INTERNAL FACTORS AFFECTING SUCCESSFUL IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEMS: A CASE OF NATIONAL HOSPITAL INSURANCE FUND (NHIF)

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2017
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A Research Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 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-Africa in Nairobi for academic credit.

Signed: ___________________________  Date: _________________
Caroline Macharia (ID No: 636203)

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

Signed: ___________________________  Date: _________________
Dr. Teresia K. Linge

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Dean, Chandaria School of Business,
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ABSTRACT

The purpose of the study was to examine the internal factors affecting successful implementation of performance management systems a case of NHIF. The study was guided by the following research questions: To what extent does organization structure affect successful implementation of performance management systems at NHIF? To what extent does the reward system affect successful implementation of performance management systems at NHIF? And to what extent does leadership style at NHIF affect successful implementation of performance management systems at NHIF?

Descriptive research design was adopted for the study. The target population for the study was 1205 NHIF employees in Kenya. Stratified random sampling was applied to select a sample size of 134 participants. Primary data was collected through a structured questionnaire. For data analysis, descriptive statistics was adopted in the study to tabulate frequencies, percentages, means and standard deviation. Inferential statistics was also conducted using correlation analysis which assessed the relationships among the factors while regression analysis aggregated contribution of the organization structure, reward systems and leadership on successful implementation of performance management systems (outcome). The analysis was SPSS and the out was presented in tables and figures.

The major findings on the effect of the organization structure on the implementation of performance management system indicate that clear working standards leads to the implementation of performance management standards. Rules are designed to ensure a uniform and controlled standard of directing or managing worker’s affairs which helps in the implementation of performance management systems. Work specialization has a role to play with regards to performance management systems implementation. Working collaboratively and collectively helps to successfully achieve performance management system. Coordination of effort can establish and build a culture within which teams and individuals can take responsibility for developing their own skills, performance and behaviour.
The major findings on the effect of reward systems on the implementation of performance management system indicate that pay for performance unifies the workforce in pursuit of common goals that helps in the implementation of performance management system. Recognizing and satisfying needs can assist an organization in getting the best from its employees in the implementation of performance management system. Employee bonuses and other material incentives in the organizations attracts high levels of service motivation among those identify very closely with the goals of the organization. Employee reward systems provide coverage of how people are rewarded in line with their value to an organization.

The major findings on the effect of leadership style on the implementation of performance management system indicate that the success of performance management systems in any organization depend upon the commitment and involvement of the leaders. Leaders play an important role in designing policies which ensure an efficient management of performance in an organization and to define and act upon the core values relating to performance. Leaders play a critical role in delivering performance management systems. An effective performance management process enables the top management to evaluate and measure individual and team performance and to optimize performance and productivity to meet the organizational goals.

The study concludes that clear working standards leads to the implementation of performance management standards. Pay for performance unifies the workforce in pursuit of common goals that helps in the implementation of performance management system. The success of performance management systems in any organization depend upon the commitment and involvement of the leaders.

The study recommends that rules and regulations should be designed to ensure a uniform and controlled standard of directing or managing worker’s affairs which helps in the implementation of performance management systems. There should be adequate pay for performance to unify the workforce in pursuit of common goals that help in the implementation of performance management system. There is need for top leadership support for successful implementation of performance management systems in any organization.
ACKNOWLEDGEMENT

In writing this project, I have received a great deal of help from many people whose help have made it possible to complete the project. First, I wish to thank my supervisor, Dr. Teresia Linge, she tirelessly went through and explained the steps to be taken and in the process developed in me the capacity to write a good research paper for which I am truly grateful. Secondly, I wish to thank my family for their support and patience as I spent a sizeable portion of my time to pursue the MBA program. Third, I would like to thank NHIF employees without forgetting Dan Kabui for taking their time to fill my questionnaires. Without them this research would not have been possible.
DEDICATION

This research project is dedicated to my dear husband and lovely daughters who have been so helpful and supportive during the whole course of the MBA program. To all the people who got me started and for showing confidence in me throughout my academic life. Most heartedly, I also wish to thank God the almighty for giving me grace and vision to undertake and complete this project.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

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. 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 (Cheche, 2014).

Sahu (2007) argues that the concept of performance management systems is an important and positive development in the current global economy of human resource. There are various perspectives in which performance can be defined; the importance of defining performance management systems stems from the fact that for it to be measured or managed then it needs to be defined. For one, performance can be regarded to be the achieved outcomes that have been recorded by the employees either individually or as an organization. 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 (2009) notes that the major goals for coming up with performance management systems (PMS) 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 systems and those that do not (Arsmtrong, 2009). This begs the question whether the existence of performance management systems 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 performance management system to yield the results that the
management had intended, this point to the fact that an organization that has performance management system 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 them 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 management systems. The human resource manager would therefore need to take into consideration both the behavior (input) of the employee and their result (outcomes) as they manage the performance of the organizational teams and/or individuals (Robert, 2011).

Many scholars and human resource experts have concurred that sets of appropriate guidelines for the creation of performance management systems would invariably result into high performance. Traditionally, performance management systems 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 systems (Sahu, 2014). 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 systems has become a day-to-day quest for many modern organizations that are keen to leverage on the capabilities of their employees. According to Arup (2008) the performance management systems (PMS) basically serve two critical purposes. For one they help in reaching informed decisions about administrative issues, which could include aspects such as according employees with bonuses, merit raises and/or promotion. The performance management systems are also critical in coming up with the organization’s developmental goals, which could include aspects such as training of employees and generation of their feedback.

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 point out that performance management system is in many instances considered critical in the delivery of improved services in the public sector.

The other factor which affects performance management systems 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 are bringing to the organization. Obon’go (2009) argues that reward management impacts on the performance management systems of organizations especially when the non-financial rewards are taken into consideration. Employee performance appraisals are part of the performance management system used in some Kenyan organizations. There are no adequate policies for governing the performance appraisal of employees. Secondly, they also pointed out that performance appraisal tools were not applied to the full during the process of appraising teachers in Kenyan schools (Cheche, 2014).

The structure of an organization has important implications for performance management systems. An organization structure is mainly a hierarchical concept of subordination of entities that collaborate and contribute to serve one common aim. The structure of an organization will determine the modes in which it operates and performs (Armstrong, 2010). Organization structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as branch, department, workgroup and individuals. Performance management management systems require that individuals in the organization know their role and responsibilities. The profiling of the roles and responsibilities is done by mapping the organization structure with tasks that need to be accomplished in order to achieve the goals. The same tasks and responsibilities ought to be considered while evaluating the performance of individual employees (Markus, 2004).

Designing and implementing an effective compensation system is a critical Human resources activity which influences the attainment of performance management systems of an organization to deliver on its mission and mandate. A reward system is a very important tool in managing the human capital and failure to compensate the staff for their
collective and individual efforts often leads to dissatisfaction manifested in various forms for example industrial strikes, go slows or the so called wild cat strikes and Grievances against the employer. This affects productivity and leads to loses in terms of lost man hours, high staff turnover and loss of profits or revenue. The case study for this research does not have an effective reward strategy in place and the ramifications of that cannot be overstated (Armstrong, 2010).

Kyarimpa (2009) advises that leadership is a key factor to the successful implementation of a performance management system. This is especially in developing nations where majority of the organizations lack effective leadership (Harrington, 2006). Effectively, in such organizations emphasis is placed on shorter-term frames, strong focus on command, control and predictability, with little emphasis being placed on employee empowerment and motivation. Mintzberg (2010), recognizes that management and leadership are two different things which are both required for better performance management system implementation. Mintzberg further argues that people are tired of managers who are not leaders and vice versa. Contemporary management thinking suggests that managers do things right, while leaders do the right things. He contended that managers combine human and other resources to achieve goals, while leaders solve problems creatively.

Performance appraisal traditionally involved documentation and communication of performance between staff members and their supervisors (Foss, 2007). Informal approach was used and at times less record keeping. Currently, the process has been formalized and there is some seriousness that accompanies the procedures including record keeping for future reference. Today’s organizations implement recognition programs to bring out cultural change. They create budgets for employee incentives in the attempt to win their loyalty. Performance management systems are a strategic approach to delivering successful results in organizations. This is done through improving performance and developing talents as well as building capacity of staff. Performance Management is supposed to be a continuous process between supervisors and employees. This is important as it helps to review the previous findings and encourage gradual improvement (Bruce, 2014).
A performance management system rewards excellence. It helps to align employee achievements with the organizations objectives. Others maintain that to encourage knowledge sharing, organizations should design reward and recognition systems that stimulate sharing of all kinds: goals, tasks, vision as well as knowledge. This will help to bring cohesiveness between team members. One factor that contributes to an effective performance management system entails ensuring that the system focuses on performance variables as opposed to personal traits (Lawrie, 2004). Whereas experts disagree about whether performance should be measured in terms of the results produced by employees (Garber, 2011) or in terms of work-related behaviors (Sparrow, 2012), they agree that personal traits has several drawbacks.

This study is going to explore the internal organization factors affecting successful implementation of performance management systems at NHIF. The NHIF is a public institution in Kenya that was established by an Act of parliament in 1966. NHIF ACT 1998 NO.9 mandates the Fund to supplement provision of public healthcare financing. In the past, NHIF has paid part of inpatient charges while currently it still pays for these same charges partly for some medical facilities and 'comprehensively' for others. The institution has faced various shortcomings and faces myriad constraints in service delivery and general governance hence an inherent need to address issues affecting its own non-satisfaction of customers. The Kenya National Hospital Insurance Fund (NHIF) is the oldest government insurance scheme in Africa. As the primary provider of health insurance in Kenya its mandate is to provide access to quality and affordable health care for all Kenyans. NHIF membership is compulsory for all salaried employees. Premium contributions are calculated on a graduated scale based on income, and deducted automatically through payroll. For self-employed and other informal sector workers, membership is contributory (voluntary) and available at a fixed premium rate of 500 Kenya Shillings (KES) per month. Overall membership enrollment for formal and informal sector populations has reached 4.5 million people (11% of the Kenyan population). While coverage is high for the formal sector (99%), coverage of the informal sector which accounts for over 80% of Kenya’s workforce has proven to be more challenging, and remains low at 26% of the informal sector population (USAID, 2016).
1.2 Statement of the Problem

NHIF has put in place a performance management system to improve service delivery and to enhance service efficiency and productivity. However, these reforms have not achieved the envisaged results (Opiyo, 2006). It is not clear why performance management systems implementation was not successful. Some of the 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 performance management system. Obon’go (2010) carried out a study on the survey on the extent to which Kenya Commercial Bank implemented performance management system and how the system improved productivity among employees in the bank. The author showed that reward management affects organizational performance. All these studies concentrated on the impact and success factors of performance management system in general terms. Armstrong (2010) shows that organizational structure affects performance management systems. These studies have not focused on the influence of organizational structure, reward systems and leadership combined on implementation of performance management systems. There exists a knowledge gap therefore on the internal factors affecting effective implementation of performance management systems in Kenya’s health sector. This study therefore seeks to examine if the said factors affect the successful implementations of performance management systems at NHIF.

1.3 Purpose of the Study

The purpose of the study was to examine the internal factors affecting successful implementation of performance management systems a case of NHIF.

1.4 Research Questions

The study was guided by the following research questions:

1.4.1 To what extent does organization structure affect successful implementation of performance management systems at NHIF?

1.4.2 To what extent does the reward system affect successful implementation of performance management systems at NHIF?
1.4.3 To what extent does leadership style at NHIF affect successful implementation of performance management systems at NHIF?

1.5 Significance of the Study

1.5.1 NHIF Management
The findings of this study can be beneficial to the management of NHIF in understanding how they could implement any proposed changes within the organization. The findings of this study can elaborate the organizational culture of NHIF, which is a critical factor in determining whether any proposed change can be adopted or resisted by the employees in the organization. This can be critical in future change management initiatives within the organization.

1.5.2 Employees at NHIF
The findings of this study can also be beneficial to the employees of NHIF as they can be sensitized about the challenges of performance management systems. Employees at NHIF can also make use of the recommendations of the study to effectively help in the implementation of the performance management system.

1.5.3 Future Researchers
The findings of this study can also be invaluable to future researchers who would wish to explore further the challenges of performance management systems. This implies that the findings of this study can contribute to the growth of knowledge in organizational performance.

1.6 Scope of the Study
This was a case study of National Hospital Insurance Fund, a parastatal under the Ministry of health. This study was conducted between January 2017 and July 2017 targeting a population of all members of staff at their headquarters in Nairobi. The respondents included management and staff from all departments.
1.7 Definition of Terms

1.7.1 Performance Management
This is the process which contributes to the effective management of individuals and teams in order to achieve high levels of organization performance (Cummings, 2003).

1.7.2 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).

1.7.3 Performance Management System (PMS)
Is a way of providing a measurement of the organization, the team and the individual through a variety of performance measurement techniques. It involves setting of performance objectives, the measurement of performance against those objectives, the identification of developmental support and a review process to develop performance and subsequent objectives (Schein, 2002).

1.7.4 Organization Structure
An organizational structure defines how activities such as task allocation, coordination and supervision are directed toward the achievement of organizational aims (Armstrong, 2010).

1.7.5 Leadership Style
It is the overall method of leadership employed by managers and supervisors in an organization (Armstrong, 2009).

1.7.6 Reward System
Armstrong (2010) defines reward management as the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.
1.8 Chapter Summary

This chapter has looked at the background of the study, statement of the problem, purpose of the study, research questions as well as significance of the study, scope of the study notwithstanding the definitions of terms. Chapter two presents a review of literature as outline in the research questions. The third chapter focuses on the research methodology. Chapter four focuses on the results and findings while chapter five dwells on the summary of findings, discussions, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter presents a review of literature with regards to the internal factors affecting of implementing performance management systems. The first part reviews literature on how organization structure affects implementation of performance management systems, while the second section covers literature on how reward systems affects implementation of performance management systems and finally the last subsection looks at the how leadership affects implementing performance management systems. The final section is the chapter summary.

2.2 Organizational Structure and Implementation of Performance Management System
An organization structure can be defined to be the lines of authority, reporting and coordination, as well as real and perceived career paths and decision-making authority (Hrebiniak, 2005). There are different types of organization structures which can be essential in performance management systems implementation if proper matching of structure with strategy is done (Mills, et al., 2013). The key components of organisational structure to be addressed in this section include work specialization, and rules and regulations.

The structure of an organization has important implications for performance. An organization structure is mainly a hierarchical concept of subordination of entities that collaborate and contribute to serve one common aim. The structure of an organization will determine the modes in which it operates and performs. Organization structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as branch, department, workgroup and individuals. Performance management requires that individuals in the organization know their role and responsibilities (Markus, 2014). The same tasks and responsibilities ought to be considered while evaluating the performance of individual employees (Markus, 2014). The components of organization structure are hierarchy, Work specialization, rule and regulations.
Akinyele (2011) argues the organizational structure and strategies adopted most companies affect performance management system performance positively. Lavie’s (2006) gave evidence that the level of organizational structure and strategies is positively related to performance management systems effectiveness. Grewal and Tansuhaj (2011) reported that more successful companies have well defined organizational structures in sharp contrast to less successful companies.

Focusing on large firms (Ekpu, 2014) found a positive relationship between the unstructured organizational patterns and large firm financial performance. Organizational structure is normally described as the way responsibility and power are allocated, and work procedures are carried out among organizational members. Robbin and DeCenzo (2005) argue that the organization structure performs a significant role in the achievement of organizations set objectives and accomplishment of its strategic goals and direction. Organization’s structure becomes more relevant when it is in harmony with the objective mission, competitive environment and resources of the organization.

Mansoor (2012) reportedly assert that performance management systems performance effect on organization structure is moderated by changes in the environment and hence, conclude that to attain desired superior performance by organization adequate attentions required to have organization structure that can match the prevailing environment dynamism in place. These structures are characterized with different attributes such as control, communication, organizational knowledge, task, prestige, governance and values. Hajipour, Mohammad and Arash (2011) studied on relationship between industry structure, strategy type and organizational characteristics. Results indicate industry structure determines organizational characteristics.

Mansoor (2012) contend that ideal organizational structure is a recipe for superior performance management systems performance. Organizational structures are discussed in the extant literature with reference to two key factors; formalization and centralization (Bucic and Gudergan, 2011). Organizational structure includes the nature of layers of hierarchy, centralization of authority, and horizontal integration. It is a multi-dimensional construct in which concerns: work division especially roles or responsibility including specialization, differentiation or departmentalization, centralization or decentralization, complexity; and communication or coordination mechanisms including standardization,
formalization and flexibility. The main feature of new organizational structures is the flexibility and the ability to acclimatize to the changing environment. (Oyewobi et al. (2013) study on impact of organizational structure and strategies on construction organizations performance, found that organization structure has direct impact on performance management systems performance.

2.2.2 Work Specialization

The method of work specialization involves breaking down a task to its lowest level and designing jobs around each part. This creates specialization, expertise, and improved quality. Work specialization design in the workplace is frequently seen where a worker focuses on one specific task and ability during the entire work shift. The task frequently repeats all day long. Because job specialization allows significant expertise build-up in a specific task, the learning and speed of production happen faster. The job does not involve complex processes, so it can be taught faster to new workers. In theory, this approach reduces quality control costs and improves production efficiency (Thibodaux, 2012).

Specialization refers to individuals and organizations focusing on the limited range of production tasks they perform best. This specialization requires workers to give up performing other tasks at which they are not as skilled, leaving those jobs to others who are better suited for them. An assembly line, where individual workers perform specific tasks in the production process, is the best example of specialization. Hamel (2013) observed that although specialization can be advantageous, workers are often expected to have certain general skills as well. A worker with specialized skills that does not have general skills might be at a disadvantage when searching for a job. For instance, an expert in real estate law might not be as desirable to employers as someone with less experience if he doesn't know how to use basic computer programs.

According to London (2012), specialization allows every person to be a professional in what he does. Specialization involves giving workers individual job roles to remove the responsibility of other jobs and reducing the worker's capacity to one task in particular. There are many advantages and disadvantages to specialization, which became commonplace during the industrial revolution with the creation of factories. Factory
owners would not simply hire one worker who produces all the goods. The work is divided among many different workers and each employee becomes a cog in a large machine.

Work specialization affects the flow of communication, the ability to collaborate across functional departments and the timeliness of responses to unforeseen events. The shape of the organization’s hierarchy (flat versus tall structure), the decentralization of authority to make major decisions for example development of new products or services, resource allocations and investments), the operational autonomy of subordinates: the freedom of subordinates to create their own methods of getting work done) and an array of methods of coordinating work between departments and sub-units determine successful implementation of performance management systems. Organization structure play key role in ensuring the organization performance is kept aligned towards the achievement of desire goals in the institutions. Organization structure articulate to all organization members the reporting structure, the way people are grouped according to their skills specialization and the role they are supposed to play within the organization. Therefore the implementation of performance management is mainly defined by the organization structure in existence and cascaded down (Price, 2010).

Work specialization has a role to play with regards to performance management systems implementation (Heide, 2012). An effective work specialization can positively influence the performance management system implementation process while at the same time it can be an implementation barrier. According to Drazin and Howard (2009) a proper strategy-structure alignment is a necessary precursor to the successful implementation of new business strategies (Noble, 2009). They point out that organizations need to constantly make adjustments to their organizational structure in line with the changes in the competitive environment require. Consequently firms that delay in making this realignment may end up exhibiting poor results which can place them at a serious competitive disadvantage. Schaap (2010) further suggested that the act of adjusting organizational structure with respect to a perfect strategy can greatly help to ensure successful performance management systems implementation.
Organizations need to decide which of these activities need to be performed internally. Once the organization has identified their mission critical activities, it needs to decide if it’s going to outsource the non-critical activities. If the managers are spending too much time on activities that do not further the strategy, that activity is a good candidate for outsourcing (Pearce and Robinson, 2005). The next subsection looks at how rules and regulations hinder performance management systems implementation.

2.2.3 Rules and Regulations

Rules have been in existence from time immemorial. According to Yakubu (2010), rules and regulations are designed in organizations to ensure a uniform and controlled standard of directing or managing worker’s affairs. It is unwritten when the rules and the principles are conventionally or customarily embedded into the practice of the people and have received the force of law. To ensure that organizations are moving in the right direction in accordance with laid down goals and objectives, rules and regulations are established in order to ensure reasonable predictability of employee behaviour beyond that provided by groups norms so that the organization can function without undue disturbance and also to protect employees from hazardous conditions (French 2015).

French (2015) further argues that the organization would want to achieve its corporate objectives of being service oriented. To this end, targets are set for the personnel. In designing duties for council workers, there are job specifications, job descriptions and schedules of duties based on the scheme of service. This allows everyone to know what is expected of him and the consequences, which follows upon his compliance or non compliance. The irony however of examining administration at this level of government, shows that policy makers and most of their policies emanate more from the hope and aspirations of the wielders of political power at the centre, than from a realistic appreciation of the kind of organizational management conditions that the socio-economic and cultural make-up of the country can sustain. In the view of Adedeji, the 2016 government parastatals reform broke with the observance of the federal principle of shared responsibilities and decentralization. This policy of reform making launched the federal government into taking over the field of local government administration by introducing a uniform system of local government nation-wide (Adedeji, 2017).
2.3 Reward Systems and Implementation of Performance Management Systems

Armstrong (2010) defines reward management as the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the design, implementation, and maintenance of reward practices that are geared towards improvement of organizational, team and individual performance. According to Armstrong (2010) designing and implementing an effective compensation system is critical to human resources and development activity in managing people. While it may be difficult to say exactly how much a reward system can influence an organization, the creative use of reward plan can work to maximize human resource productivity and contribute significantly to the achievement of human resource and organizational objectives. Employee reward systems refer to programs which are set up by a company in order to reward performance and motivate employees on individual and/or group levels. These rewards are normally considered separate from salary but may be monetary in nature or otherwise have a cost to the company. While previously considered the domain of private companies, public institutions have also begun employing them as a tool to lure top employees in a competitive job market as well as to increase employee performance (Armstrong, 2010).

2.3.1 Designing and Implementing of Effective Reward System

Designing and implementing an effective reward system is a critical Human resources activity which influences the attainment of performance targets and effectiveness of an organization to deliver on its mission and mandate. A reward system is a very important tool in managing the human capital and failure to compensate the staff for their collective and individual efforts often leads to dissatisfaction manifested in various forms for example industrial strikes, go slows or the so called wild cat strikes and grievances against the employer (Armstrong, 2010). This affects productivity and leads to loses in terms of lost man hours, high staff turnover and loss of profits or revenue.

Reward management refers to formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the design, implementation of organizational, team and individual performance. According to Armstrong (2005), the term reward is used
interchangeably with the term compensation. They both however mean the same thing. Designing and implementing an effective compensation system is critical to Human resources and Development Activity in managing people. While it may be difficult to say exactly how much a reward system can influence an organization, the creative use of reward plan can work to maximize HR productivity and contribute significantly to the achievement of HR and organizational objectives (Armstrong, 2010).

According to Armstrong (2010) most employees regard pay and other monetary rewards such as allowances as significant motivating factors. However, non-monetary factors such as job security, career prospects, and working conditions, are also very relevant. Improved monetary rewards are regarded as the most important motivational factor by staff across all types of organizations in most countries. This is not surprising because the public services here have experienced significant drops in pay over the last thirty years - despite some recent improvements. It needs to be conceptualized that indeed a systemic reality exists in the developing countries. This is with regards to the fact that public service incentives are weak. This is because in most developing countries for instance the wages are too low and pay scales that at best are barely sufficient to live on. This makes public organizations less competitive as compared with the private sector. According to Armstrong (2005), reward systems therefore have arguably been at the center stage as far as the performance of these organizations is concerned.

According to Kreitner, et. al. (2009) employee reward systems provide coverage of how people are rewarded in line with their value to an organization. As already outlined above, it entails both financial and non-financial rewards and embraces the strategies, policies, structures and processes used to develop and maintain reward systems. In this regard therefore it showcases various ways in which people are valued and how they can make a considerable impact on the effectiveness of the organization and is at the heart of the employment relationship.

The main aim of employee reward policies and practices goes a long way in helping to attract, retain and motivate high-quality people. According to Armstrong, (2010), if an organization does not get it right as far as the objectives of a reward system are concerned, then it is obvious that such an incidence can have a significant negative effect
on the motivation, commitment and morale of employees. This is mainly because the personnel and development professionals who are always involved frequently in reward issues, will have a rough time trying to put pieces together, whether they are generalists or specialize in people resourcing, learning and development or employee relations. Armstrong, (2010) avows that an integrated approach to human resource management means that all these aspects have to be considered together so that a mutually reinforcing and interrelated set of personnel policies and practices can be developed. Reward systems comprise of intrinsic, extrinsic and monetary rewards (Armstrong, 2010).

2.3.2 Intrinsic Rewards
Intrinsic rewards are those which are non-cash rewards or not having any physical existence. For example, employee recognition, acknowledgement, professional growth, authority to immediate tasks, respect and appreciation are intrinsic rewards (Dewhurst, 2010). In this regard therefore it is imperative for the human resource department to conceptualize psychic rewards as they form part of the intrinsic reward system. This also encompasses non-materialistic motivation, especially moral motivation; to serve in the interest of the community is particularly strong. A specific term coined by analysts, “Public service motivation” (PSM), reflects that the public service attracts a certain kind of person that more readily identifies with the mission of the organization. Also at the local level, non-materialistic social and intrinsic motivation can play a major role that needs to be explored. According to Hongoro (2002), it is understandable that many people may be reluctant to be posted far away from home. Those used to urban life will find it particularly difficult to move to a remote area. In Thailand the challenge has been turned around into an asset by recruiting trainees from the very areas they were supposed to serve.

According to Hongoro (2012), this approach was found successful. It also has the additional advantage that workers will be inserted into societies with a moral obligation to do a good job. It is akin to localizing informal accountability relations. A cautionary note, however, is that local environments can be fragmented and tying service providers to their kin can work at the expense of others. Where it is possible to monitor actual performance, contract-type arrangements and the use of competition in the bidding process have proven useful. Intrinsic and moral motivation to serve the poor can cut across such divides, which
is particularly important where monitoring is difficult. A study of faith-based health care providers in Uganda estimates that they work for 28 per cent less than government and private for profit staff, and yet provide a significantly higher quality of care than the public sector (WDR 2004). The next subsection looks at the relationship between extrinsic reward system and performance management system implementation.

2.3.3 Extrinsic Rewards
Extrinsic rewards are those which have physical existence and cash based rewards are lie under the category of extrinsic rewards. Examples office pay, salary, bonuses and such indirect forms of payment as flexibility in time (Dewhurst, 2010). Modest pay and the absence of strong material incentives in the non-profit sector seems to have a screening role and public organizations attracting members with high levels of public service motivation who identify very closely with the goals of the organization. Caution is also in place because of the crowding out risk. Higher materialistic incentives can reduce non-materialistic motivation, in particular in environments where the latter is high or where such measures are perceived as controlling. The result may ultimately be a negative one, i.e. overall reduced motivation. Bonus programs have been used in American business from time to time. This is because such programs usually reward individual accomplishment and are best suited for sales organizations. In such organizations they can be useful in encouraging salespersons to generate additional business or higher profits. In some instances such bonuses can be useful in helping recognize group accomplishments. Indeed, it has become common to a number of businesses who have preferred to switch from individual bonus programs to one which reward contributions to corporate performance at group, departmental, or company-wide levels (Dewhurst, 2010).

According to Armstrong (2010), small businesses interested in long-term benefits should probably consider another type of reward. This is mainly because bonuses are generally short-term motivators. As such, rewarding an employee's performance for the previous year, say critics, they encourage a short-term perspective rather than future-oriented accomplishments. According to Armstrong and Murlis, (2005) stock options have become an increasingly popular method of rewarding middle management and other employees in recent years. This is because stock-option programs give employees the right to buy a specified number of a company's shares at a fixed price for a specified period of time.
Employees in such organizations by these shares and have to ensure that they are authorized by a company's board of directors and approved by its shareholders. A percentage of the company's shares outstanding determine the number of options a company can award to employees. The next subsection looks at the link between monetary rewards and performance management system implementation.

Armstrong and Murlis (2005) commented on financial rewards, as being necessary and thus the need to be considered. The elements of total reward systems can clearly be seen by the model put forward by Armstrong (2010), which shows the different category of reward encompassed into one total reward system. Profit sharing can best explain the monetary rewards which an organization can give to its employees. The idea behind profit-sharing is to reward employees for their contributions to a company's achieved profit goal. Profit sharing encourages employees to stay put because it is usually structured to reward employees who stay with the company. The next subsection looks at the influence of leadership style and the implementation of performance management systems.

2.4 Leadership Style and Implementation of Performance Management Systems

Kyarimpa (2009) advises that leadership is a key factor to the successful implementation of a performance management system. This is especially in developing nations where majority of the organizations lack effective leadership (Harrington, 2006). Effectively, in such organizations emphasis is placed on shorter-term frames, strong focus on command, control and predictability, with little emphasis being placed on employee empowerment and motivation. Mintzberg (2010), recognizes that management and leadership are two different things which are both required for better performance management system implementation. He emphasizes that people are tired of managers who are not leaders and vice versa. Contemporary management thinking suggests that managers do things right, while leaders do the right things. He contended that managers combine human and other resources to achieve goals, while leaders solve problems creatively. The next subsection delves deeply into how leadership styles affect the implementation of performance management systems.
McGrath and MacMillan (2010) reported that there is a significant relationship between leadership styles and performance management systems. Effective leadership style is seen as a potent source of management development and sustained competitive advantage, leadership style helps organization to achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done. Sun (2012) compares leadership style with the leadership performance management in schools and enterprises, and found that leadership style had a significantly positive correlation with the organizational performance management in both schools and enterprises. Broadly speaking, leadership performance is identical with organizational performance management. Business management attributes their successes to leadership efficiency, that is, the leadership style of administrative supervisors has a considerable effect on the organizational performance (Sun, 2012). FuJin et al. (2010) opine that when executives use their leadership style to demonstrate concern, care and respect for employees, it would increase interest of employees in their work and enable them to put up better performance, thereby affecting their job satisfaction positively.

2.4.1 Leadership Styles

A strong sense of purpose is normally the discretion of true leadership as such it plays an important role in harnessing the creative energies of all the people in the business Schultz et al. (2013). An exceptional leadership is a key ingredient to making strategic change effective and lasting (Daft, 2010). According to Daft one of the enormous challenge facing leaders today is the changing business environment which demands a paradigm of leadership to evolve to a new mindset that relies on human skills, integrity and teamwork. Schultz, et al. (2013) further state that the advantage and moral value of a benevolent approach to treating other employees especially the lower echelons as human beings and respecting human dignity in all its forms, research and observations show that well motivated employees are more productive and creative.

Several authors state that there exists a difference between management and leadership according to them leading is an essential part of managing, but not the whole of it (Megginson, et al., 2006). As such it is the innate ability of one person to influence others to strive to attain goals or objectives. Management, while requiring the use of leadership,
also includes the other functions of planning, organizing, staffing and controlling. Instead of just sitting back or rather simply reacting to the changes in the business environment, it is essential for strategic leaders to examine past events and take action so as to anticipate what these might mean for the future.

Harrison (2013) indicates that senior executive management has a significant impact on the strategies and performance of their organizations. This is also the case for excellent leadership which also has an enormous positive influence. The influence of leadership can take both positive and negative dimensions. It follows therefore that poor leadership can have a powerful negative influence and create dissonance amongst employees (Worley and Doolen, 2006). According to White (2004) the responsibility of formulating and implementing the performance management systems lies largely on leaders of an organization. Leaders are the ones who decide what must be done, and then actually figure out how it is going to be done. (Meyer, Botha 2010) reiterates the aspect of leaders having a skill set that allows them to analyze the opportunities and the threats that may exist, both currently and going forward, and thereafter having the ability to analyze the resources and abilities that an organization possesses to deal with those opportunities and threats (Harrison and St John, 2004).

2.4.1.1 Autocratic Style
Burns (2011) states that an autocratic leader maintains most of the authority by issuing orders and telling group members what to do without consulting them. To the autocrat (or authoritarian) the basis for leadership is formal authority. Autocratic leaders may have a few favorite subordinates but they usually regard close interpersonal relations with group members as superfluous. The autocratic style of leadership is generally not favored in modern organization as expressed by the consensus of several current leadership theorists Aldag, 2001). As with any leadership style, there are some situations in which an autocratic style is appropriate. Many autocratic leaders have been successful as high level leaders in the private and public sectors (Aldag, 2001).

2.4.1.2 Participative Style
A participative leader is one who shares decision-making authority with the group (Aldag, 2001). Participative leadership occupies enough space on the continuum to
warrant being divided into three sub-types: consultative, consensual and democratic. A consultative leader solicits opinions from the group before making a decision yet does not feel obliged to accept the group thinking (Megginson, et al., 2006). An acceptable way to practice consultative leadership would be to call a group meeting to discuss an issue before making a decision. A consensual leader also encourages group discussions about an issue and then makes a decision that reflects the consensus (general agreement) of group members. Consensual leaders thus turn out more authority to the group than do consultative leaders. The consensus leadership style results in long delays in decision making because every party involved provides input.

2.4.1.3 Free-Rein Style
Newstrom and Keith (2014) say that a free rein leader turns over almost authority to group members and does as little as possible. Given a situation in which the work to be done by each employee is clearly defined; such leaders maintain hands–off policy. They make few attempts to increase productivity to their employees. At times the free–rein leader is an abdicator who cares very little for achieving productivity goals or developing subordinates. At other times, the free –rein style is appropriate and leads to high productivity. Such leadership situations include directing the work of highly skilled advertising, copywriters, research scientist, or stock analysts. These individuals may neither require technical direction nor encouragement yet in the long run; even self-sufficient professionals require some feedback and recognition from their manager in order to sustain high performance (Newstrom & Keith, 2002).

In order for performance management systems to be successful, there need to be a collaborative process between supervisors and employees. A performance management cycle should begin with a discussion of employee and supervisor to discuss results, the expected behaviors and developmental aspects for better future performance (Aguinis, 2009). This collaborative aspect of performance management process lets supervisors understand the story from a subordinate’s perspective (Robbins, 2007). This will therefore provide a forum to elaborate the expectations for employees. It also provides information for future decisions about promotion or rewards as well as providing a platform to attain the desired employee behaviors for better 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).

2.5 Chapter Summary
This chapter presented a review of literature with regards to the challenges of implementing performance management systems. The first part reviews literature on how organization structure affects implementation of performance management systems, while the second section covers literature on how rewards affect performance management systems and finally the last subsection looks at how leadership affect implementing performance management systems. The next chapter presents the research methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an overview of the methods and procedures that was used to conduct the study. It includes a discussion of the research design, target population, sampling design which includes the sampling frame, sampling technique, and finally the data analysis methods that was employed in the study.

3.2 Research Design

Cooper and Schindler (2011) defined research design as the determination and account of the broad research methodology or approach adopted for the particular study. It is the blueprint for achieving objectives and answering questions. Due to the wide variety of methods, procedures, techniques, protocols and sampling plan, selecting a research design is not usually a simple process. It assists researchers in determining the type of research to employ including whether to use low or highly structured data collection methods, low or highly structured research situation and, quantitative or qualitative methods (Cooper and Schindler, 2011).

In this study, a descriptive research design was adopted. Saunders, Lewis and Thornhill (2012) state that descriptive studies give a clear picture of the phenomenon a researcher wishes to collect data. However data collected in descriptive studies requires researchers to draw conclusions from the data collected through data evaluation and synthesis skills. Descriptive study is appropriate for this study as it sought to identify and explain variables that exist in a give scenario. It allows the collection of data and formation of a distribution of the occurrence of a specific phenomenon or involve interaction of two or more variables, and is a versatile method across various disciplines (Cooper and Schindler, 2011). This method was therefore considered appropriate as it provides information that responded to the research questions. The dependent variable was the implementation of performance management systems at NHIF while the independent variables include the organization structure, reward system and leadership style.
3.3 Population and Sampling Design

3.3.1 Population
Cooper and Schindler (2011) defined a population as the total collection of elements about which one seeks to make inference. According to Mugenda and Mugenda (2008), a population is the total collection of elements which have common observable characteristics about which some inferences can be made. The target population for the study included 1,205 NHIF employees in Kenya.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame
Cooper and Schindler (2014) defined a sampling frame comprises of the list of elements from which the sample is essentially drawn and is closely connected to the population. They further stated that a sampling frame should be a complete and correct list of the members of the population. The list of the employees was obtained from NHIF human resource data base. The sampling frame for this study was the list of NHIF employees in Kenya.

3.3.2.2 Sampling Technique
The main sampling techniques adopted for this study was stratified sampling. Non-probability sampling technique was further employed for the strata. Wolcott (1997) defined a sampling technique as the name or other identification of the definite process where entities of the sample have been selected. According to Cooper and Schindler (2014) sampling is involves selecting some of the elements in a population where conclusions about the entire population can be drawn from them.

Stratified sampling was adopted in the study. Stratified sampling involves constraining the sample by segregating elements into mutually exclusive subpopulations (Cooper and Schindler, 2014). Stratified sampling is a modification of random sampling (Saunders et al, 2016). Cooper and Shindler (2014) explain that stratified sampling increases the statistical efficiency of a sample, provided adequate data for analyzing various subpopulations and enabled different research methodologies to be employed on different strata. Non-probability sampling is a type of sampling technique where specific situations, individuals, or events are deliberately selected since the important information
they can provide that cannot be obtained from other sources. In this study employees were stratified according to their respective departments. Simple random sampling was then used to select respondents from each strata, that were part of this study.

### 3.3.2.3 Sample Size

Cooper and Schindler (2014) define a sample as a portion of the target population carefully selected to exemplify that population. Thus the size of the sample should be a function of the variation in the population parameters under study and researchers must precisely estimate it. A good sample size does not imply that it is large, however it should be representative and doesn’t necessarily have some proportional relationship to the size of the population from which it is drawn. Jackson, Thorpe and Smith (2008) asserted that survey of the entire population is not necessary as the cost may be too high and the population is dynamic. According to Mugenda and Mugenda (2008) a sample size of 30% of the population was considered sufficient enough for any particular study, this study therefore used a sample size of 30% of the total population. The sample size was tabulated in the table below.

<table>
<thead>
<tr>
<th>Department</th>
<th>Population</th>
<th>Percent</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and Admin</td>
<td>120</td>
<td>30%</td>
<td>40</td>
</tr>
<tr>
<td>Human Resource</td>
<td>54</td>
<td>30%</td>
<td>18</td>
</tr>
<tr>
<td>Marketing</td>
<td>102</td>
<td>30%</td>
<td>34</td>
</tr>
<tr>
<td>Operations</td>
<td>126</td>
<td>30%</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>402</strong></td>
<td><strong>30%</strong></td>
<td><strong>134</strong></td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

Data collection methods comprise of primary and secondary data. Primary data are obtained from primary sources where raw data without interpretation is used to represent official opinion or position, while secondary data is interpretations of primary data (Cooper and Schindler, 2014). Data was collected through as structured questionnaire to answer the research questions. A questionnaire is selected as the data collection technique as the most suited for this study as it minimizes potential sources of bias and gives appropriate data which answers the research questions (Cooper and Schindler, 2014).
Primary data was collected through a questionnaire with both closed and open ended questions. According to Bryman and Bell (2011) a questionnaire which has both closed and open ended questions allow every possible answer to have an answer. Saunders, Lewis and Thornhill (2003) state that questionnaires are used for descriptive or explanatory research. Descriptive research which are undertaken using attitude and opinion questionnaires will enable the researcher to identify and describe the variability of the various phenomena. The questionnaire was structured into five sections: section A provided the general demographic characteristics and information of the responded; section B for organisation structure and implementation of Performance Management System; section C for reward systems and implementation of Performance Management System; section D for leadership and implementation of Performance Management System and section E for successful implementation of Performance Management System. The questionnaire was administered physically.

3.5 Research Procedures
The research instruments designed was pre-tested to assess the effectiveness and validity of the tool. Cooper and Schindler (2014) holds the view that pre-testing allows inaccuracies to be discovered and can be a tool for training a research group prior to the actual collection of data. A pilot test was undertaken to detect the weaknesses in the design and instrumentation, and to give proxy data for selection of a probability sample. One is also able to determine whether the questionnaire is exhaustive. The questionnaire was refined based upon the comments received and was used in the study. Salikind (2012) argues that pretesting provides a useful feedback mechanism on the phrasing, clarity, focus and intelligence of the questions administered to the respondents.

3.6 Data Analysis Methods
Data was analyzed after its collection to generate information. Prior to undertaking data analysis, the type of data, data input format, impact of data coding on subsequent analysis, requirements to weight cases and techniques used to check integrity of the data need to be considered (Saunders, Lewis and Thornhill, 2016). According to Cooper and Schindler (2014) data analysis involves decreasing amassed data to a practicable size, drawing summaries, determining patterns from the analysed data and applying statistical procedures. Recommendations were drawn from the interpretations of the data.
Descriptive statistics was adopted in the study to tabulate frequencies and percentages on the demographic data and to some extent the research question variables. In addition, to describe the data, means were used for each variable. Inferential statistics was also conducted on the research variables, specifically correlation and regression analysis.

Correlation analysis assessed the linear relationships among the factors, reporting the coefficients and respective P-values. Regression analysis was also used to assess the aggregated contribution of the organization structure, reward systems and leadership on successful implementation of performance management systems (outcome). The coefficients and their 95% confidence interval were reported as well as P-values. The data analysis tools used was based on the information collected and the researcher used Statistical Package for Social Sciences (SPSS) program to carry out the data analysis and the output was presented using tables and figures.

3.7 Chapter Summary
This chapter provided an overview of the methods and procedures that were used to conduct the study. It included a discussion of the research design, target population, sampling design which includes the sampling frame, sampling technique, and finally the data analysis methods that were employed in the study. The next chapter will present the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the results and findings of the study on the three research objectives as outlined in the previous chapters. The first part of this chapter will cover mainly the background information of the respondents who are employees of NHIF. The second third and fourth section covers the aspects with respect to the research objectives of the study. A total of 134 questionnaires were issued out of which all the 117 were returned indicating 87.3% response rate.

4.2 General Information
The general information for the study comprised of the gender of the respondents, years of employment, level of education, number of years at NHIF and position at NHIF.

4.2.1 Gender of Respondents
The respondents were asked to indicate their gender and from the analysis in Figure 4.1 revealed that majority of the respondents (53%), were female, while 47% were male. This implies that NHIF respects the constitutional requirement of 30% gender representation in every public institution.

Figure 4.1: Gender of Respondents
4.2.2 Years of Employment
The respondents were asked to indicate the years they had been employed. The findings in Figure 4.2 revealed that majority of the respondents (43%) had worked more than 11 years. This was followed by 29% who worked between 6-10 years, while 11% had worked between 1-5 years as 10% of the respondents having worked for less than 1 year. This indicates that the employees at NHIF had adequate work experience.

![Figure 4.2: Years of Employment](image)

4.2.3 Level of Education
The respondents were asked to indicate their level of education. The findings in Figure 4.3 revealed that majority of the respondents (41%) had a masters degree, 30% had a bachelor degree while 24% had a diploma and 5% had Doctorate degree. This is indicates that NHIF employees were relatively educated.
4.2.4 Number of Years at NHIF

The respondents were asked to indicate the number of years of employment at NHIF. The findings in Figure 4.4 showed that majority of the respondents (47%) had worked for more than 9 years, 20% had worked between 6 to 8 years, another 20% for less than 2 years and 13% between 3 to 5 years. This implies that majority of the respondents had worked at NHIF for reasonable long period of time to be able to provide useful information on performance management system implementation.
4.2.5 Position at NHIF
The respondents were asked to indicate their position at NHIF. The findings in Figure 4.5 showed that most of the respondents (45%) were in middle management position, 33% in senior management, 15% worked as general staff and 7% worked as supervisors. This shows that the composition of respondents was all inclusive.

![Figure 4.5: Position at NHIF](image)

4.3 Successful Implementation of Performance Management System
In this section, the study aimed to examine the successful implementation of performance management system at NHIF. This was measured by formal performance appraisal systems, setting key result area for every employee performance, evaluation, review and monitoring feedback of performance, organization performance review, setting up the performance measurement metrics and peer to peer performance evaluation.

4.3.1 Formal Performance Appraisal Systems
The study aimed to determine how the organization has formal performance appraisal systems from the respondents who participated in the study. The findings as per Figure 4.6 established that majority of the respondents agreed (39%) that the organization has formal performance appraisal systems, 32% strongly agreed, 19% were neutral, 6% disagreed and 2% strongly disagreed that the organization has formal performance appraisal systems.
4.3.2 Setting Key Result Area for Every Employee Performance

The study intended to find out whether the performance management systems in the organization include setting key result area for every employee from the respondents who participated in the study. The findings as per Table 4.1 established that majority of the respondents agreed (49%) that the performance management systems in the organization include setting key result area for every employee, 22% disagreed, 19% strongly agreed and 11% were neutral that the performance management systems in the organization include setting key result area for every employee.

Table 4.1: Setting Key Result Area for Every Employee Performance

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Neutral</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Agree</td>
<td>52</td>
<td>49</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>106</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.3 Evaluation, Review and Monitoring Feedback of Performance

The study intended to find out whether the organisation performance appraisal system includes performance evaluation, review and monitoring from the respondents who participated in the study. The findings as per Figure 4.7 established that majority of the respondents agreed (48%) that the organisation performance appraisal system includes
performance evaluation, review and monitoring, 28% strongly agreed, 12% were neutral, 10% disagreed and 2% strongly disagreed that the organisation performance appraisal system includes performance evaluation, review and monitoring.

![Figure 4.7: Evaluation, Review and Monitoring Feedback of Performance](image)

### 4.3.4 Organization Performance Review

The study intended to find out whether the organization employees are given feedback of their performance from the respondents who participated in the study. The findings as per Table 4.2 established that majority of the respondents agreed (29%) that the organization employees are given feedback, 28% strongly agreed, 20% were neutral, 16% strongly disagreed and 7% disagreed that the organization employees are given feedback of their performance.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Neutral</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>31</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3.5 Setting-Up Performance Measurement Metrics
The respondents were asked to indicate how the organization employees are involved in setting up the performance measurement metrics. The findings as per Figure 4.8 established that majority of the respondents agreed (32%) that the organization employees are involved in setting up the performance measurement metrics, 28% strongly agreed, 22% were neutral, 14% strongly disagreed and 4% disagreed that the organization employees are involved in setting up the performance measurement metrics.

![Figure 4.8: Setting-Up Performance Measurement Metrics](image)

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Neutral</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
<td>39</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3.7 Peer to Peer Performance Evaluation

The respondents were asked to indicate whether the employees are involved in setting up the performance measurement metrics in the organization. The findings as per Figure 4.9 established that majority of the respondents strongly agreed (26%) that the employees are involved in setting up the performance measurement metrics in the organization, 24% strongly disagreed, 20% agreed, 18 were neutral and 12% disagreed that the employees are involved in setting up the performance measurement metrics in the organization.

![Figure 4.9: Peer to Peer Performance Evaluation](image)

4.3.8 Ratings of Successful Implementation of Performance Management System

The study aimed to examine the successful implementation of performance management system at NHIF among the respondents who participated in the study. The findings in Table 4.4 established that the organization has formal performance appraisal systems at a mean of 3.94 and a standard deviation of 0.975. This was followed by the organization performance appraisal system includes performance evaluation, review and monitoring at a mean of 3.91 (Std dev. of 0.991) and performance management systems in my organization includes setting key result area for every employee at a mean of 3.66 and a standard deviation of 1.013 as the main factors leading successful implementation of performance management systems. On the other hand, a small number of the respondents agreed that employees are given feedback of their performance at mean of 3.51 and a standard deviation of 1.364. Fewer respondents agreed that the employees are involved in setting up the performance measurement metrics at mean of 3.23 (Std dev. of 1.252) and very few respondents agreed that there is peer to peer performance evaluation at a mean of 3.12 (Std dev. of 1.526).
Table 4.4: Successful Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Successful Implementation of Performance Management System</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my organization we have formal performance appraisal systems</td>
<td>3.94</td>
<td>.975</td>
</tr>
<tr>
<td>The performance management systems in my organization includes setting key result area for every employee</td>
<td>3.66</td>
<td>1.013</td>
</tr>
<tr>
<td>In my organization performance appraisal system includes performance evaluation, review and monitoring</td>
<td>3.91</td>
<td>.991</td>
</tr>
<tr>
<td>In my organization employee are given feedback of their performance</td>
<td>3.51</td>
<td>1.364</td>
</tr>
<tr>
<td>In my organization performance review is done annually</td>
<td>3.54</td>
<td>1.325</td>
</tr>
<tr>
<td>In my organization employees are involved in setting up the performance measurement metrics</td>
<td>3.23</td>
<td>1.252</td>
</tr>
<tr>
<td>In my organization there is peer to peer performance evaluation</td>
<td>3.12</td>
<td>1.526</td>
</tr>
</tbody>
</table>

4.4 Organization Structure and Implementation of Performance Management System

In this section, the study aimed to examine how the organization structure affected the implementation of performance management system. This was measured by lines of authority, the coordination of efforts in the organization, employee knowledge of their roles and responsibilities, coordination of departments, clear working standards, work specialization, rules and regulations.

4.4.1 Lines of Authority

The respondents were asked to indicate how the level of authority affects the successful implementation of performance management system in the organisation from the respondents who were targeted and participated in the study. The findings as per Table 4.5 established that majority of the respondents agreed (44%) that the level of authority affects the successful implementation of Performance Management System in the organisation, 29% were neutral, 13% disagreed, 7% strongly disagreed and another 7% strongly agreed that the level of authority affects the successful implementation of performance management system in the organisation.
### Table 4.5: Lines of Authority

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
</tr>
<tr>
<td>Disagree</td>
<td>15</td>
</tr>
<tr>
<td>Neutral</td>
<td>33</td>
</tr>
<tr>
<td>Agree</td>
<td>51</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
</tr>
</tbody>
</table>

#### 4.4.2 Coordination of Efforts in the Organization

The respondents were asked to indicate how the coordination of efforts affects the successful implementation of performance management system in the organisation from the respondents who participated in the study. The findings in Figure 4.10 established that majority of the respondents were neutral 38% that the coordination of efforts affects the successful implementation of performance management system in the organisation, 21% disagreed, 20% agreed, 17% strongly disagreed and 4% strongly agreed that the coordination of efforts affects the successful implementation of performance management system in the organisation.

![Figure 4.10: Coordination of Efforts in the Organization](image-url)
4.4.3 Employee Knowledge of their Roles and Responsibilities

The study intended to find out whether employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in the organization from the respondents who participated in the study. The findings as per Table 4.6 established that majority of the respondents agreed (44%) that the employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in the organization, 26% were neutral, 15% strongly disagreed, 10% disagreed and 7% strongly agreed that the employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in the organization.

Table 4.6: Employee Knowledge of their Roles and Responsibilities

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Neutral</td>
<td>31</td>
<td>26</td>
</tr>
<tr>
<td>Agree</td>
<td>49</td>
<td>42</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>117</td>
<td>100</td>
</tr>
</tbody>
</table>

4.4.4 Coordination of Departments

The respondents were asked whether the coordination of departments affects successful implementation of performance management system in the organization. The results as per Table 4.7 illustrated that majority of the respondents agreed (45%) that the coordination of departments affects successful implementation performance management system in the organization use, 26% disagreed, 21% were neutral, 7% strongly disagreed and 2% strongly agreed that the coordination of departments affects successful implementation of performance management system in the organization use.

Table 4.7: Coordination of Departments

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>30</td>
<td>26</td>
</tr>
<tr>
<td>Neutral</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>Agree</td>
<td>53</td>
<td>45</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>117</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4.5 Clear Working Standards
The study aimed to investigate how clear working standards affects performance management systems implementation from the respondents who were targeted and participated in the study. The findings as per Figure 4.11 established that majority of the respondents strongly agreed (40%) that clear working standards affects performance management systems implementation in the organisation, 23% strongly agreed, 24% were neutral, 9% disagreed and 4% strongly disagreed that the clear working standards affects performance management systems implementation.

Figure 4.11: Clear Working Standards

4.4.6 Work Specialization
The respondents were whether work specialization affects performance management systems implementation in the organization. The study findings as per Table 4.8 illustrated that majority of the respondents agreed (46%) that work specialization affects performance management systems implementation in the organization, 27% were neutral, 15% strongly agreed, 7% strongly disagreed and 5% were neutral that work specialization affects performance management systems implementation in the organization.
### Table 4.8: Work Specialization

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Neutral</td>
<td>32</td>
<td>27</td>
</tr>
<tr>
<td>Agree</td>
<td>54</td>
<td>46</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

#### 4.4.7 Rules and Regulations

The respondents were asked if having rules and regulations to ensure reasonable predictability in the organization enhances performance management systems implementation. The study findings as per Figure 4.12 illustrated that majority of the respondents agreed (30%) and another 30% were neutral that having rules and regulations to ensure reasonable predictability in the organization enhances performance management systems implementation, 26% strongly agreed, 9% disagreed and 5% strongly disagreed that the level of authority affects the successful implementation of performance management system in the organisation.

![Figure 4.12: Rules and Regulations](image_url)
4.4.8 Ratings of Organization Structure and Implementation of Performance Management System

The study aimed to determine the effect of the organization structure on successful implementation of performance management systems at NHIF among the respondents who participated in the study. The findings in Table 4.9 established that there are clear working standards affecting performance management systems implementation at a mean of 3.71 and a standard deviation of 1.032. This was followed by the organization having rules and regulations to ensure reasonable predictability in the organization that enhance performance management systems implementation at a mean of 3.62 (Std dev. of 1.112), work specialization affects performance management systems implementation in the organization at a mean of 3.56 and a standard deviation of 1.029 and the lines of authority in the organization affect the successful implementation of performance management system at a mean of 3.31 and a standard deviation of 1.021 as the main factors leading to the successful implementation of performance management systems.

On the other hand, a small number of the respondents agreed that employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in the organization at mean of 3.16 and a standard deviation of 1.167. Fewer respondents agreed that the coordination of departments affects successful implementation of performance management system in my organization at mean of 3.09 (Std dev. of 1.025) and very few respondents agreed that the coordination of efforts in the organization affects the successful implementation of performance management system at a mean of 2.73 and a standard deviation of 1.079.
Table 4.9: Ratings of Organization Structure and Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Organization Structure and Implementation of performance management system</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The lines of authority in my organization affect the successful implementation of performance management system in my organization</td>
<td>3.31</td>
<td>1.021</td>
</tr>
<tr>
<td>The coordination of efforts in my organization affects the successful implementation of performance management system in my organization</td>
<td>2.73</td>
<td>1.079</td>
</tr>
<tr>
<td>Employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in my organization</td>
<td>3.16</td>
<td>1.167</td>
</tr>
<tr>
<td>Coordination of departments affects successful implementation of performance management system in my organization</td>
<td>3.09</td>
<td>1.025</td>
</tr>
<tr>
<td>Clear working standards affects performance management systems implementation</td>
<td>3.71</td>
<td>1.032</td>
</tr>
<tr>
<td>Work specialization affects performance management systems implementation in my organization</td>
<td>3.56</td>
<td>1.029</td>
</tr>
<tr>
<td>Having rules and regulations to ensure reasonable predictability in my organization enhances performance management systems implementation</td>
<td>3.62</td>
<td>1.112</td>
</tr>
</tbody>
</table>

4.4.9 Correlations Organization Structure and Implementation of Performance Management System

This section intended to measure the correlation between the organization structure and implementation of performance management system. The findings in Table 4.10 suggested that there was a strong correlation between the coordination of efforts in the organization affecting the successful implementation of performance management system in the organization and work specialization at (r=.546, <0.05). The relationship was extended to the coordination of efforts in the organization at (r=.443, <0.05) and the coordination of efforts in the organization affecting the successful implementation of performance management system at (r=.357, <0.05).
Table 4.10: Correlations Organization Structure and Implementation of performance management system

<table>
<thead>
<tr>
<th>Description</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>The lines of authority in my organization affect the successful implementation of performance management system in my organization</td>
<td>.180</td>
<td>.065</td>
<td>106</td>
</tr>
<tr>
<td>The coordination of efforts in my organization affects the successful implementation of performance management system in my organization</td>
<td>.357**</td>
<td>.000</td>
<td>104</td>
</tr>
<tr>
<td>Employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in my organization</td>
<td>.443**</td>
<td>.000</td>
<td>108</td>
</tr>
<tr>
<td>Coordination of departments affects successful implementation of performance management system in my organization</td>
<td>-.155</td>
<td>.110</td>
<td>108</td>
</tr>
<tr>
<td>Clear working standards affects performance management systems implementation</td>
<td>.212*</td>
<td>.031</td>
<td>104</td>
</tr>
<tr>
<td>Work specialization affects performance management systems implementation in my organization</td>
<td>.546</td>
<td>.000</td>
<td>108</td>
</tr>
<tr>
<td>Having rules and regulations to ensure reasonable predictability in my organization enhances performance management systems implementation</td>
<td>.417**</td>
<td>.000</td>
<td>108</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
4.4.10 Regression Analysis of Organization Structure and Implementation of Performance Management System

The regression equation between organization structure and implementation of performance management system had a strong regression. In the model summary, the (F (4, 99)= 17.5; R² =.414;p<.05) indicating that the leadership causes 41.4 percent variation in the implementation of performance management system, while the remaining 58.6 are attributable to other factors not considered in the study and one error term. This is outlined in Table 4.11 model summary below.

Table 4.11: Regression of Organization Structure and Implementation of performance management system

<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>.644a</td>
<td>.414</td>
<td>.391</td>
<td>.713</td>
</tr>
</tbody>
</table>

a. Predictors: Organization Structure

4.4.11 ANOVA of Organization Structure and Implementation of Performance Management System

ANOVA results, F=17.511(p<0.001), show that organization structure has a significant influence on implementation of performance management system. The ANOVA Table 4.12 is presented below.

Table 4.12: ANOVA of Organization Structure and Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>35.618</td>
<td>4</td>
<td>8.905</td>
<td>17.511</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>50.343</td>
<td>99</td>
<td>.509</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>85.962</td>
<td>103</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent: Performance Management Systems
b. Predictors: Organization Structure

4.4.12 Coefficient of Organization Structure and Implementation of Performance Management System

The key aspects of organization structure which significantly contributed to implementation of performance management systems use employee who have knowledge of their roles and responsibilities at (β₁=0.336, t=5.227, p<0.001) and work specialization affecting the performance management systems (β₁=0.237, t=2.665, p<0.001). Table 4.13 below indicates the coefficients.
Table 4.13: Coefficient of Organization Structure and Implementation of Performance Management System

<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>(Constant)</td>
<td>1.555</td>
<td>.339</td>
<td>4.592</td>
<td>.000</td>
</tr>
<tr>
<td>The coordination of efforts in my organization affects the successful implementation of performance management system in my organization</td>
<td>.105</td>
<td>.071</td>
<td>1.476</td>
<td>.143</td>
</tr>
<tr>
<td>Employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in my organization</td>
<td>.336</td>
<td>.064</td>
<td>5.227</td>
<td>.000</td>
</tr>
<tr>
<td>Work specialization affects performance management systems implementation in my organization</td>
<td>.237</td>
<td>.089</td>
<td>2.665</td>
<td>.009</td>
</tr>
<tr>
<td>Having rules and regulations to ensure reasonable predictability in my organization enhances performance management systems implementation</td>
<td>.071</td>
<td>.082</td>
<td>.875</td>
<td>.384</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance Management System

4.5 Reward Systems and Implementation of Performance Management System

In this section, the study aimed to examine how the reward system affected the implementation of performance management systems. This was measured by employee recognition, professional growth, immediate tasks, employee salary, employee bonuses, award to employee and risk allowance.

4.5.1 Employee Recognition

The respondents were asked whether employee recognition affects implementation of performance management systems in the organization. The findings as per Figure 4.13 established that majority of the respondents agreed (49%) that the employee recognition affects implementation of performance management systems in the organization, 18% were neutral, 14% disagreed, 10% strongly agreed and 8% strongly agreed that the employee recognition affects implementation of performance management systems in the organization.
Figure 4.13: Employee Recognition

4.5.2 Professional Growth

The respondents were asked whether professional growth affects implementation of performance management systems in the organization. The study findings as per Table 4.14 indicated that that majority of the respondents agreed (33%) that the professional growth affects implementation of performance management systems in the organization, 26% strongly agreed, 21% were neutral, 11% disagreed and 9% strongly disagreed that the professional growth affects implementation of performance management systems in the organization.

Table 4.14: Professional Growth

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Disagree</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Neutral</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>30</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.5.3 Immediate Tasks

The respondents were asked if the immediate tasks affect implementation of performance management systems in the organization from the respondents who were targeted and participated in the study. The study findings as per Figure 4.14 indicated that 35% of the respondents agreed while 24% of the respondents were neutral as others strongly agreed,
9% disagreed and 8% strongly disagreed that the immediate tasks affect implementation of performance management systems in the organization.

![Figure 4.14: Immediate Tasks](image)

### 4.5.4 Employee Salary

The respondents were asked whether employee’s salary in the organization influences performance management systems implementation. The findings as per Table 4.15 indicated that most of the respondents agreed (33) strongly agreed that employees’ salary in the organization influences performance management systems implementation. 29% agreed, 17% disagreed, 14% were neutral and 7% strongly disagreed that the employees’ salary in the organization influences performance management systems implementation.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>Neutral</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Agree</td>
<td>34</td>
<td>29</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.5.5 Employee Bonuses

The respondents were asked if employee bonuses and other material incentives in the organization influence the implementation of performance management system. The findings as per Table 4.16 indicated that most of the respondents agreed (42) that the employee bonuses and other material incentives in the organization influence the implementation of performance management system, 20% disagreed, 19% were neutral, 13% strongly agreed and 7% strongly disagreed that the employee bonuses and other material incentives in the organization influence the implementation of performance management system.

Table 4.16: Employee Bonuses

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Neutral</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Agree</td>
<td>49</td>
<td>42</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.5.6 Award to Employees

The respondents were asked whether the awards for employee of the year affect implementation of performance management systems in the organization. The findings as per Figure 4.15 established that majority of the respondents agreed (46%) that the awards for employee of the year affect implementation of performance management systems in the organization, 16% were neutral and another 16% strongly agreed, 11% were neutral, and 10% strongly disagreed that the awards for employee of the year affect implementation of performance management systems in the organization.
Figure 4.15: Award to Employees

4.5.7 Risk Allowance

The respondents were asked if award of risk allowance to employees affects the implementation of performance management systems in the organization. The findings as per Table 4.17 established that majority of the respondents were neutral (27%) that the award of risk allowance to employees affects the implementation of performance management systems in the organization, 24% agreed, 21% disagreed and another 21% strongly agreed and 7% strongly disagreed that the award of risk allowance to employees affects the implementation of performance management systems in the organization.

Table 4.17: Risk Allowance

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>Neutral</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.5.8 Ratings of Reward Systems and Implementation of Performance Management System

The study aimed to determine the effect of the reward system on successful implementation of performance management systems at NHIF among the respondents who participated in the study. The findings in Table 4.18 established that the employee salary in the organization influences performance management systems implementation at a mean of 3.65 and a standard deviation of 1.284. This was followed by the immediate tasks affects implementation of performance management systems in the organization at a mean of 3.59 (std dev. of 1.176) and professional growth affects implementation of performance management systems in my organization at a mean of 3.54 and a standard deviation of 1.249 as the main reward factors that lead to the successful implementation of performance management systems. On the other hand, a small number of the respondents agreed that employee recognition affects implementation of performance management systems in the organization at mean of 3.41 and a standard deviation of 1.167. Fewer respondents agreed that there are employee bonuses and other material incentives in the organization at mean of 3.34 (Std dev. of 1.138) and very few respondents agreed that the award of risk allowance to employee affects implementation of performance management systems in the organization at a mean of 3.31 and a standard deviation of 1.225.

Table 4.18: Ratings of Reward Systems and Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Reward Systems and Implementation of Performance Management System</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee recognition affects implementation of performance management systems in my organization</td>
<td>3.41</td>
<td>1.092</td>
</tr>
<tr>
<td>Professional growth affects implementation of performance management systems in my organization</td>
<td>3.54</td>
<td>1.249</td>
</tr>
<tr>
<td>Immediate tasks affects implementation of performance management systems in my organization</td>
<td>3.59</td>
<td>1.176</td>
</tr>
<tr>
<td>Employee salary in my organization influences performance management systems implementation</td>
<td>3.65</td>
<td>1.284</td>
</tr>
<tr>
<td>Employee bonuses and other material incentives in my organization</td>
<td>3.34</td>
<td>1.138</td>
</tr>
<tr>
<td>Awards for employee of the year affects implementation of performance management systems in my organization</td>
<td>3.42</td>
<td>1.233</td>
</tr>
<tr>
<td>Award of risk allowance to employee affects implementation of performance management systems in my organization</td>
<td>3.31</td>
<td>1.225</td>
</tr>
</tbody>
</table>
4.5.9 Correlations of Reward Systems and Implementation of Performance Management System

This section intended to measure the correlation between the reward systems and implementation of performance management system. The findings in Table 4.19 suggested that there was a strong correlation between employee salary and the successful implementation of performance management system at \( r = .478, < 0.05 \). Next, the relationship was extended to the professional growth and the successful implementation of performance management system at \( r = .379, < 0.05 \). There was also a significant relationship between awards of risk allowance to employee and implementation of performance management systems at \( r = .359, < 0.05 \). The relationship was extended to the immediate tasks affecting the successful implementation of performance management system in the organization at \( r = .343, < 0.05 \).

Table 4.19: Correlations of Reward Systems and Implementation of Performance Management System

<table>
<thead>
<tr>
<th></th>
<th>Successful Implementation of Performance Management System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee recognition affects implementation of performance management systems in my organization</td>
<td>Pearson Correlation .207* Sig. (2-tailed) .032 N 108</td>
</tr>
<tr>
<td>Professional growth affects implementation of performance management systems in my organization</td>
<td>Pearson Correlation .379** Sig. (2-tailed) .000 N 108</td>
</tr>
<tr>
<td>Immediate tasks affects implementation of performance management systems in my organization</td>
<td>Pearson Correlation .343** Sig. (2-tailed) .000 N 106</td>
</tr>
<tr>
<td>Employee salary in my organization influences performance management systems implementation</td>
<td>Pearson Correlation .478** Sig. (2-tailed) .000 N 106</td>
</tr>
<tr>
<td>Employee bonuses and other material incentives in my organization</td>
<td>Pearson Correlation -.013 Sig. (2-tailed) .897 N 108</td>
</tr>
<tr>
<td>Awards for employee of the year affects implementation of performance management systems in my organization</td>
<td>Pearson Correlation .091 Sig. (2-tailed) .350 N 108</td>
</tr>
<tr>
<td>Award of risk allowance to employee affects implementation of performance management systems in my organization</td>
<td>Pearson Correlation .359** Sig. (2-tailed) .000 N 104</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
4.5.10 Regression Analysis of Reward Systems and Implementation of Performance Management System

The regression equation between reward system and implementation of performance management system had a strong regression. In the model summary, the (F (4, 95)=7.573; R²=.242;p<.05) indicating that the reward system causes 24.2 percent variation in the implementation of performance management system, while the remaining 58.6 are attributable to other factors not considered in the study and one error term. This is outlined in Table 4.20 model summary below.

Table 4.20: Regression Analysis of Reward Systems and Implementation of Performance Management System

<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>I</td>
<td>.492a</td>
<td>.242</td>
<td>.210</td>
<td>.869</td>
</tr>
</tbody>
</table>

a. Predictors: Reward System

4.5.11 ANOVA of Reward Systems and Implementation of Performance Management System

ANOVA results, F = 7.573 (p<0.001), show that reward systems has a significant influence on implementation of performance management system. The ANOVA Table 4.21 is presented below.

Table 4.21: ANOVA of Reward Systems and Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22.862</td>
<td>4</td>
<td>5.716</td>
<td>7.573</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>71.698</td>
<td>95</td>
<td>.755</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>94.560</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Implementation of Performance Management Systems
b. Predictors: Reward Systems
4.5.12 Coefficient of Reward Systems and Implementation of Performance Management System

The key aspects of reward systems which significantly contributed to implementation of performance management systems use employee salary in the organization influences performance management systems implementation at ($\beta_1=0.270$, $t=2.732$, $p<0.001$). Table 4.22 below indicates the coefficients.

Table 4.22: Coefficient of Reward Systems and Implementation of Performance Management System

<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>(Constant)</td>
<td>2.357</td>
<td>.328</td>
<td>7.183</td>
<td>.000</td>
</tr>
<tr>
<td>Professional growth affects implementation of performance management systems in my organization</td>
<td>.110</td>
<td>.077</td>
<td>.147</td>
<td>1.429</td>
</tr>
<tr>
<td>Immediate tasks affects implementation of performance management systems in my organization</td>
<td>.028</td>
<td>.096</td>
<td>.034</td>
<td>.290</td>
</tr>
<tr>
<td>Employee salary in the organization influences performance management systems implementation</td>
<td>.270</td>
<td>.099</td>
<td>.365</td>
<td>2.732</td>
</tr>
<tr>
<td>Award of risk allowance to employee affects implementation of performance management systems in my organization</td>
<td>.020</td>
<td>.105</td>
<td>.025</td>
<td>.191</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Implementation of Performance Management Systems

4.6 Leadership Style and Implementation of Performance Management System

In this section, the study aimed to examine how leadership affected the implementation of performance management systems. This was measured by leadership styles, participative leadership style, free-rein leadership style, senior executive management, formulating and implementing the performance management systems, effective leadership style and the periodic review of the top management structure.
4.6.1 Leadership Style

To study intended to find out whether the leadership style adopted in the organization affects performance management systems implementation from the respondents who participated in the study. The findings as per Figure 4.16 established that majority of the respondents strongly agreed (33%) that the level of authority affects the successful implementation of performance management system in the organisation, 32% agreed, 13% disagreed, another 13% were neutral and 9% strongly disagreed that the leadership style adopted in the organization affects performance management systems implementation.

![Bar Chart](image)

Figure 4.16: Leadership Style

4.6.2 Participative Leadership Style

The study aimed to investigate participative leadership style in the organization helps to effectively implement performance management systems from the respondents who were targeted and participated in the study. The findings as per Table 4.23 established that majority of the respondents agreed (33%) that participative leadership style in the organization helps to effectively implement performance management systems, 31% were neutral, 16% disagreed, 11% strongly agreed and 8% strongly disagreed that participative leadership style in the organization helps to effectively implement performance management systems.
Table 4.23: Participative Leadership Style

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Neutral</td>
<td>36</td>
<td>31</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.6.3 Free-Rein Leadership Style

To study intended to find out whether free-rein leadership style in the organization helps to effectively implement performance management systems from the respondents who participated in the study. The findings as per Figure 4.17 established that majority of the respondents agreed (27%) that free-rein leadership style in the organization helps to effectively implement performance management systems, 25% disagreed, 23% were neutral, 14% strongly disagreed and 11% strongly agreed that free-rein leadership style in the organization helps to effectively implement performance management systems.

![Figure 4.17: Free-Rein Leadership Style](image)

4.6.4 Senior Executive Management

The respondents were asked to indicate whether senior executive management have a significant impact on the strategies and performance in the organization. The findings as per Table 4.24 established that majority of the respondents agreed (33%) that senior executive management have a significant impact on the strategies and performance in the
organization, 25% disagreed, 22% strongly agreed, 14% were neutral and 6% strongly disagreed that senior executive management have a significant impact on the strategies and performance in the organization.

Table 4.24: Senior Executive Management

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>29</td>
</tr>
<tr>
<td>Neutral</td>
<td>16</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
</tr>
</tbody>
</table>

4.6.5 Formulating and Implementing the Performance Management Systems

The respondents were asked to indicate whether formulating and implementing the performance management systems lies largely on leaders in my organization. The study findings as per Figure 4.18 illustrated that 45% of the respondents strongly agreed while 33% of the respondents agreed, 13% disagreed, 5% were neutral and 4% strongly disagreed that formulating and implementing the performance management systems lies largely on leaders in my organization.

![Figure 4.18: Formulating and Implementing the Performance Management Systems](image)

4.6.6 Effective Leadership Style

The respondents were asked to indicate if effective leadership style is key to systems implementation in the organization. The findings as per Table 4.25 established that majority of the respondents agreed (46%) that effective leadership style is key to systems
implementation in the organization, 24% strongly agreed, 19% were neutral, 7% disagreed and 4% strongly disagreed that effective leadership style is key to systems implementation in the organization.

**Table 4.25: Effective Leadership Style**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Neutral</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Agree</td>
<td>51</td>
<td>46</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>112</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**4.6.7 Periodic Review of the Top Management Structure**

The respondents were asked to indicate whether the periodic review of the top management structure in the organization affects performance management systems implementations. The findings as per Table 4.26 established that majority of the respondents were neutral (36%) that the periodic review of the top management structure in the organization affects performance management systems implementation, 24% agreed, 20% strongly agreed, 14% strongly disagreed and 6% disagreed that the periodic review of the top management structure in the organization affects performance management systems implementation.

**Table 4.26: Periodic Review of the Top Management Structure**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Neutral</td>
<td>40</td>
<td>36</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>112</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**4.6.8 Ratings of Leadership Style and Implementation of Performance Management System**

The study aimed to determine the effect of the leadership style on successful implementation of performance management systems at NHIF among the respondents who participated in the study. The findings in Table 4.27 established that formulating and implementing the performance management systems lies largely on leaders in the
organization at a mean of 4.04 and a standard deviation of 1.158. This was followed by effective leadership style is key to systems implementation in the organization at a mean of 3.79 and a standard deviation of 1.006. Third, the periodic review of the top management structure in the organization affects performance management systems implementation at a mean of 3.29 (std dev. of 1.262) and the leadership styles adopted by the organization affects performance management systems implementation at a mean of 3.68 and a standard deviation of 1.300 as the main factors leading to the successful implementation of performance management systems. On the other hand, a small number of the respondents agreed that the periodic review of the top management structure in the organization affects performance management systems implementation at mean of 3.29 and a standard deviation of 1.262. Fewer respondents agreed that participative leadership style in the organization helps to effectively implement performance management systems at mean of 3.23 (Std dev. of 1.117) and very few respondents agreed that free-rein leadership style in the organization helps to effectively implement performance management systems at a mean of 2.97 and a standard deviation of 1.242.

Table 4.27: Leadership Style and Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Leadership and Implementation of Performance Management System</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership styles adopted by my organization affects performance management systems implementation</td>
<td>3.68</td>
<td>1.300</td>
</tr>
<tr>
<td>Participative leadership style in my organization helps to effectively implement performance management systems</td>
<td>3.23</td>
<td>1.117</td>
</tr>
<tr>
<td>Free-Rein leadership style in my organization helps to effectively implement performance management systems</td>
<td>2.97</td>
<td>1.242</td>
</tr>
<tr>
<td>Senior executive management have a significant impact on the strategies and performance in my organization</td>
<td>3.39</td>
<td>1.247</td>
</tr>
<tr>
<td>Formulating and implementing the performance management systems lies largely on leaders in my organization</td>
<td>4.04</td>
<td>1.158</td>
</tr>
<tr>
<td>Effective leadership style is key to systems implementation in the organization</td>
<td>3.79</td>
<td>1.006</td>
</tr>
<tr>
<td>Periodic review of the top management structure in the organization affects performance management systems implementation</td>
<td>3.29</td>
<td>1.262</td>
</tr>
</tbody>
</table>
4.6.9 Correlations of Leadership Style and Implementation of Performance Management System

This section intended to measure the correlation between the leadership style and implementation of performance management system. The findings in Table 4.28 suggested that there was a strong correlation between the leadership styles and periodic review of the top management structure at (r=.454, <0.05). The relationship was extended to senior executive management have a significant impact on the strategies and performance in my organization at (r=.415, <0.05), effective leadership style is key to systems implementation in my organization at (r=.363, <0.05). There was also a significant relationship between leadership styles adopted in the organization and effective implementation of performance management systems at (r=.356, <0.05). The relationship was also extended to formulating and implementing the performance management systems lies largely on leaders in the organization at (r=.337, <0.05) and participative leadership style in the organization helping and effective implementation of performance management systems at (r=.336, <0.05).

Table 4.28: Correlations of Leadership Style and Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Leadership styles adopted by my organization affects performance management systems implementation</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation leadership style in my organization helps to effectively implement performance management systems</td>
<td>Pearson Correlation</td>
<td>.336**</td>
<td>.000</td>
</tr>
<tr>
<td>Free-Rein leadership style n my organization helps to effectively implement performance management systems</td>
<td>Pearson Correlation</td>
<td>.196*</td>
<td>.042</td>
</tr>
<tr>
<td>Senior executive management have a significant impact on the strategies and performance in my organization</td>
<td>Pearson Correlation</td>
<td>.415**</td>
<td>.000</td>
</tr>
<tr>
<td>Formulating and implementing the performance management systems lies largely on leaders in my organization</td>
<td>Pearson Correlation</td>
<td>.337**</td>
<td>.000</td>
</tr>
<tr>
<td>Effective leadership style is key to systems implementation in my organization</td>
<td>Pearson Correlation</td>
<td>.363**</td>
<td>.000</td>
</tr>
<tr>
<td>Periodic review of the top management structure in my organization affects performance management systems implementation</td>
<td>Pearson Correlation</td>
<td>.454**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
4.6.10 Regression Analysis of Leadership Style and Implementation of Performance Management System

The regression equation between leadership and implementation of performance management system had a strong regression. In the model summary, the (F (6, 97)= 11.4; R² =.414; p<.05) indicating that the leadership causes 41.4 percent variation in the implementation of performance management system, while the remaining 58.6 are attributable to other factors not considered in the study and one error term. This is outlined in Table 4.29 model summary below.

Table 4.29: Regression Analysis of Leadership Style and Implementation of Performance Management System

<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>.644*</td>
<td>.414</td>
<td>.378</td>
<td>.769</td>
</tr>
</tbody>
</table>

a. Predictors: Leadership Style

4.6.11 ANOVA of Leadership Style and Implementation of Performance Management System

ANOVA results, F = 11.431 (p<0.001), show that leadership style has a significant influence on implementation of performance management system. The ANOVA Table 4.30 is presented below.

Table 4.30: ANOVA of Leadership Style and Implementation of Performance Management System

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>40.577</td>
<td>6</td>
<td>6.763</td>
<td>11.431</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>57.385</td>
<td>97</td>
<td>.592</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>97.962</td>
<td>103</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Implementation of Performance Management Systems
b. Predictors: Leadership Style

4.5.12 Coefficients of Leadership Style and Implementation of Performance Management System

The key aspects of leadership style which significantly contributed to implementation of performance management systems use periodic review of the top management structure in my organization affects performance management systems implementation at (β₁=0.429, t=4.658, p<0.001), senior executive management influence to execute
performance management systems at \((\beta_1=0.290, t=3.704, p<0.001)\) and formulating and implementing the performance management systems lies largely on leaders in my organization at \((\beta_1=0.237, t=2.699, p<0.008)\). Table 4.31 indicates the coefficients.

Table 4.31: Coefficients of Leadership Style and Implementation of Performance Management System

<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>(Constant)</td>
<td>1.465</td>
<td>.354</td>
<td>4.141</td>
<td>.000</td>
</tr>
<tr>
<td>Leadership styles adopted by my organization affects performance</td>
<td>-.184</td>
<td>-.244</td>
<td>-1.544</td>
<td>.126</td>
</tr>
<tr>
<td>management systems implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participative leadership style in my organization helps to effectively</td>
<td>-.161</td>
<td>-.184</td>
<td>-1.288</td>
<td>.201</td>
</tr>
<tr>
<td>implement performance management systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior executive management have a significant impact on the</td>
<td>.290</td>
<td>.368</td>
<td>3.704</td>
<td>.000</td>
</tr>
<tr>
<td>strategies and performance in my organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formulating and implementing the performance management systems lies</td>
<td>.237</td>
<td>.290</td>
<td>2.699</td>
<td>.008</td>
</tr>
<tr>
<td>largely on leaders in my organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective leadership style is key to systems implementation in my</td>
<td>.096</td>
<td>.102</td>
<td>.886</td>
<td>.378</td>
</tr>
<tr>
<td>organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Periodic review of the top management structure in my organization</td>
<td>.429</td>
<td>.573</td>
<td>4.658</td>
<td>.000</td>
</tr>
<tr>
<td>affects performance management systems implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Implementation of Performance Management System

4.7 Chapter Summary

The major findings on the effect of the organization structure on the implementation of performance management system indicate that clear working standards leads to the implementation of performance management standards. Rules are designed to ensure a uniform and controlled standard of directing or managing worker’s affairs which helps in the implementation of performance management systems. Work specialization has a role to play with regards to performance management systems implementation. Employee knowledge of their roles and responsibilities at work helps the organization its objectives in implementing successful implementation of performance management system.
Coordination of effort can establish and build a culture within which teams and individuals can take responsibility for developing their own skills, performance and behaviour. The major findings on the effect of reward systems on the implementation of performance management system indicate that pay for performance unifies the workforce in pursuit of common goals that helps in the implementation of performance management system. Support from the organization for the professional development of employees is important for successful implementation of performance management system. Recognizing and bonuses can assist an organization in getting the best from its employees in the implementation of performance management system. The major findings on the effect of leadership on the implementation of performance management system indicate that the success of performance management systems in any organization depend upon the commitment and involvement of the leaders. Leaders play a critical role in delivering performance management systems. Leaders have a significant impact on the strategies and performance of their organizations. Lastly, NHIF successfully implemented formal performance appraisal systems, set the key result area, performance evaluation, and review and monitoring. The next chapter is on the summary, discussion, conclusion and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this section, the researcher provides a discussion on the findings of the research as compared to the findings in the literature review, the summary of the study and recommendations for further improvement on identifying the measures to be taken on the assessment of the internal factors affecting successful implementation of performance management systems. The research is concluded on the basis of the conclusions drawn from the research objectives.

5.2 Summary of the Study

The purpose of the study was to examine the internal factors affecting successful implementation of performance management systems a case of NHIF. The study was guided by the following research questions: To what extent does organization structure affect successful implementation of performance management systems at NHIF? To what extent does the reward system affect successful implementation of performance management systems at NHIF? And to what extent does leadership style at NHIF affect successful implementation of performance management systems at NHIF?

Descriptive research design was adopted for the study. The target population for the study was 1205 NHIF employees in Kenya. Stratified random sampling was applied to select a sample size of 134 participants. Primary data was collected through a structured questionnaire. For data analysis, descriptive statistics was adopted in the study to tabulate frequencies, percentages, means and standard deviation. Inferential statistics was also conducted using correlation analysis which assessed the relationships among the factors while regression analysis aggregated contribution of the organization structure, reward systems and leadership on successful implementation of performance management systems (outcome). The analysis was SPSS and the out was presented in tables and figures.

The major findings on the effect of the organization structure on the implementation of performance management system indicate that clear working standards leads to the
implementation of performance management standards. Rules are designed to ensure a uniform and controlled standard of directing or managing worker’s affairs which helps in the implementation of performance management systems. Work specialization has a role to play with regards to performance management systems implementation. Employee knowledge of their roles and responsibilities at work helps the organization its objectives in implementing successful implementation of performance management system. Working collaboratively and collectively helps to successfully achieve performance management system. Coordination of effort can establish and build a culture within which teams and individuals can take responsibility for developing their own skills, performance and behaviour.

The major findings on the effect of reward systems on the implementation of performance management system indicate that pay for performance unifies the workforce in pursuit of common goals that helps in the implementation of performance management system. Support from the organization for the professional development of employees is important for successful implementation of performance management system. Recognizing and satisfying needs can assist an organization in getting the best from its employees in the implementation of performance management system. Employee bonuses and other material incentives in the organizations attracts high levels of service motivation among those identify very closely with the goals of the organization. Employee reward systems provide coverage of how people are rewarded in line with their value to an organization.

The major findings on the effect of leadership on the implementation of performance management system indicate that the success of performance management systems in any organization depend upon the commitment and involvement of the leaders. Leaders play an important role in designing policies which ensure an efficient management of performance in an organization and to define and act upon the core values relating to performance. Leaders play a critical role in delivering performance management systems. Leaders have a significant impact on the strategies and performance of their organizations. An effective performance management process enables the top management to evaluate and measure individual and team performance and to optimize performance and productivity to meet the organizational goals.
5.3 Discussion

5.3.1 Organization Structure and Implementation of Performance Management System

The organization structure sets forth the expectations and goals for individuals to channel their efforts toward achieving organizational objectives. The study established that there are clear working standards affecting performance management systems implementation. Hamel (2013) suggests that clear working standards describe what each employee is expected to perform. This is consistent with London (2012) arguments that having clear position description, job requirements and performance expectations that are results-based which are clearly stated and understandable to all parties. This leads to the implementation of performance management standards that express performance thresholds, requirements and expectations that must be met for an employee to be appraised at a particular level of performance. Anthony (2014) adds that the standards may not be limited to: quality, quantity, timeliness, and manner of performance. Effective performance standards should be differentiating, observable, consistent, achievable and measurable within performance management systems throughout the appraisal period.

Different types of organization structures can be essential in performance management systems implementation if proper matching of rules and regulations with performance management system is done. The findings established that the organization has rules and regulations to ensure reasonable predictability in the organization that enhance performance management systems implementation. Similarly, French (2015) suggests that rules have been in existence for enhanced performance management systems implementation. Similarly, Yakubu (2010) suggest that rules and regulations are designed in organizations to ensure a uniform and controlled standard of directing or managing worker’s affairs which helps in the implementation of performance management systems. French (2015) adds that it is unwritten when the rules and the principles are conventionally or customarily embedded into the practice of the people they ensure that the organization moves in the right direction in accordance with performance management systems.
Work specialization has a role to play with regards to performance management systems implementation. The findings established that work specialization affects performance management systems implementation in the organization as another factor leading to the successful implementation of performance management systems. London (2012) suggests that specialization allows every person to be a professional in what he does. Specialization involves giving workers individual job roles to remove the responsibility of other jobs and reducing the worker’s capacity to one task in particular. Hamel (2013) observed that although specialization can be advantageous, workers are often expected to have certain general skills as well. A worker with specialized skills that does not have general skills might be at a disadvantage when searching for a job. For instance, an expert in real estate law might not be as desirable to employers as someone with less experience if he doesn't know how to use basic computer programs which can be hindrance in the successful implementation of performance management systems. According to Drazin and Howard (2009) a proper strategy-structure alignment is a necessary precursor to the successful implementation of new business strategies.

Employee knowledge of their roles and responsibilities at work helps the organization its objectives in implementing successful implementation of performance management system. The results revealed that a small number of the respondents agreed that employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in the organization. Consequently, London (2012) warns that employee lack of knowledge of their roles and responsibilities may end up exhibiting poor results in the successful implementation of performance management systems. Schaap (2010) suggests that employee skills on their job responsibilities contribute to continuous improvement of business processes and performance. The development of the employee knowledge, skills and capabilities help to deliver the organizational strategy, plans, objectives as well as performance management systems.

Working collaboratively and collectively helps to successfully achieve performance management system. The findings indicated that fewer respondents agreed that the coordination of departments affects successful implementation of performance management system in the organization. The findings were further backed up by very few respondents who agreed that the coordination of efforts in the organization affects the
successful implementation of performance management system. Similarly, London (2012) suggests that coordination of effort can establish and build a culture within which teams and individuals can take responsibility for developing their own skills, performance and behaviour. Collective collaboration is an important starting point for effective implementation of performance management systems. This context provides the preparation of departmental and team plans which in turn inform managers about the knowledge, skills and competencies required by individuals and teams; the number of people required to achieve the objectives and what measurement and feedback systems need to be managed for successful implementation of performance management systems.

5.3.2 Reward Systems and Implementation of Performance Management System
Pay for performance unifies the workforce in pursuit of common goals that helps in the implementation of performance management system. The findings established that the employee salary in the organization influences performance management systems implementation. Similarly, Armstrong (2010) suggests that most employees regard monetary rewards such as salary and allowances as significant motivating factors in the implementation of performance management system. However, non-monetary factors such as job security, career prospects, and working conditions, are also very relevant. Improved monetary rewards are regarded as the most important motivational factor by staff across all types of organizations in most countries. This is not surprising because the public services here have experienced significant drops in pay over the last thirty years - despite some recent improvements. It needs to be conceptualized that indeed a systemic reality exists in the developing countries. This is with regards to the fact that public service incentives are weak. This is because in most developing countries for instance the wages are too low and pay scales that at best are barely sufficient to live on. This makes public organizations less competitive as compared with the private sector. According to Armstrong (2005), reward systems therefore have arguably been at the center stage as far as the performance and implementation of management systems of these organizations is concerned.

Support from the organization for the professional development of employees is important for successful implementation of performance management system. The results revealed that professional growth affects implementation of performance management
systems in the organization as one of the main reward factors that lead to the successful implementation of performance management systems. Similarly, London (2012) suggests that performance management system enables overall goals to be broken down into discrete goals for departments, teams, and individual employees. In addition, data from performance management systems enables organizations to challenge the content and effectiveness of the strategies through professional growth to improve employee performance. For successful performance management system to take root and to support the improved practice, employees need professional development and reward systems need to establish processes for monitoring the results. Similarly, Tourangeau et al. (2010) reported that opportunities for new challenges are a motivator for employee commitment towards the implementation of performance management system.

Recognizing and satisfying needs can assist an organization in getting the best from its employees in the implementation of performance management system. The results revealed that a small number of the respondents agreed that employee recognition affects implementation of performance management systems in the organization. Similarly, Hannagan (2012) suggests that given the chance and the right stimuli employees work well, productively and positively for successful implementation of Performance Management System. PMS attracts a certain kind of person that more readily identifies with the mission of the organization and employee recognition can play a major role that needs to be explored (Hongoro, 2012). Armstrong (2001) notes that it is interesting to see the effort people put in such endeavors, for which they are unlikely to gain any material reward. It is important for organizational management policies to encourage the employees to put a lot of effort in the work place, as they would do in a team sport event by making work as much fun as possible. In this regard, the needs of the employees should be identified and attempts made to motivate employees. Also, work place achievement by reaching or exceeding task objectives is particularly important on the part of the employees is part of the basic human drive. This has been identified as one of the most powerful motivators to the implementation of performance management system and a great source of employee satisfaction (Herzberg, 2002).

Employee bonuses and other material incentives in the organizations attracts high levels of service motivation among those identify very closely with the goals of the
organization. The findings indicated that fewer respondents agreed that there are employee bonuses and other material incentives in the organization. Higher materialistic incentives can reduce non-materialistic motivation, in particular in environments where the latter is high or where such measures are perceived as controlling. The result may ultimately be a negative one that leads to overall reduced motivation. Bonus programs have been used in business from time to time (London, 2012). This is because such programs usually reward individual accomplishment and are best suited for organizations. In such organizations they can be useful in encouraging employees to generate additional business or higher profits. In some instances such bonuses can be useful in helping recognize group accomplishments (Dewhurst, 2010).

The findings established that very few respondents agreed that the award of risk allowance to employee affects implementation of performance management systems in the organization. Kreitner, et. al. (2009) suggests that employee reward systems provide coverage of how people are rewarded in line with their value to an organization. As already outlined above, it entails both financial and non-financial rewards and embraces the strategies, policies, structures and processes used to develop and maintain reward systems. In this regard therefore it showcases various ways in which people are valued and how they can make a considerable impact on the effectiveness of the organization and is at the heart of the employment relationship.

5.3.3 Leadership Style and Implementation of Performance Management System

The success of performance management systems in any organization depend upon the commitment and involvement of the leaders. The findings established that formulating and implementing the performance management systems lies largely on leaders in the organization. Similarly, London (2012) suggests that leaders play an important role in designing policies which ensure an efficient management of performance in an organization and to define and act upon the core values relating to performance. Top management plays a vital role in convincing the line managers that performance management can be instrumental in the achievement of business goals and thus ensure the implementation of performance management system. Top managers are expected to develop a high performance culture in an organization by clearly defining the work expectations and communicating to everyone for ensuring success in the achievement of
business goals and facilitating an overall performance improvement. Leaders are the most powerful wealth responsible for driving the success and the future of his organization through the best reward systems in the industry for retaining the existing talent and the attracting the best from the industry.

Leaders play a critical role in delivering performance management systems. The findings established that effective leadership style is key to systems implementation in the organization. The findings indicated that the leadership styles adopted by the organization affect performance management systems implementation as one of the main factors leading to the successful implementation of performance management systems. Similarly, White (2004) suggests that the responsibility of formulating and implementing the performance management systems lies largely on leaders of an organization. Leaders are the ones who decide what must be done, and then actually figure out how it is going to be done. Harrison (2013) also indicates that leaders have a significant impact on the strategies and performance of their organizations. This is also the case for excellent leadership which also has an enormous positive influence. The influence of leadership can take both positive and negative dimensions. It follows therefore that poor leadership can have a powerful negative influence and create dissonance amongst employees (Worley and Doolen, 2006).

An effective performance management process enables the top management to evaluate and measure individual and team performance and to optimize performance and productivity to meet the organizational goals. The findings established that the periodic review of the top management structure in the organization affects performance management systems implementation. Meyer (2010) argued that an organization’s success is not just dependent upon having the right strategy and resources. It is also reliant upon the ability of its management to harness, direct and support teams and individuals to engage in delivering the organization’s mission and objectives. Managers need to be able to consistently deliver performance and results and get the best possible performance from the teams and individuals they manage for successful implementation of performance management systems.
The period review of top management structure enables the understanding of the organization goals and the team outputs towards the achievement of performance management systems. The results revealed that a small number of the respondents agreed that the periodic review of the top management structure in the organization affects performance management systems implementation. Similarly, London (2012) suggests that the review of the top management structure is essential for the achievement of organizational objectives in line with performance management system. The review of the top management and employees leads to higher performance.

A participative leader style encourages the implementation of performance management systems. The findings indicated that fewer respondents agreed that participative leadership style in the organization helps to effectively implement performance management systems. In contrast, Megginson, et al. (2006) suggests that a participative leadership style encourages group discussions about an issue and then makes a decision that reflects the consensus (general agreement) of group members. The leadership style thus turns out more authority to the group and results to consensus decision input. Newstrom and Keith (2002) suggest that in order for performance management systems to be successful, there is need to be a collaborative process between supervisors and employees.

Another small number of respondents agreed that free-rein leadership style in the organization helps to effectively implement performance management systems. Newstrom and Keith (2014) suggest that a free rein leader turns over almost authority to group members and does as little as possible. They make few attempts to increase productivity to their employees. These individuals may neither require technical direction nor encouragement yet in the long run; even self-sufficient professionals require some feedback and recognition from their manager in order to sustain high performance.
5.4 Conclusions

5.4.1 Organization Structure and Implementation of Performance Management System

The study concludes that clear working standards leads to the implementation of performance management standards. Rules are designed to ensure a uniform and controlled standard of directing or managing worker’s affairs which helps in the implementation of performance management systems. Work specialization has a role to play with regards to performance management systems implementation. Employee knowledge of their roles and responsibilities at work helps the organization achieve its objectives in implementing performance management system. Working collaboratively and collectively helps to successfully achieve performance management system. Coordination of effort can establish and build a culture within which teams and individuals can take responsibility for developing their own skills, performance and behaviour.

5.4.2 Reward Systems and Implementation of Performance Management System

The study also concludes that pay for performance unifies the workforce in pursuit of common goals that helps in the implementation of performance management system. Support from the organization for the professional development of employees is important for successful implementation of performance management system. Recognizing and satisfying needs can assist an organization in getting the best from its employees in the implementation of performance management system. Employee bonuses and other material incentives in the organizations attracts high levels of service motivation among those identify very closely with the goals of the organization. Employee reward systems provide coverage of how people are rewarded in line with their value to an organization.

5.4.3 Leadership Style and Implementation of Performance Management System

The study concludes that the success of performance management systems in any organization depend upon the commitment and involvement of the leaders. Leaders play an important role in designing policies which ensure an efficient management of performance in an organization and to define and act upon the core values relating to performance. Leaders play a critical role in delivering performance management systems.
Leaders have a significant impact on the strategies and performance of their organizations. An effective performance management process enables the top management to evaluate and measure individual and team performance and to optimize performance and productivity to meet the organizational goals.

5.5 Recommendations
5.5.1 Recommendation for Improvement
5.5.1.1 Organization Structure and Implementation of Performance Management System
The study recommends that NHIF should have clear working standards to promote the implementation of performance management standards. Rules and regulations should be designed to ensure a uniform and controlled standard of directing or managing worker’s affairs which helps in the implementation of performance management systems. Work specialization should be optimized to enhance the implementation of performance management systems. Employee knowledge of their roles and responsibilities should help the organization achieve its objectives in implementing performance management system. departments and teams should work collaboratively and collectively to successfully achieve performance management system. Coordination of effort should establish and build a culture that individuals can take responsibility for developing their own skills, performance and behaviour in the implementation of performance management system.

5.5.1.2 Reward Systems and Implementation of Performance Management System
There should be adequate pay for performance to unify the workforce in pursuit of common goals that help in the implementation of performance management system. The organization should support the employees in their professional development as a critical element in the implementation of performance management system. Job recognition and rewards for exceptional performance should be fairly administered to all employees to get their best in the implementation of performance management system. Employee bonuses and other material incentives should help the organizations attracts high levels of service motivation to achieve the goals of the organization. Employee reward systems should provide coverage of how people are rewarded in line with their value to an organization.
5.5.1.3 Leadership Style and Implementation of Performance Management System

There is need for top leadership support for successful implementation of performance management systems in any organization. The study therefore, recommends that leaders should play an important role in designing policies to ensure that there is an efficient management of performance in the organization, define and act upon the core values of the organization relating to performance management systems. The study also recommends leaders to play a critical role in delivering performance management systems, have a significant impact on the strategies and performance of their organizations. There should an effective performance management process that enables the top management to evaluate and measure individual and team performance to meet the organizational goals.

5.5.2 Suggestions for Further Studies

The current study investigated the influence of the internal factors on the successful implementation of performance management systems with a key focus on NHIF. The findings narrow down to the organization and therefore, the study recommends that future researchers can investigate on other factors that can affect successful implementation of performance management systems be carried out and similar studies in the private sector, how organizational culture affects successful implementation of performance management systems, decision making and the challenges on the same.
REFERENCES


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Femi, T.T. (2013). *A description of whether the objectives of the performance management system of the Botswana department of tribal administration*
are being realized. Master Thesis Submitted at the University of Stellenbosch.


APPENDICES

APPENDIX 1: COVER LETTER

Caroline Muthoni Macharia

P.O.BOX 32304-00600

Nairobi

Dear Respondent,

RE: REQUEST FOR YOUR PARTICIPATION IN MY ACADEMIC RESEARCH PROJECT

I am a graduate student at the United States International University currently pursuing a degree in Masters of Business Administration (MBA). I am undertaking a research in fulfillment of my graduate project. I am conducting a study on internal factors affecting successful implementation of performance management systems in: a case of National Hospital Insurance Fund (NHIF).

Given your professional placing in a similar environment to my papers’ area of interest, I hereby request for your assistance in filling the attached questionnaire that will facilitate me to prepare and complete the research project. All the information provided herein shall be treated with ultimate confidentiality. On completion of my paper, I will be honored to do a presentation on my findings and recommendations to your organization.

Your participation in this study will be highly appreciated.

Yours sincerely,

Caroline Muthoni Macharia
APPENDIX 2: DATA COLLECTION INSTRUMENT

SECTION A: BACKGROUND INFORMATION

Name of the Respondent (Optional) ________________________________________________

1. Gender
   a. Male [ ]
   b. Female [ ]

2. Years of Employment
   a. Less than a year [ ]
   b. 1 – 5 [ ]
   c. 6 – 10 [ ]
   d. 11 and above [ ]

3. Please indicate your level of education
   a. Diploma [ ]
   b. Bachelor [ ]
   c. Masters [ ]
   d. Doctorate [ ]
   e. Other (Please specify) ______________________________________________________

4. How long have you been working at NHIF?
   a. Less than 2 year [ ]
   b. 3 – 5 years [ ]
   c. 6 – 8 years [ ]
   d. 9 years and above [ ]

5. What is your position at NHIF?
   a. Senior Management [ ]
   b. Middle level Management [ ]
   c. Supervisor [ ]
   d. General staff [ ]
Section B: Organization Structure and Implementation of Performance Management System

6. Using a scale of 1 – 5, please circle the numeric value corresponding to your personal opinion for each statement.

The following elements of the organization structure affect performance management system implementation at NHIF

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The lines of authority in my organisation affect the successful implementation of performance management system in my organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. The coordination of efforts in my organisation affects the successful implementation of performance management system in my organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. Employee knowledge of their roles and responsibilities affects the successful implementation of performance management system in my organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. Coordination of departments affects successful implementation of performance management system in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. Clear working standards affects performance management systems implementation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. Work specialization affects performance management systems implementation in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. Having rules and regulations to ensure reasonable predictability in my organization enhances performance management systems implementation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

In what other way does the organization structure influence implementation of performance management system?

………………………………………………………………………………………………
………………………………………………………………………………………………
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………………………………………………………………………………………………

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Section C: Reward Systems and Implementation of Performance Management System

7. Using a scale of 1 – 5, please circle the numeric value corresponding to your personal opinion for each statement.

<table>
<thead>
<tr>
<th></th>
<th>STATEMENT</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employee recognition affects implementation of performance management systems in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Professional growth affects implementation of performance management systems in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Immediate tasks affects implementation of performance management systems in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Employees salary in my organization influences performance management systems implementation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Employee bonuses and other material incentives in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Awards for employee of the year affects implementation of performance management systems in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Award of risk allowance to employees affects implementation of performance management systems in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

In what other way does the reward system influence implementation of performance management system?
Section D: Leadership and Implementation of Performance Management System

8. Using a scale of 1 – 5, please circle the numeric value corresponding to your personal opinion for each statement.

Leadership can influence implementation of performance management system in the following ways:

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Leadership styles adopted by my organization affects performance management systems implementation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2 Participative leadership style in my organization helps to effectively implement performance management systems</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3 Free-Rein leadership style in my organization helps to effectively implement performance management systems</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4 Senior executive management have a significant impact on the strategies and performance in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5 Formulating and implementing the performance management systems lies largely on leaders in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6 Effective leadership style is key to systems implementation in my organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7 Periodic review of the top management structure in my organization affects performance management systems implementation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

In what other way does leadership style influence implementation of performance management system?
9. Using a scale of 1 – 5, please circle the numeric value corresponding to your personal opinion for each statement.

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>Not at all</th>
<th>Small Extent</th>
<th>Moderate Extent</th>
<th>Great Extent</th>
<th>Very Great</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my organization we have formal performance appraisal systems.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The performance management systems in my organization includes setting key result area for every employee</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In my organisation performance appraisal system includes performance evaluation, review and monitoring</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In my organisation employees are given feedback of their performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In my organization the performance review is done annually</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In my organization employees are involved in setting up the performance measurement metrics</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In my organization there is peer to peer performance evaluation</td>
<td>1</td>
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<td>4</td>
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