CHALLENGES OF IMPLEMENTING PERFORMANCE MANAGEMENT SYSTEMS IN KENYAN PARASTATALS: A CASE OF KENYA ELECTRICITY GENERATING COMPANY (KENGEN)

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirements for the Degree of Master of Science in Organization Development (MOD)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SPRING 2017
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: __________________________  Date: __________________________

Kiara Rosalena Kanana (ID: 647774)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________  Date: __________________________

Prof. Peter M. Lewa

Signed: __________________________  Date: __________________________

Dean, Chandaria School of Business.
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ACKNOWLEDGEMENT

I would like to acknowledge my supervisor Professor Lewa for the continued support throughout this project report. I would also like to give special thanks to the managers of Kenya Electricity Generating Company (KenGen) for allowing me to get the necessary information needed for this research. Finally, to all those who contributed to this report God bless you all.
DEDICATION

This project report is dedicated to my family and friend MG may it inspire you to go back to school and do your Masters, thank you all for your continued support.
ABSTRACT

The purpose of this study was to investigate the challenges of implementing performance management systems in Kenyan Parastatals. This study research questions were: How does organization culture affect the implementation of performance management system in Kenyan Parastatals? How does leadership influence the implementation of performance management system in Kenyan Parastatals? What are the various ways of dealing with the challenges of implementing performance management systems in Kenyan Parastatals?

The study adopted a descriptive research design in order to investigate the challenges of implementing performance management systems in Kenyan Parastatals. The study population comprised of 445 employees at KenGen head office in Nairobi and a sample of 67 was drawn using stratified random sampling, with respective department acting as a strata. The data was collected through questionnaire and analyzed using descriptive and inferential statistics.

The findings in regards to the first objective of the study established that, majority of the respondents agreed that KenGen has a set of shared values and beliefs that are known to all employees. Similarly, 80% of the respondents agreed that the way things are done in the organization benefitted the whole organization and not individuals. On the other hand, 83% also affirmed that KenGen know how to show appreciation for good work, while 59.6 percent of PMS implementation was because of organization culture. Further, the study also showed that there was a significant relationship between organization culture and PMS implementation with a beta coefficient of 0.522.

In regards to the second objective of the study, 97% of the respondents agreed that managers and supervisors in KenGen operated an open door open mind policy. 91% also agreed that managers and supervisor conduct performance review well. The R square value was 0.621 indicating that 62.1% of PMS implementation resulted from organization leadership. Further, the study revealed that there existed a significant relationship between leadership and PMS implementation with a beta coefficient of 0.578.

In regards to the third objective of the study, it was revealed that allowing employees to set clear goals that are discussed with their supervisors at the beginning of every performance cycle helped to deal with challenges faced when implementing PMS at KenGen. Similarly, linking rewards and recognition to the performance and annual...
appraisals, and additionally, 87% of the respondents agreed that providing a well-laid down procedure for regular review of employee’s performance at KenGen also helps.

The study recommends the need for management to consider organization culture as a key component for effective implementation of performance management system. This is because many public-sector entities are created from an altruistic motive; they have relied upon high moral purpose, public welfare, hard work, and common sense for their prosperity. For a long time effective management as well as hiring of technical expertise was not considered in the public sector, however that is changing in recent times. The study also recommends the need for organisations to manage employee performance with a continuous feedback system that focuses on regular, effective communication between managers and staff and minimizes bureaucracy. Finally, in order to deal with the challenges of PMS implementation, this study recommends for the need to have in place: progressive performance indicators, key outcome areas, essential management skills and performance agreements, measurement of performance parameters, relaying feedback, monitoring and evaluation of the performance management system. Practical training and development interventions should be implemented to ensure that the users of the performance management system are continuously developed.

The study further recommends the need for additional studies to be conducted on the factors influencing successful implementation of performance management systems in Kenya but with focus on another industry. There is also the need to carry out a study to examine the success factors on implementation of performance management systems.
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CHAPTER ONE

1.0 INTRODUCTION
1.1 Background of the Study

The global economy is currently developing at a very high rate, according to Arup, (2008) this invariably leads to the creation of multinational enterprises. With these developments, the human resource systems are presented with unique challenges, especially as organizations that is transferring and implementing financial and technical systems to new locations. Therefore, organizations are confronted with the urgent need to ensure that their employees are producing value for their time and worth in order to catch up with the competition in the globalized economy. This in turn has made it necessary for the human resource departments in organizations to develop robust performance management systems in a bid to promote the efficiency and productivity of the employees.

According to Sahu, (2007) performance management is a significant and constructive improvement in the scope of human resource in the present world economy. There are various perspectives in which performance can be defined; the importance of defining performance stems from the fact that for it to be measured or managed then it needs to be defined. For one, performance can be regarded as the “record of outcomes achieved” and this on the individual basis would boil down to the record of the accomplishments of an employee. On the other hand, performance could be viewed as behavior and therefore delineated from outcomes, which can be compromised by the system that an organization could adopt. In this regard a more comprehensive perspective of performance is reached when it is defined as encompassing both outcomes and behavior (Cheche, 2014).

Armstrong, (2006) notes that the major goals for coming up with performance management systems include correcting poor performance, sustaining good performance and improving performance. There should be an expected difference in terms of performance between organizations that have robust performance management system (PMS) and those that lack. This begs the question whether the existence of PMS in an organization automatically makes its employees productive. Femi, (2013) examined the performance appraisal and the performance of the employees and recommended the need for continuous performance appraisal in order for the PMS to yield the results that the management had intended. This points to the fact that an organization that has PMS in place does not imply that it invariably translates into employee efficiency and
effectiveness. Even though the implementation of performance appraisals is a positive move in boosting organizational performance, there is however, the need for it to be constantly revised and reconstructed for it to meet the changing needs of the current world (Femi, 2013).

While including both elements of behavior and results, the employee would be the generator of the behavior and use it in the transformation of performance. The human resource manager would therefore need to take into account the behavior (input) of the employee and their result (outcomes) as they manage the performance of the organizational teams and/or individuals (Robert, 2011). Performance management therefore is a “strategic and integrated process” which helps organizations to establish a “culture of sustained success” through improving the performance of their employees and also through the development of individual and team abilities (Caldwell, 2004).

Performance management is an essential ingredient in the facilitation of organizational effectiveness. There is need for organization to set up mechanisms where there is assessment and feedback in order to enable the improvement of their efficiency and effectiveness. However, there are many more steps involved in enabling effective performance management rather than just evaluation and feedback (Caldwell, 2004). It is essential that organizations understand the contexts in which management of performance occurs: this implies that it is important for performance management to begin long before workers perform and managers provide feedback (Robert, 2011).

Many researchers and human resource experts agree that sets of appropriate guidelines for the creation of performance management would invariably result into high performance. Traditionally, performance measurements were developed for the accounting of costs. This form of the financial point of view of performance measure was regarded as inappropriate to multi-dimensional performance management (Rhodes, 2005). The shift from mere financial outcomes to multidimensional performance took center stage in the 1970, when the use of the terms performance management began to gain currency. Ever since then the concept of performance management has a familiar quest for many modern organizations that are keen to leverage on the abilities of their employees (Zoe, 2004).

Armstrong, (2009) described performance management systems as related organizational processes and activities that are taken as a one essential component used in the controlling of performance through empowerment of its staff and growth of the needed skills in the
organizational human resource. This is seen to enrich the ability of the company and in the long run gaining of competitive advantage. Some of the salient features of performance management systems include the alignment of PMS to the existing strategies and systems that are in place through the commitment demonstrated by the organization’s leadership; continuous process of monitoring, generation of feedback and dissemination (Waal, 2007).

Arup, (2008) observed that performance management systems in the organization has two crucial roles, it assists in coming up with solution to management issues that comprise things like reward and promotion of staffs. Performance management systems are also significant in developing objectives that incorporate things like staff training and employee views. Kenya has joined the rest of the world in embracing performance management systems. This has included the introduction of performance contracts in the public sector of the economy. Cheche, (2014) explored some of the challenges that are encountered in the quest to implement performance contract in Kenya. They pointed out that performance measurement is in many instances considered critical in the delivery of improved services in the public sector.

The focus on the “performance management for delivery of results” is largely acknowledged as being influential, given the assumption that performance management is able to unite the attention of the members of the organization towards their common objectives, thereby galvanize them to achieving those particular objectives. The other form of PMS that is adopted in Kenya includes the reward management. This is concerned with the formulation and implementation of the policies and strategies that are geared towards fair, equitable, and consistent rewarding of employees according to the value that they create in the organization. Odhiambo, (2011) argues that reward management impacts on the performance of organizations especially when the non-financial rewards are taken into consideration.

Employee performance appraisals are part of the PMS used in some Kenyan organizations. Chepkemoi & Ngeno, (2013) opined that performance appraisals are crucial in the improvement of the teaching standards in schools in Kenya. They however, established that there are no adequate policies for governing the performance appraisal of teachers. Secondly, they also pointed out that performance appraisal tools were not applied to the maximum during the process of appraising teachers in Kenyan schools.
In this study, we are going to explore the challenges of performance management systems in public sector companies, focusing on Kenya Electricity Generating Company (KenGen) which is a public institution in Kenya. It started in 1954 as Kenya Power Company (KPC) with the mandate of constructing power transmission line from Nairobi to Tororo in Uganda. It also had a function of developing geothermal power and various power generating facilities in Kenya. This company came to be known as Kenya Electricity Generating Company (KenGen) later in 1998 when it was re-launched. It is responsible for 85% of Kenya entire power transmission and produces electricity energy through hydro, thermal, geothermal and wind. This company is majorly owned by the state with the Kenyan government having a 70% stake (KenGen, 2013).

1.2 Problem Statement
Studies conducted on employee performance management systems include Elzinga, (2008) who carried out a survey to determine the role of behavioral factors in the use of performance management system at Shell International and concluded that behavioral factors played a major role in the success of any PMS. Waka, (2010) carried out a survey on the extent to which Kenya Commercial Bank implemented performance management system and how the system improved productivity among employees in the bank. He found out that, PMS that had been set in place served to improve the organizational performance.

All these studies concentrated on the Impact and success factors of PMS in general terms. They ignored the fact that there are challenges affecting effective implementation of performance management systems in organizations especially, government entities. This study therefore sought to examine the challenges of implementing performance management systems in parastatals in Kenya with a focus on KenGen.

1.3 General Objective
The purpose of this study is to investigate the challenges of implementing performance management systems in Kenyan Parastatals.

1.4 Research Questions
1.4.1 How does organization culture affect the implementation of Performance Management System in Kenyan Parastatals?
1.4.2 How does leadership influence the implementation of Performance Management Systems in Kenyan Parastatals?
1.4.3 What are the various ways of dealing with the challenges of implementing performance management systems in Kenyan Parastatals?

1.5 Significance of the Study

In recent times KenGen has spearheaded reforms that have had distinct effect on the attainment of Kenya Vision 2030, and also in meeting the power demand in Kenya. Organizational culture plays a critical part in managing organizations in Kenya, especially public entities. This research is thus expected to be significant to a number of stakeholders that include:

1.5.1 KenGen Management

This study outcomes are anticipated to enlighten the administration at KenGen, on the ways of acting on proposed changes within the company. It is also significance to the KenGen management, for the fact that this study will elaborate the culture of KenGen that is of importance in determining if suggested changes can be accepted or repelled by staffs. This would be significant in the management of change in the company.

1.5.2 Employees

The conclusions of this research will be of importance to staffs at KenGen, as it will highlight the implications of performance management systems in an organization.

1.5.3 Future Researchers

The conclusion drawn from the study will be instrumental for future study probing further the challenges of performance management systems. This also indicates that this results will add to the body of knowledge in organizational performance

1.6 The Scope of the Study

This is a case study of KenGen, which is a government entity in the Ministry of Energy and Petroleum, with the function of generating power in Kenya. The research was carried out in the month of January 2016 through to June 2016, targeting a study population of 445 employees at the head office in Nairobi. The respondents comprise the directors and employees drawn from the various departments in KenGen.

1.7 Definition of Terms

1.7.1 Organization Culture

The pattern of shared values and beliefs over time which produces behavioral norms that are adopted in solving problems (Robinson, 2007).
1.7.2 Performance Management
The process, which contributes to the effective management of individuals and teams in order to achieve high levels of organization performance (Cummings, 2003).

1.7.3 Performance Management Process
Method of management designed to ensure the organization and all of its components are working together to optimize organization goals (Jones, 2009).

1.7.4 Performance Management System (PMS)
Is a way of providing a measurement of the organization, the team, and individuals through a variety of performance measurement methods. It involves setting of performance objectives, the measurement of performance against those objectives, the identification of developmental support and a review process to develop performance and subsequent objectives (Schein, 2012).

1.7.5 KenGen
It is a power generating company owned by the government of Kenya, abbreviated as KenGen to stand for Kenya Electricity Generating Company (KenGen, 2013).

1.7.6 Parastatal
A parastatal is a term used to describe a firm or an organization, which is owned by a country's government (Kriegler, 2001).

1.7.7 Management Style
The overall method of leadership employed by managers and supervisors in an organization (Armstrong, 2009).

1.8 Chapter Summary
This chapter has discussed the background of the study, problem statement, research objectives as well as significance of the study notwithstanding the definition of terms and the scope of the study. Chapter two follows next, it presents literature review of this study in regards to the objectives of the study while in chapter three research methodology is presented.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on the challenges of implementing performance management systems in organizations. The first part reviews literature on how organization culture affects implementation of performance management systems, while the second section covers literature on how leadership affects performance management systems and finally the last subsection looks at the various ways of dealing with challenges of implementing performance management systems.

2.2 Organization Culture and Performance Management Systems

Organizational culture is the pattern of common values and principles practiced over time in the organization, and have come to be applied in creating solution to arising problems (Owens 2013; Schein, 2012). The in-house organization’s setting is depicted by the organizational culture and is created by the traditions and beliefs of the organizations’ directors and staffs (Aycan, 1999). Organization culture is established through the assumptions, beliefs, ideals and behaviors, of stakeholders who are significant, for gaining competitive advantage (Hall, 1993; Peteraf, 2013). Organizational culture helps to shape procedures, unifying the organization abilities into a strong unit. Moreover, it helps solve issues affecting an organization, and thus it can be able to obstruct or enable success in the organization (Yilmaz, 2008). Culture should therefore, be considered for effective implementation of performance management system in an organization.

Culture in the organization is the set of values and norms in the organization, the regulatory principles, and understandings that are common across the entire organization (Daft 2004). For the fact that the public sector organizations are as a result of noble cause, anchored on high moral purpose, hard work, public welfare and common sense for their success. For a long time effective management principles and technical competence were not regarded relevant to management in the public sector until recently (Korten cited in Lewis, 2001).
2.2.1 Culture Typologies

Based on the first research question of this study, which is to establish if organizations do have a culture, Ogot (2006) observed that organization have not been able to have a pure culture, though basically every effective firm has a culture. The key tradition is essential to the functioning of the organization to form the nuclear core on which an organization functions to prosper. Ogot (2006) indicates that there are four main typologies of core culture; control culture, collaboration culture, competence, and cultivation.

Control Culture: This is a culture that exists in the organization to guarantee its certainty, future outcome, security, precision and reliability. This type of culture is concerned with preservation, development, welfare and prosperity. Consequently the framework design for simple structure and understanding expressed here get mainly constructed around organizational objectives and the level that this objective can be attained. This culture focuses in achieving of objective.

Collaboration Culture: its culture premised on synergies, meant to help in close connections with the customers with much dedication on the customer. The fundamental concern of collaboration culture is the relationship among societies’ experiences and realism. The organization grows through the shared experience of individuals, both from the in-house and external environment. In a nutshell, this culture elicits synergistic advantages from people, with a goal of achieving customer satisfaction (Ogot, 2006).

Competence: This is the distinction, its existence is primarily to make sure the achievement of unrivaled product and services. Competence is the culture of distinctiveness in nature and gets informed by intangible system objectives of the organization, and to the level the objectives are attained (Ogot, 2006). Cultivation: it is a culture about the enhancement of customers outlining the differences between values and beliefs of the company and the level that this values and ideas of the company get applied. In other words, this typology of culture is value-centered goal attainment (Ogot, 2006).

Different organizations have different organization cultures, as such the aware of a firm’s culture at various levels is crucial. Culture helps in defining the appropriate and inappropriate behavior. In some cultures, for example, creativity is emphasized, in others, the status quo gets more valued. Some distinct cultures get task-oriented, others socially oriented, and others are “business only” environments. Some company’s value teamwork above other things. In other firms, individual achievement gets valued and encouraged. An
organization’s culture is responsible for determining the way employees get compensated. The management tends to focus on the source of motivation that is dominant, such as pay, opportunity, or status for personal growth and development. The accessibility of the directorate and the ways in which decisions get made acts as reflections of the organization’s culture as well. Classification of organizational culture should be given much attention, it concentrates on the design and productivity of data process, due to culture effects and shape responses are given by the organization’s members to issues and structure functions applied to overcome every kind of challenges and problems (Westrum’s, 2004).

Compartmentalization is actually, linked to the extent of firm’s maturity, which might get separated to three categories, like pathological, bureaucratic, or generative cultures. However, ‘organizational maturity’ as a word is used mostly in the health-care writings (Tapp et al., 2008). Westrum’s classification depends chiefly on management designs, and consequently on the excellence of communication in stakeholders of the organization. In line with this compartmentalization of organization culture, whereas organizations with compulsive sort of habits are inclined to control and, loosely, team work is poor, functionary ones remain chiefly rule destined and have moderate collaboration. Consequently, institutions with procreative culture type are productive with well-built structure arrangement that support management and make a high level of collaboration through skillfully designed and wealthy communication channels.

This compartmentalization is developed from a narrative perspective by employing an entirely different reasonably categorization of cultural traits, counting on the amount of structure maturity. Westrum, (2004) indicates that his typology of culture has some limitations, like structures and ways of drawback determination, however, he additionally highlights the importance of concentrating on public responses and therefore the value of public relations. Fiske et al., (2009) demonstrated the significance of public relations to the spread of culture in public systems. Creation of firm traditions should not be confined to only learning and sharing of the traditions concepts. Far to that, it’s related to the meanings of those concepts, like values, ideas, thoughts, attitudes and norms of behavior.

It might be necessary to require the clarification of Eisenberg’s (2006) on Weick’s theory of sense-making, he was of the opinion that theory is “about the ways in which individuals generate what they interpret” (pg. 287). This inference require high consideration as
observed by Daphne and Webster, Westrum and Fiske; the main problems are the character of public relations, strategies and ways in which communication are integral to the organizational culture. Actually, the importance of those theoretical descriptions is cognitive models, as learning, generating, and transmission of cultural components require the effectiveness of psychological feature schemes in individuals’ mind. Accordingly, the features models are well established to expound internally distinct qualities of organizations and their abilities to outside adoptions inside individual classes. Prevailing types of culture concentrate on organization's culture features or parts (Handy, 1985; Deal & Kennedy, 1982). Others link the characteristics to companies’ in-house structure and external atmosphere like competitors (Cameron & Quinn, 1983). They can also concentrate on individual and construction morals like Wallach’s (1983) organizational culture profile.

Evidently, scholars in the field of culture, need to agree and specify on how their analysis is to be executed. It is normal to visualize research within the subject that have incorporated dimensions of different levels. A research by Machado & Carvalho, (2008) offers a good instances of this case. Additionally, Joiner, (2001) study and Myers et al., (1995) tried to grasp the impact of each political and structure culture alignment on job stress. They employed Trompenaars’ structure culture compartmentalization, however, they used Hofstede’s socio-cultural dimensions in organizational-level analysis. Though the researchers established the correlation on socio-cultural dimensions and Trompenaars’ model skilfully, the trade-off between political- and organizational-level approaches has been debatable and unclear.

Wallace et al., (1999) carried out a research with the purpose of understanding the characteristics of organizations culture, however the study clearly offered information on perceived nature and distribution of bound socio-cultural dimensions instead. Essentially, this study also has among its purpose, the objective of expounding on the classifications of culture in various levels of education. Mixing socio-cultural and structure aspects complicate the analysis of the results in clear structure culture terms. According to Rashid et al., (2003) culture differs from national culture or structure climate. The problem concerned within the utilization of culture models is of real significance, in considerate, organization culture is a vital necessity to an active creation of commercial methods, economic use of assets and therefore the accomplishment of final industry objectives. Accordingly, the assessment of structure culture has develop as an important subject.
2.2.2 Organization Culture on Performance Management

The culture in such entities has often been fluid as well as focused on the causes rather than the necessary systems and the required procedures for the achievement of organizational goals. Therefore, it can get noted that workers are usually motivated and enthusiastic about their work (Drucker, 1994). However, as a unit that works collectively to achieve one objective, these public sector firms often lack the systems to enable them to have an influence. However, it was observed that some public organizations borrow current administrative techniques, especially the ones in private sectors (Lewis, 2001). These techniques act as a way of addressing the organizational problems by applying quick managerial fixes.

Kandula (2006), argues that high culture is strategic to effective performance, further, he maintains that the variance in organization's culture, even with similar approaches does not lead to same outcome for the two firms which may be in one location and industry. A culture that is healthy and positive could enable ordinary employee perform better. However, a culture which is not strong and has negativity could demoralize exceptional employees making them perform poorly thus ending up without any accomplishment. Therefore, a firm's culture has a direct and active role in managing the performance. Magee, (2002) was of the opinion that, failure to consider organizational cultures impacts and practices like performance management, a firm can end up being unproductive. These results can be due to the two being interdependent and change in one will affect the other. The underlying organization's cultural backing is responsible for providing a basis for excellence in individual performance in the organization (Maritz, 1995). Culture that is inclined to high-performance will facilitate and reward potential through factors such as a stable system of credible leadership and values.

Traditionally, an organization culture and the strategy of staff management practices has been used to assess and determine the firm success. These results from the study revealed that the existence of a strong association between the two, was because usually they complement each other (Magee, 2002). Additionally, the western management models got certified from the background of emerging states. Overall, a strong notion is held that a firm's culture results in higher performance. Though, research on this relationship frequently contrast as to what level behaviors could have an effect on the traditions of a
firm, and eventually, result in the enterprise performance needed to be cautious of claiming that contemporary evidence ascertains this relationship.

Probably there are other organizational factors providing a relationship between human resource management (HRM) and organizational performance. There is a need for conducting an extensive study on the performance and an enterprise's culture to understand the causality relationship that exists between the two. An enterprise's traditions have been found to be crucial aspects given that they may be affecting the behaviors of staff, their motivation level and even their values. A management system for organizational performance, creates career paths for staffs and categorizing individuals who stay in an organization long enough for an organization culture to establish. This view advocates that a businesses can instrument management practices that nurture career security and development to prevent employee from switching companies, and keep those social phenomena that include organizational culture inside the company, and thus establishing a strong organizational culture.

2.3 Impact of Leadership Style on Performance Management Systems

A leadership style is an overall method of administration used by managers and supervisors. Companies should manage staff productivity with a constant response structure that emphasizes on consistent, effective communication amongst directors and employees and reduce bureaucracy. Progressive organizations use their performance management systems as opportunities to model open communication, consult with employees and promote continuous improvement. The process of achieving continuous improvement requires the team to get support in learning and development of programs which get aligned to the organization’s strategy and goals. Performance management is a significant part of continuous improvement.

Management by Objectives (MBO) as articulated by Drucker, (2004) provide the management style necessary for high-performance management. These components of the effective performance management system are laid out according to the model of performance management systems deliberated by Bevan & Thompson and English (Price, 2000), that builds on the MBO. When implementing the systems of performance in managing a firm, the focus gets narrowed on the procedures that get aimed at making sure individuals achieve the desired performance. Consequently, this helps by contributing to the enterprise efficiency and effectiveness.
2.3.1 Leadership Vision and Performance Management

A vision ought to cover the company’s purpose for existing or rather raison d’être, it must offer a predominant sense of what the company is and a clear purpose. A well thought out vision comprises two main elements: core ideology and envisioned future (Collins & Porras, 1996). Core ideology comprise of the main purpose and enterprise values, while the envisioned future is illustrated as long-term BHAG’s (Big Hairy Audacious Goals) and a clear description. The organization’s mission must follow on from its vision, it ought to be a short giving a reflection of the enterprise planned ways of accomplish their vision. The implementation process should also involve developing of mission and vision even though it gets included in the development section of the system of performance management.

The execution of the performance management system begins with the course of giving definitions of vision and mission and interpreting them into practicable goals for the enterprise (Martiz 1995). Performance and organization’s mission and vision statement require to get precise identification followed by communication to the staff. The different groups in the organization can start operations on their objectives that they have to accomplish in order to realize the firm goal set out on the organization’s mission. Price, (2000) pointed out that group objectives are a new development in the MBO style of performance management systems, primarily functioning in similar principles but with goals that get laid down for groups. Staffs need to get evaluated based on their performance. Employees perform the analysis useful due to the possibility of gauging them along a stipulated standards. By measuring an employee’s performance against the criteria, shortcomings can be resolved. These may be referred to as the “training gap”- which indicates the need for employees to further skills and knowledge through training (Erasmus & Van Dyk, 2003).

Gibb (2002) provide a broader recommendation on individual employee performance gaps, acknowledging that even though training could be directed by the difference, additional factors should also be taken into account prior to carrying out an evaluation. Issues like provision of the appropriate information, providing the employees with appropriate level of authority and responsibility, providing response, sound communication and together with other aspects, could impact on an employee performance. Addressing these issues before embarking on training is necessary. A
performance agreement is a kind of contract between an employee and the supervisor that clearly stipulates performance targets for given timeline. It’s good for employees to come up with the first performance agreement, which can then be negotiated by the supervisor. The employees may need to further negotiate alterations that the supervisor may make, this provides for employees to own the responsibilities of the agreement. Therefore, crucial to ensure that the performance agreement specifies the goals to be S.M.A.R.T (specific to the firm, measurable, achievable on time, relevant to the situation, and time-specific). It gives employee the sense of achievement, since it possible to confirm if the set target has been achieved (Curtis, 1999).

An evaluation is done on the end of the agreement, the supervisor and the employee sit to deliberate on the achievements realized as per the agreed upon target in the performance agreement. Other measures of performance can be in-cooperated in this performance evaluation. Essentially, the various thinking goes as far as saying that “360-degree feedback, has arguably revolutionized performance management for the better” (Peiperl, 2001). This evaluation method is based on others opinion, (BevServ, 2004) that there is a part of ourselves that is not known to us, but recognized by others close to us. Frequently what goes on is that one gets assessed by their colleagues, superiors, assistants, and possibly people who may interact with them at work such as customers. The 360-degree system of feedback is deliberated to acquire a bigger perspective of the staff at the workplace. However, it’s hard when it comes to implementing the rewarding in a 360-degree feedback system. It is because it needs the dedication to the kind of endless development that would be utilizes in a learning institution.

2.3.2 Human Resource Policies on Performance Management

There are various ways of ensuring the smooth running of a performance management system in an organization. It’s important to have in place Human Resources policies that support and strengthen the system. The procedure begins first in the organization hiring process and may similarly get witnessed on time given for evaluating employee performance. A general performance appraisal sequence may have 2 or 3 relatively small consultations at the start of a yearly performance period, to fix targets and sign a performance contract. It may be followed by a once in a month casual discussions between the staff and supervisor in which any complications occurring may be addressed and targets realigned considering unpredicted events that could have happened. After a half
a year, there should be a meeting to assess the behavior of employees. The notes of previous discussions need to get brought to these meetings for formal evaluation of the progress based on specific targets set for the employees.

It may comprise aspects such as sessions on performance counselling for poor performers, performance bonus for excellent performance. When the meeting ends, the employees should agree and understand how the review depicts their performance over that period. Areas requiring intervention such as training, coaching and improvement should be recognized, and a quick discussion on the next performance contract be mapped out (Chan & Renée, 1997).

It is worth noting that training and development may not be essentially the solutions to performance connected problems. Whetten & Cameron, (1998) used performance model which holds that; performance is the product of ability and motivation, and the ability is the product of aptitude, training and resources. Motivation on the other hand is the product of desire and commitment. If we use the above model as a guideline, it is clear that when employees lack either the resources, aptitude, motivational factors or training might not have the expected impact regarding reducing the noted gap in performance. The other factors such as improved communication, increased motivation and encouraged access to information and support to staffs through resource provision also have a place in the cycle.

A constant needs assessment can enable the management to get feedback and note the areas that lack the required skills. The needs assessment training will give recommendations and strategies to train as ways of improving performance if it is necessary (Martiz 1995). The ongoing nature of the management system of production is one of its crucial aspects. The system of managing the performance cannot be drafted and used in future. The method of getting staff and supervisor’s feedback are equally important as it helps in analyzing the system effectiveness such as, Are the expectations met? Is the system useful? Does it attain the sought after results? The system could incorporate suggestions and improvements to ensure that it gets updated continually to cater for the staff and organizational needs that keep on changing.

2.3.3 Evaluation of Performance Management

Brown & Armstrong (1999) highlighted a number of factors relating to the evaluation of a performance management system, they as well highlighted that it is important that what
gets managed can also be measured in a reliable and correct way. Therefore it may be beneficial to ensure from time to time that measurements are correct and used appropriately. Another method of evaluating performance management system, is the Antecedents, Behavior, and Consequences model, abbreviated as ABC, this model can also aid in designing and implementing a performance management system (Gibb, 2002). Gibb, further observed that in order to have an effective performance management system, it is important to know the individual employee behavior, he notes that behavior is caused by the visible action, which then results in consequences. In reviewing and appraising the performance management system, it is good practice to assess that correct actions and their results get recognition compensation or reprimanded.

The key objective of continuous management system review and appraisal comprises the need to make sure staff see the process as objective (Rademan & Vos, 2001). Performance management systems has been highly perceived as biased, this may highly undermine the implementation of the system. As long as the system remains to be objective, employee are highly likely to cooperate voluntary and believe in the system whether it makes them winners or losers (Chan & Renée, 1997). Chan & Renée, further observed that a fair process in the organization demonstrate respect and value to employee.

2.4 Challenges of Implementing Performance Management Systems

2.4.1 Managing Skills Gap

The people involved in the performance management system should have the relevant information, attitudes and expertise to utilize the system. According to Armstrong, (2010) the desired behaviors skills needed comprise; developing of measures of performance, basic results areas, essential management skills and performance agreements, measuring performance indicators, communicating outcome and response, monitoring and evaluating the management system performance. The implementation of dynamic development and training interventions are required to make sure that system users get continually developed, and particular emphasis on soft skills and the behavioral dimension in performance (Saravanja, 2004).

In order to manage skills gaps an individual needs to know the various skills and competencies required for each job role, this is normally achieved by conducting an assessment so as to identify the skills that they already have versus the skills that are required. Many organizations have also observed that the use of new technologies in
searching database for staff abilities, their career goals, preferred roles and working area and more dynamically ties staffs with in-house job and skill-building chances grounded on changing business priorities. These gaps can be closed through training, benchmarking with the best practices and identifying best performers who possess the required skills and then attach the individuals who luck the required skills to them for on-job training.

2.4.2 Managing Rewards

Having in place a reward system in the performance management system in the organization, which recognizes and reward outstanding performance from exceptional employee will serve to reduce employee turnover. This system will help in building loyalty and ensuring commitment of the employee in the organization, and this will likely result to sustainable competitive advantage (Dessler, 1998). Just like the employee in the private sector, the public sector employee also require credit in their outstanding performance to motivate them and encourage their creativity. Majority of the theories of motivation emphasize on intrinsic motivation, which is concerned with the actual job, over extrinsic that involve monetary and other benefits. Robbins, (1996) noted that since workgroups fall under the overall organizational system, staffs behavior is at the end of the day impacted by the performance assessment, and behavior rewarding system used by the organization. However, creating a rewarding system that is inconsistent is a threat to the performance management system. A system that equally reward good performance and reprimand poor performance should be set up. Armstrong, (2001) was of the opinion that a rewarding system should be holistic and comprehensive comprising of promotions, opportunities for learning and exploring, financial rewards and greater work responsibilities. Non-monetary rewards should get more emphasized within the firm. It is important to ensure that poor performance gets dealt with by putting the necessary mechanisms in place.

2.4.3 Managing Communication Challenges

The management should continuously raise awareness among the employee on the performance management system implementation process and involve them in the process in order to avoid misunderstandings and make sure the benefits and execution are not misunderstood (Commonwealth Secretariat 1996); it is necessary to adopt a communication strategy that is proactive. This approaches should be observed in the entire implementation of the system.
Maiers, Reynolds, & Haselkorn, (2005) acknowledge that there are quite a number of challenges in creating an effective information and communication systems (ICS) in the humanitarian organizations. They observe that this challenges range from technical issues to organizational issues such as the culture of the organization, its environment of operations and ways of communications in the organization. They recommended that these organizations should have in place communication channels, frameworks, policies, arrangements, and training to enhance their operations.

Effective communication is beneficial in that it attracts major stakeholders to buy-in. There is a need to train the system users to communicate in a developmental and professional manner especially when conducting performance appraisals and the results. Communication is among the critical factors of success of the system of managing performance. When communication is effective, it ensures that the relevant information gets provided and this makes users of the system make purchases, reduces resistance that arises due to change, as well as reducing anxiety and fear and that helps to increase commitment (Saravanja, 2004).

The implementation of the performance management system require a lot of support, communicated and fronted by the management. The management needs to develop a shared vision that will motivate employees and develop a PMS that pull an organization to a mutual purpose and this can only be achieved through rigorous communication. Communication can be created within employees in ways such as identifying mentors who guide and give clear instruction especially when doing appraisals, some institutions have be seen to conduct workshops in which they take their employees through what is expected of them. KenGen has found sending short message to its employees as a good tool for communicating and this has also been embraced well by the employees.

2.4.4 Clarity in Tasks and Duties

Perceptions mainly relate to social contacts rather than to procedures. The process of building positive attitude should comprise of processes that ensure there is a clear relationship between the rewards and performance indicators, explanations of processes of managing performance and consistent feedback (Palethorpe, 2011).

The overall strategy of the organization needs to put in place rewards and recognition as the primary goals of a performance management to be successful; there needs to be a
collaborative process between supervisors and employees. According to Aguinis, (2009) the cycle of managing performance should consist of a discussion between the supervisors and staff focusing on results, development aspects of better performance in future as well as expected behavior. The process of performance management is collaborative, and this helps the supervisors in comprehending the story from the perspective of the subordinate (Robbins, 2007). It will, therefore, create a forum for employees to elaborate their expectations. It offers information that will be useful in future when making decisions concerning rewards and promotions and also provide a platform for the attainment of better performance that results from good employee behavior.

Supervisors and staff are involved in the human resource tasks such as the administration of results of performance. Manville & Greatbanks, (2013) indicates that in addition clarity in tasks and duties helps in the improvement of individual perceptions as well as influencing the quality of relationships within an organization. Greenberg & Haviland, (2008) assert that perceptions that employees possess concerning the enterprise are majorly contributed by their supervisors. It is the key factor of transmitting the organization’s opinions to outsiders as well as stakeholders (Reynolds, 2009).

2.4.5 Regular Review of Performance Management

Lack of constant review of performance management system to align with changes in the organization is a common phenomenon in many organizations. The systems of performance management are useful for quality assurance when they get implemented in enabling environments and in the right way. Newstrom (2011), study showed that there is need to regularly review the management performance systems to ensure their compatibility with international trends. Such practices ensure that the business remains responsive to client needs. The systems dealing with performance management are troubled with many problems even though they get done with good intentions, and this affects their application. The problems comprise failure to regularly review the system, failure of managing the performance, abuse of the system and shortage of resources within the firm. Such impediments require to be addressed urgently to ensure that all the systems of managing performance retain credibility to the stakeholders of the company (Robbins, 2007)
2.5 Chapter Summary
This chapter has presented a review of literature concerning the challenges of implementing performance management systems. The first part reviews research on how organization culture affects implementation of performance management systems, while the second section covers literature on how leadership affects implementation of performance management systems and finally the last subsection looks at the various ways of dealing with challenges of implementing performance management systems. The subsequent chapter discusses on the research methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a discussion on research methodology that this study took upon to address the study objectives. The research design is as well provided; the study population, the sampling technique and procedures, also are discussed. Moreover, the chapter provides the methods used in data collection and, the procedures of analyzing data.

3.2 Research Design

It is the logical design that outlines how the research data is collected and analyzed in order to present findings (Babbie, 2010). Preceding, the problem identification and literature review is the development of the research strategy for carrying out the study, it is mainly anchored on the main objective of the study. Kombo & Tromp, (2012) identified five research design as: descriptive research, observational research, exploratory research and casual and experimental research. Relative to the study research questions, a descriptive approach was used for this study.

Descriptive research, is defined as the evaluation of the predominant conditions, and is mainly applied in areas of research that include epidemiology, education and behavioral sciences (Koh & Owen, 2000). This design is advantageous for solving existing problems and improving prevailing practices, through surveillance, evaluation and reporting, Kothari (2011) observed that descriptive research is appropriate for research that aim at defining the features of a specific individual or a community. His sentiments were approved by Thyer, (2010) who said that descriptive research is applied in defining the features of a given sample and also defining the associations between variables, occurrences and conditions.

3.3 Population and Sampling Design

3.3.1 Population

Population in research is the group of elements that a scholar intends to observe, evaluate or scrutinize (Denscombe, 2007). The population of study can also be thought as subject group with mutual features that can deliver data to assist with the accomplishment of the study purpose (Mugenda & Mugenda 2003). This study population consisted of 445 staffs of KenGen.
The target study population encompasses the whole mass of people or collection of substances that the researcher pursue to generalize the conclusion of the research (Mugenda & Mugenda 2003). This study target population was the whole human resource at KenGen head offices in Nairobi.

3.3.2 Sampling Design
3.3.2.1 Sampling Frame

Sampling frame is the inventory from which a sample is obtained to be engaged in the research obtained (Babbie 2010). Sampling frame in research is critical as noted by Denscombe (2007), who described it as an unbiased study population list from which a researcher make a selection of the sample for study. This study got the sample frame from the human resource department, employee list.

3.3.2.2 Sampling Technique

This is the collection of a couple of items that’s referred to as a sample, it is collected from a larger group to act as the source of drawing estimates and calculating indefinite occurrence, anonymous information, situation or result from a population (Cooper & Schindler, 2003). This study used simple random sampling technique, in this technique subjects for the study are picked at random from the sampling frame (Saunders, Lewis & Thornhill, 2003).

Stratified random sampling method involves, dividing the study population into categories or strata, and the subject of study are randomly picked from this categories. This technique was selected since it rises the sample’s statistical efficiency; provided sufficient data for examining the several subpopulations and allowing application of various research techniques for diverse strata (Cooper & Schindler, 2008). Simple random sampling was then used to randomly pick the final respondents, this creates an equal chance for every subject in the study population to be picked (Cooper & Schindler, 2008). This study based on simple random technique for the fact that it offers every element in the target population a nonzero opportunity of being sampled for the study.

3.3.2.3 Sample Size

The study population comprise 445 KenGen employees working at the head office at Stima Plaza, in Nairobi. According to Cooper & Schindler (2003), a sample size greater than 10% is adequate for research in social science. The study engaged 15% of the total number
of employees at KenGen in data collection, 5% higher of the list endorsed percentage and translated into an efficient sample of the whole populations. The selected sample size for this study was 67 individuals, which was considered valid and in agreement with the recommendation of Mugenda & Mugenda, (2003) for social science research.

**Table 3.1: Distribution Table**

<table>
<thead>
<tr>
<th>Department</th>
<th>Employees’ population</th>
<th>Sample Ratio</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain</td>
<td>45</td>
<td>15%</td>
<td>7</td>
</tr>
<tr>
<td>Finance &amp; Commercial</td>
<td>111</td>
<td>15%</td>
<td>16</td>
</tr>
<tr>
<td>HR &amp; Administration</td>
<td>65</td>
<td>15%</td>
<td>10</td>
</tr>
<tr>
<td>Operations</td>
<td>70</td>
<td>15%</td>
<td>11</td>
</tr>
<tr>
<td>Company Secretary/Legal</td>
<td>25</td>
<td>15%</td>
<td>4</td>
</tr>
<tr>
<td>Internal Audit &amp; Risk</td>
<td>30</td>
<td>15%</td>
<td>5</td>
</tr>
<tr>
<td>Regulatory Affairs</td>
<td>50</td>
<td>15%</td>
<td>7</td>
</tr>
<tr>
<td>Business Development</td>
<td>28</td>
<td>15%</td>
<td>4</td>
</tr>
<tr>
<td>Strategy &amp; Business Performance</td>
<td>21</td>
<td>15%</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>445</strong></td>
<td><strong>15%</strong></td>
<td><strong>67</strong></td>
</tr>
</tbody>
</table>

*Source: KenGen Monthly Report 2015*

### 3.4 Data Collection Methods

The instrument used to collect data was questionnaire, which Cooper & Schindler, (2003) described as equipment that helps in the gathering and recording of data regarding the subject of research. It was majorly consisted of closed ended questions with few open ended questions, it was designed to collect background information of the respondent and information on the research questionnaire inform of variable. Questionnaires were used for the study because, they are stable, consistent and maintain uniformity providing a deliberated and objective view of subject. It thus allowed for conclusive inferences from the data collected (Babbie & Benaquisto, 2009).

### 3.5 Research Procedures

Prior to the actual data collection, a pretest data collection was done involving ten KenGen staff to ascertain reliability of the questionnaire. The pre-testing of questionnaires involves carrying out pilot test of data collection to double-check the data collection tool and
techniques, to allow ratification of problems arising in the tools, so that in the actual data collection the instrument can be relied to collect data that is reliable and valid (Mugenda & Mugenda, 2003). As stated earlier, the researcher gathered primary data through questionnaires distributed to respondent. An introductory letter was first acquired from United States International University - Africa with the recommendation from the supervisor. Thereafter, the researcher obtained a clearance letter from KenGen where the study was conducted, and went ahead issuing the questionnaires, which contained a small overview of the research objective and how information provided by the participants will be used. The respondent were allowed fourteen days to attend to the questionnaires.

3.6 Data Analysis Methods

To analysis data quantitatively, computer application program for data analysis is needed. Statistical Package for Social Sciences (SPSS) was used for data analysis, because of its effectiveness in analyzing large chunks of data and incorporating a broad range of statistical procedure designed for social studies (Martin & Kothari, 2011). This supported intense report of the distribution of data through descriptive and inferential statistics. Data was presented in tables and figures illustrating the mean, mode, median and measure of variability such as range and standard deviation.

3.7 Chapter Summary

This chapter discussed the research methodology used in the study. It also presented the research design that guided the data collection and analysis; the study population, the sampling and sampling procedures. Besides, it presented data collection techniques and, data analysis procedure.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter provides an analysis of the findings of the study, highlighting on the specific objectives of the study. It first present the background data on respondents of the study in the first part. The second part of the chapter focuses on the findings on how organization culture affects the implementation of performance management system in Kenyan parastatals, this is followed by findings on how leadership influences the implementation of performance management system in Kenyan parastatals and finally the various ways of dealing with the challenges of implementing performance management systems in Kenyan parastatals. 67 questionnaires were distributed and only 50 of were gotten back indicating 74.6 % response rate.

4.2 Background Information

This subsection presents findings with regards to the respondent’s background information this includes age, gender, level of education and number of years worked at KenGen.

4.2.1 Gender of the Respondents

Table 4.1 shows that there were 56% male participating in the study and 44% female participating in the study. This clearly tells us the majority of this study respondent were male even though female were also well represented in the study. These results also indicate that it is easy for men to fill questionnaires compared to the female and this could be attributed to men being flexible than women.

Table 4.1: Respondents’ Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Male</td>
<td>28</td>
</tr>
<tr>
<td>Female</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
</tr>
</tbody>
</table>

4.2.2 Age of the Respondents

Table 4.2 shows that most respondent (46 %) were aged between 31-40 years, 26% were aged between 21-30 years, 24% were aged between 41-50 years and 4% were aged over
50 years. Seventy two percent of the employees were aged between 21 and 40 years and therefore, it shows that KenGen has young and learned employees who have experience that could be relied upon in the study.

### Table 4.2: Respondents’ Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>21-30</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>31-40</td>
<td>23</td>
<td>46</td>
</tr>
<tr>
<td>41-50</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Above 50</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

#### 4.2.3 Level of Education

Table 4.3 depicts most of the study respondents having high level of academic qualification. Specifically 56% had bachelor’s degree qualification, while 26% had masters degrees, 10% had diplomas as 4% had doctorates while also another 4% had professional certifications such as certificates in computer studies, industrial training, and accounts (CPA). This implies that the institution employs well educated professionals thus explains the firms improved performance.

### Table 4.3: Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Degree</td>
<td>28</td>
<td>56</td>
</tr>
<tr>
<td>Masters</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Doctorate</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Professional</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.2.4 Number of Years Worked at KenGen

Table 4.4 indicates that 4% of the study respondents have worked in KenGen for a period not exceeding one year, it was found that most respondents have worked in KenGen for a period of between 1-5 years. Precisely, half of them had worked for 1-5 years in KenGen, and 30% had worked for a period of between 6-10 years. Additionally, 12% of had worked for a period of between 11-15 years whereas 4% have worked for over 15 years in KenGen. This implies that the firm is aimed at acquiring young recruits in the market.

Table 4.4: Number of Years worked at KenGen

<table>
<thead>
<tr>
<th>Number of Years worked at KenGen</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td>Less than 1 Year</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>1-5 Years</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>6-10 Years</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>11-15 Years</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>More than 15 Years</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Organization Culture and Performance Management System Implementation

The first objective of the study was to examine how organization culture influences PMS implementation.

4.3.1 Shared Values

Figure 4.1 shows the level of agreement of respondent to whether KenGen had a set of shared values and beliefs that were known to all employees and thus influenced the implementation of PMS. As shown in figure 4.1, half of the respondents strongly agreed, 41% agreed, 5% were uncertain, 2% disagreed while also another 2% strongly disagreed.
4.3.2 Appreciation for Good Work

Figure 4.2 illustrate respondent level of agreement with the statement that KenGen appreciates good work by employees and this influences the implementation of PMS. As illustrated in figure 4.2, 50% of the study respondents strongly agreed, 30% agreed, 12% remained uncertain, 8% disagreed whereas nobody strongly disagreed.

4.3.3 Personal Beliefs among Employees

Figure 4.3 shows the respondent level of agreement with the statement that at KenGen there are great similarity of personal beliefs and feeling between members of KenGen. It shows that 65% of the study respondents strongly agreed, 28% agreed, 3% remained uncertain, 3% disagreed whereas 1% strongly disagreed.
4.3.4 Organization Culture and PMS Implementation

Figure 4.4 depicts the respondent level of agreement with the statement that at KenGen organization culture influences PMS implementation. As depicted in Figure 4.4, 55% of the respondents strongly agreed, 38% agreed, 7% remained uncertain and none disagreed while also there was no respondent who strongly disagreed.

The relationship between organization culture and change management was also studied. A regression analysis was performed and table 4.5 is the model summary of the relationship of organization culture and PMS implementation.
Table 4.5: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.601a</td>
<td>.596</td>
<td>.5523</td>
<td>.287511</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Culture

As shown in table 4.5 of the model summary the value of R square is 0.596 demonstrating that 59.6% of the implementation PMS was accounted by organization culture. Therefore, when organization experience challenges in organization culture, PMS implementation are greatly affected.

Table 4.6 is the coefficients table, it shows there was a significant relationship between organization culture and PMS implementation with a beta coefficient of 0.522. This implies that with every increase in a unit of culture the performance management system improves by 0.522 units. Thus, cultural values such as shared values and beliefs that are known to all employees, appreciation of good work by employees and similarity of personal beliefs and feeling between members of this organization has a very big influence on performance management.

Table 4.6: Coefficientsa on Organization Culture and PMS Implementation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.038</td>
<td>.196</td>
<td>10.207</td>
</tr>
<tr>
<td></td>
<td>Culture</td>
<td>.522</td>
<td>.3182</td>
<td>10.221</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PMS Implementation

4.4 Leadership and PMS Implementation

The second objective of the study was to examine the role of leadership on PMS implementation. The following subsection delves on how leadership influences PMS implementation.
4.4.1 Open Door Policy
Respondents were asked if KenGen managers and supervisors operate an open door open mind policy, 73% of the study respondents strongly agreed to this, 24% agree, 3% remained uncertain while there were no respondent disagreeing to this. This findings are demonstrated in figure 4.5.

![Figure 4.5: Open Door Policy](image)

4.4.2 Managers Conduct Performance Reviews
Respondent were asked to indicate their level of agreement on whether KenGen managers conduct performance reviews. 62% of the respondents strongly agreed, 29% agreed, while 1% remained uncertain, further 2% disagreed, while 7% strongly disagreed. This results are as summarized in figure 4.6.

![Figure 4.6: Managers conduct Performance Reviews](image)
4.4.3 Continuous Dialogue between Managers and Subordinates

The respondent were also requested to indicate their level of agreement on whether there is a continuous dialogue between managers and subordinates at KenGen. As illustrated in figure 4.7, 60% of the study respondents strongly agreed, 33% agreed, 7% remained uncertain, and no respondent showed any disagreement with this.

Figure 4.7: Continuous Dialogue between Managers and Subordinates

4.4.4 Managers Provide Guidance on Work plans

Figure 4.8 revealed that 65% of the respondents strongly agree, 28% agree, 3% were uncertain, 4% disagree and finally none strongly disagreed, that KenGen managers provide guidance in the development of individual work plans at the beginning of performance cycle.

Figure 4.8: Managers Provide Guidance on Work plans
Table 4.7 presents the model summary on the relationship between leadership and PMS implementation. As shown in the table 4.7 of the model summary, R square value was 0.621 this means that 62.1% of the implementation of PMS is accounted by organization leadership. Therefore when organization experience leadership challenges PMS implementation are greatly affected.

**Table 4.7: Model Summary for Leadership and PMS Implementation**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.723a</td>
<td>.621</td>
<td>.526</td>
<td>.29301</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Values

Table 4.8 is the illustration of the coefficients for the variable in the model. It was found out that there was a significant correlation between organizational leadership and the implementation of PMS, as shown with a beta coefficient of 0.578. This implies that with every increase in a unit leadership, performance management system improves by 0.578 units. Thus, leadership values such as the managers and supervisors operating an open door open mind policy, conducting performance reviews, maintaining continuous dialogue between managers and subordinates and providing guidance in the development of individual work plans at the beginning of performance cycle have a big influence on performance management.

**Table 4.8: Relationship between Leadership and PMS Implementation**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.038</td>
<td>.196</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Leadership</td>
<td>.578</td>
<td>.052</td>
<td>.749</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

a. Dependent Variable: PMS Implementation
4.5 Ways of Dealing with Challenges of PMS Implementation

The third and final objective of the study was to analyse the various ways of dealing with the challenges of PMS Implementation.

4.5.1 Allowing Employee to Set Own Goals

Figure 4.9 displays the results on the level of agreement of respondent on whether allowing employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle can help deal with challenges faced when implementing PMS. It shows that 15% of the respondents strongly agreed, and a further 62% also agreed, while 3% remained uncertain, however there were some level of disagreement with 14% disagreeing and as well 6% strongly disagreeing.

![Graph showing the results on whether allowing employees to set own goals]

**Figure 4.9:** Allowing Employee to Set Own Goals

4.5.2 Linking Rewards and Recognition

Figure 4.10 represents the results on whether linking rewards and recognition to the annual performance appraisals helps to deal with the challenges of PMS implementation. It was shown that 18% of the respondents strongly agreed, 65% agreed, 4% remained uncertain, while 11% disagreed and also 2% strongly disagreed.
Figure 4.10: Linking Rewards and Recognition

4.5.3 Allowing Employees to Set Personal Development Goals

Figure 4.11 reveals that 27% of the respondents strongly agreed, 55% agreed, 4% were uncertain while 4% disagreed as 10% strongly disagreed, that allowing employees set personal development goals and be guided by their supervisors where necessary at the beginning of performance cycle is one way of dealing with the challenges faced when implementing PMS at KenGen.

Figure 4.11: Allowing Employees to Set Personal Development Goals

4.5.4 Providing a Well-Laid Down Procedure for Regular Review of Employees Performance

The respondent were requested to further indicate their level of agreement on whether providing a well-laid down procedure for regular review of employees performance at KenGen helps to deal with the challenges faced when implementing PMS. As shown in
Figure 4.12, 72% of the study respondents strongly agreed, while 15% agreed, there was 3% that remained uncertain whereas a similar number of 5% each disagreed and strongly disagreed on the notion that providing a well-laid down procedure for regular review of employees performance at KenGen helps to deal with the challenges faced when implementing PMS.

Figure 4.12: Procedure for Regular Review of Employees Performance

4.6 Chapter Summary

This chapter has provided the study findings in line with the specific objectives of this study. It first presented the background data of the respondents. The second part of the chapter focused on the findings on how organization culture affects the implementation of performance management system in Kenyan parastatals, this was followed by findings on how leadership influences the implementation of performance management system in Kenyan parastatals and finally the various ways of dealing with the challenges of implementing performance management systems in Kenyan parastatals.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the discussion of the study findings with conclusions and recommendations made from the study. First, the summary of the findings will be discussed in line with the specific research questions, while drawing comparison with previous studies.

5.2 Summary

This study aimed at examining the challenges of implementing performance management systems in Kenyan Parastatals. This study was guided by research questions comprising: how does organization culture affect the implementation of Performance Management System in Kenyan Parastatals? How does leadership influence the implementation of Performance Management System in Kenyan Parastatals? What are the various ways of dealing with the challenges of implementing performance management systems in Kenyan Parastatals?

Descriptive research design was used for this study, which sought to collect data on the challenges that are faced during the implementation of performance management systems in Kenyan Parastatals. The target population comprised the entire KenGen staffs in Nairobi. To get the respondent for the study stratified random sampling was applied. Respondents were stratified per their various functions, and then selected randomly in order to get a convenient sample to be included in data collection. The research data was collected through questionnaires with the assistance of research assistants. Descriptive and inferential statistics was applied in data analysis, while data was presented in tables and figures. To analyze the first objective the respondents were asked if KenGen has a set of shared values and beliefs that are known to all employees and it was revealed that 91% of the respondents agreed, 5% were uncertain, 4% disagreed. The study also sought to investigate whether the way things are done in the organization benefitted the whole organization and not individuals, 80% of the respondents agreed, 12% were uncertain, 8% disagreed. To establish if people at KenGen know how to show appreciation for good work 83% of the respondents agreed, 3% were uncertain, 4% disagreed. To establish if the organization culture influenced PMS implementation the findings revealed that 93% of the respondents agreed while 7% were uncertain. To establish the influence of organisational
culture on PMS implementation the R square value was 0.596 indicating that 59.6 percent of PMS implementation was because of organization culture. The study as well established a significant correlation between organization culture and PMS implementation with a beta coefficient of 0.522.

To analyze the second objective the study set to investigate whether managers and supervisors operated an open door open mind policy and 97% of the respondents agreed while 3% were uncertain. Managers and supervisors were found to conduct performance review well, 91% of the respondents agreed, 1% were uncertain, while 8% disagreed. The findings also revealed that supervisors and managers can develop team objectives this was confirmed by the 93% of the respondent who agreed and 7% were uncertain. Additionally, 93% of the respondents agreed that KenGen managers provide guidance in the development of individual work plans at the beginning of performance cycle 3% were uncertain, 4% disagreed. The R square value was 0.621, this showed that 62.1% of the implementation of PMS was accounted for by organization leadership. The study showed that there existed a significant relationship between leadership and PMS implementation with a beta coefficient of 0.578.

To analyze the third objective the study revealed that allowing employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle helps to deal with challenges faced when implementing PMS at KenGen and 77% of the respondents agreed, 3% were uncertain, 20% disagreed. It was also established that Linking rewards and recognition to the performance and annual appraisals helps to deal with the challenges of PMS implementation at KenGen and 83% of the respondents agreed while 4% were uncertain, and 13% disagreed. Majority of the respondents agreed that allowing employees set personal development goals that were guided by their supervisors where necessary at the beginning of performance cycle was one way of dealing with the challenges faced when implementing PMS at KenGen. This accounted for by 82% of the respondents who agreed, 4% were uncertain while 14% disagreed. Additionally, 87% of the respondents agreed that providing a well-laid down procedure for regular review of employees performance at KenGen helps to deal with the challenges faced when implementing PMS 3% were uncertain while 10% disagreed.
5.3 Discussion

5.3.1 Organization Culture and PMS Implementation

The results of the study showed that KenGen has a set of shared values and beliefs that are known to all employees. The findings affirm that the culture of an organization is invaluable for gaining a competitive advantage, it natures the organizational processes, putting together the skills in the organization and offering solutions to arising problems in the organization. It can therefore facilitate or obstruct an organization from achieving its purpose (Hall, 1993; Peteraf, 1993; Yilmaz, 2008). Therefore organizational culture need to be considered for effective implementation of performance management system. According to Daft, (2004) organization culture are the values of the organization, its standards, regulations and understanding that are common across the organization. The fact that public sector entities are a result of altruistic cause, they are anchored on good morals, public welfare, dedication and common sense for their prosperity. Lewis, (2001) observed that public sector for a long time hasn’t embraced effective management techniques, and even neglected the need to hire technical competent employee, however this is slowly changing as observed in recent times.

It was further revealed that the way things were done at the organization benefit the whole organization and not individuals, at KenGen people know how to show appreciation for good work. This findings are supported by Kandula (2006) who observed good performance is anchored on culture, Kandula further stated that the similar strategies do not produce the same result for two organization, this he note is due to variation in the cultures of the two organizations. Strong positive organization culture enables good results from a normal employee, while a weak negative culture will undermine the performance of exceptional employee. The culture of an organization plays a direct role in managing of the organizational performance. According to Murphy & Cleveland, (1995) studying culture would add to the understanding of performance management in the organization. Ignoring the influence culture has in the organization, performance management systems and other organization practices may lead to counterproductive in the organization (Magee, 2002). Organizational culture provision offer a good foundation for outstanding performance by employees, a high performance culture enables and prizes performance through strong system of values and reliable leadership (Maritz, 1995).
Finally the study revealed that there are great similarity of personal beliefs and feeling between members of this organization, most people in this organization consider important the requirement of their work, duties and responsibility. The findings revealed that there are other potential factors in the organization that correlate to HRM and performance. The relationship between culture and performance require further probing to conclusively ascertain it. Considerably, organization culture has been demonstrated as a significant element of an organization, since it impact the behaviors, motivation and values of the staffs.

The performance management system builds the professional path of staffs, while also aligning individuals who stay in the organization for a long period for organization culture to establish. This perspective suggests for an organization possibilities of implementing management practices promoting job security and professional growth so that employee turnover can be kept low and keep those social phenomena which encompass organizational culture in the organization, and hence creating a solid organizational culture.

5.3.2 Leadership Style and PMS Implementation

The study further revealed that at KenGen managers and supervisors operate an open door open mind policy, managers and supervisors conduct performance review well. Accomplishments of predefined targets of the performance agreement are deliberated after the elapse of a given time frame, where the supervisor and the employee hold a meeting, this can encompass other indicator of the employee’s performance. According to Peiperl, (2001) other opinion hold that 360-degree feedback has improved performance management, this technique is based on the observations made by colleagues. BevServ, (2004) observed that it is driven by the reflection of an individual’s gap; in that there exists an element of us that is hidden to us, but can be identified by our colleagues. It is quite common, that one is assessed by their colleagues, their assistants, their manager, and possibly the people they interact with from outside such as customers and suppliers. The 360-degree feedback system is created to capture a greater picture of staffs at work. Even though it is hard to implement this system, its benefits can be a commitment to the sort of constant development that would be witnessed in a learning organization.

The study further revealed that supervisors and managers develop team objectives, there is continuous dialogue and feedback between supervisors and employees in addressing performance issues. There is a clear understanding of the organization’s vision and mission
among the employees, the concerned department with the organization mission and vision can start working on the goals that need to be achieved so that objectives of the organization mission and vision can be achieved. Departmental objectives have recently come up through MBO approach to performance management system as observed by Price, (2000), they function in the same principles, however, the objectives are formulated for the department instead of being formulated for the individuals. Another advantage for individual performance evaluation is that an employee can be compared to pre-defined standards. The comparison of employee performance to pre-defined standards helps in tackling the gaps, according to Erasmus & Van Dyk, (2003) this can be referred to as training gap, illustrating what training employee require to raise his abilities.

The study additionally, revealed that supervisors and managers participate and provide guidance in the development of individual work plans at the beginning of performance cycle. The findings agree with Brown & Armstrong, (1999) who point out the significance of the ability of measuring what is manageable in a precise and reliable way, it is therefore of significance to occasionally review measurements to ensure they are precise and valuable. Gibb, (2002) described a different method of assessing performance management system, the Antecedents, Behavior, and Consequences model, abbreviated as ABC, this method can assist in formulating and exciting a performance management system.

5.3.3 Ways of Dealing with Challenges of PMS Implementation

Finally the study revealed that the best way of dealing with the challenges of implementing performance management is by allowing employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle, linking rewards and recognition to the performance annual appraisals, for ongoing dialogue and feedback between employees and their supervisors. In order to avoid chances of misunderstandings and make sure the gains from PMS are well known, organizations management must continuously raise awareness across the organization till the whole organization is absorbed into the system (Commonwealth Secretariat 1996); the organization should observe a continues and open communication in the course of the implementation of the system.

In the strategy and design process of the system, effective communication will facilitate buy-in from stakeholders. End users of the system should get proper training to
communicate professionally and progressively in the course of carrying out the performance review, and also in communicating results. Communication stands out among the critical elements of the implementation of the performance management system. Saravanja, (2004) observed that an effective communication needs the provision of appropriate information to make sure buying from the system users, minimize panic and worry, minimize opposition to change and create dedication to the system.

The study further revealed that allowing employees set personal development goals and be guided by their supervisors where necessary at the beginning of performance cycle and the provision of a well-laid down procedure for regular review of employees’ performance are also a way of dealing with the challenges faced when implementing PMS. Perceptions principally relate to social contacts rather than to procedures. In order to develop positive perceptions organizations must ensure that their processes are clear in relation to the main performance parameters and prizes, constant response and open clarifications on performance management procedures by managers (Palethorpe, 2011). Acknowledgements and prizes are among the primary aims that require alignment with the overall organizational policy. For a performance management to be successful, there need to be a collaborative process between supervisors and employees. A performance management cycle should begin with a dialogue between the supervisor and employee to debate on the results, the expected behaviors and developmental factors for enhancing performance (Aguinis, 2009). This cooperative facet of performance management procedure gives the supervisors an experience of subordinate’s on performance management system (Robbins, 2007). It thus provides a forum to elaborate the expectations for employees, and also offers facts for future resolutions on promotion/demotion or rewards as well as providing a framework for attaining desired behaviors from staffs for improved performance.

Human Resource tasks such as performance management, impact and include employees as well as supervisors. This inclusion will influence the quality of the relationship and also improve on perceptions as pointed out by (Manville & Greatbanks, 2013). The organization perceptions that are possessed by an employee are largely contributed by supervisors as researched by (Greenberg & Haviland, 2008). This can be a key factor in transmitting an organization’s perceptions to outsiders as well as stakeholders (Reynolds, 2009).
The findings also agree with Newstrom, (2011) who clearly showed that performance management systems need to be reviewed on a regular basis to harmonize them with global developments of aligning a businesses to customers’ preferences and choices. Majority of performance management systems are well-meant, however they are with a lot of challenges impacting on their operation. This vary from irregular system review, lack of orientation on performance management, scarcity of organizations resources, misuse of the system and absence of reward system. These obstacles require a high priority to be addressed, in order to ensure credibility of the system as regarded by stakeholders (Robbins, 2007).

5.4 Conclusion
5.4.1 Organization Culture and PMS Implementation
The study concludes that KenGen should maintain its culture which is a positive one as witnessed, the shared values and beliefs that are known to all employees. Since most people in this organization care about the requirement of their work, duties and responsibility. The firm should look for a way to motivate the employees to keep up with the trend.

5.4.2 Leadership Style and PMS Implementation
KenGen needs to continue operating the open door open mind policy, and the performance review should be held with all fairness, supervisors and managers develop team objectives, there is continuous dialogue and feedback between supervisors and employees in addressing performance issues, supervisors and managers participate and provide guidance in the development of individual work plans at the beginning of performance cycle.

5.4.3 Ways of Dealing with Challenges of PMS Implementation
Finally the study concludes that the best way of dealing with the challenges of implementing performance management is by allowing employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle, linking rewards and recognition to the performance annual appraisals, for ongoing dialogue and feedback between employees and their supervisors, allowing employees set personal development goals and be guided by their supervisors where necessary at the beginning of performance cycle, providing a well-laid down procedure for regular review of employees performance
5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Organization Culture and PMS Implementation

This study recommends the need for management to consider organization culture as a key component for effective implementation of performance management system. This is because many public-sector entities are created by an altruistic motive, they depend on good morals, public welfare, hard work, and common sense for their prosperity. Effective management in the public sector and to some extent the hiring of technical experts has been overlooked, however this is changing slowly.

5.5.1.2 Leadership Style and PMS Implementation

The study recommends the need for organizations to manage staffs performance with a constant feedback system concentrating on consistent, efficient communication in management and staff and reduce bureaucracy. Additionally the study recommends the need for organizations use their performance management systems as opportunities to model open communication, consult with staff and promote continuous improvement. To achieve continuous improvement, staff needs to be supported in learning and development programs, which are aligned to the organization’s strategy and goals.

5.5.1.3 Ways of Dealing with Challenges of PMS Implementation

Finally the study commends the necessity of having in place the following in order to deal with challenges of PMS implementation: creating performance parameters, main outcomes areas, essential management skills and performance agreements, measurement of performance parameters, relaying of outcome, monitoring and evaluation of the system. Practical training and growth interventions make sure users of the system are constantly advancing. Particular emphasis on soft skills and the behavioral aspects of performance.

5.5.2 Recommendations for Further Studies

The study recommends for additional studies to be conducted on the factors influencing successful implementation of performance management systems in Kenya but with focus on another industry. There is also the need to carry out a study of examining the success factors on implementation of performance management systems.
REFERENCES


APPENDIX I: QUESTIONNAIRE

Instructions
Please tick (√) where appropriate or fill in the information in the space provided. Kindly try your best to respond to all items.

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender
   Male □   Female □

2. Age
   Below 20 years □   21 – 30 years □   31 – 40 years □
   □
   41 – 50 years □   Over 50 years □

3. Please indicate your level of education
   Diploma □    Bachelor’s Degree □
   Postgraduate Degree □    Professional certification □
   Others (Please specify) ________________________________

4. How long have you worked for KenGen?
   □ Less than one year □ 1 – 5 years
   □ 6 – 10 years □ 11 – 15 years
   □ More than 15 years
SECTION B: ORGANIZATION CULTURE AND PMS IMPLEMENTATION

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

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>KenGen has a set of shared values and beliefs that are known to all employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The way things are done in this organization benefit the whole organization and not individuals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In this organization people know how to show appreciation for good work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are great similarity of personal beliefs and feeling between members of this organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most people in this organization care about what is expected of them in terms of their job, duties and responsibility</td>
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</tbody>
</table>

SECTION C: LEADERSHIP STYLE AND PMS IMPLEMENTATION

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

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>In this organization managers and supervisors operate an open door open mind policy</td>
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</tr>
<tr>
<td>Managers and supervisors conduct performance review well</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>In this organization supervisors and managers develop team objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

52
In this organization there is continuous dialogue and feedback between supervisors and employees in addressing performance issues.

At KenGen supervisors and managers participate and provide guidance in the development of individual work plans at the beginning of performance cycle.

SECTION D: DEALING WITH CHALLENGES OF IMPLEMENTATION PMS

To what extent do you agree with the following statements concerning the ways of dealing with challenges of implementation of performance management? Use a scale of 1-5 where 1-strongly agree and 5-strongly disagree.

<table>
<thead>
<tr>
<th>Dealing with challenges of implementation of performance management</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowing employees set clear goals that are discussed with their supervisors at the beginning of every performance cycle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linking rewards and recognition are to the performance annual appraisals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide for ongoing dialogue and feedback between employees and their supervisors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowing employees set personal development goals and are guided by their supervisors where necessary at the beginning of performance cycle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing a well-laid down procedure for regular review of employees performance</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX II: ESTIMATED RESEARCH BUDGET

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Cost- KShs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stationery &amp; ICT Services</td>
<td>20,000</td>
</tr>
<tr>
<td>Travel costs, meals and per diem</td>
<td>15,000</td>
</tr>
<tr>
<td>Research Assistant for data collection</td>
<td>30,000</td>
</tr>
<tr>
<td>Data analysis specialist</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80,000</strong></td>
</tr>
</tbody>
</table>
# APPENDIX III: RESEARCH WORK PLAN

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<thead>
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<th>Activity</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month 1</td>
</tr>
<tr>
<td></td>
<td>Week 1</td>
</tr>
<tr>
<td>Topic selection &amp; approval</td>
<td>1</td>
</tr>
<tr>
<td>Supervisor appointment</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Produce draft proposal</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Incorporate reviews by supervisor</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Draft proposal ready for presentation</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Incorporation of panel comments into proposal</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Pre-testing of questionnaire</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Data collection from selected sample</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Data processing and analysis</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Review of draft project by supervisor</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Incorporate supervisor comments</td>
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<td>Supervisor approves final Project</td>
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<td>Incorporate external examiner input</td>
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<td>Deliver bound copies to University</td>
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