Performance Management has affected the Business Performance?

Yes

No

Please explain your answer briefly .....

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**APPENDIX3: AN INTERVIEW SCHEDULE FOR PERFORMANCE  
MANAGEMENT AND ITS IMPACT ON BUSINESS  
PERFORMANCE AT SIB**

1) How is the current working environment?

- a) Very good
- b) Good
- c) Bad
- d) Very bad

2) How does the Management carry out recruitment?

- a) Relatives/friends of the existing employees
- b) Poaching from other Companies
- c) Consultant
- d) Any other method

3) How does the Management treat employees who under perform in their duties?

- a) Terminated
- b) No salary increment
- c) Taken for training
- d) Any other

4) How are the staff appraisals carried out?

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