FACTORS CONTRIBUTING TO IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEMS IN ORGANIZATIONS: A CASE OF KENYA RAILWAYS TRAINING INSTITUTE

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DECLARATION

This research project is my original work and has not been presented for examination in any other university. No part of this project may be reproduced without the prior authority of the author and/or Kenyatta University.

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DEDICATION

I would like to take this opportunity to thank the following people for their contribution to the successful completion of this project:

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DEFINITION OF THE TECHNICAL TERMS

Management Style: The overall method of leadership employed by managers and supervisors in an organization.

Organization Culture: The patterns of shared values and beliefs over time which produces behavioral norms that are adopted in solving problems.

Organization Structure: The hierarchical concept of subordination of entities that collaborate and contribute to serve one common aim.

Performance Management: The process which contributes to the effective management of individuals and teams in order to achieve high levels of organization performance.

Performance Management Process: Method of management designed to ensure the organization and all of its components are working together to optimize organization goals.

Performance Management System (PMS): Is a way of providing a measurement of the organization, the team and the individual through a variety of performance measurement techniques. It involves setting of performance objectives, the measurement of performance against those objectives, the identification of developmental support and a review process to develop performance and subsequent objectives.

Role of Employees: The part that organization personnel play to the attainment and achievement of set goals, functions and responsibility

ACRONYMS

AD – After Domino

HR – Human Resources

HRM – Human Resources Management

NGO – Non Governmental Organization

OHRM – UN Office of Human Resources Management

PMS – Performance Management System

RTI – Railway Training Institute

KRTI – Kenya Railways Training Institute

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

ABSTRACT

An Aberdeen Group survey 2004(as cited by Markus, 2004) of managerial and technical employees in service organizations found that 99% had some form of performance evaluation. Watson 2004(as cited by Markus, 2004) survey found a participation rate of approximately 90%. In a 2003 international survey of businesses of all sizes, 59% reported using some form of performance management tool, an increase of 18% compared with a similar survey two years earlier. It is obvious from the recent surveys and the high rate of change that performance management systems are not satisfactory in most businesses (Leanne 2004). This research seeks to explore the challenges that have contributed towards poor implementation of performance management systems. The main objective of the research was to investigate the factors that can be addressed to make performance management systems more effective. The role of employees, management style, the organization culture and structure in the implementation of performance management was investigated to establish their contribution towards effective and efficient performance management systems. This research sought to contribute towards improved implementation of performance management systems in organizations and contribute towards the body of knowledge in the area of implementation of performance management. The population of this study comprised of 42 managers and supervisors and 28 employees of Railway Training Institute (RTI). The study adopted descriptive survey design to collect data on the issues relating to the role of employees, culture, and structure and management style in the implementation of performance management system. Questionnaires with both open and closed ended questions were used to collect the data at both supervisory and employees levels. The questionnaires were administered through drop and pick method, to all the employees. Data collected was analyzed using the aid of Statistical Package for Social Sciences (SPSS). The study concludes that that employees should understand what is expected of them to perform optimally, the respondents agreed that in this organization, employees are commitment to their work and are keen on improving, but also at RTI employees know how their goals contribute to the organization objective. The study further concludes that the role of employees is considered important in the implementation of performance management in organization although not highly. The study recommends that the role of employees should be improved performance. The respondents agreed that in this organization, employees are committed to their work and are keen on improving, but also at RTI employees know how their goals contribute to the organization objective. The study further recommends that the role of employees is considered important in the implementation of performance management in organization. The study further recommends that the activities in the organization be made more clear-cut. The respondents agreed that there is a clear career path for members of staff in this organization, the respondents agreed that .The flow of information and communication within and across function is smooth at RTI and that everyone in this organization knows what they are responsible for and how they contribute to the organization.

CHAPTER ONE

INTRODUCTION

1.1 Background

Armstrong (2006) defines performance management as 'a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved. Brown and Armstrong (1999) stress that performance management is 'a strategy which relates to every activity of the organization set in the context of its human resource policies, culture, style and communications systems. The nature of the strategy depends on the organizational context and can vary from organization to organization.

Performance Management encompasses all those aspects of human resources management that are designed to improve the efficiency and effectiveness of both the individual and the organization. Brown and Armstrong (1999) consider performance management to be anything that an organization does to improve its total performance. In pursuit of the goal of performance improvement within the public sector, there is emphasy on the adoption of private sector practices in public institutions (Balogun, 2003). The public sector models have therefore been invariably seen through the public service reform initiatives in many developing countries as the solution to reversing falling service delivery. In quest of this same goal, Kenya introduced performance contracting not only to improve service delivery but also to refocus the mind set of public service away from a culture of inward looking towards a culture of business as focused on customer and results. The concept of performance contracting in Kenya can be traced to 1989. Parastatal reform Strategy paper which was approved by cabinet in 1991 was the first official recognition of the policies that were recommended to streamline and manage the performance of state corporations. The first two parastatals to be on performance contracts were the Kenya Railways Corporation and the National cereals and produce Board in 1989. The two performance contracts did not meet the performance contracting expectations (Nyongesa, Sewe & Ng'ang'a, 2012). The latest performance contracts evaluation of state corporations in December 2006, Kenya

Railways was ranked No. 56 while the National Cereals and Produce Board was ranked No. 109.

Fully realized, performance management is a holistic process bringing together many of the elements that make up the successful practice of people management including, in particular, learning and development. But for this very reason, it is complex and capable of being misunderstood. At its best, performance management is a tool to ensure that managers manage effectively as part of which they ensure that the people or teams they manage know and understand what is expected of them, have the skills and ability to deliver on these expectations, are supported by the organization in developing the capacity to meet these expectations, are given feedback on their performance and have the opportunity to discuss and contribute to individual and team aims and objectives (Curtis, 1999).

It is also about ensuring that managers themselves are aware of the impact of their own behaviour on the people they manage and are encouraged to identify and exhibit positive behaviours (Daft, 1999). So, performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions. It is about sharing expectations. Furnham (2004) states that managers can clarify what they expect individual and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is about interrelationships and about improving the quality of relationships, between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process. It is also about planning – defining expectations expressed as objectives and in business plans – and about measurement; in the words of the old dictum, 'If you can't measure it, you can't manage it'. It should apply to all employees, not just managers, and to teams as much as individuals. It is a continuous process, not a one-off event. Last but not least, it is holistic and should pervade every aspect of running an organization (Kandula, 2006).

Meaningful ongoing performance management helps both individual employees and the business as a whole. Effective performance management is a key for the motivation,

retention, and development of employees, because individuals learn how they are performing and where they are going in the organization. Managers learn more about their subordinates in the process, strengthen relationships through discussion, and develop their own coaching skills. The entire organization benefits from a system that aligns performance to company-wide goals, provides a structured format for measuring results and giving feedback, and establishes a record for each employee that can be used for individual development, to inform future supervisors, and to make sound employment decisions (Peteraf, 1993).

No matter what the size and culture of your organization, it pays to be attentive to performance management. Since there is no single correct approach for every business, you must take steps and adopt structures that fit with and work for your organization. Never just copy the approach of another company and assume that it will work for you. In this research, the researcher will attempt to discuss some of the considerations involved in implementing a performance-management system that will enable an organization specifically the public sector achieve results (Owens, 1987).

1.1.1 Performance Management Process

Haygroup 2008: (as cited by Markus, 2004) defines performance management process as a method of management designed to ensure the organization and all of its components are working together to optimize the organizations goals. Organization components include departments, employees, processes, teams, and other aspects of an organization. To achieve this design, performance management process must address the overall organization performance in conjunction with the components.

Welman et al (2001) explains that performance management process requires several ongoing activities. This include identifying and prioritizing goals, defining what constitutes progress towards goals, setting standards for measuring results, and tracking progress toward goals. Other activities include exchanging feedback among organizational components, regularly reviewing progress, reinforcing effective goal-oriented activities, and intervening to create improvements when needed. While the activities in the performance management process are similar to other management methods such as strategic planning and

management by objectives, the performance management process focuses on overall results. Great importance is placed on measuring results, maintaining ongoing feedback about results, and developing plans to improve results. While other management processes often focus on the results themselves, this process places greater importance on the methods used to achieve results. The steps in the performance management process can vary from one organization to another. Most programs include certain core activities working from the highest level of the organization down to the smaller components. The first step is to review the overall organizational goals and prioritize by quantity, quality, cost or timeliness (Murphy, 1995). Figure 1.0 below summarizes the various activities undetaken in the performance management process within a specified period of time mostly annually.

Performance and development planning – performance agreement
- Role definition
- Objectives
- Competencies
- Performance improvement
- Personal development

Review performance
- Dialogue and feedback
- Agree strengths and any areas for improvement
- Build on strengths – "you are particularly strong in these areas" – how can you make even greater use of them?

Act
- Carry out role
- Implement performance improvement plan
- Implement personal development plan

Manage performance throughout the year
- Monitor performance
- Provide continuous feedback
- Provide coaching
- Deal with underperformers

Figure 1: Performance Management process

Source: Gabriel Lubale – Introduction to Performance Framework in Public Service (2009)

1.1.2 Performance Management in Public Sector in Kenya

The Public Service Commission of Kenya (PSC-K) (2006) listed Performance management including Performance appraisal as a function of HRM. Performance Management in the Public Service is anchored in the National Economic Blue Prints. The current is Kenya Vision 2030 and the proceeding was known as Economic Recovery Strategy (ERS) for Wealth creation and Employment. ERS was implemented from 2003 to 2007. Kenya Vision 2030 is implemented in 5-years phases. The current phase covers the period 2012-2017.

Result-Based Management (RBM) is the foundation of Performance management in the public service. RBM Guide 2005: (as cited by Nyongesa, et al 2012) define RBM as a participatory team based approach designed to achieve defined results by improving programme and management efficiency, effectiveness, accountability and transparency. The RBM policy framework in Kenya is based on principles derived from benchmarking with the Canadian and Swedish RBM models. Canadian International Development Agency (CIDA) (1996) defined RBM as "design to improve management effectiveness and accountability by involving key stakeholders in refining realistic expected results, assessing and monitoring progress towards achievement of expected results, integrating lessons learned into management decisions and reporting on performance".

Rapid Results Initiative (RRI), Performance Contracting (PC) and Performance Appraisal System (PAS) provide a structured methodology for building and practicing Results Based Management (RBM). This methodology was required for successful implementation of the Economic Recovery Strategy for Wealth Creation and Employment (ERS) by the Public Service and critically important in the implementation of the Kenya Vision 2030. Performance Contracting is a common management tool for ensuring accountability for results by public officials, because it measures the extent to which targeted results are achieved after 12 months since the Public official signed the negotiated agreement. The push factor for introduction of performance contracting in Kenya underlies the assumption that institution of performance measurements, clarification of corporate objectives, customer orientation and an increased focus towards incremental productivity and cost reduction can lead to improvements in service delivery (GOK, 2003).

1.1.3 Performance Management at RTI

Railway Training Institute (RTI) is one of the oldest training institutions in the East African Region. As the demand for an efficient transport in the country grows, the institute is set to harness its rich heritage and experience to re-affirm its position as a center of excellence in transport and logistics management. To this end, a new strategic plan 2008-2012 is being implemented with a mission to provide practical and quality training in transport and logistics responsive to a dynamic market environment through research and technology. The institute success in the implementation of the strategic plan had largely been pegged to its most valuable resources, the people. Performance management is envisaged to be one of the systems that continue and will enable the institute to reposition itself strategically in the market. In the advent of globalization and drastic changes in the field of transportation, the institute is faced with unprecedented challenges that require efficient resource utilization to navigate through successfully. People management is one of key focus in its current strategy to growth and development. This study is intended to research on employees' performance management implementation at the institute. Specifically the research will seek to find the role that people, culture, structure, management style and nature of performance management system play in its successful implementation.

Studies and relevant literature point to the fact that there normally exist gap between what performance management system is intended to be in theory and the reality of its practice in organization. (Alfred & Potter, 1995; Rademan & Vos, 2001) noted that the theory behind the system might be relevant but in practice it may not work effectively if proper care is not taken. Despite the fact that performance managements systems are utilized almost universally (Furnham, 2004), there are many and varied criticisms of these systems. To give a performance management system a fair chance of success there must be management buy in and support from the top management. The system in place must be developed ethically, implemented fairly and accurately and its expectations must be effectively communicated to all concerned.

Railway Training Institute introduced performance appraisal system in 2009. However, it has been noted that the system had some challenges in the implementation such as the performance management being perceived by managers and supervisors as not meaning much, being seen as

additional work and preoccupation with ratings and the appraisal tool, performance appraisal form, as opposed to ongoing dialogue and other managerial competencies that are critical to successful implementation of the system.

The managers and supervisors are required to make a mind shift from the tool and ratings which is taken as an annual ritual largely done to comply with the administrative instruction and human resources requirements. There is therefore the need for managers to learn new habits and practices that shift focus from the appraisal tool which is just part of the system to managerial competencies and habits. There seem to exist a gap between what performance management is envisaged to be and how it is actually practiced at the institute. The study will seek to find out if indeed this gap exist and identify what should be done to close the lacuna

1.2. Statement of the Problem

Many corporations view their performance management systems as "organisational wallpaper" meaning that they exist only in the background and are not expected to add value yet surveys of businesses internationally clearly show that such programmes, if well designed and mplemented, have positive impacts on individual productivity and financial results (Leanne, 2004).   Therefore performance management systems exist in the background with little or no expectations for impact. In a large survey conducted by WorldatWork 2005: (as cited by Markus, 2004), 58% of organizations rated their performance management systems as "C Grade or below. There has been a general agreement that performance management is not liked by employees and managers, nobody does it well as it a skill that seemingly fails to be acquired despite exhaustive training efforts and that performance management fails the test of construct validity in that it does not do what it was designed to do which is to increase performance. Despite its poor popularity and less success factor, the concept of performance at an individual and organizational level is critical to business success. Therefore performance management cannot just be ignored and organizations must put all effort to have the system work. The importance of managing performance to align individual goals to a common vision has been recognized as being vital to an organization's success (Markus, 2004). The necessity of an effective holistic performance measurement and appraisal system, therefore, became apparent. The purpose of

this study therefore was to identify the challenges facing organizations in the implementation of performance management system.

1.3. Research Objectives

1.3.1 General Objective

The objective of the research was to study the implementation of performance management system in organizations. This was to primarily enable them to review and consider all aspects of the performance management system, in order to remodel or revise where and if necessary so as to enhance its efficiency and effectiveness.

1.3.2 Specific Objective

The specific objectives were to:

i. To establish how the role that staff play in the implementation of the performance management system influences the implementation of performance management in Railway Training Institute (RTI).

ii. To explore how the existing culture at RTI affect the implementation of performance management system.

iii. To establish how the organization structure at RTI influences the implementation of performance management system.

iv. To examine how the management style influences the implementation of performance management system at RTI.

1.4 Research Questions

The following was the research questions

  i. How does the role that staff play in the implementation of the performance management system influence the implementation of performance management in Railway Training Institute (RTI)?

 ii. How is the implementation of performance management system affected by the existing organization culture at RTI?

iii. How does the organization structure at RTI affect the implementation of performance management system?

 iv. What is the effect of the management style on the implementation of performance management system at RTI?

1.5 Significance of the Study

The research sought to provide information on areas for consideration in the implementation of performance management systems for RTI and on the potential pitfalls and benefits of performance management systems to the institute, governmental bodies and Non-Governmental Organizations (NGOs) implementing the system. The study also contribute to the existing body of knowledge in the area of implementation of performance management for both private and non-commercial organizations.

1.6 Limitations and Scope

The confidentiality clause that limits the information that staff of the organization may share with third party may limit the information gathered in this research. However efforts will be taken and clearance of the management sought to allay fears and enhance information sharing as would be necessary. The study will focus on 70 employees of the total 70 staff working at RTI headquarters in Nairobi. The institution was chosen because as a public service organization, it has incorporated corporate performance management system ethos in a public sector offering an opportunity to study performance management system from both the corporate and public organization perspectives. The organization is also one of the earliest institution in which performance contracting was introduced by the government of Kenya.

1.7 Assumption

The main assumptions in this research are that all staff at the organization was available to participate in the research and is truthful as possible. To enhance these assumptions the anonymity and confidentiality of the participants was enhanced and communicated to them and the support of the Human Resources section was sought to ensure maximum participation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an outline of performance management, in terms of its historical context, purpose and criticisms, as well as an initial consideration of its applicability to not-for-profit organizations. This is followed by a review of the components of an effective performance management system and an example of the successful implementation of a performance management system.

2.2 Theoretical Literature

In this section an overview of performance management is presented. Firstly, a historical perspective provides background information on the evolution of performance management from its primitive origins. Thereafter, the main purposes of performance management and the many and varied criticisms thereof are discussed. Because this study is focused on a government organization, this is followed by an introduction to the applicability of performance management in a non-profit environment.

2.2.1 The Historical Context of Performance Management

Performance management has been a necessary part of organizational life for as long as there have been organizations. The ancient Egyptians had to 'encourage' their workers to build the great pyramids – and, unwittingly, they utilized performance management systems to do so. Their system revolved around whipping those workers who did not perform as required, to achieve their goals. This worked effectively for them as evidenced by the splendid pyramids that they built. There is evidence that other ancient civilizations such as Rome and AD China also had performance management systems (Furnham, 2004). However, over time, as our understanding of human nature and the environment in which we exist has changed, the importance of managing performance to align individual goals to a common vision has been recognized as being vital to an organization's success. The necessity of an effective holistic performance measurement and appraisal system, therefore, became apparent.

For the purposes of this case study the author will distinguish between performance measurement and performance management. Confusingly performance management can be applied to either organizational performance or individual performance, and the terms performance measurement and performance management are often used interchangeably. In this instance performance measurement has been used to describe the "act of measuring the performance" (Radnor & McGuire, 2004) which is usually at an organizational or organizational business unit level, and performance management is used to mean a system that "aims to react to the 'outcome' measure using it in order to manage the performance" (Radnor & McGuire: 2004) which is usually at an individual level. It has been noted that performance measurement as we know it now can be recognized as having started in the mid 1800's with the cost and management accounting profession (Radnor & McGuire, 2004). This came about due to recognition that tasks that occurred within these, mainly industrialized, organizations could be measured in terms of the time taken to perform a task as well as the budget required to perform the task. Performance measurement was not necessarily linked to individual performance appraisal but rather to assessing the profitability of the organization as a whole. Performance measurement could be seen to be concentrated simply on measuring specific activities, rather than measuring them with the aim of providing support and facilitating improved performance, as is the case with performance management (Radnor & McGuire, 2004).

Performance measurement seems to have been quite a clear cut choice for businesses to implement for two reasons – firstly, it was driven by the cost and management accounting profession with their focus on measuring financial indicators, particularly in terms of direct labour costs and direct material costs (Neely, Gregory & Platts, 1995) and secondly, because it is easier to measure performance than to manage it. After much work from the cost and management side in refining the available measures (resulting in the introduction of activity based costing (abc) in the mid 1980's (Cooper, cited in Neely *et al.*, 1995) and from the financial accounting side in terms of measures such as Return on Investment (ROI) and Return on Equity (ROE), it became clear that accounting indicators on their own were not necessarily clear predictors of the success or failure of an organization. By the early 1980's the growing trend to move away from viewing capital assets as the most important to

understanding that intellectual or human capital would be the way of the future, had been identified (Peters & Waterman, 1995). Those companies that had a strong belief in their people, not necessarily only their financial indicators, were turning out to be the top companies. Examples of such companies would be Hewlett-Packard with their 'the HP way', which included mutual trust and confidence expressed in terms of, for instance, their flexible working hours and open door policy (Peters & Waterman, 1995), and Disney's description of staff as 'cast members' with all staff being recognized on a first name basis from the President down, and all staff being part of 'the show' (Peters & Waterman, 1995). These examples show how working with people was infiltrating to the very core of a companies internal operations and how this commitment was reaping rewards in terms of the companies' bottom line. By the mid to late 1980's traditional organizational performance measurement systems had many critics (Neely, 1999). For example, it seems that a focus on purely accounting performance measure might have promoted a culture of short-termism (Neely *et al.,* 1995) resulting in managers trying to achieve financial targets to meet their performance measurement objectives, at the expense of long-term sustainability.

It was at around this time that Kaplan & Norton (1992) developed and proposed a balanced scorecard to include the measurement of indicators other than financial ones. They proposed four areas of importance including financial but in addition, customer, internal business processes and learning and growth. They felt that these provided a more holistic picture of an organizations' performance. Kaplan & Norton (1996) then postulated that these scorecards could then be linked to and be drivers of strategy. They maintained an ultimate focus on financial objectives, though, saying "ultimately, causal paths from all measures on a Scorecard should be linked to financial objectives" (Kaplan & Norton, 1996).

Performance management as a more holistic complex measurement and management system arose out of a combination of performance appraisals (which have been noted by Furnham (2004) as early as being "in both Britain and America in the eighteenth and nineteenth centuries") and of performance measurement systems. According to Furnham (2004) "by the 1950s in America and the 1960s in Europe, around a half to two-thirds of bigger companies had some performance appraisals process", and since then this has increased further.

Organizations performance management systems were becoming increasingly complex, taking factors other than financial indicators into consideration and were aimed at the long-term sustainability of the organization. Since the mid-1990's there has been a marked increase in research of both an academic and a practical nature (Thorpe & Beasley, 2004; Neely, 1999) into the areas of organizational performance measurement and performance management of both the organization as well as the individual.

There are many reasons for the current trend to focus on performance management as a whole. As our society changes and these changes become apparent, it is clear that to be a successful organization requires some form of measurement system. To ensure that the results of these measures are managed and improved upon, performance management needs to be in everyday organizational life. In many ways it is a natural progression of our understanding from the importance of performance measurement to the philosophy of performance management. It also arises because of the environment in which we are operating, with its focus on 'living your best life' and 'being all that you can be' and the trend towards self-improvement/development, emotional intelligence (Goleman, 1996), a knowledge economy with knowledge workers (Tobin, 1998) and transformational leaders (Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw & Oosthuizen, 2001).

2.2.2 The Purpose of Performance Management and Criticism

Performance Management encompasses all those aspects of human resources management that are designed to improve the efficiency and effectiveness of both the individual and the organization. Brown & Armstrong (1999) consider performance management to be anything that an organization does to improve its total performance. They postulate that it has four primary purposes. Performance Management assists organizations in providing a basis for managing both organization and employee expectations. This is achieved by enabling individuals and organizations to clarify the nature of the psychological contract (Argyris, 1960; Schein, 1970) between them. It also aims to provide a framework which facilitates the integration of corporate and individual objectives, beginning with the communication and integration of the organizations core values. Performance management systems aim to motivate towards established and clearly communicated expectations, and also, to provide a

developmental process for the organization by setting guidelines that assist in establishing future needs and outcomes.

A performance management system typically involves "the setting of performance objectives, the measurement of performance against these objectives, the identification of developmental support and a review process to develop performance and subsequent objectives" (Brewster et al 2003). The performance management system is a way of providing a measurement of the performance of the organization, the team and the individual through a variety of performance measurement techniques (Price, 2000). As has already been shown, the performance management system depends on performance measurement, but has a wider role in evaluating and developing individuals to encourage improved performance results, and assisting in managing for these results.

Barlett and Ghoshat (1995) argue that there are "three major purposes of performance management; that it is a process for strategy implementation, a vehicle for culture change and it provides input to other human resources systems, such as development and remuneration" From the above definitions, the main purpose of performance management in organizations can be seen to be to enhance the achievements both of the organization and the individual. Performance management systems are "concerned not only with *what* is achieved but also with *how* it is achieved" (Price, 2000). All effective generic performance management systems have certain specific components in common, without which the system would be ineffective. These are the principle steps that must be implemented to ensure the effective functioning of the system. According to Price (2000) "in every case, effective performance management requires an organization to do three things well. These are; define the characteristics of good – as opposed to average or bad performance, Facilitate employees to perform well by removing obstacles and encourage performance through reward, praise or promotion"

The main reason for having a performance management system in operation in an organization is proposed by Armstrong & Baron (cited in Price, 2000) as being that people perform best when they know what is expected of them and have helped in setting the expectations. People are better able to perform and realize expectations that are set within

their capability levels, and within a supportive organizational structure. A performance management system provides a communication channel that can motivate staff and improve their attainment of objectives through the use of reward based systems. These systems, if implemented in a well-designed and fair manner, can empower and enable, making the difference between an average organization and an excellent one, through the use of the all important asset – the people.

A number of authors (Brown & Armstrong, 1999; Rademan & Vos, 2001;Furnham,,2004; hazard, 2004; IOMA, 2004) have levelled criticisms at performance management systems including, amongst other things, staff demotivation, unfair application, too subjective, unclear, unethical and very time consuming. Another noted criticism of performance management systems is that although it might be easy to devise a good performance management process on paper, the reality of that system might be vastly different, and it might actually be very difficult to implement (Brown & Armstrong, 1999; Furnham, 2004). Performance appraisals, as part of the performance management system, can be seen to be time-wasting and having no value as the information received during the appraisals is just filed afterwards and not utilized fully (Alfred & Potter, 1995; Rademan & Vos, 2001) – that is, the theory behind the system might be relevant but in practice it does not work effectively.

Performance management systems need to be developed along ethical lines (Brown & Armstrong, 1999; Rademan & Vos, 2001). Brown & Armstrong (1999) propose an ethical framework that should be considered in the designing of a performance management system. Items such as "(1) respect for the individual, (2) mutual respect, (3) transparency of decision-making and (4) procedural fairness" (Brown & Armstrong, 1999) need to be adhered to. The ethical component is very important, particularly given the reliance on the judgment of the appraiser, and the relationship between the appraisee and appraiser. It is an issue that the appraiser comes with their own set of biases, and judgment systems, which affects the outcome of the appraisal. In fact, higher than average ratings can be attributed to factors such as preserving morale, avoiding confrontation, and the perceived image of the management of an underrated department (Price, 2000). Alfred & Potter (1995) and

Rademan & Vos (2001) similarly noted that a person's appraisal could be subjective (i.e. based on the relationship between the person interviewing and the person being interviewed). According to Pettinger (2002) issues also "arise when the appraiser-appraisee relationship is not honest, or if the scheme is known, believed or perceived to be a bureaucratic or punitive exercise".

Because performance management systems are implemented for many reasons they are often overburdened with expectations. If the reason for the performance management system is to reward individuals, then staff will expect their pay to be linked to their performance. Senior staff might be told that the performance management system will enable them to identify and make provision for achievers and underperformers. They will expect that the system is able to assist them in making these identifications. Directors might feel that the performance management system will improve organizational effectiveness, and will then expect it to do so. Whilst a performance management system can do all of these things, the main purpose of the system must be clearly stated and communicated within the organization. Links to pay, succession planning, organizational strategy and performance and many others (Furnham, 2004, lists as many as 16 different reasons for implementing a performance management system) must be made clear, but users of these systems must be wary of relying on performance management systems to do everything as systems can become overloaded and then expectations cannot always be met (Murphy and Cleveland, 1995; Pettinger, 2002).

Despite the fact that these performance managements systems are utilized almost universally (Furnham, 2004), there are many and varied criticisms of these systems. To give a performance management system a fair chance of success there must be management buy in and support from the top management. The system in place must be developed ethically, implemented fairly and accurately and its expectations must be effectively communicated to all concerned. It is necessary to use the information collected and to provide feedback to staff. The data from these systems can primarily be used for two main purposes – either to develop people through training or to evaluate people's performance (Fischer, 1997). The performance management system must clearly reward behaviours and achievements that

actually contribute to the improved efficiency and effectiveness of the organization, thus playing both an evaluative and developmental role. Systems must be 'living documents' i.e. they must be adaptable, particularly in our turbulent rapidly changing environment and with the advent of the knowledge worker (Tobin, 1998).

2.3 Empirical Literature

Much of the relevant literature discussed thus far is based on information gathered in, and applicable to, corporate environments. It is evident from the initial focus on performance measures from the cost and management accounting perspective, that the initial performance measurement and indeed, even performance management systems, were designed to measure success in terms of profitability. Even when it became clear that a more balanced approach was necessary, for example the balanced scorecard (Kaplan & Norton, 1992), the reason was ultimately to improve financial business results. Because the performance in non-corporate environments is not usually focused on the profit objective, performance measurement systems did not easily translate from a corporate to a non-profit environment. The same cannot be said for performance management. Since non-corporate organizations are made up of a group of individuals aiming to achieve specific targets such as improved service delivery within the public sector, more research publications within an academic department or better monitoring of public service delivery by an Non-Government Organization (NGO) , often within a set budget, a system for managing individuals within the organization is very relevant.

In pursuit of the goal of performance improvement within the public sector, New Public Management (NPM) emphasizes on the adoption of private sector practices in public institutions (Balogun, 2003). NPM models have therefore been invariably seen through the public service reform initiatives in many developing countries as the solution to reversing falling service delivery. In quest of this same goal, Kenya introduced performance contracting to not only improve service delivery but also to refocus the mind set of public service away from a culture of inward looking towards a culture of business as focused on customer and results. In the Kenyan context a performance contract is a written agreement between government and a state agency (local authority, state corporation or central

government ministry) delivering services to the public, wherein quantifiable targets are explicitly specified for a period of one financial year (July to June) and performance measured against agreed targets.

The push factor for introduction of performance contracting in Kenya underlies the assumption that institution of performance measurements, clarification of corporate objectives, customer orientation and an increased focus towards incremental productivity and cost reduction can lead to improvements in service delivery (GOK, 2003). African countries emerged from the structural adjustment programmes (SAPS) era of the 1980s both strained and scorched by the several reforms in public sector management. Governments were encouraged to deregulate public enterprises and ensure that they are run like private sector business (World Bank 1989). The emphasis of this shift in public management was on maintaining a macro-economic stability, lowering inflation, cutting deficit spending and reducing the scope and cost of government (Therkildsen, 2001). It is these challenges that led to introduction of New Public Management (NPM) models in reform programmes of several, if not all public sector institutions in Africa (Obong'o 2009)..

Obong'o (2009) states that NPM concepts incorporates the application of private sector management systems and managerial techniques into public services (Farnham & Horton, 1993) together with a reassessment of which services should be returned to private or non-government sectors (Minogue, 1998). NPM shifts the emphasis from traditional public administration to public management and entrepreneurship, pushing the state towards 'managerialism' (Economic Commission for Africa 2003). The main thrust in the NPM reform wave is that more market orientation in the public sector will lead to greater cost-efficiency for governments, without having negative side effects on other objectives and considerations. The NPM type reforms as introduced were therefore allied to the functioning and the role of the state in the economic sphere. Consequently a major common reform area that many developing countries have been pursuing in the implementation of reforms involves the adoption of a multiplicity of measures intended to improve service delivery. The emphasis over the period therefore, had been shifting towards fixing management and performance aspects as a means of providing an immediate remedy. These measures

originate from the need to show demonstrable gains from reform following the pains imposed by the structural adjustment reform period; responding to public demands for accountability and transparency; influence of NPM reform ideas as well as shift to market economies and private sector led economic development, among others Kiragu & Mutahaba, 2005 (as cited by Obong'o, 2009).

2.3.1 The Role of Employees

Organizations have learned the importance of the role of people in an organization, and how the success of the organization depends on its people. The shift in mindset from "organization man to individualized corporation" (Bartlett & Ghoshal, 1995) has resulted in a situation where an organizations people are its greatest assets. Performance management in today's knowledge economy is a vastly important system that contributes to the success of an organization in finding and retaining the right people, training and developing these individuals to realize their and the organizations full potential, and as a system of evaluating and rewarding individuals within the organization. In fact the 'old' way of operating and the 'Organization Man' model (Bartlett & Ghoshal, 1995) are not able to achieve the results required for success in our constantly changing world. In the 'old' way, according to Bartlett & Ghoshal (1995) "workers' tasks were well defined, measured, and controlled. With the objective of making people as consistent, reliable, and efficient as the machines they supported".

This meant that systems and procedures in place were designed to control workers. However, employees are individuals and this type of forced system neither brought out the best in individuals nor fostered employee motivation and commitment. Today's performance management systems are more refined and are based on the understanding that the dynamic, creative employees that an organization desires and requires today cannot be fitted in to a one-size-fits-all model. "The new paradigm recognizes that, as suggested by the science of chaos theory, we live in a complex world characterized by randomness and uncertainty and that small events often have massive and far-reaching consequences" (Daft, 1999). It is being realized that a synergistic solution can be gained from discussions with different minded people, that teamwork and collaboration increase productivity and efficiency and that doing the right things right, is critical.

There is a move towards a management philosophy that encourages a sense of purpose, a partnership with people and a variety of processes that empower and enable the people to accomplish creative and competitive results. Bartlett & Ghoshal (1994) sum this up as "creating an organization with which members can identify, in which they share a sense of

pride, and to which they are willing to commit". Because of the turbulent and volatile, technologically-based, global society, many organizational attributes that were once considered competitive advantages are now easily eroded. Competitive advantages have the traits of being hard to copy, durable, competitively superior, not having an available substitute and not being appropriated (Collis & Montgomery, 1995). Many organizations now feel that their people can provide that competitive advantage. The importance of recognizing that successful organizations are those that are able to keep ahead of the competition, i.e. that are continuously able to produce sustainable growth of above average returns, now often depends on the ability of the organization to attract and retain high calibre knowledge workers (Staude, 2002). Due to the realization that people are the most valuable asset to an organization, the importance of performance management has been pushed to the fore.

2.3.2 The Organization Culture

Organizational culture has been defined as patterns of shared values and beliefs over time which produces behavioral norms that are adopted in solving problems (Owens 1987; Schein, 1990). The organization's internal environment is represented by its culture and is construed by the assumptions and beliefs of the managers and employees Aycan et al., 1999 (as cited by Ehtesham et al). Organizational Culture manifested in beliefs and assumptions, values, attitudes and behaviors of its members is a valuable source of firm's competitive advantage (Hall, 1993; Peteraf, 1993) since it shapes organizational procedures, unifies organizational capabilities into a cohesive whole, provides solutions to the problems faced by the organization, and, thereby, hindering or facilitating the organization's achievement of its goals Yilmaz, 2008 (as cited by Ehtesham et al). Therefore organizational culture need to be considered for effective implementation of performance management system. Daft (2004), defines culture as "the set of values, norms, guiding beliefs, and understandings that is shared by members of an organization". Because many public sector entities are initiated from an altruistic motive, they have "relied upon high moral purpose, good will, hard work, and common sense to make them successful. Until recently the application of effective management techniques, and in some instances even the acquisition of technical competence, has not been seen as relevant to their purposes" (Korten cited in Lewis, 2001).

The culture in such entities has often been fluid and focused on the cause rather than the procedures and systems necessary to achieve organizational goals. It means that employees are often enthusiastic about their work and motivated by it (Drucker, 1994), but as a cohesive unit working together towards a common goal, the public sector organizations often lacks systems that would enable it to have more of an impact. Lewis (2001) however, also notes the tendency of some public organizations to "import the latest management techniques (usually from the private sector) in an attempt to address organizational problems through the application of a managerial quick fix".

According to Kandula (2006) the key to good performance is a strong culture. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement. Therefore organizational culture has an active and direct role in performance management. Murphy and Cleveland (1995) believe that research on culture will contribute to the understanding of performance management. Magee (2002) contends that without considering the impact of organizational culture, organizational practices such as performance management could be counterproductive because the two are interdependent and change in one will impact the other. As noted by Maritz (1995) it is underlying cultural supports that provide a basis for excellent performance by an individual within an organization. A high performance culture facilitates and rewards potential through factors such as a strong system of values and a credible leadership.

Traditionally organizational culture and design of human resource management practices such as performance management have been studied independently for organizational success. The results of this study indicate that they are strongly associated with each other and should be complimentary (Magee, 2002). Moreover the western management models were also validated in the context of a developing country. Overall, there is a strong view in the literature that organizational culture lead to increased organizational performance. However, studies on this relationship often differ as to the extent a practice is likely to be

positively or negatively related to performance. Human resource management practices has been argued to affect organizational culture, and in turn lead to firm performance we need to be wary of arguing that current evidence proves this relationship.

There could, and probably are, a number of other organizational elements that provide a link between HRM and firm performance. More studies regarding the organizational culture and performance link need to be conducted before we can deduce this causality relationship. In saying this, organizational culture has been shown to be an important aspect of a firm, as it can, and does affect employee's behaviours, motivation and values. Organizational performance management system create career paths for employees as well as groupings of people who remain in the firm for a long enough time for a company culture to form. This outlook suggests that firms can implement such management practices that foster job security and internal career development in order to keep turnover low, and maintain those social phenomena that comprise organizational culture (values, beliefs, norms, assumptions) within the organization, and therefore forming a strong organizational culture.

2.3.3 The Organization Structure

The structure of an organisation has important implications for performance. An organization structure is mainly a hierarchical concept of subordination of entities that collaborate and contribute to serve one common aim. The structure of an organization will determine the modes in which it operates and performs. Organization structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as branch, department, workgroup and individuals. Performance management requires that individuals in the organization know their role and responsibilities. The profiling of the roles and responsibilities is done by mapping the organization structure with tasks that need to be accomplished in order to achieve the goals. The same tasks and responsibilities ought to be considered while evaluating the performance of individual employees (Markus, 2004).

Structure affects the flow of communication, the ability to collaborate across functional departments and the timeliness of responses to unforeseen events. The shape of the organisation's hierarchy (flat versus tall structure), the decentralisation of authority to make

major decisions (e.g. development of new products or services, resource allocations and investments), the operational autonomy of subordinates (e.g. the freedom of subordinates to create their own methods of getting work done) and an array of methods of coordinating work between departments and sub‑units determine performance. Organization structure play key role in ensuring the organization performance is kept aligned towards the achievement of desire goals in the institutions .Organization structure articulate to all organization members the reporting structure, the way people are grouped according to their skills specialization and the role they are supposed to play within the organization. Therefore the implementation of performance management is mainly defined by the organization structure in existence and cascaded down (Price, 2000).

The team-based systems work by focusing the individual's attention on the attainment of common goals. As employees realize that in order to achieve their common objectives they need to work together, team goals foster communication and interdependence. This prevents one of the criticisms that is aimed at performance management systems that are solely based on individual performance, occurring. This criticism is that, on occasions individuals might aim to achieve their targets at all costs, which can hinder the overall efficiency of the organization. By combining both team and individual objectives into the performance management system, a more rounded, holistic approach to organizational effectiveness is achieved. Team objectives can be broken down further into individual objectives, which are laid out in a document known as a performance agreement or performance contract (Viedge, 2003). Starting with this type of cascading top down (from organizational objectives to team objectives to individual objectives) approach allows an employee the security of knowing that their individual goals are in alignment with team goals and with the organizations strategic objectives. This can be a motivating factor in individual performance. See below organization structural cascading process figure 2.

```
          ┌─────────────────────────────┐
          │    Organization Objective    │
          └─────────────────────────────┘
                        ⬇
          ┌─────────────────────────────────┐
          │ Team / Department/ Section Objective │
          └─────────────────────────────────┘
                        ⬇
          ┌─────────────────────────────┐
          │    Unit objective/Work Plan  │
          └─────────────────────────────┘
                        ⬇
          ┌─────────────────────────────┐
          │  Individual objective/Work Plan │
          └─────────────────────────────┘
```
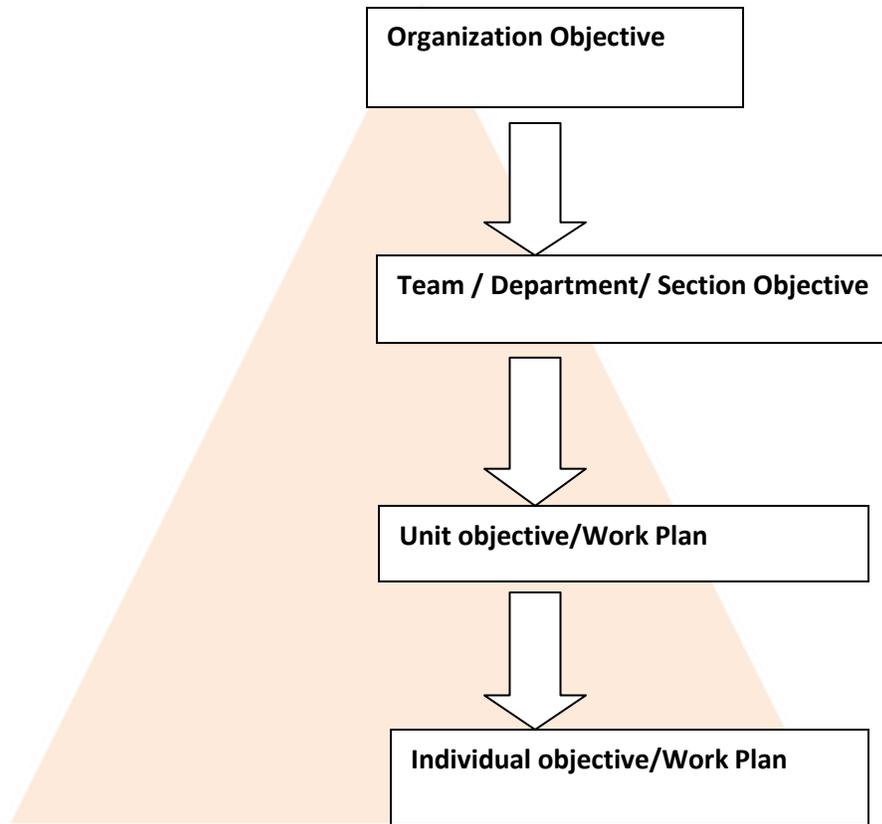
Figure 2: Cascading process

Source: OHRM staff guide manual (2005)

2.3.4 Management style

A management style is an overall method of leadership used by managers and supervisors. Organisations should manage employee performance with a continuous feedback system that focuses on regular, effective communication between managers and staff and minimizes bureaucracy Progressive organisations use their performance management systems as opportunities to model open communication, consult with staff and promote continuous improvement. To achieve continuous improvement, staff needs to be supported in learning and development programs which are aligned to the organisation's strategy and goals. Performance management is a significant part of continuous improvement. Managegement by Objectives (MBO) as articulated by Peter Drucker (1954) provide the management style important for high performance management. The components of an effective performance management system have been set out based on the model of performance management

systems considered by Bevan & Thompson and English (Price, 2000), presented below in Figure 2.2 that builds on the MBO and will be considered in more detail thereafter. The implementation of a performance management system focuses rather more narrowly on the actual procedures used to ensure individual performance is achieved and consequently contribute to organization efficiency and effectiveness.

An organization's vision should encompass the organization's reason for being or *raison d'être*. It should provide a clear purpose and overarching sense of what the organization is about. Collins and Porras (1996) consider that "a well-conceived vision consists of two major components: *core ideology* and *envisioned future*". They further break this down to show that core ideology is made up both of the core values and core purpose of an organization, whilst the envisioned future is set out in terms of long term BHAG's (Big Hairy Audacious Goals) and a vivid description. The mission statement should follow on from an organization's vision. It should be a concise document that reflects the way in which an organization intends to accomplish its vision. Although the development of the vision and mission need to be included and considered in the development section of the performance management system, they are also part of the implementation process. The implementation of the performance management system starts with the process of defining the vision and mission and translating these into actionable goals and objectives for the organization (Martiz 1995).

Organization's Vision and
Mission Statement

Team Objectives

Review & Evaluation of
performance management system

Individual Objectives –
performance Agreement

Feedback Procedure

Formal Assessment System
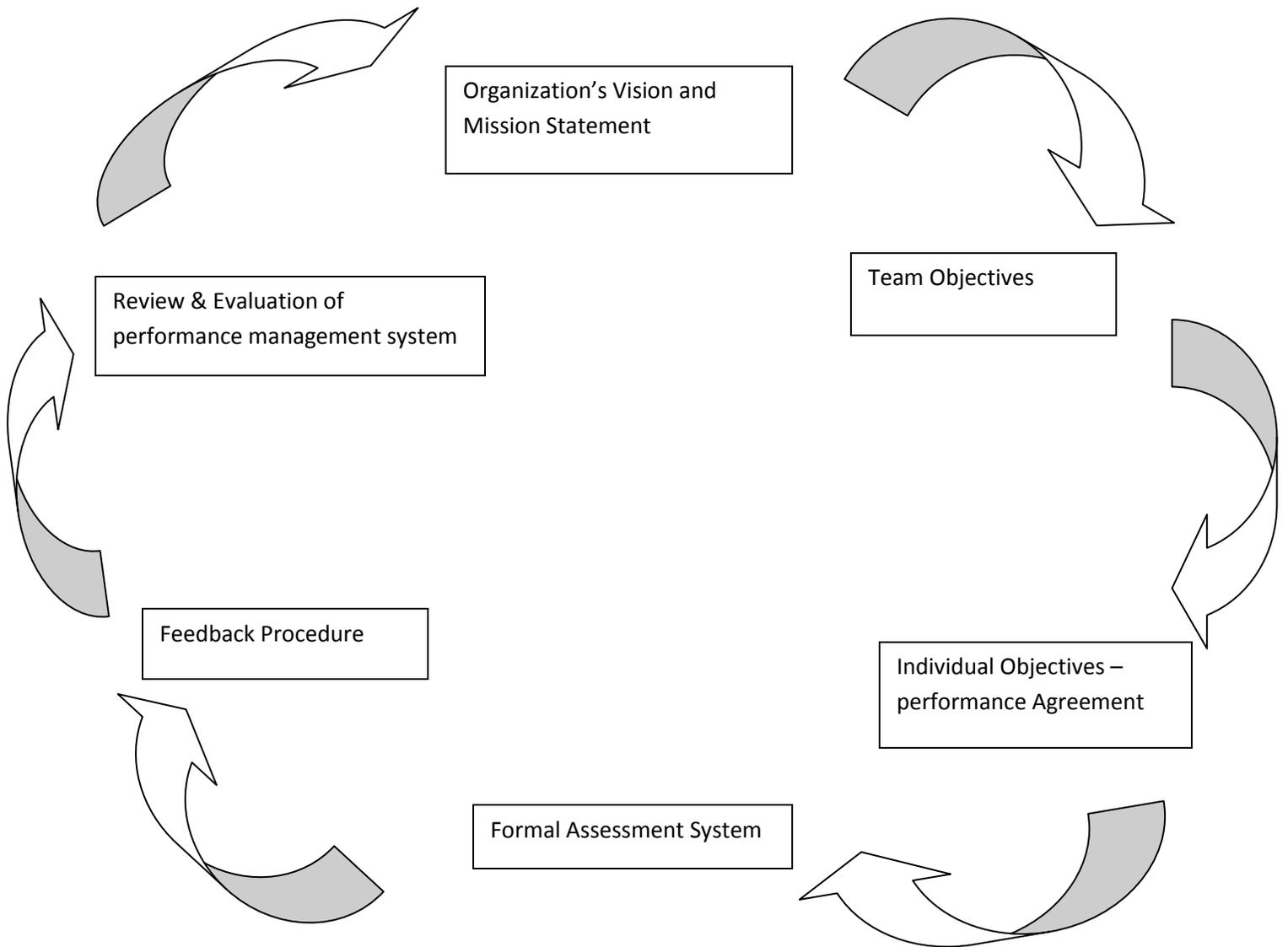
Figure 3: Components of an Effective Performance Management System

Source: Price (2000)

Once an organization's vision and mission statement have been clearly identified and communicated to the employees, the various teams (departments/programmes) within the organization can begin to work on the goals that they need to reach in order to attain the organizational objectives laid out in the mission statement. Team objectives are a more recent development in the MBO approach to performance management systems (Price, 2000), essentially operating under the same principles but with objectives that are set for teams (departments/programmes) rather than for individuals. Another valuable aspect of individual performance assessment is that an individual can be benchmarked against a pre-determined set of standards. By comparing the individual's performance against the standards, shortfalls can be addressed. These could be known as the "training gap"-indicating that the employee needs further knowledge and skills training in that particular area (Erasmus & Van Dyk, 2003).

Gibb (2002) gives a more comprehensive guideline on individual performance gaps, noting that although training might be indicated by the gap, there are other factors that need to be considered before making this assessment. Factors such as providing the relevant information, giving the individual the right level of responsibility and authority, providing feedback, communicating sufficiently well and other factors, may affect an individual's performance. These need to be addressed before training is embarked upon. A performance agreement is an agreement between an employee and their line supervisor clearly setting out the performance targets that need to be attained in a specific time period. It is valuable to encourage the employee to draft the initial performance agreement and to bring it to the supervisor for discussion. Furthermore, they will need to negotiate any changes with their line supervisor. In this way, the employee takes ownership of the tasks that are set out for the coming period. It is important that the performance agreement specifies targets that are S.M.A.R.T (specific, measurable, achievable, relevant, and time specific). This enables the employee to feel a sense of accomplishment, as it is easy to check whether a target has been attained (Curtis, 1999).

At the end of a predetermined period, the line supervisor and employee will meet to discuss the achievements that have been met according to the targets set on the performance

agreement. Other measures of an individual's performance can be included in this performance assessment. In fact some thinking goes so far as to say that "360-degree feedback has, arguably, revolutionized performance management for the better" (Peiperl, 2001). This method of assessment relies on the views of others. It is motivated by the consideration of an individuals' Johari window (BevServ, 2004) i.e. the fact that there is an area of ourselves that is unknown to us (or 'hidden'), but known to others with whom we come into contact. Most often what occurs is that an individual is assessed by his peers, subordinates, superiors, and potentially others who might come into contact with him in his work environment (customers etc). The 360-degree feedback system is designed to get a bigger picture of the employee at work. Although difficult to implement, the rewards of a 360-degree feedback system can be a commitment to the type of continuous improvement that would be seen in a learning organization.

There are a variety of ways of ensuring that a performance management system runs smoothly. It is helpful to ensure that the organizations' Human Resources policies and procedures underpin and support the system. This starts initially in the organization's recruitment and selection policies, and can equally be seen in the time allocated for individual performance assessments. A generic performance assessment cycle could include 2 or 3 relatively short meetings at the beginning of an annual performance period, in order to set targets and sign a performance agreement. This could be followed up by monthly informal meetings between the employee and their line supervisor in which any general problems could be discussed and targets adjusted in line with unexpected activities that might have occurred. At the end of the six-month period, a formal assessment meeting should be held. Notes from all previous discussions should be brought to the meeting and a formal assessment of the achievement of the specific targets should be entered into. This should include an end result, such as a performance bonus for good performance or performance counseling sessions for poor performers. At the end of the meeting the employee should understand and agree to the review of how well they performed over the last performance period. Areas requiring intervention such as training, coaching and development should be identified and an early discussion about the next performance agreement should be mapped (Chan & Renée, 1997).

It is important in this system that employees who fail to achieve as expected are not made to feel inadequate, particularly if there are extenuating circumstances. At the end of the meeting any inadequacies should be discussed and the organization should offer support to the employee, particularly in terms of the relevant resources to do the job properly and the identification of areas for training and development. Only after the organization has fulfilled their duty to the employee can the poor performance be laid at the feet of the employee. Making an employee feel inadequate can set them up for failure. Should the line managers attitude be communicated to the employee (even as a perception through actions), the line manager might be subconsciously 'writing off' that employee. This might result in the line manager not passing along any opportunities or areas of responsibility to the incumbent. The incumbent then feels that they are not valued and start underperforming even further, and the cycle becomes a self-fulfilling prophecy. It is also important to note that training and development are not necessarily the answers to performance related problems. Whetten and Cameron (1998), use the model of performance that states performance = ability x motivation, where ability = aptitude x training x resources, and motivation = desire x commitment. Using this as a guideline, it becomes clear that if an employee lacks either of the motivational factors, or aptitude or resources, training might not have the expected impact in terms of closing the noted performance gap. Other items such as increasing motivation, improving communications, encouraging access to information and offering support in the form of resources also have a place in the cycle. However, what the continuous feedback process enables management to do is to note areas where skills are lacking through doing a training needs assessment, and recommending training or other strategies for improved performance where necessary (Martiz 1995).

Another important aspect of this system is its ongoing nature. A performance management system is not the type of system that can be drafted once and then utilized into the future. It is important to get feedback from both line supervisors and employees as to the efficacy of the system. Does it fulfill their expectations? Is it useful? Is it achieving the required results? Suggestions and improvements can be integrated into the system, so that it is being continuously upgraded to cater for the changing needs of the organization and its staff. Because a performance management system is a process (Price, 2000), in order to be

effective it needs to contain all of the components of an effective performance management system shown in Figure 2.2 (Page 34). It is important that the standards of above-average performance are clearly stated, and that the organization is intent on assisting employees to achieve superior performance by providing a supportive, empowering environment as well as other extrinsic motivators.

Brown and Armstrong (1999) raise various issues relating to the evaluation of a performance management system. They indicate (amongst other things) that it is important that what is being managed can actually be measured in a consistent and accurate manner. So it might be useful to periodically check that measurements are accurate and useful. Another method of evaluation of a performance management system is described by Gibb (2002) as the 'ABC' (Antecedents, Behaviour, and Consequences) model. This 'ABC' model can also assist in the design and implementation of a performance management system. Gibb (2002) recognizes that in order to have a successful performance management system, it is necessary to understand individuals' behaviours. He (Gibb,2002) notes that the causes of behaviour manifest in actual visible behaviour, which then results in consequences. When a performance gap is indicated, rather than more training being required, what might be necessary is work to modify the behaviour of the employees by adjusting the consequences that occur.

In reviewing and evaluating the performance management system, it is necessary to check that the correct behaviours and their consequences are being manifested and rewarded or disciplined. One of the main reasons for undertaking continuous review and evaluation of a performance management system is to ensure that staff perceive the process to be fair (Rademan & Vos, 2001). A common criticism of performance management systems is that they are perceived to be unfairly applied. It has been noted that "individuals are most likely to trust and cooperate freely with systems - whether they themselves win or lose by those systems - when fair process is observed" (Chan & Renée, 1997). Chan and Renée (1997) conclude that having fair process within an organization shows respect and value for individual employees. They consider three principles of fair process – in the form of engagement (allowing communication and discussion around ideas, throughout the

organization), explanation (after a decision has been made, feeding back to employees as to why that decision was taken,) and expectation clarity (clear targets and milestones that radiate from a decision).

2.4 Implementation of Performance Management System Model

A model presentation of an organization's performance management system is shared. It constitutes the various actual nuts and bolts of performance management systems and covers aspects such as the tool to be used, to be completed (paperwork or computer records), the meetings to be held and rating methods utilized. The Skandia Life Assurance Company's Partners in Performance Model (Skandia, 2000) will be presented as an overview of the successful implementation of a performance management system.

2.4.1 Partners in Performance Model

Skandia Life Assurance Company in the United Kingdom (UK) researched and developed a Partners in Performance Model (PIP) which it rolled out in 2000/2001 (Skandia, 2000). With over 3000 employees country wide every effort was made to ensure a system that facilitated improved performance within the work place. During the roll-out phase each staff member was required to attend a workshop session detailing what would be expected of them in the coming months. Line Managers and other supervisors who would be required to appraise other staff attended more detailed work shops where they were briefed on the PIP system. During the work shop phase each employee was presented with a file (Portfolio) in which to keep all the information relevant to PIP. The Portfolio covered many aspects beginning with a detailed introduction that outlined how the system worked (Figure 4) below.

STEP 1 ESTABLISHING DIRECTION

Your line manager prepares your job description, drafts Key Results Areas (KRAs), your Skills and Knowledge matrix, and identifies appropriate competencies

Phase 1

STEP 2 ESTABLISHING DIRECTION

You and your line manager meet to discuss the drafts and agree the content. You agree objectives and your Personal Development Plan (PDP) for the next review period. Agree date of next formal review

Phase 2

STEP 3 ENSURING SUCCESS

You work to achieve your objectives and actions in your PDP. You collect examples of your achievements and your line manager monitors your progress. You meet your line manager from time to time to discuss progress and any difficulties you may be experiencing

Phase 3

STEP 4 ENCOURAGING PROGRESS

You review your own performance and examples of achievements over the review period. You consider what has gone well and what has not. You think about what you want to achieve for yourself and your job in the next performance period.

STEP 5

You and your line manager meet to review and assess your performance over the past review period. Then you both look ahead to the next 6 months, discuss what needs to be achieved and agree the objectives for the next review period.

Figure 4: How Partners in Performance Works in Practice

Source: Whittington-Jones (2005)

As each staff member had their own Portfolio, all relevant information was at their fingertips, including numbers for the help desk should there be any problems. The PIP system involved a lot of paperwork. Each employee had a job description, key results areas (KRAs), core competencies, and a personal development plan – these were all brought to the performance review, where the appraiser completed a separate form which was handed to the appraisee for their Portfolio upon completion of each performance review meeting. The Portfolio also included material on the core competencies and skills and knowledge, detailing how these had been ascertained during the development phase and how they would be measured during the implementation phase. Other sections were designed for the employee to keep up to date and these included the personal development plan, a training log, an achievements sheet, a page for examples of performance, a career history sheet and a star sheet (Martiz, 1995).

All these were designed to encourage each employee to record instances throughout the review period where they had performed successfully. They could complete the form and get their supervisor's comments at each specific occasion. This would then build up a complete picture for revision at the formal Performance Review meeting. However, if the individual did not record information they would be less able to support performance claims made during the review meeting. For this system to work onus was placed on the employees to complete the relevant forms and keep pertinent information up-to-date. Despite its many good points and much time spent designing the system and communicating it clearly to staff, what was noted after rollout, was that appraisers and appraisees felt that the time burden was onerous (Scandia, 2000).

To keep one's Portfolio up-to-date took much effort and commitment, and to appraise an entire team (usually more than 10 staff requiring ad hoc monthly meetings (usually about 1 ½ hours in length) and formal Performance Reviews 6-monthly (at about 2 hours each)) required planning and forethought. The system was not designed to be linked directly to reward, that is, performance bonuses were not based on the outcomes of the performance review sessions as bonuses were awarded on a percentage basis per job grade depending on the profit made by the company. It was however, linked to development through

recommendations for training, promotion, succession planning and career profiling. (Scandia, 2000).

2.5 The Conceptual Framework

This section discusses the conceptual framework for analyzing the factors that contribute towards successful implementation of performance management system. These factors are: the role of employees, the organization culture, the organization structure and the management style. They form the independent variables of the study.

Independent variables   **Dependent variable**
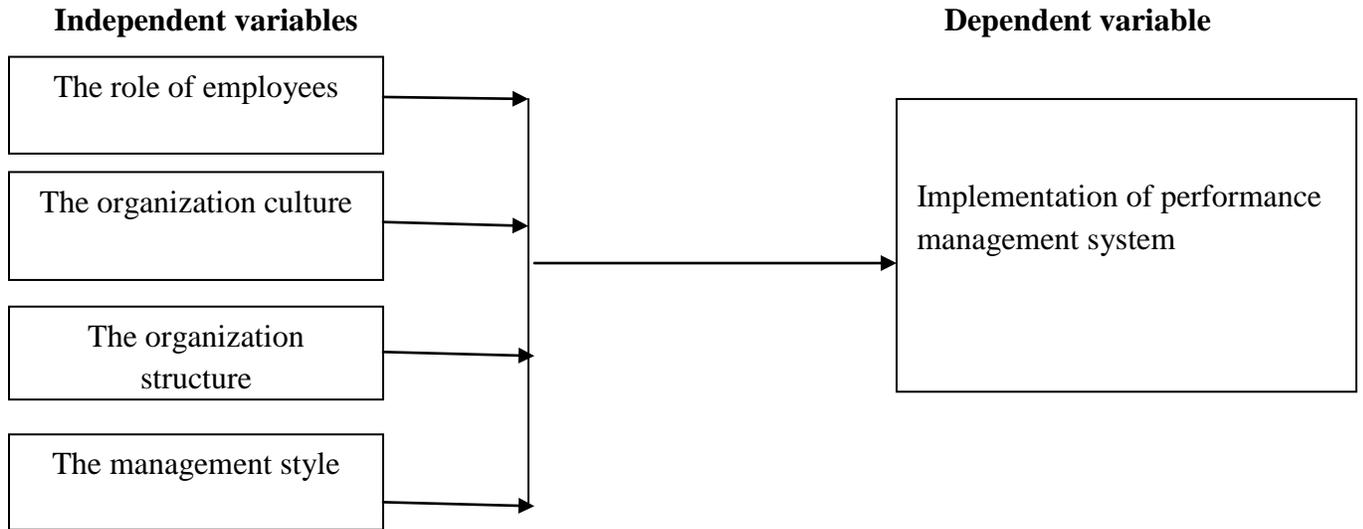
Figure 5: The Conceptual Framework

Source: Author (2013)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter addresses the research methodology that was employed in the research. This includes research design, target population, sampling strategy, data collection tools and techniques, data analysis, piloting the study, reliability and validity of the instruments.

3.2 Research Design

Descriptive survey design was used since it is the one that yields statistical information about aspects of population that interests policy makers without manipulating any data (Mugenda & Mugenda, 2003). A descriptive design is thought appropriate since it enables facts to be investigated leading to a clear layout of precise information on study aspect from which general conclusions can be drawn (Ader, Mellenberg & Hand, 2012).

3.3 The Target Population

Railway Training Institute has 70 employees who participate in performance management system. The target population for the study therefore constitutes 70 employees of Railway Training Institute.

3.4 Sampling Strategy

Census was employed in this study. The staff at all the four levels in the organization was considered. The structure of each section within the departments was scrutinized, so as to ensure that all grades or levels within the organization are covered. The researcher attempted to stratify the population in such a way that the population within a stratum is homogenous with respect to the characteristics on the basis of which it is being stratified.

Sample sizes of between 20 and 400 could be effective depending on the type of sampling design used and research questions being investigated (Bell, 1987). However due to the size

of the population in the organization being studied, the entire population as shown in the table 1 below was considered in the survey.

Staff category	Total no. of employees
Senior Management	10
Middle Management	12
Supervisors	20
Employees	28
Total	**70**

Table 1: Staff Categories and Size

Source: RTI Human Resources Department (2013)

3.5 Data Collection Tools and Techniques

A questionnaire was preferred to other instruments in the collection of the primary data due to the fact that it is a time saving instrument. The questionnaire can be analyzed quickly and according to Cumming (2001), a large volume of data can be obtained. The secondary data was collected from relevant sources such as libraries, performance management reports, current journals, and previous research done on the subject.

3.6 Data Analysis

The mass of raw data was taken away using questionnaires. They were collected, checked for completeness, and then tabulated to provide an easy summary for analysis. Descriptive statistics of the mean and standard deviation was used to summarize the data. Linear regression analysis was used to analyze the data for purpose of making inference. A linear regression equation of the form $Y = \alpha + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \varepsilon_i$, where Y is the dependent variable and $x_1, x_2, x_3,$ and x_4 represent the independent variables and ε_i represent the error term, was used for inference in the study. The data was analyzed with the help of statistical package for social scientist (SPSS) Program to help generate statistical analysis. This formed the basis of interpretation of the data and presentation techniques.

38

3.7 Piloting the Study

The purpose of piloting was to assist the researcher to identify any items in the questionnaires that might be ambiguous or unclear to respondents and adjust them appropriately. It helped the researcher to be familiar with the administration of the instruments. The researcher carried out piloting at Kenyatta National Hospital. The researcher carried out the research in the pilot organization. Seven (7) questionnaires were issued for pilot test to the middle level management as they were considered to give an average information regarding limitations facing implementation of performance management systems at organizations.

3.8 Reliability and Validity of Instruments

According to Mugenda and Mugenda (2003) reliability is a measure of the degree to which an instruments yields consistent results or data after repeated trials. The reliability of the instrument was measured by the use of SPSS Cronbach's alpha reliability test score. Validity is an indication of accuracy in terms of the extent to which a research conclusion corresponds with reality. The validity of the research instrument was established by seeking opinions of experts in the field of study especially my supervisors and the development of construct validity in the research instrument to ensure that was actually measure what it is intended to measure and not other variables.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on the implementation of performance management system in organizations. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.2 General information

The study sought to find out the designation of the respondent. According to the findings 62% of the respondents were supervisors while 38% were non-supervisors.
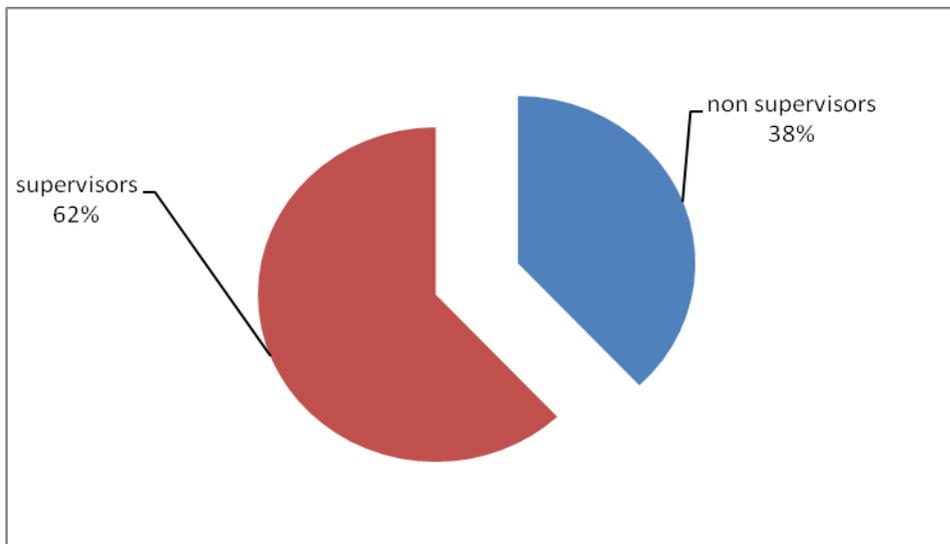
Figure 6: Designation

Source: Research data, 2013.

4.3 Reliability and Validity

Whenever we administer a test to examinees, we would like to know how much of their scores reflect "truth" and how much reflects error. It is a measure of reliability that provides us with an estimate of the proportion of variability in examinees' obtained scores that is due to true differences among examinees on the attribute(s) measured by the test. When a test is reliable, it provides dependable, consistent results and, for this reason, the term consistency is often given as a synonym for reliability (e.g., Anastasi, 1988).

Reliability does not, however, imply validity because while a scale may be measuring something consistently, it may not necessarily be what it is supposed to be measuring. The study used the most common internal consistency measure known as Cronbach's alpha (α). It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value of 0.9 was used as a cut-off of reliabilities. Most item total correlations were reasonably high, the construct validity of the instruments was considered reasonable.

Variable/Construct description	Item Means	Item Standard deviations	Coefficient Alpha Reliability
Management style	10.1	6.7	0.912
Role of employees	9.5	5.3	0.987
Organization structure	6.3	4.5	0.954
Organization culture	5.3	3.7	0.923

Table 1: Reliability and Validity

Source: Research data, 2013.

4.4 Implementation of performance management system at RTI
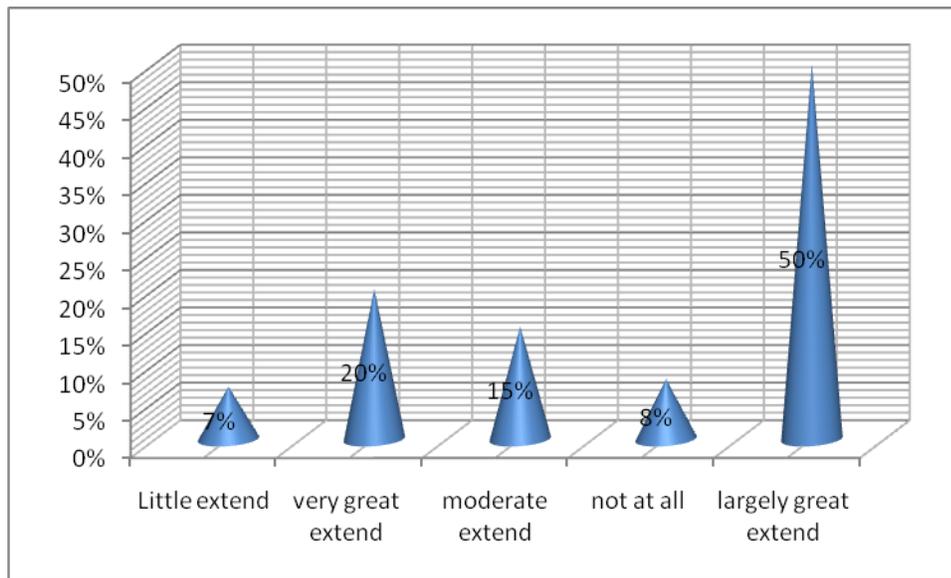
Figure 7: Implementation of performance management system

Source: Research data, 2013.

The study sought to find out how successful is the implementation of performance management system at RTI in enhancing employees and overall organization efficiency and effectiveness. According to the findings, 50% of the respondents indicated that to a largely great extend the implementation of performance management system at RTI contribute to enhance employees and overall organization efficiency and effectiveness, 20% indicated that this is so to very great extend, 15% indicated that this is so to a moderate extend, 8% indicated that this is not so at all and 7% to indicated that this is so to a little extend. Therefore majority of the employees agree that implementation of performance management system contribute to the efficiency and effectiveness of the organization.

| Aspects that relate to the implementation of performance management system at RTI	Strongly disagree	Disagree	Moderately	Agree	Strongly agree	Mean	Std. deviation
In this organization employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle	19.6	19.6	25.0	26.8	8.9	2.9	1.3
At RTI the system of rewards and recognition are clearly linked with the performance annual appraisals	1.8	19.6	19.6	44.6	14.3	3.5	1.0
The performance management system at RTI provide for ongoing dialogue and feedback between employees and their supervisors	5.4	16.1	21.4	41.1	16.1	3.5	1.1
In this organization employees set personal development goals and are guided by their supervisors where necessary at the beginning of performance cycle	5.4	5.4	28.6	46.4	14.3	3.6	1.0
At RTI there is well-laid down procedure for regular review of employees performance	1.8	7.1	23.2	42.9	25.0	3.8	1.0

Table 2: Implementation of performance management system

Source: Research data, 2013.

The study sought to find out the respondents level of agreement with aspects that relate to the implementation of performance management system at RTI. According to the findings, respondents agreed that at RTI there is well-laid down procedure for regular review of employees performance as shown by a mean of 3.8; the In this organization employees set personal development goals and are guided by their supervisors where necessary at the beginning of performance cycle as shown by a mean 3.6, the performance management system at RTI provide for ongoing dialogue and feedback between employees and their supervisors as shown by a mean 3.5, at RTI the system of rewards and recognition are clearly linked with the performance annual appraisals as shown by a mean 3.5 and that in this organization employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle as shown by a mean 2.9. Therefore this indicates that for the implementation of performance management to be improved further at RTI, supervisors need to discuss and set clear goals with employees at the beginning of each performance cycle. Reward and recognition need to be linked with the annual appraisals. These are the areas that scored 3.5 and below.

The findings also relate to those of (Balogun, 2003) who said that in pursuit of the goal of performance improvement within the public sector, New Public Management (NPM) emphasizes on the adoption of private sector practices in public institutions. Goal setting and linkage of reward to performance appraisals are well articulated in the private sector and means of incorporating this to the public sector should be adopted.

4.5 Roles of Employees
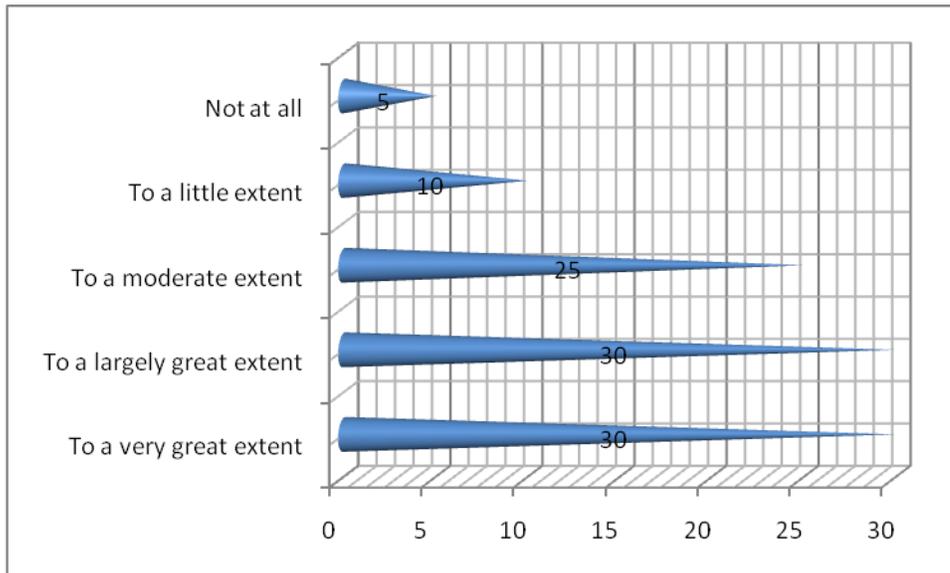
Figure 8: Roles of employees

Source: Research data, 2013.

The study sought to find out whether in this organization the role of employees is considered important in the implementation of performance management system. 30% of the respondents indicated that the role of employees is considered important in the implementation of performance management in organization to a very great extent. 30% indicated to a largely great extend. 25% to a moderate extend. 10% to a little extend while 5% indicated that in this organization the role of employees is not considered important at all.

| Aspects that relate to the of role of employees on the implementation of performance management system	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. deviation
In this organization employees understand what is expected of them to perform optimally	5	15	24	16	40	3.7	1.1
At RTI employees know what is going on and are kept abreast of changes that take place	4	13	13	20	50	4.0	0.8
In this organization, employees are commitment to their work and are keen on improving	6	14	24	16	40	3.7	0.9
At RTI employees know how their goals contribute to the organization objective	10	10	44	13	23	3.3	1.0
At RTI employees feel appreciated for good work	2	18	20	10	50	3.9	1.0

Table 3: The role of employees

Source: Research data, 2013.

The study sought to find out the respondents' agreement level with statements that relate to level of agreement with the following statements that relate to the role that employees play in the implementation of performance management. According to the findings, the respondents agreed that at RTI employees know what is going on and are kept abreast of changes that take place as shown by a mean of 4.0, the respondents agreed that at RTI employees feel appreciated for good work as shown by a mean of 3.9, the respondents agreed that in this organization employees understand what is expected of them to perform optimally as shown by a mean of 3.7, the respondents agreed that in this organization, employees are committed to their work and are keen on improving as shown by a mean of 3.7, and also at RTI employees know how their goals contribute to the organization objective as shown by a mean of 3.3. While this aspect was rated well by most respondents, the area requiring urgent focus in the staff understanding on how their goals contribute to the larger organization objective. This has a motivation bearing to their work as summed up by Bartlett & Ghoshal (1994) who says "creating an organization with which

members can identify, in which they share to the bigger picture create a sense of pride, and to which they are willing to commit more".

4.6 Organization Culture
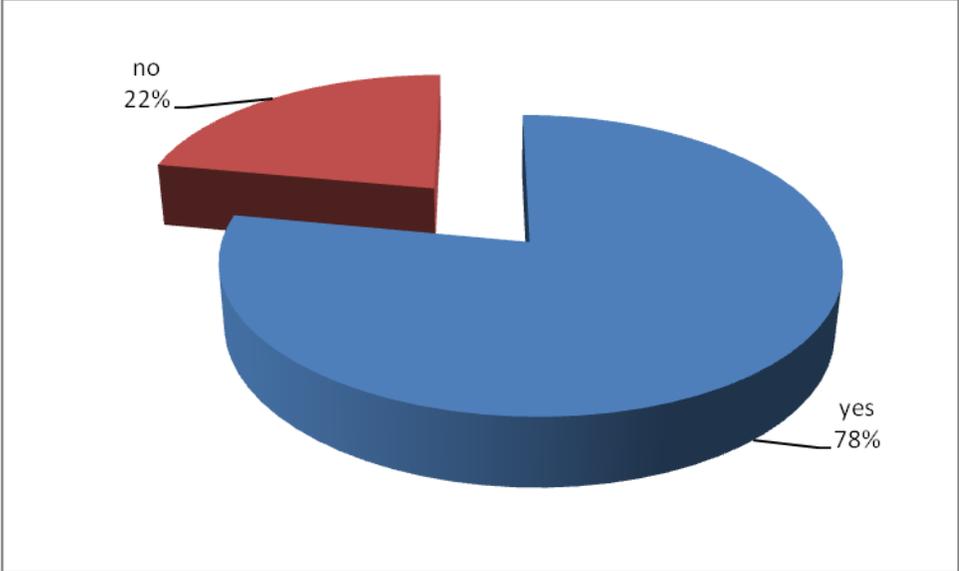
Figure 9: Organization Culture
Source: Research data, 2013.

The study sought to find out whether RTI organization culture impact positively on the performance management system implemented by the organization. According to the findings 78% of the respondents agreed that RTI organization culture impact positively on the performance management system implemented by the organization. 22% of the respondents dis agreed that RTI organization culture impact positively on the performance management system implemented by the organization.

Aspects of organization culture and the relationship with implementation of performance management system	No extent	Little extent	Moderate	Great extent	very great extent	Mean	Std. deviation
RTI has a set of shared values and beliefs that are known to all employees	3	17	23	17	40	3.7	0.6
The way things are done in this organization benefit the whole organization and not individuals	1	19	20	40	20	3.6	0.5
In this organization people know how to show appreciation for good work	4	6	14	26	50	4.1	0.8
There are great similarity of personal beliefs and feeling between members of this organization	4	31	0	25	40	3.7	0.8
Most people in this organization care about what is expected of them in terms of their job, duties and responsibility	5	15	24	16	40	3.7	0.9

Table 4: Organization Culture

Source: Research data, 2013.

The study sought to find out the extent that the organization culture impact on the implementation of performance management system. According to the findings, in this organization people know how to show appreciation for good work to a great extent as shown by a mean of 4.1. RTI has a set of shared values and beliefs that are known to all employees to a great extent as shown by a mean of 3.7, Most people in this organization care about what is expected of them in terms of their job, duties and responsibility to a great extent as shown by a mean of 3.7, There are great similarity of personal beliefs and feeling between members of this organization to a great extent as shown by a mean of 3.7, The way things are done in this organization benefit the whole organization and not individuals to a great extent as shown by a mean of 3.6. It can generally be said that the organization culture in conducive and supportive of

the implementation of performance management although there are concerns regarding all efforts being geared towards the benefit of the entire organization.

4.7 Organization Structure
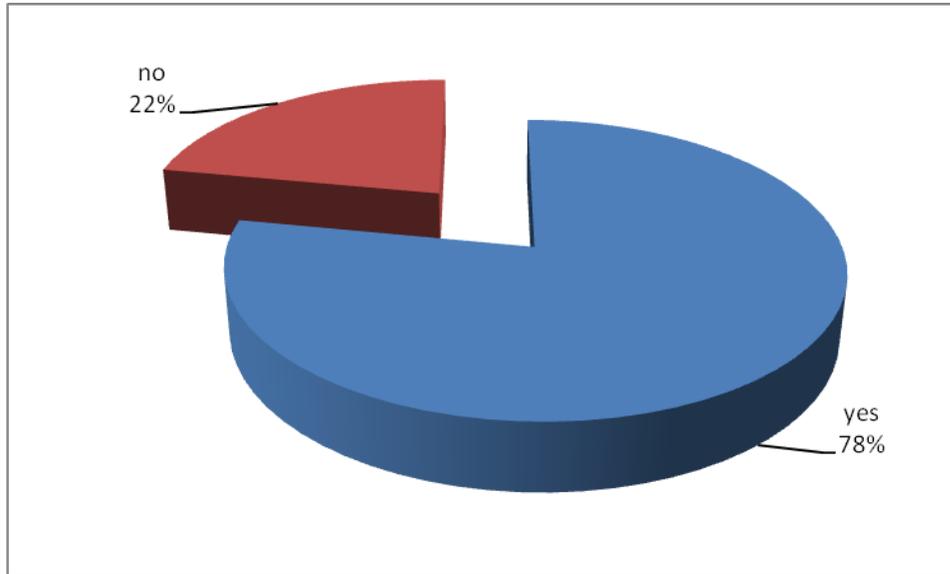
Figure 10: Organization Structure

Source Research: Data, 2013.

The study sought to find out if the RTI organization structure affects the implementation of performance management in organization positively. According to the findings, 78% of the respondents indicated that the RTI organization structure affects the implementation of performance management in organization positively while 22% of the respondents indicated that the RTI organization structure does not affect the implementation of performance management in organization positively. As noted by (Price, 2000) organization structure mainly defines the implementation of performance management system and a positive rating as in this case agreed with that observation at the organization.

Aspects of organization structure and the relationship with implementation of performance management system	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. deviation
In this organization employees are clear of their roles, responsibilities and reporting lines	3	17	23	17	40	3.7	0.9
The flow of information and communication within and across function is smooth at RTI	1	19	20	40	20	3.6	0.7
There is a clear career path for members of staff in this organization	14	6	14	26	40	3.7	0.6
The activities in this organization are clear-cut and well organized	0	31	0	25	44	3.8	0.7
Everyone in this organization knows what they are responsible for and how they contribute to the organization	4	30	21	9	36	3.4	0.9

Table 5: Organization structure

Source: Research data, 2013.

The study sought to find out the respondents' agreement level with the following statements concerning the aspects of organization structure and the relation with implementation of performance management. According to the findings, the respondents fairly agreed that the activities in this organization are clear-cut and well organized as shown by a mean of 3.8, the respondents agreed that in this organization employees are also fairly clear of their roles, responsibilities and reporting lines as shown by a mean of 3.7, the respondents agreed that there is a clear career path for members of staff in this organization as shown by a mean of 3.7, the respondents agreed that the flow of information and communication within and across function is smooth at RTI as shown by a mean of 3.6 and some respondents were neutral to the statement that everyone in this organization knows what they are responsible for and how they contribute

to the organization as shown by a mean of 3.4. This finding relate closely to that of the role of employees in the implementation of performance management system that related to linkage between the goals of the individual and the overall objective which returned a score of 3.3. Therefore the role of employees and the structure need to be addressed concurrently to improve their effect on the implementation of performance management system to enable improved efficiency and effectiveness.

4.8 Management Style.
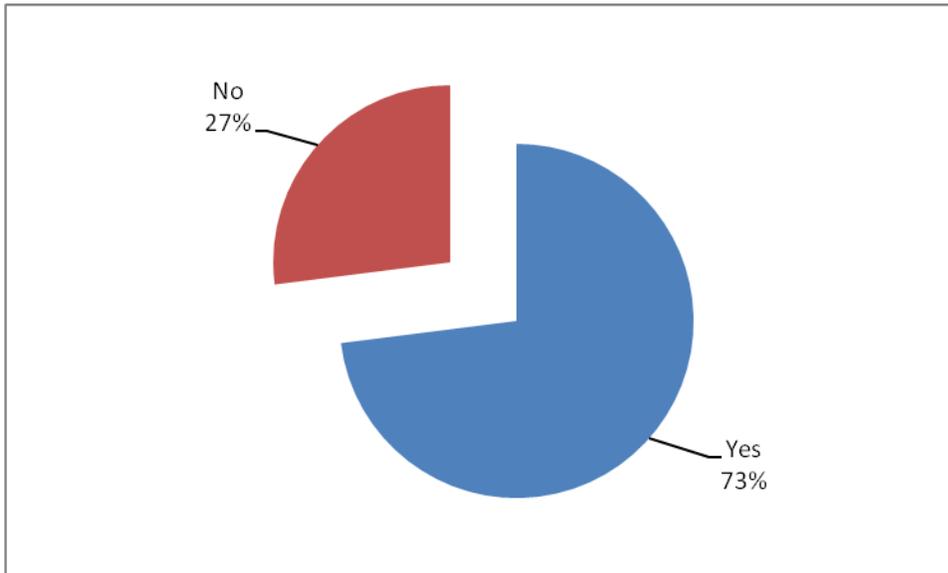
Figure 11: Management Style
Source: Research data, 2013.

The study sought to find out whether management style employed by managers and supervisors at RTI affect the implementation of performance management. 73% of the respondents indicated that management style employed by managers and supervisors at RTI affect the implementation of performance management positively while 27% were of the view that management style employed by managers and supervisors at RTI affect the implementation of performance management negatively. This general observation therefore indicate clearly that the management style employed by supervisors and managers has a bearing to the effectiveness and efficiency of employees in an organization. This is a strong agreement to school of thought articulated by

Peter Drucker (1954) that the management style is important for high performance management in organizations.

Aspects of management style and the relationship with implementation of performance management system	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. deviation
In this organization managers and supervisors operate an open door open mind policy	5	15	24	16	40	3.7	1.1
Managers and supervisors conduct performance review well	4	13	13	20	50	4.0	0.8
In this organization supervisors and managers develop team objectives	6	14	24	16	40	3.7	0.9
In this organization there is continuous dialogue and feedback between supervisors and employees in addressing performance issues	10	10	44	13	23	3.3	1.0
At RTI supervisors and managers participate and provide guidance in the development of individual work plans at the beginning of performance cycle	2	18	20	10	50	3.9	1.0

Table 6: Management Style

Source: Research data, 2013.

The study sought to find out the respondents' agreement level with statements that relate to statements concerning the aspects of management style as it relates to the implementation of performance management. According to th findings, the respondents agreed that managers and supervisors conduct performance review well as shown by a mean of 4.0, the respondents agreed that at RTI supervisors and managers participate and provide guidance in the development of

individual work plans at the beginning of performance cycle as shown by a mean of 3.9, the respondents agreed that in this organization supervisors and managers develop team objectives as shown by a mean of 3.7, the respondents agreed that in this organization managers and supervisors operate an open door open mind policy as shown by a mean of 3.7, although the in this organization   continuous dialogue and feedback between supervisors and employees in addressing performance issues was not rated well as shown by a mean of 3.3. Therefore continuous dialogue which is central to effective implementation of performance management as stipulated by OHRM staff guide manual (2005) need to be strengthen at the organization.

4.9 Regression Analysis

This section presents a discussion of the results of inferential statistics. The researcher conducted a multiple regression analysis so as to investigate into the limitations facing implementation of performance management systems at organizations. The researcher applied the statistical package SPSS to code, enter and compute the measurements of the multiple regressions for the study. Findings are presented in the following tables;

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	. 811^a	.701	.894	.657

Table 8: Model Summary

Source: Research data, 2013.

a. Predictors: (Constant), Role of employees, Organization culture, Organization structure, Management styles
b. Dependent Variable: Implementation of performance management systems

The four independent variables that were studied, explain 70.1% of variance in implementation of performance management systems as represented by the R^2. This therefore means that other factors not studied in this research contribute 29.9% of variance in the dependent variable. Therefore, further research should be conducted to investigate into the determinants of effective implementation of performance management systems.

The findings relate to those of (Neely, Gregory & Platts, 1995) who said that Performance measurement seems to have been quite a clear cut choice for businesses to implement for two reasons – firstly, it was driven by the cost and management accounting profession with their focus on measuring financial indicators, particularly in terms of direct labour costs and direct material costs.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.453	4	.186	12.9	.000[a]
Residual	15.652	56	.222		
Total	60.105	60			

Table 7: ANOVA (Analysis of Variance)

Source: Research data, 2013.

a. Predictors: (Constant), Role of employees, Organization culture, Organization structure, Management styles.
b. Dependent Variable: implementation of performance management systems

The F critical at 5% level of significance was 1.44 as extracted from the F statistical tables. Since F calculated is greater than the F critical (value = 12.9), this shows that the overall model was significant. The significance is less than 0.05, thus indicating that the predictor variables, (Role of employees, Organization culture, Organization structure and Management styles) explain the variation in the dependent variable which is implementation of performance management systems. Conversely, if the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.114	.47		6.754	0.003
	Role of employees	2.762	0.174	0.212	0.234	0.001
	Organization culture	1.974	0.275	0.299	0.344	0.002
	Organization structure	1.246	0.532	0.376	0.178	0.005
	Management styles	0.984	0.287	0.647	0.245	0.003

Table 8: Multiple Regression Analysis

Source: Research data, 2013.

From the regression findings, the substitution of the equation ($Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4$) becomes: $Y = 3.114 + 2.762X_1 + 1.974X_2 + 1.246X_3 + 0.984X_4$.

Where Y is the dependent variable (implementation of performance management systems), X_1 is the role of employees variable, X_2 is the organization culture variable, X3 is organization structure variable and X_4 the management styles variable.

According to the equation, taking all factors (role of employees, organization culture, organization structure, management styles) constant at zero, implementation of performance management systems will be 3.114. The data findings also show that a unit increase in role of employees will lead to a 2.762 increase in implementation of performance management systems holding other factors constant; a unit increase in organization culture will lead to a 1.974 increase in implementation of performance management systems holding other factors constant; a unit increase in organization structure will lead to a 1.246 increase in implementation of performance management systems holding other factors constant while a unit increase in management styles will lead to a 0.984 increase in implementation of performance management systems holding other factors constant.

At 5% level of significance and 95% level of confidence, role of employees had a 0.001 level of significance; organization culture had a 0.002, organization structure had a 0.005 level of significance; while management styles had a 0.004 level of significance implying that the most significant factor is role of employees followed by organization culture. This could also imply that the respondent being subject of the aspect under consideration tended to rate favorably the aspect that was rating their own contribution.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the study, the following summary, conclusions and recommendations were made based on the objectives of the study.

5.2 Summary of the Findings

5.2.1 Roles of employees

The study found that the at RTI employees know what is going on and are kept abreast of changes that take place, the respondents agreed that At RTI employees feel appreciated for good work, the respondents agreed that In this organization employees understand what is expected of them to perform optimally, the respondents agreed that in this organization, employees are commitment to their work and are keen on improving, but also at RTI employees fairly know how their goals contribute to the organization objective. The respondents indicated that the role of employees is considered important in the implementation of performance management in organization.

5.2.2 Organization culture

The study found that people know how to show appreciation for good work. RTI has a set of shared values and beliefs that are known to all employees, Most people in this organization care about what is expected of them in terms of their job, duties and responsibility, There are great similarity of personal beliefs and feeling between members of this organization, The way things are done in this organization largely benefit the whole organization and not individuals.

5.2.3 Organization Structure

The study found that the respondents agreed that activities in this organization are generally clear-cut and well organized. Employees are clear of their roles, responsibilities and reporting

lines. The respondents agreed that there is a clear career path for members of staff in this organization; the respondents agreed that the flow of information and communication within and across function is smooth at RTI and the respondents were neutral to the fact that everyone in this organization knows what they are responsible for and how they contribute to the organization.

5.2.4 Management Style

The study found that the managers and supervisors conduct performance review well, the respondents agreed that at RTI supervisors and managers participate and provide guidance in the development of individual work plans at the beginning of performance cycle. The respondents agreed that in this organization supervisors and managers develop team objectives, the respondents agreed that in this organization managers and supervisors operate an open door open mind policy, but also the in this organization there is fairly continuous dialogue and feedback between supervisors and employees in addressing performance issues.

5.3 Conclusions

The study concludes that that employees should understand what is expected of them to perform optimally, the respondents agreed that in this organization, employees are committed to their work and are keen on improving, but also at RTI employees fairly know how their goals contribute to the organization objective. The study further concludes that the role of employees is considered important in the implementation of performance management in the organization.

The study further concludes that Managers and supervisors conduct performance review well, the respondents agreed that at RTI supervisors and managers participate and provide guidance in the development of individual work plans at the beginning of performance cycle as, the respondents agreed that in this organization supervisors and managers develop team objectives. The respondents agreed that in these organization managers and supervisors operate an open door open mind policy, but also that in this organization continuous dialogue and feedback is air between supervisors and employees in addressing performance issues.

The studyconcludes that that people know how to show appreciation for good work. RTI has a set of shared values and beliefs that are known to all employees, Most people in this organization

care about what is expected of them in terms of their job, duties and responsibility, There are great similarity of personal beliefs and feeling between members of this organization, The way things are done in this organization fairly benefit the whole organization and not individuals.

Finally the study concludes that, the activities in this organization are clear-cut and well organized. In this organization employees are clear of their roles, responsibilities and reporting lines. The respondents agreed that there is a clear career path for members of staff in this organization, the respondents agreed that .The flow of information and communication within and across function is smooth at RTI and that everyone in this organization knows what they are responsible for and how they contribute to the organization.

5.4 Recommendations

The study recommends that employees should understand what is expected of them to perform optimally. The respondents agreed that in this organization, employees are committed to their work and are keen on improving, but also that at RTI employees fairly know how their goals contribute to the organization objective. The study recommends that the employees become knowledgeable on how their goals contribute to the bigger objective of the organization. The understanding of the vision, mission and values of the organization should permeate all cadres in the organization.

The study further recommends that people should improve on how to show appreciation for good work. RTI has a set of shared values and beliefs that are fairly known to most employees. As this is a critical factor in the implementation of performance management, the aspect need to be retained and maintained at high level. Most people in this organization care about what is expected of them in terms of their job, duties and responsibility, and that there are great similarity of personal beliefs and feeling between members of this organization. This aspect need to be supported by having the employees know how their goals contribute to the larger picture and direction provided by the management.

Finally the study recommends that the activities in organization should clear-cut and well organized and also provide a direct career path especially for the lower cadres. The flow of information and communication within and across function is smooth at RTI and that everyone in this organization knows what they are responsible for and how they contribute to the organization. It is therefore recommended ways of sustaining or even improving the status quo be put in place.

5.5 Suggestion of Future Research

The study suggests that future studies can be done on other institutions so as to establish the implementation of performance management system. It would also be suggested that other aspects that affect the implementation of performance management besides the role of employees, the organization culture, organization structure and management style be researched with the aim of expanding the understanding of implementation of performance in organizations especially government institutions and Non-Governmental Organizations.

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APPENDIX I: Questionnaire

This questionnaire seeks your opinion as regards implementation of performance management system at Kenya Railway Training Institute. The person carrying out the study is a Master's degree student at Kenyatta University. The aim of the study is to investigate the challenges in the implementation of performance management system. The information you give will be treated confidentially and will only be used for the purpose of the study.

Please do not indicate your name anywhere in this questionnaire.

SECTION A: General information

1. Position/grade_____

2. Department_____

3. Are you a supervisor (Yes)_____ (No)_____

4. If yes to no. 3 above, how many people do you supervise _____

    SECTION B: Main issues

    Implementation of performance management system at RTI

5. How successful is the implementation of performance management system at RTI in enhancing employees and overall organization efficiency and effectiveness?

    To a very great extent   (   )

    To a largely great extent (   )

    To a moderate extent   (   )

    To a little extent   (   )

    Not at all   (   )

Aspects that relate to the implementation of performance management system at RTI	1	2	3	4	5
In this organization employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle					
At RTI the system of rewards and recognition are clearly linked with the performance annual appraisals					
The performance management system at RTI provide for ongoing dialogue and feedback between employees and their supervisors					
In this organization employees set personal development goals and are guided by their supervisors where necessary at the beginning of performance cycle					
At RTI there is well-laid down procedure for regular review of employees performance					

Roles of employees

6. In this organization the role of employees is considered important in the implementation of performance management in organizations?

    To a very great extent   (   )
    To a largely great extent (   )
    To a moderate extent   (   )
    To a little extent   (   )
    Not at all   (   )

7. What is your level of agreement with the following statements that relate to the role that employees play in the implementation of performance management? Use a scale of 1-5 where 1- strongly agree and 5 strongly disagree

Aspects that relate to the of role of employees on the implementation of performance management system	1	2	3	4	5
In this organization employees understand what is expected of them to perform optimally					
At RTI employees know what is going on and are kept abreast of changes that take place					
In this organization, employees are commitment to their work and are keen on improving					
At RTI employees know how their goals contribute to the organization objective					
At RTI employees feel appreciated for good work					

Organization Culture

8. Do you think RTI organization culture impact positively on the performance management system implemented by the organization?

    Yes ( )   No   (   )

    Give reason(s) for your answer above_____

9. To what extent do you agree with the following statements concerning the impact of organization culture to the implementation of performance management Use a scale of 1-5 where 1-strongly agree and 5 strongly disagree

Aspects of organization culture and the relationship with implementation of performance management system	1	2	3	4	5
RTI has a set of shared values and beliefs that are known to all employees					
The way things are done in this organization benefit the whole organization and not individuals					
In this organization people know how to show appreciation for good work					
There are great similarity of personal beliefs and feeling between members of this organization					
Most people in this organization care about what is expected of them in terms of their job, duties and responsibility					

Organization Structure

10. Does the RTI organization structure affect the implementation of performance management in organization positively?

Yes (   )   No (   )

Give reason(s) for your answer above-

_____

_____

11. To what extent do you agree with the following statements concerning the aspects of organization structure and the relation with implementation of performance management? Use a scale of 1-5 where 1-strongly agree and 5 strongly disagree

Aspects of organization structure and the relationship with implementation of performance management system	1	2	3	4	5
In this organization employees are clear of their roles, responsibilities and reporting lines					
The flow of information and communication within and across function is smooth at RTI					
There is a clear career path for members of staff in this organization					
The activities in this organization are clear-cut and well organized					
Everyone in this organization knows what they are responsible for and how they contribute to the organization					

Management Style

12. Do you think management style employed by managers and supervisors at RTI affect the implementation of performance management?

Yes ( )   No ( )

Give reason for your answer above _____

13. To what extent do you agree with the following statements concerning the aspects of management style as it relates to the implementation of performance management? Use a scale of 1-5 where 1-strongly agree and 5 strongly disagree

Aspects of management style and the relationship with implementation of performance management system	1	2	3	4	5
In this organization managers and supervisors operate an open door open mind policy					
Managers and supervisors conduct performance review well					
In this organization supervisors and managers develop team objectives					
In this organization there is continuous dialogue and feedback between supervisors and employees in addressing performance issues					
At RTI supervisors and managers participate and provide guidance in the development of individual work plans at the beginning of performance cycle					