CHALLENGES AFFECTING IMPLEMENTATION OF PERFORMANCE MANAGEMENT PRACTICE IN STATE CORPORATIONS

A CASE STUDY OF RETIREMENT BENEFITS AUTHORITY (RBA)

PRESENTED BY

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DECLARATION

This Research Project is my original work and has never been presented for the award of a degree in any other University or Institution. No part of this project may be reproduced without prior permission of the author and/or Kenyatta University.

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SUPERVISOR'S APPROVAL

This project is being submitted to Kenyatta University for examination with our approval as the University supervisors.

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MR. SHADRACK BETT
DEDICATION

To Godfrey & Gabriel my dearest little boys, to my Daddy- Godfrey (senior) and Mummy for believing in me, for their commitment to my success, for being my fortress and source of comfort.

To God Be the Glory!
ACKNOWLEDGEMENT

Glory and Honor be to God Almighty for His grace, strength, sustenance and unfailing love throughout the course of my study.

I wish to acknowledge the invaluable insight of my supervisors Shadrack Bett, and Dr. Steven Muathe for there guidance and effective supervision throughout the development of this research work.

I wish to mention friends who supported me during this academic life: Stella Chepngeno, Bernard Opondo and Peter Gowa, Janet Mitu and N’ganga. I am very grateful to you all.

This work would not have been possible without the support of my beloved precious sons Godfrey & Gabriel and my Sweetheart Steve, who sacrificed their time and comfort to see me through this academic venture. Besides, special mention goes to my siblings Tom, Malline, Nancy, George (for data analysis and assistance with the report), Dave, Wilkister and Jane for their material, spiritual and moral support. Be Blessed Dears.

Many thanks to my parents; Mr. Godfrey Owino and Mum Rhisper Owino for their encouragement, support, love, interest and prayers during the entire period of my study.
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ABSTRACT

The concept of Performance Management is one of the most recent developments in the sphere of Strategic Management. Many organizations now make use of this concept since it has proved to be a strategic and integrated process that delivers sustained success to organizations by improving the performance of people who work in them and by developing the capabilities of individual contributors and teams.

Despite all these, very little is known about implementation of Performance Management in Kenyan situation. The contemporary workplace in Kenya offers many challenges yet few studies have been done to determine the challenges state corporations face in implementation of performance management practices. This study investigated the challenges affecting implementation of performance management practices in State Corporations. A case study of Retirement Benefits Authority is used in the study. In view of the strategic role this organization plays in the regulation of the retirement benefits industry in Kenya, there is need to find out how the organization copes with challenges impeding its performance as an authority.

The main objective of the study were to investigate the challenges facing the implementation of performance management practices in the RBA, with specific objectives being: to examine the standards/objectives expected of the people working at RBA in Nairobi, to establish if the employment contracts affect implementation of performance management practices at RBA, to establish the impact of training of staff on implementation of performance management practices at RBA, to establish the impact of top management attitude on implementation of performance management practices at RBA and finally to establish the extent to which funding is a challenge to implementation of performance management practices at RBA. The findings of the study will be important to the government, scholars and the general public. A descriptive research design was used. And the sample was a census. The study uses both primary and secondary data and the research instruments used were questionnaires. Descriptive statistics techniques was used to analyze the data.
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
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<th>Description</th>
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<tr>
<td>BSC</td>
<td>Balance Score Card</td>
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<td>CSRP</td>
<td>Civil Service Program</td>
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<td>ES</td>
<td>Employee Support</td>
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<td>ISO</td>
<td>International Standards Organization</td>
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<td>PM</td>
<td>Performance Management</td>
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<td>PSM</td>
<td>Public Sector Management</td>
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<td>RBA</td>
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<td>SPSS</td>
<td>Statistical Packages for Social Scientists</td>
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<tr>
<td>TNA</td>
<td>Training Needs Analysis</td>
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<td>SMART</td>
<td>Specific Measurable, Achievable, Realistic, Time bound</td>
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DEFINITION OF TERMS

Performance: regarded simply as the record of outcomes achieved on an individual basis, it is a record of a person’s accomplishment, performance is also ‘the accomplishment, execution, carrying out, and working out of anything ordered or undertaken’. This refers to outcomes as well as results being achieved.

Performance Management: is the systematic data oriented approach to managing people at work that relies on positive reinforcement as the major way to maximize performance.

Strategy Implementation represents a disciplined process or a logical set of connected activities that enable an organization to take strategy and make it work.

Training is a process of updating the knowledge, developing skills, bringing about attitudinal and behavioral changes and improving the ability of the trainee to perform his/her tasks efficiently and effectively.

Employee support is employee benefit programs offered by many employers, typically to help employees deal with personal problems that might adversely impact their work performance, health, and well-being.

Successful performance management implementation is when actual organization performance matches and exceeds the targets spelt out in the strategic plan.
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

Public service, and in particular the civil service, plays an indispensable role in the effective delivery of services that are key to the functioning of a state economy. Public services in many countries are confronted with many challenges, which constrain their delivery capacities (OECD, 1997). Several challenges have necessitated the adoption of public service reform (PSR) strategies, including Performance Management (PM), that are aimed at improving the performance of public sector institutions such as ministries and their agencies, government departments and state corporations.

The key challenges responsible for the transformation of Public sector management include the changing attitudes to the role of government in the economy, the process of micro-economic reform, changing community and business expectations, resource constraints, the impact of technology, and demands for greater accountability are some of the forces that have contributed to the reform process in the public sector (Michael, 2004).

The reforms focus on managerial aspects linked to the new public management including the changes in the tasks, structure, and objectives of political institutions and
administrative agencies with a view to making it results orientated (Hrebiniac, 2005). Different governments have come up with different frameworks to implement results based management.

Performance management is increasingly emerging as one of the most efficient concept and tools for ensuring better organizational performance through harnessing the effort and commitment of individuals and teams towards the achievement of organizational goals and objectives. It entails clarifying management expectations to all employees, monitoring and evaluating their performance on a regular basis and ultimately providing timely feedback. Performance management thus allows the organization to improve its performance by linking individual performance to the corporate goals and objectives working within organizational expectations. Performance management invariably determines the success of an organization through increased individual accountability for results, and also linking every individual goal to the organization mission, vision, values and goals. Performance management is the means through which an organization strategy is implemented and evaluated.

Despite various tags being used to refer to the use of results-based management strategies, the key implementation characteristics and potential challenges in the process appear similar.

Public sector reforms (PSR), by whatever labels, have received significant attention in developed countries like Australia, Britain and New Zealand, U.S.A, Canada, Denmark and Finland since the 1980s (Grundy, 1995). However, the scientific and professional
literature specifically on implementing performance management in developing countries is scarce (Abdel Aziz et al., 2005). The popularity of the balanced scorecard (BSC) is gradually changing this, mainly in Asian countries, but it is still a relatively new concept for developing countries (Anand et al., 200).

According to de Waal, companies which have implemented a performance management system, perform better financially as well as non-financially than those companies that are non performance management driven. He argues that it clearly pays to install a performance management system. (A.A. de Waal 2002)

**Performance management in Africa**

Although performance management is relatively unknown in many African countries, the interest in such an improvement tool is growing among African organizations and in specific African countries. For instance, there seems to be a real need for the BSC in Burkina Faso’s state-owned companies. As it will help these companies to improve their performance and then contribute to the country’s growth, both management and government want to work diligently on a successful implementation of performance management (de Waal and Augustin, 2005).

In Egypt, there is a trend in many manufacturing organizations to combine financial and non financial measures because there is growing awareness that sole reliance on financial data is no longer effective for an organization. Despite this growing awareness, performance management systems are not widespread yet in Egypt, and many Egyptian
organizations are still using traditional financial measures like return on investment and return on assets (Abdel Aziz et al., 2005).

In Zimbabwe, all government departments, local government institutions, and most private companies are using zero-based budgeting systems. However, since the success of the BSC has been noticed, Zimbabwe is trying its best to catch up with the rest of the world in the area of leading-edge performance management systems. The country has the advantage that it hosts many transnational companies, which are already applying the latest performance management systems. These companies can serve as an example for Zimbabwean organizations (Nhemachena, 2004).

In South Africa, the term “performance management” is relatively new in the field of management. However, there is pressure on South African organizations enticing them to investigate the concept of strategic performance management. Competition has increased dramatically over the past decade because of many multinational companies investing in South Africa. The battle against nepotism and corruption has intensified. In addition, many South African companies have to take the development of employee skills, knowledge, and experience seriously in order to deal with today’s rapidly changing workplace. Besides, many companies have difficulty competing well in the current business environment as a result of traditional organizational cultures, which are rigid and bureaucratic, and the lack of technological resources. To overcome these hurdles, South-African organizations are increasingly turning to strategic performance management (Motswiane, 2004).
In Ethiopia, there are some developments, thanks to performance management. More and more Ethiopian enterprises are expressing a strong interest in the BSC, their managers are starting to acknowledge the importance of regular formal and informal performance review meetings, communication about results is being improved by applying modern means of communication like the internet, people are willing to train in the use of performance management, and government is fostering the improvement of performance (Tessema, 2005).

In Kenya, performance management was traditionally defined as the process of financial control, in which the mission and strategy are translated into budgets, and subsequently results are compared with budgets. However, as many Kenyan companies try to qualify for the ISO standard, they are turning more and more to performance management, especially the BSC. Some organizations have already implemented the scorecard, particularly the multinationals that are using the BSC. Those organizations that have done so show much better performance than their “scorecard less” competitors (Malinga, 2004). The RBA has adopted performance management strategies since its inception, albeit with many challenges.

**Retirement Benefits Authority**

The Retirement Benefits Authority was established in 1997 through an Act of Parliament for the regulation, supervision, and promotion of retirement benefits schemes, the development of the retirement benefits sector and for connected purposes. The Authority became fully operational in October 2000 when the Act was fully commenced and the Retirement Benefit Regulations gazetted by the Minister of Finance.
The Retirement Benefits Act was enacted as part of the on-going reform process in the financial sector in order to bring the retirement benefits industry under harmonized legislation and to address the many problems that hitherto faced the industry. The enactment of the act filled a regulatory vacuum which had existed in Kenya. At the time The authority came into existence, retirement benefits schemes in Kenya were regulated by fragmented regulations mostly from Tax and income tax Laws.

The RBA is governed by a team of Directors and a Management Team. The Administrative Organs of Management is divided into Five Departments namely; Finance, Research and Development, Human Capacity Development & Administration, Compliance; Director of Finance on secondment from Ministry of Finance, the Management Team is headed by a Chief Executive Officer. As a public service organization, the Authority’s decisions are governed by the core tenets prescribed in the Public Officers Ethics Act, Internal codes of conduct, and corporate governance guidelines as well as Charters for the Board and its Committees.

The RBA is a customer-focused organization and has embraced various strategies in performance management to ensure excellent delivery. However to date there has been no research on challenges in implementation of its performance management hence the need for this study.

1.2 Statement of the Problem

The continued demand for quality service by Retirement Benefits Authorities’ clients and other key stakeholders such as the government and development partners has remained
the principal challenge facing the Authority. In an effort to address this challenge, the Authority has undertaken key reforms including development of a service charter, development of strategic plans, automating key processes, adoption of open door policy, signing of performance contracts since 2005 and adopting a progressive training policy. Other strategies adopted by the authority include change management, total quality management, the balance scorecard, ISO certification and the most recent being the risk based management approach.

Despite these efforts, complaints from scheme members and key stakeholders have continued unabated, cases of slow or non compliance by schemes regulated by the authority are on the rise. Newspapers are replete with stories of delayed benefits, misappropriation of scheme funds, diversion of scheme funds into sponsors’ businesses, under-funded schemes that do not meet the obligations, questionable investments, lending of scheme funds to trustees or senior managers at uneconomic rates to the detriment of ordinary members. If the number of scheme members visiting the Authority and the number of complaints highlighted by the media are anything to go by, then it is extremely difficult to see the impact of these reforms initiated by RBA on service delivery and on its mandate as regulator, and supervisor of Retirement Schemes.

This study therefore seeks to explore the challenges hindering the successful implementation of Performance Management practices within the Authority.
1.3 Objectives of the Study

General Objective

To investigate the challenges facing the implementation of performance management practices in the Retirement Benefits Authority.

Specific Objectives

1. To examine the Standards/Objectives expected of the people working at RBA in Nairobi.
2. To establish if the employment contracts affect implementation of performance management practices at RBA.
3. To establish the impact of training of staff on implementation of performance management practices at RBA.
4. To establish the impact of top management attitude and employee support on implementation of performance management practices at RBA.
5. To establish the extent to which funding is a challenge to implementation of performance management practices at RBA.

1.4 Research Questions

1. What are the Standards/Objectives expected of the people working at RBA.
2. How has employment contracts affected implementation of performance management practices at RBA?
3. Does the training of staff affect effective implementation of performance management practices at RBA?
4. How does top management attitude and employee support impact on effective implementation of performance management practices at RBA?

5. To what extent is funding a challenge to effective implementation of performance management practices at RBA?

1.5 Significance of the Study

The findings of this study will be useful to:

1. The government and other service-providing state corporations on the key factors that affect effective implementation of performance management in the public service and how to identify the intervention measures for the implementation process.

2. Scholars in management as a useful reference material and also as a basis for further research in management.

3. The general public who are beneficiaries of public goods and services as they will gain insight into the situations under which the public sector operates in order to either keep them under pressure or appreciate the challenges.

1.6 Limitations of the Study

The study undertook to assess challenges in performance management implementation from the perspective of the Standards/Objectives setting, Employment contracts, Staff training, Attitude of top managements, Funding and Employee support. It sought to
establish any relationship amongst the above variables and successful performance management practices' implementation. Information collected in the study was of a self-reporting nature which, depending on the subject area being queried, may have been prone to some inaccuracy as a result of lack of information, or discomfort with disclosure.

1.7 Scope of the study

This study was conducted in Nairobi at the Retirement Benefits Authorities Headquarters. It targeted all the departments at the Authority namely; Finance Research and Development, Compliance, Pensions, Human Resource and Capacity Development.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In this chapter the researcher traces the origin of performance management in Kenya, and the challenges that have been encountered elsewhere in the process of implementing performance management practices/strategies.

2.2 The Genesis of Performance Management

In 1993 the Government formally initiated the Civil Service Reform Programme (CSRP). The CSRP was envisaged for implementation in three phases. The first phase of 1993-1998, focused on cost containment, the second phase of 1998-2001 focused on performance improvement and the last phase of 2000 onwards focused on refinement, consolidation and sustenance of reform gains. The epicenter of the three phases of reform was to build a public service that is capable of meeting the challenges of improving service delivery to Kenyans (Obongo 2009).

Performance management was traditionally defined as the process of financial control, in which the mission and strategy are translated into budgets, and subsequently results are compared with budgets. Many Kenyan companies today are trying to qualify for the ISO standards, they are turning more and more to performance management, especially the BSC. Some organizations have already implemented the scorecard, particularly if they
are part of a multinational that is using the BSC. Those organizations that have done so show much better performance than their "scorecard less" competitors (Malinga, 2004).

The definition of Performance Management itself has been a subject of considerable debate among the scholars and human resource practitioners.

Performance Management is a course about performance. But what exactly does the word performance mean? It is important to clarify what it means because if performance cannot be defined it cannot be measured or managed.

There are different views on what performance is: it can be regarded simply as the record of outcomes achieved on an individual basis, it is a record of a person's accomplishment. The Oxford English Dictionary defines performance as 'the accomplishment, execution, carrying out, and working out of anything ordered or undertaken'. This refers to outcomes as well as results being achieved.

A more comprehensive view of performance is thus achieved if it is defined as embracing both behavior and outcomes. This is well put by Brumbrach (1988) "Performance means both behavior and results. Behaviors emanate from the performance and transform performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right - the product of mental and physical effort applied to tasks and can be judged apart from results".
This definition leads to the conclusion that when managing the performance of teams and individuals, both inputs (behavior) and output (results) need to be considered. This is the so called "Mixed Model" (Hartle 1995) of performance management, which covers competence or capability and achievements as well as objective setting review.

2.3 The meaning of Performance Management

The term Performance Management (PM) has been used variously by everyone to discuss a number of issues. In his Performance Management definition research article entitled "What is performance management for you?" Bart Slottje (2000) recognized the fact that this term has a two-fold meaning. The first is for performance appraisal or evaluation and the other meaning is for applied behavior analysis in organization settings. The real difference between the two is how they treat the consequences. When used to describe appraisal or evaluation, consequences are delivered by the system, such as raises, discipline or coaching. When used in behavior analysis terms, consequences are delivered "real time" by an individual, whether by manager, peer, team members or subordinate.

Alyce Dickinson (2000), a professor of psychology at Western Michigan University says Aubrey Daniels of Atlanta was responsible for popularizing the use of PM as referring to behavioral applications in business and industry. He changed from using the term Organizational Behavior Management (OBM) for at least two reasons: it was believed that children "behaved" while employees "performed" and the other reasons that "behavior" was always associated with "bad" or inappropriate behavior. The article concludes that "Performance Management is about positive reinforcement and behavior".
According to John S. Bailey, a professor at Florida State University, Performance Management is the systematic data oriented approach to managing people at work that relies on positive reinforcement as the major way to maximize performance (Slottje 2000).

Roger Davis on the other hand defines it as a joint process that involves both the supervisor and the employee, who identify common goals, which correlate to the higher goals of the institution. This process results in the establishment of written performance expectation later used for feedback and performance evaluation (Roger Davis, Cupa Journal 1995).

In essence performance management is a shared process between managers and the teams they manage. It is a strategic and integrated process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams (Armstrong 2001)

The combined impact of a number of related aspects of performance management may be expected to achieve more to improve organizational effectiveness than the various parts if they function separately.

Performance management is a means of getting better results from a whole organization by understanding and managing performance within an agreed framework of planned
goals, standards and competence requirements. The fundamental goal of performance management is to establish a culture in which individuals and groups take responsibility for continuous improvement of business processes and for their own skills and contributions (Philpot and Sheppard, 1992).

Performance Management should operate within the ethical consideration of mutual respect, procedural fairness and Transparency. Performance management concerns everyone in the business not just managers. It rejects the cultural assumption that only managers are accountable for the performance of their teams and replace it with the belief that both share responsibility. Managers and their teams are jointly accountable for results and are jointly involved in agreeing to what they need to do and how they need to do it, in monitoring performance and in taking action.

The University of California, San Diego’s Guide to Performance Management (2000) explains that the evolution of Performance Management as a new Human Resource Management model reflects a change of emphasis in organization away from commanding and control towards a facilitation model leadership. This change has been accompanied by recognition of the importance to the employee and institution or by relating work performance to the strategic mission of the organization.

Performance management is a holistic approach to managing performance. ‘Holistic’ in the sense that it covers every aspect of the organization (Armstrong 2001). In its fullest sense, performance management is based on the belief that everything that people do at work at any level contributes to achieving the overall purpose of the organization. It is
concerned with what people do (their work) and how they do it (their behavior) and what they achieve (their results). It embraces all formal and informal measures adopted by an organization to increase corporate, team and individual effectiveness and continuously to develop knowledge, skill and competence. It is certainly not an isolated system run by the Human Resource department that functions once a year (via the annual appraisal) and is then forgotten.

According to both Slottje (2000) and Armstrong (2001), Performance Management is primarily concerned with: Performance improvement; this helps to achieve organizational, team and individual effectiveness. Employee development; Performance improvement is not achievable unless there are effective processes of continuous development. Performance management should really be called 'performance and development management that satisfies the needs and expectations of stakeholders, owners, management, employees, customers, suppliers and the general public. In particular employees are treated as partners whose interests are respected and whose opinions are sought for and listened to. Performance management recognizes that the needs of the stakeholders will not always coincide and each party must thus be accorded their due respect. Communication and involvement; continuous dialogue between managers and members of their teams establishes mutual understanding of what it is to be achieved.

Probably the main criticism that has been rightly made about the application of Performance Management is that it has been introduced as a top down and rigid system that seeks easy solutions to complex problems which it will inevitably fail to deliver. It is
much better to regard performance management as a flexible ‘process’ not as a system. The use of the term ‘system’ implies a rigid standardized and possibly bureaucratic approach that is inconsistent with the concept of performance management as an evolutionary process applied by managers working with their staff in accordance with the circumstances in which they are working (Armstrong 2001).

As such it involves managers and those whom they manage operating as partners but within a framework that sets out how best they can work together. This framework has to reduce the degree to which performance management is a top down affair, and it has to be congruent with the way which any particular organization functions. Performance management has to fit process based and flexible organizations. In these circumstances which are increasingly the norm – it has to replace the type of appraisal system that only fits a hierarchical and bureaucratic organization.

2.4 Implementation of Performance Management Practices

The strategy implementation process does not end when a firm decides what strategy to pursue. Once decided, the shift then moves to converting your strategic plan into actions for results. It is basically an extension of the planning process. Scholars believe that there is a distinction between strategy formulation and strategy implementation. The convention is that formulation of strategy is based on identification of the organizations’ goals and the rational analysis of its external environment vis-à-vis internal resources and capabilities. (Shone et al, 2000)
Once a company has chosen a strategy, the strategy has to be put in action through a carefully structured organizational framework that is well managed to the requirement of the strategy (Wendy, 1997). Putting strategy in place and getting people and organizational units to submit to its execution is essentially an administrative work (Thompson & Strickland, 1993).

An organization has to institutionalize its strategy in line with its values, norms that keeps shaping the employees behavior. As such Strategy must be translated into specific policies, procedures and rules that will give guidance to planning and decisions making by managers and employees. (Thomson, 1990).

Considering that a faulty implementation can make a sound strategic decision ineffective and a skilled implementation can make a debatable choice successful, it is important to examine the process of implementation (Mintzberg, 1991). Strategy implementation is critical to success. Implementation represents a disciplined process or a logical set of connected activities that enable an organization to take strategy and make it work. Developing such a topical approach however represents a real challenge to the management. A host of factors including politics, inertia, and resistance to change, and resource base routinely get in the way of strategy implementation. It is apparent that making strategy work is more difficult than its formulation (Michael, 2004).
2.5 Challenges Affecting Successful Implementation of Performance Management Practices

There are many organizational factors that make implementation of performance Management difficult.

Standards describe the conditions that must exist before the performance can be rated satisfactory. Performance standards are approved expressions of the performance threshold(s), requirement(s) and expectation(s). A standard focuses on task completion. It is specifically tied to duties/responsibilities. A performance standard should be: realistic, in other words, attainable by any qualified, competent, and fully trained person who has the authority and resources to achieve the desired result; be "exceed able." employees should know that they can and should exceed expectations. Standards should not be used as an excuse to maintain the status quo if change is needed; describe the conditions that exist when performance meets expectations; be expressed in terms of quantity, quality, time, cost, effect, manner of performance, or method of doing and be measurable, with specified method(s) of gathering performance data and measuring performance against standards.

According to Cole (1998), Standards are usually established when an assignment is made, and should be reviewed if the employee's job description is updated. Whenever possible, have employees participate in developing standards. The discussion of standards should
include the criteria for achieving satisfactory performance and the proof of performance (methods you will use to gather information about work performance).

In departments where more than one person does the same task or function, standards may be written for the parts of the jobs that are the same and applied to all positions doing that task.

Performance expectations are the basis for appraising employee performance. Written performance standards let you compare the employee's performance with mutually understood expectations and minimize ambiguity in providing feedback.

According to John Austin & James E. (2000), having performance standards is not a new concept; standards exist whether or not they are discussed or put in writing. When you observe an employee's performance, you usually make a judgment about whether that performance is acceptable. How do you decide what is acceptable and what is unacceptable performance? The answer to this question is the first step in establishing written standards.

Standards identify a baseline for measuring performance. From performance standards, supervisors can provide specific feedback describing the gap between expected and actual performance.

According to Armstrong (1998), a contract of employment is usually defined to mean the same as a "contract of service". A contract of service has historically been distinguished from a "contract barbie services", the expression altered to imply the dividing line between a person who is "employed" and someone who is "self employed". The purpose
of the dividing line is to attribute rights to some kinds of people who work from others. This could be the right to a minimum wage, holiday pay, sick leave, fair dismissal, a written statement of the contract, the right to organize in a union, and so on. The assumption is that genuinely self employed people should be able to look after their own affairs, and therefore the work they do for others should not carry with it an obligation to look after these rights.

An Employment Contract sets out the terms and conditions of the relationship between an employer and an employee. It documents the obligations they have to each other, the benefits they will receive from each other and defines workplace expectations for both. Employment Contracts should define the process for termination of the employer/employee relationship in the future. Implicit employment contracts are a common way to motivate firm productivity but also require that employees trust management to be fair when allocating post-production firm resources between employees and owners.

Under the Employment Act Cap.226, an Employer may employ a person to carry out specified tasks, duties and responsibilities. In recognition of this, the employer will be required to pay the employee such remuneration as may have been agreed and that which is considered appropriate. Some employers, under terms and conditions of service, have benefits such as a provident fund or pension scheme. In the Public Service of Kenya, employees are members of the pension scheme when they are on permanent and pensionable terms and have served for a minimum of ten (10) years. Those who serve on Local Agreement (or Service Contract) terms are usually placed on a three (3) year
contract at the end of which, they are entitled to a gratuity. The Employment Contract may be terminated in accordance with the terms and conditions of service governing that contract. An employment contract is not a one-way street. The contract binds both employer and the employee, it limits flexibility in both directions.

(According to Cole 1998), Competency refers to the knowledge, attributes, attitude and skills required to perform a given job effectively. There are two broad categories of competencies: core competencies and functional competencies. Core competencies are the generic competencies associated with effective performance required by a group of job holders in a department across different divisions or sections. Functional competencies are the competencies specific to certain job functions, such as computer programming skills for programmers in the Computer Section and classroom skills for trainers in the Training Division of a department. Training is argued as a method of acquiring both core competencies and functional competencies.

Palo & Padhi (2003) propose that training is a process of updating the knowledge, developing skills, bringing about attitudinal and behavioral changes and improving the ability of the trainee to perform his/her tasks efficiently and effectively.

Noe argues further that Training is an ideal way to learn a job. Management of individual skills is an important aspect of doing business today, and employee development will likely grow in the future (Noe, 1999). Benson adds to this thought that the benefits of employee development extend beyond the actual skills gained and their contribution to an individual’s productivity (Benson, 2002)
Studies indicate that employee training has a positive impact on corporate performance. It has been hypothesized that, by improving the competency of employees, training also improves their productivity, which is reflected in an improvement in the firm's performance. Betcherman, et al., (1998) concluded that firms that have training programs tended to perform better in terms of productivity, revenues, profitability, viability and prospects. Saks et al. (2002) also found a positive relation between training and productivity, profit, revenue and client satisfaction.

Top management is essential to the effective implementation of strategic change. Top management provides a role model for other managers to use in assessing the salient environmental variables, their relationship to the organization, and the appropriateness of the organization's response to these variables. Top management also shapes the perceived relationships among organization components, Peters and Waterman (1982).

Top management is largely responsible for the determination of organization structure (e.g., information flow, decision-making processes, and job assignments). Management must also recognize the existing organization culture and learn to work within or change its parameters. Top management is also responsible for the design and control of the organization's reward and incentive systems, Galbraith, et al (1986).

Top management are involved in the design of information systems for the organization. In this role, managers influence the environmental variables most likely to receive attention in the organization. They must also make certain that information concerning these key variables is available to affected managers. Top-level managers must also
provide accurate and timely feedback concerning the organization's performance and the performance of individual business units within the organization. Organization members need information to maintain a realistic view of their performance, the performance of the organization, and the organization's relationship to the environment.

Top Management should be able to translate the strategic aspirations into realities. They should have political assurance to counter negative effects in the organizational change agenda. Top Management here refers to the process of influencing either towards the achievement of the original goals, Bastol & Martin (1991).

The Top management challenge is to galvanize the people's commitment to attaining the goals of the organization. This should be both for employees and other stakeholders. This they do through three interrelated activities namely clarifying strategic intent, building an organizational framework and shaping organizational culture Pearce & Robinson (2002).

Critical in implementation of strategy is the Top Management's leadership skills and capabilities. Leadership is a higher order capability different from management which is simply implementing policies. The ability to influence the attitudes and opinions of others to achieve a coordinated effort from diverse groups is a difficult task, yet one of the key methods available to management is creating an overall sense of direction and purpose through strategy planning (Byers, 1991).

Employee support programmes are employee benefit programs offered by many employers, typically in conjunction with a health insurance plan. Employee supports are intended to help employees deal with personal problems that might adversely impact their
work performance, health, and well-being. ES generally include assessment, short-term counseling and referral services for employees and their household members. Some studies indicate that offering ES may result in various benefits for employers, including lower medical costs, reduced turnover and absenteeism, and higher employee productivity and morale. The issues for which ES provide support vary, but examples include: substance abuse, safe working environment, emotional distress, major life events, including births, accidents and deaths, health care concerns, financial or legal concerns, family/personal relationship issues, work relationship issues, concerns about aging parents. Changing employment landscapes have weakened employees’ physical, administrative, and temporal attachments to organizations (Cascio, 2003; Pfeffer & Baron, 1988). Employees are more mobile, more autonomous, and less dependent on their organizations for employment than ever before. To address these challenges, organizations are increasingly seeking to strengthen employees’ psychological attachments by cultivating affective commitment—a feeling of emotional dedication—to organizations. Extensive research has demonstrated that affective commitment to organizations is linked to important behavioral outcomes ranging from decreased absenteeism and turnover to increased job performance (Cooper-Hakim & Viswesvaran, 2005). Accordingly, scholars and practitioners continue to share a deep interest in understanding how affective commitment to organizations develops—a foundational task for organizational scholarship (Mowday & Sutton, 1993).
Searching for new ways to strengthen employees' effective commitment, many organizations have adopted employee support programs. Employee support programs are formalized practices designed to improve employees' experiences at work by providing emotional, financial, and instrumental assistance beyond the scope of standard HR pay, benefit, recognition, and training and development programs. These increasingly common programs, ranging from employee assistance programs to work-family programs such as childcare and eldercare, provide employees with various forms of help and aid (Cascio, 2003).

Scholars typically assume that employee support programs cultivate commitment by enabling employees to receive support (Perry-Smith & Blum, 2000). When employees become aware of or utilize the services offered by support programs, they are more likely to feel that their work organizations value their well-being, and reciprocate by developing affective commitment to these organizations. For example, the literature on perceived organizational support suggests that when employees feel supported by their organizations, they develop beliefs that their organizations care about their welfare, which motivate them to strengthen their affective commitment to their organizations (Rhoades & Eisenberger, 2002).

Funding a critical management activity that enables strategy implementation to be possible. Insufficient funding is a common challenge to successful strategy implementation. Allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. This is because a number of factors hinder resource allocation (David 1997). Further, he observes that an organization
that does not use strategic management approach to decision making will often base resource allocation on political or personal factors such as over protection of resources. They will also be guided by emphasis on short run financial criteria, vague strategy targets, reluctance to take risks and talk of sufficient knowledge. Strategic management enables resources to be allocated according to priorities spelt out in the annual plans.

2.6 Successful performance Management Implementation

Strategies are of no value unless they are effectively translated into action, Aosa (1992), observes that once strategies have been developed they need to be implemented. The task of successful performance management implementation requires putting plans into actions so as to achieve the intended results. The test of successful performance management implementation is when actual organization performance matches and exceeds the targets spelt out in the strategic plan. In deciding how to implement performance management practices, managers have to determine what internal conditions are needed to execute the planned performance successfully.

Thompson & Strickland, (1993) argue that performance management practices are implemented in a changing environment. Thus execution must be controlled and evaluated if the strategy is to be successfully implemented and adjusted to changing conditions. Some organizations face a situation in which the fundamental changes to implement a new management tool are minimal since the basic strategy appears appropriate yet past performance could have been ineffective. Owen (1982), observes that most of the test on strategy implementation emphasizes the worthlessness of a good
strategy for whose implementation no provision has been made. "Better a first class implementation procedure for a second class strategy than vice versa"

Successful performance management implementation involves creating a series of tight fits in the organization structure, organizations skills and competences, budget allocations, internal policies, procedures and support systems, reward structures and corporate culture plans are more likely to be implemented successfully when this is a closed department and linkage exist among the businesses, strategies, operating plans and other established systems as budgets and rewards, Judson (1996). The tighter the fits, the more powerful the execution becomes and the more likely targeted performance can actually be achieved.

Recent studies of companies over a long period show that most successful firms maintain a workable equilibrium for several years but are also able to initiate and carry out sharp widespread changes when their environments change. Such upheavals may bring renewed vigor to the enterprise. Less successful firms on the other hand get stuck in a particular pattern. The leaders of these firms either do not see the need for re-orientation or they are unable to carry the necessary and thorough reforms to match the changes. Whereas not all re-orientation will bring success, organizations that do not initiate re-orientation with changing environment will under perform, Mintsberg and Quinn (1991).

The link between the implementation of effective performance Management practices and the organization’s training, employee support, funding, performance standards and objectives and top management attitude are little known. However, from the foregoing, it
is apparent that the above variables play a key role in effective performance management.

It is also apparent that the variables have been studied either in isolation or not at all. The relationship between effective performance management, Performance standards, and objectives, employment contracts, training of staff and attitude of the top management, funding, and employee support can be conceptualized as shown below:
2.7 Conceptual framework

Figure 2.1: Conceptual Framework

Performance standards/Objectives
Employment contracts
Training of staff
Top management attitude & Employee support
Funding

Strategic Human Resource Management

Successful Implementation of performance management practices at RBA

Independent Variables

Dependent Variable

(Source: Researcher guided by the literature review)
2.8 Summary of literature review

This chapter argued that there are challenges in successful implementation of performance management practices (Michael, 2004). It started by looking at the origin of performance management and highlighted various benefits that successful performance management can achieve. It suggested that although performance management can greatly improve service delivery in the public sector, there are several challenges that inhibit successful implementation of performance management (Thomson et al, 1993). In the chapter an in-depth analysis of the factors namely Standards/Objectives, Employment contracts, Training of the staff, the Attitude of the top management, Funding and employee support, has been looked at and the conclusion is that successful implementation of performance management practices is highly dependent on the above factors.

The overall conclusion though is that the link amongst the above factors and performance management has not been an easy one to establish (Oondo 2009). The absence of a clear symmetry between these important and related factors is the greatest weakness in performance management. The researcher has also noted that although literature exists on performance management, there is very little on challenges facing the implementation of the same, hence this study seeks to fill this gap.
3.1 Introduction

This chapter focuses on data collection procedures and analyses methods that were used in the study. The chapter is divided into study design, sample design, data collection procedures and instruments, the techniques of data analysis employed in order to address the objective of the study are discussed.

3.2 Study Design

A study design is the arrangement of conditions for collection and analysis of data that aims to combine relevance to the purpose with economy in the procedure. This study used descriptive study design.

A descriptive study design determines and reports the way things are and commonly involves assessing attitudes and opinions towards individuals, organizations and procedures. Descriptive research portrays an "accurate profile of person's events or situations" (Robson 2002). This statement is echoed by Zikmund, who states that, "The major purpose of descriptive research is to provide information on characteristics of a population or phenomenon" (Zikmund 2003). A descriptive study tries to discover answers to who, what, when, where and sometimes how questions, it also attempts to capture attitude or patterns of past behavior (Cooper & Schindlerr 2003).
The study consisted of four components which included; comparison, manipulation, control and generalization. Comparison was used to show that there is relationship between and amongst the variables. The study determined the extent to which variables influence the outcome. The comparisons were manipulated in order to determine whether the apparent existing relationship is real. The final result was determined to apply to the whole population through generalization.

3.3 Target Population

The study covered the staff of RBA who are currently 50 as at the time of this study and are grouped as follows:

Table 3.1 Target population characteristics

<table>
<thead>
<tr>
<th>Category of Staff</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Middle Management</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Operational and support staff</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

(Source: Field data 2011)
3.4 Study Locality

The study was carried out in Nairobi at the RBA headquarters. This area was chosen because it’s easily accessible by the researcher for the purpose of data collection.

3.5 Sample Design

The study was a census hence the whole population was included. A census was appropriate since the target population was small and manageable. The population of this study was the 50 administrative staff of Retirement Benefits Authority.

3.6 Data Collection Procedures and Instruments

The study involved both primary and secondary data sources. Data was collected using self-administered questionnaires which were dropped and picked by the researcher. This reduced the researcher’s social desirability bias. The secondary data was obtained from existing literature, that is, publications, reports the company website, and other relevant publications.

The questionnaire was semi structured and based on open and closed ended questions of both substantive and theoretical nature. Substantive questions were used to measure the various variables while theoretical questions were used to link the variables with effective strategy implementation.
3. 7 Data Analysis Techniques

Completed questionnaires were reviewed and edited for completeness, coded, labeled and keyed into the computer for statistical analysis using statistical package for social societies (SPSS). Descriptive statistics techniques was used to analyze data. Data was presented in the form of frequency distribution tables to show the various findings. This technique has been chosen because it was possible to show the distribution or the count of individual scores in the population for a specific variable. Columns on the frequency gave an absolute count of the occurrence while the columns on percentages gave the population of a sub group of the total population. This in turn ensured easy and accurate comparison and conclusion. SPSS was also used to process the data in order to determine the relationship between the variables. Cross tabulation and chi- square was used to determine if there are relationship between any of the independent variables (objectives/standards, training, top management attitude, employment contracts, resource allocation, employee support) and the independent variables (effective performance management implementation). These methods were chosen because the data was collected in frequency form while the variables will be measured in categorical scale and no assumptions will be made about the data.

The variables were measured using ordinal scale whereby the sum total of each department’s responses to questionnaire items will be analyzed in order to answer the research questions.
4.0 DATA ANALYSIS & PRESENTATION OF RESULTS

4.1 Introduction

The being a census was focusing on all the 50 staff members of the RBA. 50 Questionnaires were sent out by the researcher. 36 members complied by completing the questionnaires giving a response rate of 72%. Figure 4.1 below shows the response rate.

Figure 4.1: Response Rate

---

Figure 2: Response Rate

No response 28%

Responded 72%

Source: Field Data (2011)
4.2 Quantitative Analysis

First a presentation is given of the demographic characteristics of the People Interviewed. The Demographic considerations in the study included Age, gender, length of service, highest level of education, number of years in service, respondents position in the organization and the nature of employment. As Alluded to earlier in section 4.1 above the study was a census incorporating a population of 50 employees. Response was received from 36 members in the Census.

4.2.1 Gender

A majority of the respondents interviewed were male representing 52.8% of the total sample, while 47.2% were female. This indicates that there are more male officers working at the RBA offices than female officers. This pattern of response is expected especially with government regulation of employment in the public requiring one third of position holders in government agencies to be female.

4.2.2 Respondents by Age

Most of the respondents 16 of them were between 40-49 years representing 44.4%. 10 of them were aged between 30-39 years representing 27.8%, while 8 respondents were aged between 20-29 years representing 22.2%. Only 5.6% of those who responded were above 50 years of age. This indicates that most respondents in the survey were below 50 years as shown in the pie chart below. This is a fairly agile workforce given the retirement age
prevailing in the public service currently pegged at 75 years. Figure 4.2 Illustrates respondents distribution by age.

Figure 4.2: Distribution by Age

Distribution of respondents by Age

Source: Field Data (2011)

4.2.3 Length of Service

The respondents were asked how long they had been in service; 8.33% had worked for between 0 to 5 years, 22.22% had worked for between 3 to 4 years, 16.67% had worked for between to 6 years, 22.22% had worked for between 7 to 8 years and 30.56% had worked for nine years and above. Length of service is important due to problems that come with the learning curve that pervades any organization with high staff turnover. The organization seems to be having a fairly stable workforce with most employees having been in the organization for more than nine years. Table 4.2 below illustrates the respondents by length of service at the authority.
### Table 4.1: Number of Years in Service

<table>
<thead>
<tr>
<th>Number of Years in Service</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
<td>3</td>
<td>8.33</td>
</tr>
<tr>
<td>3-4</td>
<td>8</td>
<td>22.22</td>
</tr>
<tr>
<td>5-6</td>
<td>6</td>
<td>16.67</td>
</tr>
<tr>
<td>7-8</td>
<td>8</td>
<td>22.22</td>
</tr>
<tr>
<td>9 and above</td>
<td>11</td>
<td>30.56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field Data (2011)*

#### 4.2.4 Highest level of Education

The respondents were required to state their highest level of education. 5 (13.89%) of the respondents had college level, while 31 (86.11%) had university level of education. This indicates that RBA employs mostly graduates. Education is a very important process and has a considerable influence on cognitive and attitudinal development. The results shows that more than two thirds of the employees have university level of education indicating a high level of understanding and cognitive development averse workforce for the organization.
4.2.5 Respondents by Departments

A total of 36 officers were interviewed from different departments at the RBA headquarters, and they were distributed as follows: Finance 6 officers (16.67%), Compliance 10 officers (27.78%), HR/Administration 9 officers (25%), Research & Development 6 officers (16.67%), Pensions 3 officers (8.33%) and Corporate Communications 2 officers (5.56%). Table 4.1 below shows respondents by their various departments.

Table 4.2: Respondents by Department

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>6</td>
<td>16.67%</td>
</tr>
<tr>
<td>Compliance</td>
<td>10</td>
<td>27.78%</td>
</tr>
<tr>
<td>HR&amp;Admin</td>
<td>9</td>
<td>25.00%</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>6</td>
<td>16.67%</td>
</tr>
<tr>
<td>Pensions</td>
<td>3</td>
<td>8.33%</td>
</tr>
<tr>
<td>Corporate Communication</td>
<td>2</td>
<td>5.56%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

*Source: Field data (2011)*
4.2.6 Respondents Position

The respondents interviewed were asked to indicate their position. Most of the interviewees 18 (50%) were from Middle management 8 (22.2%) were from Administrative/Support staff, 5(13.89) were from Senior management. Others at 3 (8.33%) did not share their opinion and 2 (5.56%) of the respondents were missing.

Figure 4.3 Respondents by Position

Source: Field Data (2011)

4.2.7 Nature of Employment

The nature or employment status is was considered to establish level of commitment of the organizations employees. It is believed that human beings want some stability and security when it comes to working status. A whooping 97.22% of employees were permanent staff whereas only 2.78% were on contractual employments.
4.2.8 Performance Management Systems in Place

The respondents were asked if they were aware of the Performance Management Systems in place in their organization. This was a multiple response question and respondents could select more than one response. Balance scorecard had a frequency of 32 representing a 30.2% of the responses, 27 of the respondents representing 25.5% of the responses were aware of the performance contracting, Service charter had a 26 responses representing 24.5% of responses saying yes, Appraisal systems received a frequency of 19 representing 17.9% and the rapid results initiative had a frequency of 2 representing 1.9 of the responses. Figure 4.4 illustrates the Performance management systems in operation at the organization.

**Figure 4.4: Performance Management Systems in Place**

![Performance Management Systems in place](image)

**Source:** Field Data (2011)
4.2.9 Purpose of Performance Management Systems

Of those interviewed 8.3% felt that it was used to improve employee performance, 16.7% felt the performance management system in place was used to improve overall organizational performance, 19.4% felt that it was used as an appraisal tool, 83.3% felt it was used to improve both employee and the organizations general performance. Figure 4.5 illustrates usage of performance management system in the organization.

Figure 4.5: Purpose of Performance Management Systems

Source: Field Data (2011)
4.3 Implementation of Performance Management Strategies

This table is a ranking on how critical the variables are to implementation of performance management strategies and is explained below. The researcher subjected the factors of the study to a series of closed ended questions seeking to establish if the variables were of great/ were critical to the implementation of performance management strategies. A whooping 100% of the population thought top managements support was very critical, 97.2% felt that training was critical, 91.67% felt that employee support was very critical, 88.89% felt that performance standards were critical to implementation, 77.78% felt that employment status was critical whereas 72.22% felt that financial availability was critical. Figure 4.3 below illustrates this concept of level of importance of the variables to implementation.

Table 4.3 Implementation of Performance Management Strategies

<table>
<thead>
<tr>
<th>Factors Influencing Performance</th>
<th>Frequency</th>
<th>Percent Saying Yes</th>
<th>Percent of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management Support</td>
<td>36</td>
<td>100.00</td>
<td>18.9</td>
</tr>
<tr>
<td>Employment Training</td>
<td>35</td>
<td>97.22</td>
<td>18.4</td>
</tr>
<tr>
<td>Employee Support</td>
<td>33</td>
<td>91.67</td>
<td>17.4</td>
</tr>
<tr>
<td>Performance Standards</td>
<td>32</td>
<td>88.89</td>
<td>16.8</td>
</tr>
<tr>
<td>Employment Status</td>
<td>28</td>
<td>77.78</td>
<td>14.7</td>
</tr>
<tr>
<td>Availability of Funds</td>
<td>26</td>
<td>72.22</td>
<td>13.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>190</strong></td>
<td><strong>527.8</strong></td>
<td><strong>99.6</strong></td>
</tr>
</tbody>
</table>

*Source: Field Data (2011)*
4.3.1 Performance Standards and Objectives

Most the respondents 88.9% (as can be seen on table 4.3) interviewed felt that having clear set performance standards and objectives was critical to the implementation of performance management strategies. However as the figure below depicts a large number of those interviewed 40.6% disagree that RBA standards are well understood by all employees and that employees are rewarded for exceeding their set expectations. This too also feel that this affects performance. 51.8% of the interviewees however agree that the standards are well documented and understood and by all employees. 7.6% were indifferent or were not sure. Table 4.4 represents the respondents view on performance standards and objectives.

Table 4.4: Effect of Performance Standards and objectives on Implementation

<table>
<thead>
<tr>
<th>Category Label</th>
<th>Code</th>
<th>Frequencies</th>
<th>Percentage of Responses</th>
<th>Percentage of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly disagree</td>
<td>1</td>
<td>34</td>
<td>23.8</td>
<td>94.4</td>
</tr>
<tr>
<td>disagree</td>
<td>2</td>
<td>24</td>
<td>16.8</td>
<td>66.7</td>
</tr>
<tr>
<td>Indifferent</td>
<td>3</td>
<td>11</td>
<td>7.6</td>
<td>30.6</td>
</tr>
<tr>
<td>agree</td>
<td>4</td>
<td>34</td>
<td>23.8</td>
<td>94.4</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>40</td>
<td>28.0</td>
<td>111.1</td>
</tr>
<tr>
<td>Total responses</td>
<td></td>
<td>143</td>
<td>100.0</td>
<td>397.2</td>
</tr>
</tbody>
</table>

Source: Field Data (2011)
4.3.2 Employment Contracts

On whether employment contracts were critical to implementation, table 4.3 77.8% of the interviewees felt that implicit employment contracts were critical to the implementation process. 63.3% of the interviewees agreed that the employment contracts of RBA explicit and that all employees have a clear reporting format. 31% of the interviewees disagreed and 5.6% were indifferent. Table 4.5 illustrates the effect of employment contracts on implementation.

*Table 4.5: Effect of Employment Contracts on Implementation*

<table>
<thead>
<tr>
<th>Category Label</th>
<th>Code</th>
<th>Frequencies</th>
<th>% of Responses</th>
<th>Percentage of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly disagree</td>
<td>1</td>
<td>31</td>
<td>21.8</td>
<td>86.1</td>
</tr>
<tr>
<td>disagree</td>
<td>2</td>
<td>13</td>
<td>9.2</td>
<td>36.1</td>
</tr>
<tr>
<td>Indifferent</td>
<td>3</td>
<td>8</td>
<td>5.6</td>
<td>22.2</td>
</tr>
<tr>
<td>agree</td>
<td>4</td>
<td>57</td>
<td>40.1</td>
<td>58.3</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>33</td>
<td>23.2</td>
<td>91.7</td>
</tr>
<tr>
<td>Total responses</td>
<td></td>
<td>142</td>
<td>100</td>
<td>394.4</td>
</tr>
</tbody>
</table>

*Source: Field Data (2011)*
4.3.3 Training of Staff

Training was seen as one of the core factors that affect performance. Table 4.3 indicates that 97.2% of those interviewed rated it as a critical factor to implementation. However most of the interviewees 52.1% also disagreed that employees were fully trained on performance management practices. These also felt that the training policy was not transparent and that a training needs analysis should be done with all the stakeholders. 30.3% however felt that the training received was adequate whereas 7.6% of the employees were indifferent. Figure 4.6 illustrates the effect of training on implementation of performance management strategies.

Table 4.6: Effect of Training on Implementation

<table>
<thead>
<tr>
<th>Category Label</th>
<th>Code</th>
<th>Frequencies</th>
<th>% of Responses</th>
<th>Percentage of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>4</td>
<td>33</td>
<td>22.9</td>
<td>91.7</td>
</tr>
<tr>
<td>disagree</td>
<td>2</td>
<td>32</td>
<td>22.2</td>
<td>88.9</td>
</tr>
<tr>
<td>Indifferent</td>
<td>3</td>
<td>11</td>
<td>7.6</td>
<td>30.6</td>
</tr>
<tr>
<td>agree</td>
<td>5</td>
<td>25</td>
<td>17.4</td>
<td>69.4</td>
</tr>
<tr>
<td>Total responses</td>
<td></td>
<td>144</td>
<td>100</td>
<td>400</td>
</tr>
</tbody>
</table>

Source: Field Data (2011)
4.3.4 Employee Support

On whether employee support affects performance, 91.67% of the employees answered yes to the critical nature of employee support has on successful implementation of strategies as can be seen on Table 4.3 above. Among the interviewees, 64.8% felt that RBA employees were fully supported and were of the conviction that support programmes are introduced with all employees on board, they also felt that support programmes motivate employees and enhance their performance. 33.3% however disagreed that the support given was sufficient and 1.9% were indifferent. Figure 4.7 illustrates the effect of financial availability on implementation.

**Table 4.7: Effect of Employee Support on Implementation**

<table>
<thead>
<tr>
<th>Category Label</th>
<th>Code</th>
<th>Frequencies</th>
<th>% of Responses</th>
<th>Percentage of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly disagree</td>
<td>1</td>
<td>17</td>
<td>15.7</td>
<td>47.2</td>
</tr>
<tr>
<td>disagree</td>
<td>2</td>
<td>19</td>
<td>17.6</td>
<td>52.2</td>
</tr>
<tr>
<td>Indifferent</td>
<td>3</td>
<td>2</td>
<td>1.9</td>
<td>5.6</td>
</tr>
<tr>
<td>agree</td>
<td>4</td>
<td>49</td>
<td>45.4</td>
<td>136.1</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>21</td>
<td>19.4</td>
<td>58.3</td>
</tr>
<tr>
<td>Total responses</td>
<td></td>
<td>108</td>
<td>100</td>
<td>300</td>
</tr>
</tbody>
</table>

*Source: Field Data (2011)*
Top Management Support

The interviewees gave a unanimous 100% rating that for any implementation to succeed there must be top management buy in, in all implementation strategies. This is because they drive the programmes. 67.3% of those interviewed agreed that there is Top Management support for RBA’s PM Strategies. These asserted that the direction given by top management is sufficient and unbiased. Among the respondents 32.2% felt otherwise. Table 4.8 illustrates this concept.

Table 4.8: Effect of Top Management Support on Implementation

<table>
<thead>
<tr>
<th>Category Label</th>
<th>Code</th>
<th>Frequencies</th>
<th>% of Responses</th>
<th>Percentage of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly disagree</td>
<td>1</td>
<td>40</td>
<td>29.2</td>
<td>116.7</td>
</tr>
<tr>
<td>disagree</td>
<td>2</td>
<td>4</td>
<td>2.82</td>
<td>11.1</td>
</tr>
<tr>
<td>Indifferent</td>
<td>3</td>
<td>1</td>
<td>0.7</td>
<td>2.8</td>
</tr>
<tr>
<td>agree</td>
<td>4</td>
<td>42</td>
<td>34.7</td>
<td>138.9</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>57</td>
<td>32.6</td>
<td>130.6</td>
</tr>
<tr>
<td>Total responses</td>
<td>144</td>
<td>100</td>
<td>400</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Data (2011)
4.3.5 Financial Availability

On whether financial availability was critical, table 4.3 above indicates that 72.22% of those interviewed felt that financial resources availability was critical to implementation of Performance Management strategies. 42.5% agreed that the finances disbursed were timely 56.5% felt that the financial provisions were inadequate and therefore grossly affected implementation of the performance management strategies. Table 4.7 below illustrates this concept.

Table 4.9: Effect of Financial Availability on Implementation

<table>
<thead>
<tr>
<th>Category Label</th>
<th>Code</th>
<th>Frequencies</th>
<th>% of Responses</th>
<th>Percentage of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>31</td>
<td>28.7</td>
<td>86.1</td>
</tr>
<tr>
<td>disagree</td>
<td>2</td>
<td>30</td>
<td>27.8</td>
<td>83.3</td>
</tr>
<tr>
<td>agree</td>
<td>4</td>
<td>13</td>
<td>12.0</td>
<td>36.1</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>34</td>
<td>31.5</td>
<td>94.4</td>
</tr>
<tr>
<td>Total responses</td>
<td></td>
<td>108</td>
<td>100</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: Field Data (2011)
4.4 Qualitative Analysis

This section a summary of issues from the open ended question which the respondents indicated to be of importance but could not be captured in the questionnaire items:

Some respondents felt that more appraisal exercises should be done. This was because the prevailing system of appraisal done annually does not in essence benefit the employee much because it is more of a routine. Instead appraisals should be used to identify gaps to performance and then cascaded into training and development measures that can help employees to bring their performance to the required standards. The results of the appraisal should also be communicated to all concerned in a humane way.

Still on the same note others indicated that performance management systems should not only be used as an appraisal tool but should be focused on improving employee performance.
CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary to the findings of the research and tries to give answers to the research questions of the study. The study's objectives were to examine the Standards/Objectives expected of the people working at RBA in Nairobi, to establish if the employment contracts affect implementation of performance management practices at RBA, to establish the impact of training of staff on implementation of performance management practices at RBA, to establish the impact of top management attitude and employee support on implementation of performance management practices at RBA and to establish the extent to which funding is a challenge to implementation of performance management practices at RBA.

5.2 Summary/Answers to Research Questions

The study assessed the significance of various variables in effective performance management strategies implementation in the public sector with specific reference to the Retirement Benefits Authority. The first objective was to examine the Standards/Objectives expected of employees at RBA in Nairobi. The study revealed that
having clear Standards/Objectives is critical to the successful implementation of PM strategies. However, as indicated by the 40.6% of the interviewees, RBA standards and objectives have not been integrated with the individual objectives. This adversely affects implementation of PM strategies, just as John Austin & James E. (2000) have suggested that standards/objectives identify a baseline for measuring performance and minimizing ambiguity in providing feedback.

On whether employment contracts affect successful implementation of PM strategies, the researcher established that Employment contracts are critical in effective implementation as confirmed by 77.8% of those interviewed. Although most of the employees are on permanent terms, there are those who felt that lack of clear job descriptions and reporting formats affected implementation of the strategies as confirmed by the 33% of the interviewees. 63.3% who were opposed to this were of the view that there was clear reporting format and well documented job descriptions.

On whether training affected successful implementation of PM strategies it was established that whereas a majority of those interviewed underscored the importance of training in implementation of PM strategies, a large percentage 52.1% had a misgiving with the way training was conducted by the authority as opposed to 30.3% who felt otherwise.

On whether Availability of financial resources affected successful implementation of PM strategies, it was as confirmed to be a critical factor in the implementation process by the
72.22% of those interviewed. 56.5% of those interviewed felt that financial provisions for implementation were inadequate and that this grossly affected the implementation of PM strategies. Practices like late disbursement and insufficient funding affected successful implementation of PM strategies.

Of great importance to Implementation was the concept of top management support. The employees felt that this factor ranked top among all the variables assessed. A unanimous 100% felt that this was a very critical factor. Of these 67.3% felt that there was top management buy in for the PM strategies being implemented by the authority and 32.2% were opposed, disagreed or felt otherwise. Study also shows that employee support plays a critical role in the effective and successful implementation, although it did not adversely affect as indicated by the 33.3% of the respondents.

5.3 Conclusions

It can be concluded from the above study that having a clear set of standards and objectives are critical to successful implementation of PM strategies. 40.6% of those interviewed affirm this conclusion and also feel that when organizational objectives are integrated with individual objectives then successful implementation will be realized.

It is evident from the study that employment contracts affect successful implementation as indicated by 77.8% of the respondents who felt that this component is critical to implementation. 33.7% who have a misgiving with the way this objective is managed at RBA means the issue is of importance.
On the issue of Training It can also be concluded that relevant training that commensurate with TNA is critical to successful implementation as indicated by 52.1% of the respondents. The management should try as much as logical and businesswise possible to ensure that trainings implemented include the needs of the employees. Otherwise it is possible to assume that the employees are trained yet their needs are not met. Hence their performance will continually be lacking from the required standards.

From the study it can also be concluded that top management attitude is critical to successful implementation. All the respondents felt that this is a very critical factor. This conclusion is supported in literature by Andree de Waal who argues that it takes continuous attention, dedication and in particular stamina from the top management to keep focusing on PM to keep it alive in the organization. Managers have to be role models. Of importance too was the issue of employee support which the interviewees felt would add to their comfort and thus translate to their being motivated and hence improve their performance.

On whether availability of finances affects successful implementation, it can be conclude that this factor does and indeed affects successful implementation of performance management strategies as indicated by 72.22% of the respondents. It is also noteworthy to mention that among the factors affecting performance this was seen to affect performance but not to a very greater extent compared to other factors like top management support that received a ranking of 100% of the respondents. This is not to downplay its importance to implementation but to say that it does not affect to great extent.
5.4 Recommendations

Management should ensure the objectives are SMART and understood by the employees and try to integrate individual and organizational objectives and the expectations from employees should be matched with their capabilities. Management should link employee performance during the implementation phase with overall reward and compensation system in the organization. Employees could also be involved in the goal formulation because when employees fully understand the content and logic behind a strategic objective they tend to feel a stirring inside them to do something to achieve it.

On employment contracts it is recommended that management put in place a clear policy governing employment contracts. This will ensure that employees are aware of any occurrences' regarding their contracts and their performance. There should also be policies dealing with promotions and rewards that commensurate with performance.

On the issue of Employee support it is recommended that the management should ensure that the supportive structure are in place to provide staff employees with needed training and instructions during the implementation phase. The training should be based on a TNA involving all the stakeholders of the implementation programme.

There should be in place an effective planning/ budgets for programmes. Effective planning ensures that finances for operations are received in good time. The Authority should put in place policies regarding employee support programmes.
Management has to be involved and maintain focus during the implementation process. They have to align the organizational structure to what the strategy is calling for in order to enhance effectiveness of communication and coordination during the PM strategy implementation phase.

5.5 Suggestions for Further Research

The study has looked at the challenges of implementing PM strategies in the public sector. The research had the assumption that PM strategies in the Private sector are successfully implemented. A study should be carried out to determine the critical success factors in the private sector as a benchmark. Research can also be carried out on the extent of each variable's contribution to effective PM implementation. Further research can be conducted to establish any dependency between the variables.


Bart Slottje (2000), What is performance management for you. www.bart@p-management.com


Wendy R. (1997) Implementation of chosen Strategy, Clapman Hall, USA
APPENDIX 1: QUESTIONNAIRE

Section A: Demographic Survey

(Please tick as appropriate)

1. Gender: 
   - Female □
   - Male □

2. Age
   - a) 20-29 □
   - b) 30-39 □
   - c) 40-49 □
   - d) 50 and above □

3. Number of years in service
   - a) 0 to 2 years □
   - b) 3 to 4 years □
   - c) 5 to 6 years □
   - d) 7 to 8 years □
   - e) Over 9 years □

4. Highest education level
   - i. Primary □
   - ii. Secondary □
   - iii. College □
   - iv. University □
   - v. Others specify ____________________
5. Department

1. Finance
2. Compliance
3. HR & Admin
4. Research and Development
5. Pensions

6. Position of interviewee

   i. Senior Management
   ii. Middle Management
   iii. Office Assistant
   iv. Others-----------------------------------

7. What is the nature of your employment status in the company?

   i. Permanent
   ii. Temporary
   iii. Contract
   iv. Others

   (specify)__________________________________________

Section B
7. Do you think performance standards and objectives are instrumental in the smooth implementation of performance practices?
   a) Yes □
   b) No □

8. Do you think employment status affects the implementation of performance management?
   Yes □
   No □

9. Do you think employees' training is critical to the successful implementation of performance management practices?
   Yes □
   No □

10. Do you think employee support is a key component in the implementation of performance management practices?
    Yes □
    No □

11. Do you think availability of funds is a critical component in the implementation of performance management strategies?
    Yes □
    No □
12. Do you think top management support is critical to the implementation of performance management practices?

- Yes
- No

13. Which of the following performance management system are in use in your organization?

- i. Performance Contracting
- ii. Balance Scorecard
- iii. Service Charter
- iv. Appraisal System
- v. Rapid Results Initiative

14. What is the purpose of Performance Management in your Organization?

- i. To improve employees' performance
- ii. To improve organizational performance
- iii. As an appraisal tool
- iv. Both i and ii
- v. Others
Section C

To what extent do the following apply in your organization? Please tick the most appropriate option using the provided scale of:

1. Strongly disagree
2. Disagree
3. Indifferent
4. Agree
5. Strongly Agree

### Performance Standards and Objectives

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
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<tbody>
<tr>
<td>i. RBA standards/objectives are well documented and understood by all employees.</td>
<td></td>
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<tr>
<td>ii. Organizational objectives are integrated with individual and departmental objectives.</td>
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<td>iii. Employees are rewarded for meeting their set standards and objectives.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>iv. Employees capabilities are sufficiently matched with expected standards.</td>
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### Employment Contracts

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<tbody>
<tr>
<td>i. Every employee in RBA has an explicit employment contract in their area of duty.</td>
<td></td>
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<tr>
<td>ii. The nature of employment affects the smooth implementation of performance management strategies.</td>
<td></td>
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<tr>
<td>iii. RBA employees understand their job description and have an explicit reporting format.</td>
<td></td>
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<tr>
<td>iv. Implicit employment contract are common ways of motivate employees.</td>
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### Training of Staff

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<tbody>
<tr>
<td>ii. RBA has given sufficient training to all employees on performance management practices.</td>
<td></td>
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<tr>
<td>ii. RBA has a transparent needs based training policy.</td>
<td></td>
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<tr>
<td>iii. Training needs analysis is done with participation of all concerned employees.</td>
<td></td>
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<tr>
<td>iv. RBA has fully sensitized the staff on performance management practices that it implements.</td>
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</table>
### Employee Support

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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Employee support programmes at RBA are introduced with full participation of all employees</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>ii.</td>
<td>RBA has adequate employee support programmes in place</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>iii.</td>
<td>RBA is willing to support employees and institute support programme as needs arise.</td>
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### Financial Resources

<table>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>The disbursement of finances to programmes is always on time to implement the operations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii.</td>
<td>RBA has made adequate financial provision for the implementation of performance management practices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii.</td>
<td>All departments in RBA receive equitable financial allocations for its operations.</td>
<td></td>
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</table>
## Top Management Attitude

<table>
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<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>i.</td>
<td>Top management is support is critical in the implementation of performance management.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii.</td>
<td>RBA Top management shows unbiased interest in the implementation of performance management strategies.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii.</td>
<td>The leadership and direction provided by RBA top management is adequate.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv.</td>
<td>Problems requiring top management involvement at RBA are communicated early enough.</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

34. In your own opinion what should be done by the organization in order to improve on its performance management?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Owino Elizabeth Adhiambo
Kenyatta University
P.O. Box 43844, 00100
Nairobi

Dear Sir/Madam,

Ref: Permission to conduct research.

I am an MBA student at Kenyatta University undertaking a research project as a partial fulfillment for the course.

I am researching on challenges in the implementation of performance Management practices in the public sector with reference to RBA.

I am therefore seeking your assistance in providing the necessary information in the above areas. Any information collected will be in strict confidence and used solely for academic purposes.

Your cooperation will be highly appreciated

Yours faithfully,

Owino, Elizabeth Adhiambo
TO WHOM IT MAY CONCERN

RE: INTRODUCTION LETTER: OWINO ELIZABETH ADHIAMBO
D53/10211/06

This is to confirm that the above named is a student undertaking MBA (Strategic Management) in the Department of Business Administration, School of Business, Kenyatta University. The student is in the process of compiling her proposal and needs information from your organization.

Any assistance you may accord her will be appreciated.

For further information about the student, please contact this office.

Thank you.

MR. D. M. NGABA
CHAIRMAN, DEPARTMENT OF BUSINESS ADMINISTRATION