Review of Performance Management System: A case of Kenya Electricity Generating Company (KenGen)

By

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D53/OL/1843/02

A Research Project Submitted In Partial Fulfilment For The Degree Of Master Of Business Administration – Human Resources Management of Kenyatta University.

August, 2005
DECLARATION

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

.................................................................
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D53/OL/1843/02

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

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DR. KHAYOTA .M. OTUBE

This project has been submitted for examination with my approval as chairman of the department.

.................................................................
DR. G. GONGERA

CHAIRMAN DEPARTMENT OF BUSINESS ADMINISTRATION
DEDICATION

To my husband - For the time I took away from you in pursuit of this Degree - may this humble achievement always be a source of inspiration for all your future endeavours.
ACKNOWLEDGEMENT:

I would like to acknowledge with appreciation, the help, support and guidance received every step of the way from Dr. Khayota Otube throughout the course of this project.
ABSTRACT

Performance appraisal is a systematic evaluation of staff with respect to their performance on the job, potential for development aimed at contributing towards attaining corporate goals and objectives. The concept therefore provides a feedback process leading to greater clarity regarding organization’s expectations, staff capabilities, performance goals and communication improvement.

A lot of research has been conducted on performance management and its purpose/importance in organizations. In most of these studies, emphasis has been laid on the definition, purpose and benefits of performance management to an organization.

The researcher is of the view that performance management from how it is done; the feedback both to the organization and the employees is central to the success of an organization. The purpose of this study is to bridge the research gap by examining the performance monitoring methodology and performance feedback.

By confining to a case study of KenGen, the researcher will attempt to show how having an ineffective/inefficient performance management system can hamper the morale of employees in an organization. The choices of KenGen is deliberate since a great proportion of country’s resources are in the government sector and can be mismanaged through poor human resource performance management systems.

Based on the findings and recommendations, it is hoped KenGen will adopt a more effective, employee friendly performance management system.
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DEFINITION OF TERMS

Performance: The Oxford Advanced Dictionary defines Performance as an action or achievement, considered in relation to how successful it is. A second definition states Performance as the ability to operate efficiently.

Appraisal: This refers to the assessment or quality of work. The Dictionary defines it as, to assess the value quality or nature of something or somebody.

Policy: Refers to information given to employees on company’s stand. These are general guidelines for operation.

Job description: This refers to an organised factual statement of the duties and responsibilities of a specific job.

Performance Targets: This can be defined as specific tasks that are needed to be achieved in a given period.

Performance Management: This refers to the process for establishing shared understanding about what is to be achieved.
1.0 INTRODUCTION

The history of KenGen dates back to 1954. This year saw the registration of KenGen’s predecessor, the Kenya Power Company (KPC) which was then commissioned to construct the transmission line between Nairobi and Tororo, as well as to develop geothermal and other generating facilities in Kenya.

Since its registration, KPC was managed under a management contract by the Kenya Power and Lighting Company (KPLC) to which it sold electricity in bulk at cost.

In January 1997, the management of KPC was formally separated from KPLC as a direct result of the new reforms being undertaken in the liberalisation of the economy in general and the power sector in particular.

This development saw the birth of a new company – KenGen: Kenya Electricity Generating Company Limited. KenGen has the responsibility of generating power while KPLC transmits and distributes.

KenGen is the leading electric power Generation Company in Kenya, producing about 90 percent of electricity consumed in the country.

The company uses various sources to generate electricity ranging from Hydro, geothermal, thermal and wind. Hydro is the leading source, with an installed capacity of 681.2 megawatts, which is about 60% of the country’s total installed capacity. It sells the bulk to Kenya Power and Lighting Company (KPLC), which distribute it to various consumers.

The company is now operating in a liberalised market and is in direct competition with four (4) Independent Power Producers who between them produce about 10% of the country’s electric power. The IPPs entered the market in the last four years.
KenGen has workforce of one thousand, six hundred (1,600) employees distributed in 2C
different sites where its power plants are located. With its wealth of experience, establishec
corporate base and a clear vision, the company intends to maintain leadership in the
liberalised electric energy sub-sector in Kenya and in the Eastern Africa Region. (KenGen
News Magazine, March, 2001)

KenGen Vision

To be the market leader in the provision of Reliable, Safe, Quality and Competitively priced
electric energy in the Eastern African region. (KenGen Desk Diary, 2004)

KenGen Mission

To effectively generate competitively priced electric energy using state of the art technology
skilled and motivated human resource to ensure financial success. We shall achieve market
leadership by undertaking least cost, environmentally friendly, capacity expansion. Consistent
with our corporate culture, our core values will be adhered to in all our operations. (KenGen
Desk Diary, 2004)

1.1 BACKGROUND INFORMATION

Appraisal may be defined as the judgement of an employees' performance in a job based on
several considerations. The term Performance Appraisal is applied in personnel management
to a formal and systematic assessment made in a prescribed and uniform manner at a
certain time (Graham & Bennet, 1995). Appraisals may be done by immediate
supervisors and divisional Managers. However for it to have maximum impact,
information on the appraisal must be communicated to the employee in good time.
Performance Appraisal is an important technique or tool and is useful to organisations. The information gathered from performance appraisal reports can be used in the following ways:

- Can serve as a basis for personnel decisions to promote and reward outstanding performers.
- Can be used as a managerial tool to weed out low or marginal performers.
- It can be used to determine individual Training Needs.
- Performance Appraisal reports can be used to point out strengths and weaknesses for the supervisors.

Kenya Electricity Generating Company (KenGen) is an organisation charged with generating electric Power countrywide and has a staff of one thousand six hundred employees. Out of which an estimated five hundred and eight (508) go through the annual performance appraisal exercise.

In a lot of cases the Human Resources department of the company has received several complaints from those being assessed saying that the assessors are subjective and not recording the true situation on the ground.

The appraisal reports have also been accused of favouring those who are not critical of their managers or those who pose no different / opposing view to their manager, and punish the rest.

It was also been reported that the annual appraisal period is not treated with the seriousness it deserves and the forms are looked upon as just another set of forms that must be completed at the end of the year hence giving no thought or seriousness to the whole process.

In the KenGen guidebook to performance appraisal, the company has given the objectives of the performance appraisal process, policies of the staff performance appraisal, guidelines on
evaluation of staff performance, performance appraisal interview, list of performance appraisal committees and performance category definitions.

The performance appraisal sample is not included in the guidebook instead it is printed separately. No mention of when performance will be done, who will do it, the duties and responsibilities of the committees, how feedback to the appraisee will be done, what will be the reward for average to outstanding performance although they indicate caution letter for fair and warning letter for poor performances.

1.2 Statement Of The Problem

In spite of the fact that Performance Appraisal is important in improving morale and work performance, KPLC the forerunner of KenGen had no explicit policy of Performance Appraisal System leading to uncoordinated reward system, lack of staff training or irrelevant training and no succession planning.

Unfortunately, KenGen inherited and has continued to use the same policy from KPLC. KenGen being a relatively new company in terms of management procedures, it requires an elaborate policy in matters pertaining to its Human Resources in order to meet its manpower challenges this millennium. All issues of Human Resources should be tackled appropriately in order to measure and motivate employees.

This study was to examine the existing performance management system at KenGen, identify and fill gaps if any, and adopt a more modern and result oriented approach that would make it more proactive.
1.3 **Specific Objectives Of The Study**

1. To identify the problems and weaknesses of the current performance management system used by the company.

2. To find out ways of sensitising the employees on the importance of scientific performance management system.

3. To incorporate performance management as an organization culture

1.4 **Research Questions**

a) What are the problems and weaknesses of the current performance appraisal system in KenGen?

b) How would performance management be incorporated in the strategic plan of KenGen?

c) What would be the benefits of a proper performance management to KenGen?

1.5 **Significance Of The Study**

1. **KenGen Company**

   It will provide an in-depth understanding of the current performance appraisal techniques and the implications on the human resources of the company.

2. **Appraisers**

   The study was aimed at sensitising the appraisers on good techniques of carrying out a results oriented performance appraisal system right from setting the targets to be met to the performance interview.

3. **KenGen Employees**

   In view of the findings and recommendations, the study will sensitise staff on the benefits of performance appraisal to them and the company they work for.
4. Researchers

The study will enable scholars appreciate the importance of performance appraisal and its impact on human resources' morale and motivation hence provoke further studies.

1.6 Scope Of The Study

The study was carried out in Central Offices of KenGen located in Nairobi and Kipevu Power Station in Mombasa where majority of the employees. The structure of the organization is as below:

```
Nairobi (Central Office)

  Mombasa (Kipevu)  Hvdros (Gitaru)  Olkaria (Naivasha)  Turkwel
```
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

Performance appraisal has been developed over a period of time purposely to be used as a tool in directing, guiding, motivating, counselling staff and controlling the organization’s resources. It involves a systematic evaluation of staff with respect to their performance on the job, potential for development aimed at contributing towards attaining corporate goals and objectives. The concept therefore provides a feedback process leading to greater clarity regarding organization’s expectations, staff capabilities, performance goals and communication improvement.

Waweru E. M. (1984) in his book on management of Human resources in Kenya observes that the overall aim of Performance Management is to establish a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills and contributions.

Performance Management systems can be used to communicate and reinforce the organisations’ strategies, values, and norms and integrate individual objectives to corporate objectives.

Many companies today lay a great emphasis on the fact that Human Resources are the most important asset in an organisation and yet fail to recognise that the quality of their employees is their key competitive edge. At the same time many would agree that in this age of high business competition this should be given top priority.
A lot of companies also go for the very best employees when recruiting but thereafter fail to recognise that like a good machine an employee requires to be maintained continuously to achieve the desired performance.

The best known tool for managing employees performance is an effective statistical tool known as the Performance Appraisal System which aims at enhancing the ability and willingness of the employees to perform at their very best to achieve tasks objectives and ultimately the organisational goals (*I. P. M. Journal Issue no. 6 January 1994*).

In addition to the above requirement the Performance Appraisal System should also be supported by:

- Having a culture which allows free expression of thought and ideas to enhance the appraisal process.
- Having a well structured appraisal policy and form.
- Having well trained appraisers and appraisees and an effective follow up system.

The later is of great importance as it determines what remedial action should be taken to raise the levels of performance (*IPM Journal, January 1994*)

### 2.2 PAST STUDIES DONE IN PERFORMANCE APPRAISAL

Armstrong (1997) defines *Performance Management* as a set of processes for establishing shared understanding about what is to be achieved and of managing and developing people in a way which increases the profitability.

Performance Management emphasis on analysis measurement monitoring performance and planning performance improvements means that are concerned with basic aspects of good practice with regard to the management of people.
It is a system that should be driven by management so that it becomes part of the everyday working life and not an annual chore imposed upon them by the Personnel Department.

The systems also enable individuals to express their own view on what they should be doing, where they should be going and how they should be managed hence providing a means whereby expectations can be shared between managers and the staff (Armstrong, 1997).

As we all know people are the most important resources of any organisation as they determine the effective use of the other resources such as:

- Finances
- Plant and Machinery
- Raw Material etc.

hence we must take great steps to develop them.

To develop people we must start by identifying:

1. Their performance levels
2. The areas that need improvement and hence the reason why organisations appraise employees work performance.

They are usually two parties in a Performance Appraisal System:

- The organisation
- The individual

**Organisation:**

In Performance Appraisal System the organisation wants to:

1. Achieve sustainable improvements in the organisational performance.

3. Have objective recommendation as to methods of overcoming weaknesses exhibited by appraisee.

4. Have information about the employees' personal goals in career development.

5. Give employee feedback on his/her effectiveness in undertaking the responsibilities of his/her job.


7. Provide an avenue for a supervisor and an employee to share their problems and difficulties and how to resolve them.

8. Reinforce strengths.

9. To determine reward such as wages and salary increment.

**The individual:**

In the appraisal exercise the individual wants:

1. To know exactly what is expected of him/her in terms of contribution towards the achievement of the company objectives, goals and plans.

2. Guidance in overcoming any apparent weaknesses.

To have an idea of his/her career prospects.

3. To develop their abilities, increase their job satisfaction and achieve their full potential for their own benefit and that of the organisation.

4. To have an opportunity for individuals to express their aspirations and concerns about their work.
In summary we can say that the Performance Appraisal provides an evaluation data for decision making for various Personnel or Human Resources activities e.g. Pay increase, promotion, transfers, discharge, selection, training and counselling etc.


For the Performance Appraisal System to meet the needs of both the organisation and the individuals it is important that the appraisal procedure be job oriented so that the process concentrates on the results attained by the employee. For this to be achieved it is paramount that the system be:-

*Relevant*

The system should only measure the behaviour or activities that are important for successful job performance and should omit behaviours or certain activities that have no bearing on how well a job is performed.

*Acceptable*

The success of any system depends as much on the attitude of the users of the system as on the technical soundness itself. It is therefore important to get the users to view the system as valid and fair.

*Reliable*

The system must also be reliable dependable and consistent. This is achieved by defining clearly what is to be rated and helping the rater to distinguish among the various levels of performance.

*Sensitive*

This is the ability of the system to discriminate effective from ineffective employees.
To build in sensitivity to the system areas of performance to be appraised must be defined clearly and thoroughly.

Practical

It is important for the appraisers to be informed of the real benefits of using carefully developed Performance Appraisal System. The process for the review must also be clearly stated and communicated to the employee and the appraiser. (Simani R. 1998 Performance Appraisal talk).

2.4 Purposes of Performance Appraisal

According to Dessler G. (2000), the purposes of Performance appraisal are:

To improve the organizational performance through employee performance Management.

To motivate and reward deserving employees and enhance their performance.

Assess the corporate manpower skills and do an inventory to implement further training so as to enhance productivity.

Serves as guidelines for counselling staff and providing feedback on their performance.

For staff development and succession planning.

To facilitate fair and equitable compensation.
2.5 Conceptual Framework

Components of a good appraisal system

PERFORMANCE APPRAISAL
POLICY

JOB DESCRIPTION

PERFORMANCE APPRAISAL SYSTEMS

WORKS TARGETS

PERFORMANCE RECORD

PERFORMANCE APPRAISAL INTERVIEW

Explanation of the Diagram Above

Policy :-

The aim of having a policy is to provide information to both the company and staff.

A policy can have information on how often appraisals are carried out, who is to be appraised etc.

Job Description:-

As the title indicates this is a document that basically describes the nature and constituents of the job.

A job description, according to Filippo, 1984 is described as an organised statement of the duties and responsibilities of a specific job. It should tell us what is to be done, how it is to be done and why it is to be done.

Work Targets:

These are specific tasks that are needed to be achieved over and above routine work and these are discussed and agreed between the appraiser and the appraisee.

Appraisal Record:

These are documented records on staff on previous appraisal.

Performance Appraisal Interview:

This is the time when the appraiser and appraisee are both afforded the opportunity to carry assessment based on the set targets as well as the time the appraiser receives feedback of his or her performance.

It can therefore be summarised from the study above that it is important that every organisation have a good Performance Appraisal System based on management by objective setting for each employee and the job description. In this way the appraisals
system is bound to be less subjective and personal and more acceptable to the parties concerned.

METHODOLOGY

DESIGN

The design used for this study was descriptive and analytical. The study required the researcher to determine or be able to describe the perceptions and expectations of the participants, and to examine frequently, descriptive statistics were used to measure the perceptions of participants and describe the perception of the phenomenon.

TARGET POPULATION

The sample comprised all employees of the firm. The sample comprised fifty-five and eighty employees in the two divisions.

SAMPLING DESIGN

The respondents were located in the various divisions as listed below. From the respective divisions respondents were randomly selected to sample random selection. The sample size is as 82.

In the conduct of this research, it was intended to cover the range of opinions and perceptions of the respondents in the appraisal exercise within the company. The participants of the research were selected from the following divisions...
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

Research design used for this study was descriptive. Descriptive research study is undertaken in order to ascertain or be able to describe the characteristics of variables in particular situation. Quite frequently, descriptive studies are undertaken in organizations in order to learn about and describe the perception of employees on such variables as structure of the job itself and other aspects or factors of interest to the management.

3.2 TARGET POPULATION

The population comprised all employees in Nairobi and Mombasa branches. Total number is five hundred and eighty employees in the two stations.

3.3 SAMPLING DESIGN

The respondents were located in the various divisions as listed below. From this number eighty-two respondents were randomly selected. The simple random sampling method was used to select the sample group of eighty two respondents.

In carrying out this research, it was intended to cover various Management employees who are involved in the appraisal exercise within the company either as appraiser, appraisee or both. Various staff were selected from the following divisions: -
The subjects were selected from a total of five hundred and eighty management staff and comprises of staff in the middle level management as well as those from the lower levels of management.

### 3.4.1 Data Collection Instrument

The study employed both primary and secondary data. The primary data collection instrument used in data collection was the questionnaire and interviews which enabled large coverage of population with little time, personnel and cost.

The questionnaire consisted of both structured and unstructured question and was despatched to targeted respondents to complete. The questionnaire was dispatched to the population that was randomly selected. These were delivered in person from office to office and a brief explanation of the whole exercise was given to enlighten the group on the purpose of the study.
A master list was kept to keep track of the questionnaires dispatched and to have documentation on the questionnaires that have been received. Phone calls, e-mails and personal visits were made at various intervals to ensure that the Population did not forget to fill out the questionnaire. The completed forms were then collected from each participant personally. The data collection took a total of five weeks. The questionnaires once received were stored in a file ready for analysis and a code list prepared.

3.42 Past records and documentation:

Secondary data collection instrument was Past comments and documentation made by participants attending courses on Performance Appraisal which were taken into consideration and these views were also incorporated in the summary given.

3.5 DATA ANALYSIS

The data for this study was analysed by use of descriptive statistics like mean, mode, median and standard deviation. The simple tallying procedure was also used to analyse data received and the same is presented in the form of percentages, frequency tables, bar charts and pie charts. Statistical Package for Social Scientists (SPSS) was used to aid the researcher in data analysis.
4.0 DATA ANALYSIS AND FINDINGS

4.1 ANALYSIS OF DATA:

Having received the data from the various respondents the responses were coded to facilitate easier analysis and the same processed using the simple tallying method. The results have been presented below in frequency tables pie charts and histograms.

4.2 INTERPRETATIONS AND DISCUSSION OF DATA:

Frequency of Appraisal:

It was important to find out how often staff were appraised both in writing and orally.

The results are presented in Table 1 and Table 2 below:

Table 1: Respondents appraised formally:

<table>
<thead>
<tr>
<th>Frequency</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once a year</td>
<td>29</td>
<td>100.0</td>
</tr>
<tr>
<td>Twice a year</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Three times a year</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Quarterly</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nil</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The results shown indicate that 100% of the respondents go through a written or formal appraisal once every year.

Table 2: Respondents Appraised Orally.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once a year</td>
<td>5</td>
<td>17.24</td>
</tr>
<tr>
<td>Twice a year</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Three times a year</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Quarterly</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nil</td>
<td>24</td>
<td>82.75</td>
</tr>
</tbody>
</table>

Total 29 99.99

The results in Table 2 indicate that only 17.24% were appraised orally and this was done once a year, a higher percentage of staff 82.75% were not appraised orally at all. From results obtained the company concentrates on written formal appraisals.

Availability of Job Description:

Respondents were also required to indicate if they had been issued with a written Job Description. The responses are outlined in the Table 3 below.
Table 3: Written Job Descriptions Available:

<table>
<thead>
<tr>
<th>Frequency</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available in writing</td>
<td>9</td>
<td>31.03</td>
</tr>
<tr>
<td>Not Available</td>
<td>20</td>
<td>68.97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>29</td>
<td>100.0</td>
</tr>
</tbody>
</table>

According to the data above it is evident that majority of the respondents 68.97% have not been issued with a written job description whereas 31.03% had written job descriptions.

**Discussed Job Description:**

Out of the 31.03% who had received job descriptions as shown in Table 3 only 6.9% of the respondents had discussed the contents of the job description with their supervisors. 24.14% had not discussed the contents with their supervisor and a total of 69% responded that they had not discussed as no Job Description had been issued. The results are as shown in the Figure 2.
When further asked to describe how jobs were allocated in the absence of a written Job Description the responses received are summarised as follows:

- Duties are allocated as they arise from time to time.
- Duties determined from day to day by the supervisor.
- Verbal instructions are issued.
- Responsibilities for tasks are assumed on appointment.
Setting Of Targets:

Respondents were required to state if targets on which their performance was based were set and discussed with the supervisor before a performance appraisal was conducted. The results are presented in figure 3.

Figure 3: Targets and Duties discussed before Performance Appraisal

The results indicate that a large proportion of staff i.e. 69% have no agreed targets set on which the performance appraisal is based whereas 31.03% of staff have targets set before the exercise. It is surprising that the same organisation would have different ways of approaching the performance evaluation of staff.
According to figure 4 above, 41.4% of the respondents were involved in appraising staff below while 58.6% were not involved. The distribution of those who appraise versus those who don't appraise seems to be fairly distributed.

The results presented in figure 5 indicate that of those respondents who are involved in the appraisal of staff below them, 17.2% of them set targets with their juniors.
before the performance appraisal exercise and 24.1% of them do not set targets for their juniors. A total of 58.6% of the respondents however did not have staff they appraised hence did not set targets.

**Figure 6: Performance Appraisal Training attended by both Respondent and Supervisor:**

Results obtained from the respondents 34.5% of them have attended training on performance appraisal while 65.5% had not attended any training. Of this 50% of the respondents who had attended training felt that the training received was adequate while another 50% felt that the training was inadequate.

The respondents were also required to comment on their supervisors training and the results tabulated in figure 6 show that 58.6% of the supervisors had attended training
while 41.4% had not received any training on performance appraisal. Of the supervisors who had attended training the table shows that 41.1% of the respondents thought the training attended by the supervisors was adequate while 59% thought that the training given to their supervisors was inadequate.

Respondents were further requested to suggest further suitable training for themselves and their supervisors and this is summarised as follows:

- Training on performance appraisal
- Training on performance management
- Continuous training on performance appraisal methods and procedures
- Target and objective setting
- Management Development training

They were further requested to suggest methods they would use to sensitisise all staff on the importance of the performance exercise and the responses are as follows:

1. Have a well defined job description.
2. Both parties should be sensitised to the overall objectives of the company, specific objectives of their divisions.
3. Have monthly performance appraisal meetings with staff to encourage and obtain feedback in a free atmosphere.
4. Discuss individual shortcomings and how to overcome them continuously and not just in the appraisal exercise.
5. Staff involved in the appraisal exercise should behave professionally and avoid personality issues and differences when it comes to the appraisal interview.

6. Appraisers should be honest and fair.

7. The system should reward the best or good performers.

8. The appraisers should not see the exercise as base to justify annual increment but as a forum to assess if targets have been met and to make better workers of the staff being assessed.

9. The assessors should be advised to make continuous follow ups and not just wait for the end of the year.

10. The policy should emphasise the appraisal process and its importance to career development of individuals in an organisation.

11. The company should find a better way of rewarding good performers other than through annual increment e.g. through payment of bonuses.

Figure 7: Satisfaction With Current Forms Used For Performance Appraisal:

The results illustrated in figure 7 indicate that a higher proportion (84%) of the respondents are not satisfied with the format of the form used for the performance
Appraisal exercise while 17.2% are satisfied. This proportion is wide and implies that a very large majority of the respondents are dissatisfied.

The 84% who were not satisfied with the forms ( appended as an appendix d to this report ) were further requested to suggest areas to improve on and their response is hereby summarised:

1. Appraisals should be carried out more than once a year.
2. Annual Increment should not be based on Appraisal reports.
3. An appraisal committee should include the appraisee.
4. Clear distinction or measures of performance should be evolved to avoid the format used on the forms in section various sections as this are not measurable especially part C of the form ( see appendix d ) which deals with the assessment of Judgement, Attitudes, Dependability, Self discipline etc. these are subjective and are easily misused.
5. There should be a place where the appraisee is able to comment on his supervisor as well as the report in general.
6. Fairness and Independence on the part of the appraiser should be exercised and external influence avoided.
7. The section of the form that is confidential should be made known and discussed with the appraisee to help the appraiser improve where necessary as well as to motivate the staff.
8. Targets should be listed on the form and be agreed on long before the appraisal period.
9. The organisation should come up with a form that measures performance based on targets.
10. The form assumes that all staff have specific duties and assignments which is not the case hence it is based on a wrong assumption.
11. The form should avoid phrases such as ‘poor’ or ‘average’ as this is de - motivating.
According to data presented in Figure 8, 45% of the respondents are aware of what the companies' policy on appraisal is and 55% are not aware of what the policy states. It does appear that the knowledge on the company's policy on performance appraisal is shared almost 50/50.

The respondents were asked to indicate the most suitable frequency for performance appraisal and the results are outlined in figure 9. According to this data, 17.2% thought that appraisals should be conducted once a year, a majority 41.1% thought
that the appraisals should be conducted two times a year another 17.2% recommended appraisals at three times a year and 24.1% recommended quarterly appraisals as adequate. It is interesting to note that the majority recommended for appraisals to be carried out two and four times a year as opposed to the current practice of once a year.
CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

From the findings discussed in the previous chapters it is clear that the Performance Appraisal System within Kenya Electricity Generating Company (KenGen) requires attention.

Although the research in itself may not be conclusive given the number of respondents as compared to the total number of employees within the organisation that go through the performance review (i.e. 43 to 580) this chapter attempts to highlight the findings on the research and make suitable recommendations on the following:

1) The existing process of the Performance Appraisal system in KenGen.

2) Weaknesses experienced in the system.

3) Ways of sensitising staff on the importance of the system.

As stated above although the 43 respondents only comprise of 52% of the originally expected 82 respondents the following conclusion maybe arrived at from the findings and discussion in the previous chapter 4.

However a larger (respondent) is required to enable one have a true picture of the real situation and make more conclusive recommendation.

5.2 Summary and Major Findings
5.2.1 Existing Performance Appraisal System

It is evident from the respondents that a system on Performance Appraisal exists within the company, which is conducted every once a year. As reported by the respondent the Performance Appraisal forms are circulated to the respective Heads of Divisions and Supervisors who in majority of the time fill out the forms and the employee being appraised is called upon to sign the form once he has read them.

The findings show little or no discussion on employees' performance takes place during the course of the year or during the appraisal exercise itself. The exercise is in itself a session conducted on short notice hence the appraisee is not given time to prepare for it.

It is also clear that only 31.03% of the respondents are issued with Job Descriptions indicating that majority of staff work without Job Descriptions. Even those staff issued with Job Descriptions a very small number have discussed these with their supervisors. Hence the chances of misinterpreting what is expected on the job is also high.

Finally targets are hardly set with respondents and from the findings 69% of staff indicated that they do not set targets hence there is no base on which to base the Appraisal.

In brief the process of Performance Appraisal within the Company can be summarised as an exercise conducted once a year when the prescribed forms are circulated.
Supervisors fill out the forms for staff under them, the staff are then required to sign the forms during a brief interview and the same are then forwarded to the Human Resources Division for processing of the award.

During the year under review the results indicate that very few staff set targets with their supervisors and more often than not employees work without job descriptions being issued to them.

5.2.2 Strength & Weaknesses

The following have been identified as the strengths of the existing performance appraisal system from the data gathered from the 43 respondents who comprise of 52% of the population that go through the appraisal system.

a) The company has an established system where the exercise is conducted once a year.

b) Appraisal is not left to the Senior Managers but other staff with juniors below them are involved in the exercise of staff appraisal.

c) There exists a Company Policy on Performance Appraisal.

d) The employees have undergone some form of Training on Performance Appraisal Management which has been on the whole well received and highly regarded.
The following maybe summarised as some of the existing weaknesses within the system.

a) Although a policy on Performance Appraisal does exist within the company, not a large number of people know about it. From the research conducted only 45% of the staff were aware of its contents.

b) The Performance Appraisal exercise is conducted in a situation where majority of staff are not issued with Job Descriptions hence they have no clear guidelines on what their jobs demand.

c) With the majority of staff, no targets are set or agreed upon before tasks are performed or before Appraisal is conducted.

d) Appraisal of staff is only conducted once a year and in between a very small number (17.24%) continue to be appraised informally.

e) The same organisation is practising different processes on performance Appraisal as is seen from the results obtained there is no uniformity in the process.

5.3 CONCLUSION

From this research the following conclusion may be arrived at. However, it is important to note once more that for the purpose of a clearer picture or to be able to make more definite conclusions a larger respondent group is required.
1. Performance appraisal is an exercise that is carried out within the company once a year. Very little appraisal of staff takes place in between orally or formally.

2. Within the company majority of staff are not issued with Job Descriptions. Of those that are issued very few of them discuss these with their supervisors.

3. Very few staff set and discuss targets with their supervisors.

4. The company has been involved in training staff on Performance Appraisal / Management. However this training is considered inadequate and the numbers trained is small.

5. A very small percentage of staff are satisfied with the current appraisal system within the company.

6. A fair number of staff are aware that a company policy on performance appraisal exists.

7. Although the company appraises staff once a year a minority thought that this was adequate. Majority of staff thought that the company should appraise more than once with the bias being appraisals twice a year.
5.4 RECOMMENDATIONS

1. At least, two formal performance appraisals should be carried out every year for all staff.
   There should be continuous assessment of performance in order to promptly arrest any
deviation from the agreed targets.

2. It is important that staff appraisals do not become an end in themselves, there thus must
   be clear expectations from employees in terms of the outcomes from the appraisal
   process. It is immensely demotivating for staff to be appraised and then all that happens
   after that is the file is closed to gather dust in some cabinet until the next round of
   appraisals.

3. The Human Resources Division should ensure that all staff are issued with Job
   descriptions and the same are discussed with the relevant staff. They should set out
   key results areas and competencies needed.

4. The Human Resources Division should also ensure that the performance appraisals
   conducted are based on the job and hence the form should be designed in such a
   way that it is the performance on the job that is being evaluated and not other
   issues as personality etc.

5. The organization should define individual performance expectations against departmental
   and organizational goals and targets.
6. Training of all staff at all levels, who are evaluated should take place and this should be continuous and not a one time thing.

7. The appraisal form should be redesigned to emphasis on job performance and avoid immeasurable issues or items that call for ones judgement on personality and attitudes that do not relate to performance.

8. They should be a more intensified awareness programmes to inform staff on company policy issues as this are guidelines that all staff should be aware of.

9. The culture of target setting should be en-grained in all the staff.

10. The company should strive to have uniform practice for all its processes and this can be calculated by conducting seminars and workshops on the same

11. The organisation should introduce performance related bonuses a way of rewarding performance. These are one-off payments and involve rewarding an employee for good performance over a specified period of time. They do not involve any step movements and are not institutionalised, thus reducing the organization's risk because the organization will be rewarding performance that has already been achieved. They also will give the company greater control over the labour costs.
BIBLIOGRAPHY


4. Internet http://www.see.ed.ac.uk/~gerard/management/art8.htm/


8. Internet – http://www.see.ed.ac.uk/~gerard/mgt/art8.html


Dear Respondent,

I am a postgraduate student in the school of business, Kenyatta University. For the fulfilment of the requirement for the Master of Business Administration (MBA) Degree, I am required to undertake a research study of my choice whose title is "Review of Performance Appraisal System: A case study of Kenya Electricity Generating Company (KenGen).

This letter is aimed at requesting you to truthfully fill the attached questionnaire. I would also like to assure you that any information given will be treated with utmost confidentiality between yourself and me. A copy of the findings of this research shall be provided in case you would be interested.

Your assistance and cooperation is highly appreciated.

Your sincerely,

Julie Kanini
APPENDIX II

QUESTIONNAIRE

SURVEY ON PERFORMANCE APPRAISAL SYSTEM WITHIN THE COMPANY

This survey is being carried out to analyse the existing Performance Appraisal System within the company identifying the strengths and weaknesses of the system and that of the forms currently in use.

The survey also intends to establish the levels of satisfaction with the current assessment forms in use.

Please respond to each question as honestly as possible.

The information collected will be treated in strict confidence and will only be used to come up with recommendations to the company.

1. Division ____________________________

2. Designation ____________________________

3. How often are you appraised ?:
   In writing ____________________________
   Orally ____________________________

4. Do you have a written Job Description or Delegation of Authority?
   Yes: ____________  No: ____________ ( Please tick as appropriate )

5. If yes above have you discussed the Job Description and delegation with your supervisor?
   Yes ____________  No ____________ ( Please tick as appropriate. )

6. If the answer to question 4 above is no, briefly describe how your duties are allocated.
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
7. When it comes to appraisal do you discuss the duties that the appraisal is going to be based on before the appraisal period e.g. at the beginning of the year?
   Yes ________   No ________  (tick as appropriate)

8. Do you carry out appraisal for staff below you?
   Yes ________   No __________

9. If your answer to 8 above is yes do you set targets with your staff?
   Yes ________   No __________

   Briefly explain.

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

10. Have you attended any training on Performance Appraisal or Management and Interviewing Skills?
    Yes ____________   No ____________  (tick as appropriate)

    If your answer to the above question is yes give duration or dates of the training and the facilitators

    __________________________________________________________
    __________________________________________________________
    __________________________________________________________
    __________________________________________________________
    __________________________________________________________

11. Do you think or know if the supervisor(s) who appraises you has attended any training as described in 10 above?
    Yes ____________   No ____________

    If yes give dates and facilitators if known

    __________________________________________________________
    __________________________________________________________

12. If you and your supervisor have received training do you feel that this is adequate?
13. If you answered no to the above question suggest further training.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

14. Suggest further methods that you would use to sensitise the appraisee and appraiser on the importance of the Performance Appraisal Exercise.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

15. Are you satisfied with the format used in the current Performance Appraisal form in the company?
   Yes ___________  No ___________

16. If the answer to 15 above is no - highlight the areas that need to be improved upon and suggest ways of improvement. (For this purpose a copy of the Performance Appraisal Form is attached)

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

(You may use a separate piece of paper for this or the copy of appraisal form provided.)

17. Do you know what the company policy on performance appraisal is?
   Yes _________________  No __________________

18. How often do you think one should be formally appraised?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
19. What procedure is used by your supervisor to carry out the performance appraisal interview (i.e. notice period given before the interview, venue, time allowed for the interview, how is the interview conducted? Who does the talking etc.?)

20. If you carry out performance appraisal for staff below you briefly describe how you carry out the interview

Thanking you for your co-operation
APPENDIX III

BUDGET PLAN

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APPENDIX IV

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