EFFECTS OF PERFORMANCE MANAGEMENT SYSTEMS ON SALES OUTCOMES IN NEW CAR DEALERSHIPS IN KENYA

BY

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UNITED STATE INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2019
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A Research Project Report Submitted to the Chandaria School of Business in Partial
Fulfillment of the Requirement for the Degree of Master of Science in
Organizational Development

UNITED STATED INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2019
STUDENTS DECLARATION

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

Signed: ___________________________  Date: _________________________

Elizabeth Naserian Kimathi (ID 656097)

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

Signed: ___________________________  Date: _________________________

Dr. Juliana Namada

Signed: ___________________________  Date: _________________________

Dean, Chandaria School of Business
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ABSTRACT

This study focused on determining the effect of performance management systems on sales outcomes in new car dealerships in Kenya. The study was dedicated on determining whether goal setting affects sales outcomes in new car dealerships in Kenya, identifying whether the provision of continuous performance feedback affects sales outcomes in new car dealerships in Kenya, and assessing whether incentive systems affect sales outcomes in new car dealerships in Kenya.

The research design that was used in the study was a correlational study. The population or the area of interest for the study were sales teams of 10 new vehicles dealers in Kenya, whereby the sample frame was a list of 10 new car dealerships that were deduced from the Kenya Association of Manufacturer's report of June 2018. This study made use of primary data, collected through a structured questionnaire, and to check for accuracy, ease of use and reliability of the questionnaire was piloted using 10 respondents, and later on, administered to the respondents who were given 2 weeks to fill them. Collected data was predominantly quantitative and therefore, descriptive statistics which included measures of central tendency (means) and dispersion (standard deviation) were calculated using the Statistical Package for Social Science (SPSS). These statistics were presented in form of tables, and graphs.

The study showed that employees’ attitude to work was not determined by the difficulty in attaining their goals, and they excelled at tasks that had a learning goal that required new skills or knowledge, and they did not tend to choose tasks that they would succeed in and avoid those that were more challenging. Having high goals did not demoralize the sales team, and shared vision had strengthened the firm’s cooperative goal. Goals did not matter if the working environment was poor, and employees loved setting their personal goals related to their line of work.

The study showed that employees’ performance had been enhanced by evaluative and non-evaluative feedback from the supervisors, and this provided employees with continuous coaching that improved their performance. Feedback enabled employees to be aware of what exactly was expected from them, and firms used performance tracking that provided employees with their performance feedback. Employees’ personal development
plan helped them to grow their skills and knowledge with the changing environment, and they found group feedback to be more effective compared to personal performance feedback.

The study showed that employees’ level of self-efficacy (general confidence) helped them to thrive in the competitive market, as well as competitive incentive programs highly influenced employees’ productivity. Employees are rewarded to meet their productivity target levels. Financial incentives significantly influenced employees’ productivity and performance, and salaries were key motivator for the employees. The study revealed that it was not very difficult to design a fair and effective reward program, and employees are not motivated by verbal rewards (positive feedback) as compared to financial rewards that focus on performance.

The study concludes that high set goals by the firms had not pushed employees into breaking the laws in order to remain competitive, and that performance feedback and autonomy helped employees understand the organizational goals better, and they were more motivated by peer performance comparisons. Commissions on sales volume had a positive impact on the employees’ basic motivation, and for them to remain motivated, the firms need to appropriately reward their efforts, using pay plans with higher adjustable proportions that increase their basic/intrinsic motivation.

The study recommends the owners and managers of these car dealerships to refrain from using these sales target goals to motivate employees, since it may lead to unethical behaviors from employees, but rather encourage employees to build character by checking their performance in terms of learning and application, which may encourage great employee behaviors.
ACKNOWLEDGMENT

I would like to thank my family for their support throughout the period that I worked on this project. Their constant encouragement helped me push through the tough times. I also would like to thank Dr. Namada who taught me the research skills I required and supervised the execution of this project.
DEDICATION

To Bill, for always believing in me.
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<table>
<thead>
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<tr>
<td>EA</td>
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<tr>
<td>GM</td>
<td>General Motors</td>
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<td>HR</td>
<td>Human Resource</td>
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<td>KIPPRA</td>
<td>Kenya Institute for Public Policy Research and Analysis</td>
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<td>SPSS</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Over the years, a lot of research has gone into analyzing the effects of performance management on sales outcomes, unpacking the various antecedents to salesperson performance. In 1985, researchers carried out a meta-analysis to investigate the evidence that had thus far been gathered on the associations between sales performance and determinants of that performance. The results indicated that the determinants can be ordered in the following way: (1) personal factors; (2) skill; (3) role variables; (4) aptitude; (5) motivation; and (6) organizational/environmental factors. The results further indicated that the strength of the relationship between the major determinants and salespeople's performance is affected by the type of products salespeople sell (Churchill, Ford, Hartley & Walker, 1985).

In 2011, other researchers again performed a meta-analysis, this time of the research that had been done from 1982 to 2008 on salesperson performance drivers. They found that five sub-categories demonstrate significant relationships with sales performance: (1) selling-related knowledge; (2) degree of adaptiveness; (3) role ambiguity; (4) cognitive aptitude; and (5) work engagement. These sub-categories are moderated by measurement method, research context, and sales-type variables. The authors suggest that as the world is moving toward a knowledge-intensive economy, salespeople could now be functioning as knowledge-brokers (Verbeke, Dietz & Verwaal, 2011).

Based on a sample of automobile salespeople across various automobile dealerships in the United States (US), a study published earlier this year (Murshed, Feisal & Sangtani, 2018) looked at the moderating role of perceived customer product knowledge on salesperson effort-performance link. They found that the positive impact of salesperson effort on sales performance is weakened when perceived customer product knowledge is high. The findings suggest that when dealing with customers with low product knowledge, a salesperson should spend significant time to work up the sales pitch, communicate the product information, and close the sale. However, exerting additional effort towards customers with high product knowledge may not be conducive to improved sales outcomes.
The most recent study in this field that the author is aware of looking at salespeople’s innovativeness as the driver for sales performance (Ferdinand & Wahyuningsih, 2018). This study by Ferdinand and Wahyuningsih (2018) found that salespeople’s innovativeness will improve the positive selling ambiance initiative, which in turn enhances sales performance. An innovative salesperson is one with creative selling ability, creativity in his/her ability to provide new ways of selling, several different approaches or methods of problem-solving or the ability to sell innovatively and thus a positive selling ambiance. An innovative salesperson enhances positive selling ambiance, for example, by ensuring that service for price is achieved, positively articulating worth in terms of the customer’s time, value and money and causing the customer to have a good feeling about getting his/her money’s worth. The positive selling ambiance initiative will have a sizable impact on improving sales conversation success, as measured by increased sales volume, sales value and sales growth (Ferdinand & Wahyuningsih, 2018).

There has been extensive research on the factors that affect sales outcomes. Barker (1999) carried out research that examined the activities that enhance salesforce performance. Barker (1999) found that effective salesforces are more adaptive in selling, handle customer complaints better; and generate higher market shares and profits, especially by selling new products. All these findings by Barker (1999) indicate that the higher-performing salesforces possess characteristics that are typically associated with behavior orientation rather than outcome orientation. The importance of adaptiveness, call planning, and sales support, coupled with the fact that selling capability is not significant, suggests that in the sample used, a behavior-oriented salesforce is likely to outperform a results-oriented salesforce. Barker (1999) therefore recommended that behavior-oriented sales managers must spend considerably more time monitoring and coaching their salespeople and analyzing sales activities and sales call reports.

Another study by Baldauf et al. (2001) assessed the effect of company strategic objective, sales manager behavior control and sales territory design on sales person behavioral and outcome performance and eventually on the sales organization effectiveness. Their study found a strong direct relationship between salesperson outcome performance and sales organization effectiveness, as well as important indirect impacts on effectiveness for sales
management control strategy, territory design, and salesperson behavior performance. However, the study findings indicate a weak relationship between the strategy dimensions, salesperson performance, and sales organization effectiveness.

According to Zallocco, Pullins and Mallin (2009), Managers and Sales Executives preferred that any new performance measures be classified as both internally oriented and indicative of sales effectiveness. This confirmed prior research findings that the mere process of developing salesperson capabilities will also serve to maximize sales outcome effectiveness as the skills developed (through internally oriented development modes) will be used to achieve sales goals. In addition, the researcher (Zallocco et al., 2009) found that organizations also needed to consider the broader role of performance evaluation (e.g. customer satisfaction, account penetration and so on). Finally, (Zallocco et al., 2009) found that additional communication about the rationale and purpose of performance evaluation is necessary.

Modern works in the realm of performance management are seen to have begun emerging in the period around World War I (1914-1918) with works such as those of W. D. Scott, a psychologist. He and a team of other psychologists at Carnegie-Mellon University initially researched salesman selection using trait psychology to develop a rating system. After World War I broke out, Scott worked with the army to identify the abilities required to be in the army, placing every recruit where they could optimize their performance and select and promote officers based purely on their aptitudes and achievements (Wiese & Buckley, 1998).

From the 1970s to the 1990s changes in legislation around employee rights, equal opportunity, civil rights, etc. made organizations have to implement better systems of measurement. This introduced the use of Performance Management Systems that were aimed at bringing about a performance measurement culture in organizations (Furnham, 2004). The importance of performance management systems became heightened in the late 1980s into the 1990s with works such as the study conducted by Hewitt Associates (1994) which investigated performance management in 437 publicly held United States (U.S) companies. It showed a strong correlation between performance management and both an organization’s financial performance and its productivity. In the late 1990s and
early 2000s, the importance of taking into consideration human behavior and company culture came into play. For example, Simons (2000) emphasized the importance of human behavior in the design and implementation of performance management systems.

Most recently, from a global perspective, Sharma and Agarwal (2016) developed perceived Performance Management Systems (PMS) accuracy and effectiveness measures to measure employee perceptions regarding PMS. According to them, a good PMS provides an exact basis for recognition of employee performance to accurately enhance performance that contributes value to the organization. In Kenya, Odhiambo (2015), in his case study of Schindler Limited, concluded that effective performance management practices should be optimized to improve employee performance. Looking at the motor industry in Kenya, findings of a study on staff performance management practices in General Motors (GM) East Africa (EA) Limited conducted by (Afande, 2015) revealed that performance management has a positive influence on employees’ productivity.

In Kenya, the motor industry is broadly divided into new car dealers and used car dealers. New car dealers are local franchise holders of various global automotive brands, with licenses to sell, service and provide parts for brand new products from various motor vehicle brands. Used car dealers tend to operate more informally, importing second-hand vehicles mostly from Japan and China and reselling them in the local market. There are about a dozen new car dealers in Kenya. These include Simba Colt Motors, CMC Motors, Amazon Motors, Toyota Kenya, and DT Dobie among others. They are involved in the distribution of new vehicles and also provide aftersales services. Kenya’s motorization rate stands at 28 vehicles per 1,000 inhabitants as of 2015, translating to an estimated 2.5 million vehicles on Kenyan roads. With an annual growth rate of 11 percent, Kenya is likely to have close to 5 million vehicles on the road by 2030, equivalent to a motorization rate of 56 vehicles.

Currently, Kenya depends on imported motor vehicles. In 2015, out of the 247,181 vehicles duly registered, only 19,523 (8%) were new (KIPPRA, 2018). High levels of competition are observed in this sector, especially with regards to sales. Sales numbers of new units for every brand are collected and published every month to members of the Kenya Motor Industry Association. Competition is stiff as these companies fight to
increase their market share in the backdrop of heavy taxation in the sector, increasing inflation, slow government payments and heavy competition from the used car market (KIPPRA, 2018).

1.2 Statement of the Problem
The competition in the new car sector in Kenya’s motor industry is very high. There are a number of companies selling and servicing many brands of new cars in the local market, competing for the limited market share of Kenyans in the middle class and above who can afford these products and services (Okoth, 2013). This high level of competition means that new car dealership must do all that they can to achieve optimal sales in the market-their key revenue earner (Otuki, 2018). It is therefore important for new car dealers to clearly understand what truly drives their salesforce performance so that efforts can be applied on the right management activities that will lead to the optimal performance of the sales teams, in the context of a highly competitive market.

Odhiambo (2015) focused on the effect of performance management practices on employee productivity. He found that effective feedback on performance measurement may translate to improved employee productivity. Focusing on the effectiveness of staff performance management in the motor industry in Kenya, Afande (2015) found that performance management has a positive influence on employees’ productivity. Medlin and Green (2009) investigated the relationships among goal setting, employee engagement, workplace optimism, and individual performance constructs. They found that goal setting positively impacts employee engagement, employee engagement positively impacts optimism, and optimism positively impacts individual performance.

A study by Rajagopal (2008) discussed the impact of sales team design in reference to the underlying rationale of management control and team coordination as indicators of performance and sales unit effectiveness. The study reveals that the sales team-building process has a substantial effect on sales organization effectiveness both directly and indirectly through its relationship with salespeople’s behavioral performance. Focusing on salesforce performance and behavior-based management processes, Piercy et al. (1999) found that that high salesperson behavior performance is associated with high
outcome performance and this suggests the need for greater emphasis by sales management on managing salesperson behavioral activities.

From the preceding, it is clear that much research has focused on the antecedents of sales performance and, in examining the variance in sales performance that is explained by those attributes (Sharma, Levy & Evanschitzky, 2007). However little research has gone into analyzing the effects of the performance management system in itself on sales outcomes. Further, no such research was observed to have been carried out amongst Kenya’s new car dealers. This researcher aims to find out the level of effect that various aspects of the performance management system (goal setting; continuous performance feedback; performance appraisal; and incentives) have on sales outcomes. The researcher also aims to gain insights into the forms of performance management methods that organizations in the Kenyan motor industry are employing and which are having the biggest success.

1.3 General Objective
The general objective of the study was to determine the effect of performance management systems on sales outcomes in new car dealerships in Kenya.

1.4 Specific Objectives
1.4.1 To determine whether goal setting affects sales outcomes in new car dealerships in Kenya.
1.4.2 To identify whether the provision of continuous performance feedback affects sales outcomes in new car dealerships in Kenya.
1.4.3 To assess whether incentive systems affect sales outcomes in new car dealerships in Kenya.

1.5 Significance of the Study
The results of this study may be useful to many as follows:

1.5.1 Management Practice
Business leaders, Sales Functional heads and human resource (HR) leaders may gain insights on the importance of performance management systems and the effects of its
various components on the success of their sales teams. It may guide management teams on the number of resources they should employ on the performance management process and on which aspects of it. It may guide learning initiatives aimed at enhancing the skills that will be most impactful for Sales Managers. Global brand owners may find the results of this study useful in guiding the performance management practices of their brands in Kenya.

1.5.2 Policy Makers
The Kenya Motor Industry and the relevant government bodies may gain important information regarding an aspect of this industry that is critical to its success-sales. The findings of this research can guide policy around recommended performance management of sales teams.

1.5.3 Scholarly Research
Nationally and globally, researchers and academicians will benefit from the information that may add to the body of knowledge in the field of performance management of sales teams, specifically in new car dealerships, which may be useful in analyzing the validity of the various theories in this field.

1.6 Scope of the Study
This study focused on the new car dealerships/dealers in the Kenya motor industry. These were the dealers licensed to import, sell and provide aftersales services for brand new vehicles from various global brands. The major limitation of this study was that the population comprised of only about a dozen new car dealers in the Kenyan motor industry. The researcher therefore needed to get a high response rate, in order for the study to give useful results. Furthermore, the study did not look into territory design which some researchers say may substantially constrain competent salespeople from performing well, even if they have good management control, relevant skills and experience, and high levels of motivation. The study was conducted between January 2019 and August 2019.
1.7 Definition of Terms

1.7.1 Goal Setting
Broadly defined, goal setting is the process of establishing clear and usable targets, or objectives (Moeller, Theiler & Chaorong, 2012).

1.7.2 Incentive Systems
With goal-based incentive schemes, goals are set for each performance criterion and the overall achievement of a manager is evaluated in terms of the actual performance and its relationship to these goals (Rakesh & Winkler, 1980).

1.7.3 Performance Appraisals
In the context of this research, and moving away from more traditional approaches to defining it, performance appraisal is merely an opportunity to review the performance of the past year as agreed earlier by both the manager and employee (McAfee, Bruce & Champagne, 1993).

1.7.4 Performance Feedback
Performance feedback is used to help workers identify their strengths and weaknesses, to inform them on whether their performance has been satisfactory, and to allow them to fine-tune or target their future efforts (Zábojník, 2014).

1.7.5 Performance Management
Performance management is the overarching process (or system) that deals with performance. It reflects the approach one entity has towards performance and it includes sub processes such as: strategy definition (planning/goal setting), strategy execution, training and performance measurement. Performance Management in an organization is usually carried out at 3 levels-organizational, functional and individual level. This research will focus on the individual level (Brudan, 2010).

1.7.6 Sales Outcomes
Sales outcomes can be defined as the results attributable to the salesperson, such as the traditional measures of sales numbers, market share, new accounts, as well as other results achieved (Piercy, Cravens & Morgan, 1998).
1.7.7 Salesperson Performance
Salesperson performance is defined both in terms of what they do (e.g. sales planning) as well as in the outcomes (e.g. sales results) that are attributed to them (Anderson & Oliver, 1987).

1.8 Chapter Summary
In this chapter the research problem has been identified and the research objectives for this study formulated. The scope of this study, its importance and its limitations have also been stipulated. Further, key terms have been defined. In the coming chapter, more in-depth research around the research problem is presented. Chapter two is the literature review, chapter three is the research methodology, chapter four is the results and findings, and chapter five is the discussions, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter examines the research that has been done on the components of performance management systems and on sales outcomes. It explores previous research done on goal setting, continuous performance feedback and incentive schemes. This will guide the development and execution of this research project.

2.2 Goal Setting and Sales Outcomes

In their review of research done on goal theory, (Latham, Seijts & Slocum, 2016) recommended effective ways for increasing employee performance. They distinguish between three types of goals: behavioral, performance, and learning. Behavioral goals should be set for outcomes that are not easily quantifiable yet are important to an individual’s and an organization’s effectiveness. Performance goals should only be set on tasks that are straightforward for individuals. Learning goals should be set when individuals have yet to master the task. Learning goals focus on the identification and implementation of effective strategies, processes or procedures necessary to perform a task effectively. A growing number of empirical studies show that setting a specific, difficult learning goal on a task that requires the acquisition of knowledge leads to better performance than a specific, difficult performance goal does (Latham et al., 2016).

Medlin and Green (2009) investigated the relationships between goal setting, employee engagement, workplace optimism, and individual performance constructs. The studies found that Goal setting positively impacts employee engagement, employee engagement positively impacts optimism, and optimism positively impacts individual performance. The results indicated that formal, structured goal setting processes lead to higher levels of employee engagement; that higher levels of engagement lead to improved workplace optimism; and that improved optimism in turn leads to higher levels of individual performance.
2.2.1 Goal Theory

In 2006, Locke and Latham (2006) carried a meta-analysis research on recent studies in goal theory which the researcher draws from. On Affect (how one feels about or how interested one is towards a goal (Ainley, 2006) a 3-year study of people in managerial and professional jobs in Germany revealed that only those adults who perceived their goals as difficult to attain reported a change in affect (Wiese & Freund, 2005). Goal progress and goal importance were strong predictors of feelings of success and well-being. Among the most interesting findings was that lack of goal attainment in one's personal life was related to greater general well-being when the person experienced goal progress on the job. Evidently, success in one realm compensated for failure in the other.

On Learning Goals, researchers found that sometimes specific, difficult goals do not lead to better performance than simply urging people to do their best (Seijts & Latham, 2001). If someone is only focused on achieving a certain new complex goal, it results in focusing on the goal instead of on the skills required to achieve the goal. The research instead recommends that the best strategy is to assign a learning goal to acquire the skills or knowledge required to accomplish the task.

With regards to Framing, another study by Drach-Zahavy and Erez (2002) revealed that assigning hard goals may not be effective when people view those goals as threatening. Whether a person appraises a high goal as a challenge versus a threat makes a difference for that person's performance. Drach-Zahavy and Erez (2002) found that, when a task was altered to pose new challenges (but with goal difficulty held constant), people who were made to view a situation as a threat (focus on failure) achieved significantly lower performance than did those who were made to view the situation as a challenge (focus on success and the usefulness of effort).

2.2.2 Group Goal Setting

When it comes to group goal setting, Seijts and Latham (2000) examined the effects of conflict versus no conflict between an individual's and a group's goals. They found that groups add a layer of complexity because goal conflicts may occur among the group's members. Another added feature of setting goals in groups is that task relevant information may be shared among group members. On goals and traits, the effects of goal
setting as a state on the effects of goal orientation as a trait were studied by Seijts, Latham, Tasa and Latham (2004). The study found that those people who have a learning goal orientation will go for tasks that will lead them to learn something new. On the other hand, those with a performance goal orientation will tend to avoid tasks that they may end up failing at and hence be judged negatively based on their failure. They will tend to choose tasks that they will succeed in and that will thus make them look good.

LePine (2005) conducted a goal-setting and goal-orientation study, using a decision-making simulation to study the ability of teams to adapt to changing circumstances. When conditions changed so that team members had to change the way they communicated, the teams that adapted best were those that had high goals as well as a high score on a learning orientation trait scale. Setting high goals was found to be harmful if the teams scored low on the measure of learning orientation.

2.2.3 Shared Vision
On macro-level goals, a study of companies and their suppliers in China found that the relationship between a high level of a shared vision among employees and low levels of dysfunctional opportunism was partially mediated by the setting of cooperative goals. A shared vision strengthened cooperative goal setting by drawing the boundary lines of the group around the two organizations involved, namely, the company and its suppliers, thereby reducing the negative feelings that frequently occur in alliances due to perceptions of in- versus out-groups (Latham et al., 2016).

Examining whether goal setting and performance feedback enhance organizational citizenship behavior (Soriano, 2008) researcher sought to find out whether, if goals establish the performance that is expected from employees, do they also indirectly define employees' psychological contract and affect their citizenship behavior? They found that while goals can help organizations improve productivity, those positive effects may not last if the more intangible aspects of the working environment (job satisfaction, job commitment, willingness to engage in organizational citizenship behavior, and a belief that justice exists in the workplace) are not given consideration. They found that clearer goals and more challenging tasks at work enhance formal performance and increase organizational productivity and effectiveness at various levels.
2.2.4 Self-Regulation

Koch and Nafziger (2011) analyzed the process of self-regulation through self-set goals. They modelled an individual with a present bias that causes a self-control problem and show that he can enhance his motivation to work hard in the future by raising the goal against which performance will be measured. A challenging goal increases the psychological cost of avoidance because the individual suffers a loss from falling short of the goal. The model showed that this can increase the motivation of the individual up to a certain point. In other words, there are limits to self-regulation. Setting goals is a painful self-disciplining device and therefore a person can choose not to set an easy goal for himself and thus essentially opt out on self-regulation.

Looking at studies done in Kenya, Waweru and Sprakman (2012) concluded that Microfinance Institutions (MFIs) have relatively well-developed performance measures that support their particular businesses. They found a proper balance between the use of financial and non-financial performance measures. However, output measures were more commonly used than process measures. They found that the managers of the MFIs are concerned with performance measurement, as expected in scenarios where top-down control is employed. In addition, group members or clients are interested in performance measurement as each member guarantees the loans of all fellow group members who have loans with the MFI. Thus, the customers exert a bottom-up demand for performance measurement.

Examining the negative aspects of goal setting, Ordonez, Schweitzer, Galinsky and Bazerman (2009) found that poorly set goals can narrow focus, motivate risk-taking, lure people into unethical behavior, inhibit learning, increase competition, and decrease intrinsic motivation. Managers must think about the relationship between goal setting and organizational contexts, as well as the need for safeguards and monitoring. The researchers identified that goals are not the best way to motivate employees and therefore managers who use goals should do so with a lot of care.

Rysavy (2015) writes that in many environments, such as the workplace, there is a high likelihood that an individual is influenced or coerced to establish goals that are of say their manager that may be congruent or incongruent with their own individual goal.
orientation. The annual performance review discussion, and in particular, the annual goal review and discussion are potentially revealing or personal conversations between managers and employees. Results of the study indicated that there was no significant difference between a manager’s goal orientation and the manager’s preference for type of employee goal (learning or performance), nor between a manager’s goal orientation and the manager’s goal discussion or goal support behaviors (Rysavy, 2015).

2.2.5 Goal Alignment
One research on the extent to which goal alignment in performance appraisal programs enhances organizational performance (in a federal agency) by Ayers (2015), two aspects of goal alignment were explored, that is, actual embedding of organizational goals in performance plans (plan alignment) and the employees’ knowledge of how their work relates to the agency’s goals and priorities (employee alignment). The research found that employee alignment increases organizational performance whereas plan alignment does not. Furthermore, the overall quality of a performance appraisal program moderates the alignment and organizational performance relationship. Under conditions of high- and low-performance appraisal program expectations, employee alignment can influence organizational performance. (Ayers, 2015)

Another research documented the simultaneous effects of goal setting and competition on the performance of a simple cognitive task. As anticipated by the researchers, goal setting enhanced task performance: specific, difficult goals resulted in higher achievement than easy or intermediate goals. The research however revealed that formal competition in the presence of already-established goals is dysfunctional. Participants given goals in a non-competitive environment significantly out-performed individuals with the same goals in a competitive environment. (Campbell & Furrer, 1995)
Corgnet, Gómez-Miñambres and Hernán-González (2015) tested the effectiveness of wage-irrelevant goal-setting policies. Managers assigned a goal to their workers by setting a certain level of performance goal on the work task. They found that managers set goals that are challenging but attainable for a worker of average ability. Workers respond to these goals by increasing effort and performance and by decreasing on-the-job leisure activities with respect to the no-goal-setting baseline. In their study of the relationship between goal setting and monetary rewards they found that goal setting is most effective when monetary incentives are strong. The results therefore suggest that goal setting may produce intrinsic motivation and increase workers’ performance beyond what is achieved by using solely monetary incentives.

A research by Earley, Northcraft, Lee and Lituchy (1990) examined process and outcome feedback as moderators of the relation of goal setting to performance, task-strategy quality, appropriateness of information search, effort and self-confidence. Results indicated that both process and outcome feedback interrelate with goal setting to enhance performance. In addition, the interaction of goal setting and process feedback was more strongly related to the quality of information search and task strategy than the interaction of goal setting and outcome feedback; the latter was more strongly related to self-confidence and effort than was the interaction between goal setting and process feedback.

2.3 Continuous Performance Feedback and Sales Outcomes

One early research on this subject investigated the effect of evaluative and non-evaluative feedback and goal setting on performance and satisfaction in a large telephone company. Three experimental groups received either extrinsic feedback, intrinsic feedback, or extrinsic and intrinsic feedback in addition to goal setting, while a fourth group received only goal-setting instructions. The results show that it is possible for goal setting alone to enhance performance without a formal-knowledge-of-results program, and thus yield external validity for Locke's theory of goal setting. However, when evaluative and non-evaluative feedback was added to a goal-setting program, performance was generally enhanced beyond that found in the goal-setting-only group (Kim & Hamner, 1976).
2.3.1 Performance Reviews

According to McAfee, Bruce and Champagne (1993), managers do not execute continuous performance reviews as they should. Continuous coaching and counselling of employees throughout the performance period is not done which results in employees being disoriented about what the review will entail and result in-which can be scary and disconcerting. Conversely, McAfee et al. (1993) say that, proper performance management involves continuous coaching and counselling and working together with the employee to build their knowledge and skills.

In Kenya, from a study on the influence of performance feedback on employee productivity, Odhiambo’s (2015) findings indicated that effective feedback is essential for employee productivity, and ultimately on the organization’s ability to meet its targets. Feedback enables the employees to be made aware of what exactly is expected from them. Effective performance feedback between employees and supervisors is the key to successful empowerment and productivity. When both managers and employees are together involved in developing goals and discussing progress, development and career growth along the way (feedback), this builds accountability and improves performance. (Odhiambo, 2015)

Also, from a study carried out in Kenya, Afande (2015) recommends targeted and documented performance tracking to guide performance feedback. He recommends monthly data collection to guide the identification of poor performance and avoid blanket performance improvement covering areas that may not need fixing. This will enable the application of different coaching initiatives for different performance problems which results in a better success rate for resolving performance issues.

2.3.2 Performance Feedback

An article by Muras, Smith and Meyers (2017) titled "Improving performance appraisal: The value of personal development plans”, wrote that most organizations still use the traditional appraisal model where they happen only once or twice annually. It is therefore hard for Managers to address performance across the year and handle occurrences that may not have happened close to the appraisal date. One significant consequence of this weakness is growth in the use of Personal Development Plans (PDPs) as a viable
alternative. PDPs enable an employee to grow their skills and knowledge in line with changing internal and external environment and it doesn’t have to wait for the appraisal dates (Muras, Smith & Meyers, 2017),

The results of a literature review on performance feedback carried out by Alvero, Bucklin, and Austin, (2008) support some previous findings such as; (a) feedback does not uniformly improve performance, and (b) the addition of other procedures tends to improve the consistency of feedback effects. Their review found that the most consistent effects continue to occur when feedback is used in combination with other procedures. Their review also agreed that feedback is more consistently effective when delivered at the group level than when delivered at the individual level. An interesting research by Motro and Ellis (2017) looked at understanding how employee reactions to negative feedback are received by the feedback provider and how employee gender may play a role in the process. The study indicated that men who cry in response to negative performance feedback will experience biased evaluations from the feedback provider, highlighting potential discrimination against men in feedback settings.

In one study, Gonzalez-Mulé et al. (2016) develop a model proposing that performance feedback coupled with high autonomy enables teams to have greater clarity of the organization’s goals, which in turn increases team performance. This model was tested on 110 teams in a defense industry manufacturing firm in South Korea using mediated-moderation techniques. Results indicate that highly autonomous teams that receive a high degree of performance feedback outperform other teams because of their heightened level of organizational goal clarity. In contrast, highly autonomous teams that receive low levels of feedback perform at the lowest levels compared to other teams because of a lack of organizational goal clarity. Brown, Kulik and Lim (2016) investigated how managers communicate negative feedback and the factors that drive their choice of tactic. They found five negative feedback tactics: evidence, emotive and communication tactics are foundation tactics while evidence + communication and evidence + emotive tactics are bundles of the foundation tactics. The choice of negative feedback tactic is driven by the manager’s assessment of the “best fit” with the employee’s personality.

2.3.3 Short vs. Long-Term Goals
In an article by Ben-Oz and Greve, (2015) they examine how short- and long-term goals are related to short- and long-term actions, respectively. They do so by predicting changes in absorptive capacity from performance relative to aspiration levels, and by testing whether long-term goals mainly affect potential absorptive capacity, which has long-term effects, while short-term goals mainly affect the realized absorptive capacity, which has short-term effects. The findings imply that performance relative to aspiration levels has effects on long-term strategic actions as well as short-term ones, and thus argue against strict myopia.

Considering what drives middle managers to search for new strategic initiatives and champion them to top management (divergent strategic behavior), (Tarakci et al., 2018) conceptualize divergent strategic behavior as a response to performance feedback. The data pointed to social performance comparisons rather than historical comparisons in driving divergent strategic behavior. Moreover, managers’ organizational identification affects whether they attend to organizational or individual-level feedback. In contrast to typical assessments of managerial performance with reference to a prior year, this research shows that performance comparisons relative to peers and other organizational units better motivate managers’ divergent strategic behavior.

2.3.4 Self-Appraisals
A study by Brown, Kulik and Lim (2016) showed that, often, self-appraisals can highlight discrepancies between what the employee and management think are important performance factors and provide mutual feedback for meaningful adjustment of expectations, and peer appraisals - employees in similar positions appraise an employee’s performance. Kaplan and Norton (2015) have developed a set of measures that they refer to as a balanced scorecard. These measures give top managers a fast but comprehensive view of the organization’s performance and include both process and results measures. Kaplan and Norton compare the balanced scorecard to the dials and indicators in an airplane cockpit. For the complex task of flying an airplane, pilots need detailed information about fuel, air speed, altitude, bearing, and other indicators that summarize the current and predicted environment. Reliance on one instrument can be fatal. Similarly, the complexity of managing an organization requires that managers be able to view
performance in several areas simultaneously (Brown, Kulik & Lim, 2016; Kaplan & Norton, 2015).

To illustrate the reciprocal relationship between the balance scorecard and sales outcome, Learner (2015) conducted an eleven-year study and found that organizations with cultures that emphasized on the use of the balance scorecard outperformed companies that did not have it. Seligman (2013) stated that where the balance scorecard is in place and use, productivity and job satisfaction increase. According to Noe (2014), organizations that embrace the balance scorecard are able to retain customers, suppliers, employees, stakeholders and shareholders in the long-run as they are deemed more trustworthy and better custodians of the interests of the various stakeholders. This translates into better financial performance of the business.

Creativity can be difficult to measure/quantify as a performance measure but in many white-collar jobs, it is vitally important, and thus, supervisors and employees should keep track of creative work examples and attempt to quantify them Noe (2014). Performance appraisal tells top performers that they are valued by the company. It requires managers to at least annually communicate to employees their performance strengths and weaknesses (Gonzalez-Mulé et al., 2016). A good performance appraisal requires that all employees doing a similar job are evaluated using the same standards (Seligman, 2013). A study by Muchel’le (2014) showed that, appraisals are a major performance measure and managers’ appraisal - whereby a manager appraises the employees’ performance and delivers the appraisal to the employee (a top-down appraisal) - does not encourage the employees’ active participation. The study showed that this type of appraisal is often met with resistance because the employee has no investment in its development. Self-appraisal is when the employee appraises his or her own performance, in many cases, comparing the self-appraisal to the manager review.

2.4 Incentive Systems and Sales Outcomes

Although there are potentially a very large number of incentives that could be utilized, a useful distinction is between the material and the nonmaterial. Additionally, material (or tangible) incentives could be broken down further into monetary and non-monetary (DelVecchio & Wagner, 2014). Thus, three incentive types were identified: (1) monetary
(cash); (2) non-monetary tangible (rewards such as restaurant coupons for meals or vacation trips); and (3) non-monetary intangible (“employee of the week” recognition, positive performance reviews, and public praise from management) (Coughlan & Narasimhan, 2016).

In some incentive programs, there are a limited number of incentives available, and not everyone who meets a particular performance standard will necessarily obtain the desired incentive. In these competitive programs, only the highest performers get an incentive bonus. In other programs, everyone participating in the incentive program can potentially earn a bonus if they meet or exceed a preset performance goal (Pullins, 2016). Thus, two incentive types were identified: (1) criterion-based (everyone can get an incentive if they increase performance to pre-set levels); and (2) competitive (only those individuals who are the highest performers get incentives) (DelVecchio & Wagner, 2014).

Research by Brown et al. (2015) indicates that for individuals to thrive in a competitive milieu they need high levels of self-efficacy (akin to confidence in one’s ability to perform a specific type of task, not general confidence). Failures can lower one’s self-efficacy perceptions. In light of the psychological research on competition (Ingram & Bellenger, 2013), it is expected that the competitive incentive programs might be less effective than those where everyone who increases their performance to agreed levels is eligible to receive an incentive.

Using data from auto dealership manager incentive systems, researchers found that companies use incentive systems of multiple performance measures, incentive instruments, and implicit evaluation and rewards as a response to weaknesses in available performance measures (Gibbs et al., 2009). Gibbs et al. (2009) found that dealerships put the most weight on measures that have the “best” properties in terms of risk, distortion, and manipulation among those available. They also found that firms use additional bonuses in part to adjust for weaknesses in the performance measure given the most weight. They were also able to empirically show that performance measures with more uncontrollable risk are given less weight for incentives. Put together, the results of Gibbs et al. study had two main findings: performance measure properties are important to both
the strength and balancing of incentives, and incentive plans are a system of interrelated instruments, explicit and implicit, that are designed to work together.

2.4.1 Motivation-Enhancing Practices

With regards to the influence of reward systems on employee productivity findings from a study conducted by Odhiambo (2015) suggested that employees can be rewarded to meet target productivity levels. The opportunity by the manager to formally recognize good employee performance leads to work motivation. When good performance is observed and then rewarded, the chances of it being repeated are increased. (Odhiambo, 2015). Ahammad et al. (2015) who examined the impact of motivation-enhancing HR practices on the productivity, motivation, and performance of commercial bank employees to promote and attain contextual ambidexterity within the organization. The theoretical model presented showed how ex-ante incentives (incentives based on past performance) and ex-post incentives (incentives based on future performance) affect productivity, motivation, and performance of employees. The main results show that workers with relatively high abilities might take advantage of both ex-ante and ex-post incentives. In contrast, workers with relatively low ability are unable to take advantage of both incentive schemes. The findings indicated that motivation-enhancing HR practices such as financial incentives significantly influence the productivity and performance of employees (Odhiambo, 2015; Ahammad et al., 2015).

According to Coughlan and Narasimhan (2016) among the array of direct and indirect methods of motivation and control available to the sales manager is salesforce compensation. In their article, they examined determinants of incentive components and total pay and the optimal horizon for incentive pay. They found that sales-force compensation is more heavily weighted toward salary as the number of years of service increases and in the presence of a career-path program. A sales force with higher educational levels also receives a higher proportion of its pay in salary. When the sales force generates more sales per sales call, the salary component of pay is higher. Higher levels of experience and a greater number of calls to be made to close a sale imply a greater incentive component.

2.4.2 Reward and Incentive Schemes
A study by Brown (2016) analyzed two organizations from different business sectors in the way in which they use reward and incentive schemes and how they measure on the employees’ motivations. The findings showed that pay was a key motivator for both companies, but their use needed to be developed to satisfy the employees further. The use of personal praise and developing a good team was heavily noted within the hospitality industry, drawing upon the intrinsic and extrinsic motivations the employees had.

According to Eijkenaar (2013), Pay for Performance (P4P) is increasingly being used to stimulate healthcare providers to improve their performance. However, evidence on P4P effectiveness remains inconclusive. Flaws in program design may have contributed to this limited success. The analysis revealed that designing a fair and effective program is a complex undertaking. The following tentative conclusions were made: (1) performance is ideally defined broadly, provided that the set of measures remains comprehensible, (2) concerns that P4P encourages "selection" and "teaching to the test" should not be dismissed, (3) sophisticated risk adjustment is important, especially in outcome and resource use measures, (4) involving providers in program design is vital, (5) on balance, group incentives are preferred over individual incentives, (6) whether to use rewards or penalties is context-dependent, (7) payouts should be frequent and low-powered, (8) absolute targets are generally preferred over relative targets, (9) multiple targets are preferred over single targets, and (10) P4P should be a permanent component of provider compensation and is ideally "decoupled" from base payments.

2.4.3 Compensation Plans
Babakus et al. (2012) analyzed the impact of compensation on intrinsic motivation. In their study on 186 salespeople, they found non-significant paths between compensation and intrinsic motivation. They also found that compensation had an indirect impact on intrinsic motivation through perceived organizational support. Ingram and Bellenger (2013) examined the effects of extrinsic rewards on intrinsic motivation. Meta-analysis of 128 studies indicated that engagement-contingent, completion-contingent and performance-contingent rewards reduced intrinsic motivation. In general, tangible rewards had a significant negative effect on intrinsic motivation for interesting tasks. On the other hand, verbal rewards (positive feedback) had a significant positive effect on intrinsic motivation.
Pullins (2016) analyzed the importance of Salesforce compensation in influencing the salesperson’s intrinsic motivation. In this study, data collected on the basis of interview method of 19 sales managers having 4 salespeople working under each one, showed that sales managers believed that commissions on sales volume had a negative impact on salespeople’s intrinsic motivation. Most of the motivation comes from intrinsic rewards and interesting and challenging nature of job. Roman et al. (2015) explained the effective listening behavior of salespeople in terms of factors such as method of compensation, ability to use customer knowledge, intrinsic motivation, gender, education and experience. Using data of 280 financial services salespeople in Spain, authors tested the hypothesis that the method of compensation influenced effective listening indirectly through intrinsic motivation but did not find any significant impact on intrinsic motivation.

### 2.4.4 Salesforce Metrics

Brown et al. (2015) discussed methods as to how control systems, salesforce metrics, and compensation plans might be adopted to energize and direct salesperson motivation in a changing environment. Authors’ review of selective studies revealed that clear performance feedback by management fostered motivation and effective self-regulation of goal-directed behavior. It suggested that in order to sustain motivation, salespeople had to be appropriately rewarded for their efforts.

DelVecchio and Wagner (2014) analyzed the impact of variable pay on salesperson intrinsic motivation on the basis of sample of 280 industrial salespeople in southeastern region of the US. They found out that pay plans with higher variable proportions could lead to higher levels of intrinsic motivation for the younger salespeople. For older salespeople, motivation was not spurred on higher proportions of incentive pay plans. The analysis of Uduji (2013) on 178 salespeople in manufacturing firms of Nigeria revealed that salary compensation, commission incentive, bonus payment and fringe benefits were major factors that influenced salespersons motivations.
2.5 Chapter summary

This chapter has presented a number of the studies that have been done in the areas of performance management, goal setting, continuous performance feedback, incentive schemes, performance appraisal and salesforce performance management. This literature review demonstrates that whilst a lot of research has been done on the variables of this study separately, the research is limited when it comes to the specific scope of this study that is, analyzing the effects of the performance management system itself on sales outcomes, and more specifically in new car dealerships Kenya. The next chapter focuses on methodology.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this study was to determine the effect of performance management systems on sales outcomes in new car dealerships in Kenya. In previous chapters, the research problem has been presented and literature review of the various aspects of this research has been provided. In this chapter, the researcher details the methods and procedures that will be used to carry out this study.

3.2 Research Design

Research design is an activity and time-based plan, aimed at obtaining answers to research questions. It is a framework for specifying the relationships among the study’s variables and guides in the selection of sources and types of information. It outlines the procedures for every research activity. It is the blueprint for fulfilling the objectives and answering questions (Cooper & Schindler, 2001). Based on the research questions of this study, the researcher adopted the correlational research design.

Correlational research is a non-experimental research study that consists of measuring two variables and then determining the degree of relationship that exists between them and making predictions, since according to Christensen et al. (2014), correlational study has been seen to be effective in enabling a researcher to achieve description and prediction. In this study the dependent variable was ‘Sales Outcomes’ while the independent variable is ‘Performance Management Systems’. The independent variable was operationalized into three key areas – goal setting, continuous performance feedback and incentive systems. These areas helped the researcher better understand the type of effects of the independent variable on the dependent variable.

3.3 Population and Sampling Design

3.3.1 Population

A population is the total collection of elements about which one wishes to make some inferences (Cooper & Schindler, 2001). It is any complete group that shares some common set of characteristics (Zikmund et al., 2010). In this study, the population or the area of interest for the study were the sales teams of 10 new vehicles dealers in Kenya.
3.3.2 Sampling Design
Sampling allows a researcher to draw conclusions about the entire population by selecting some of the elements in the population (Zikmund et al., 2010). The aim of sampling is to ensure that those who participate in the survey are a good representation of the population they are drawn from, to allow for accurate extrapolation of the findings to the population (Gill & Johnson, 2010).

3.3.2.1 Sampling Frame
In reality, the sample will be drawn from a list of population elements that may be slightly different from the defined target population. A sample frame is therefore a list of members of the research population from which a random sample may be drawn (Gill & Johnson, 2010). The sampling frame for this research was a list of 10 new car dealerships in Kenya deduced from the Kenya Association of Manufacturers report of June 2018.

3.3.2.2 Sampling Technique
There are two options when it comes to selecting a sample: Probability sampling follows the concept of random selection where each population element is given a known nonzero chance of selection. Nonprobability sampling is arbitrary and subjective. The probability of any member of the population being chosen is unknown. Only probability samples provide samples capable of precise measurement. (Zikmund et al., 2010; Cooper & Schindler, 2001). Probability sampling techniques include simple random sampling, systematic sampling, stratified random sampling and cluster sampling.

3.3.2.3 Sample Size
A sample needs to be of the correct size in order for the researcher to be able to generalize the findings and avoid sampling errors and biases. However, it is not only the proportion of the research population that matters but the size of the sample selected relative to the complexity of the population, the aims of the researcher and the type of statistical manipulation that will be required to analyze the data (Gill & Johnson, 2010). On the basis of the above, the researcher did not take a sample of the population but instead carried out a census that is, a study of all elements of a population within defined boundaries at a single point in time (Mugenda & Mugenda, 2012). This was because the
population of interest (10 new vehicle dealers) was very limited and sampling would further limit the data available for analysis.

3.4 Data Collection Methods
In research, data relates to the facts about a specific condition, situation, characteristics or attribute collected from a group of people, animals, plants objects or items. It refers to a collection of natural phenomena descriptors including the results of experience, observation or experiment (Mugenda & Mugenda, 2012). The major data collection methods include interviews, questionnaires, participant observation, experimentation, group discussion and simulations.

This study made use of primary data, collected through a structured questionnaire. A questionnaire is a systematic document prepared to seek information about particular variables. (Gatara, 2010). The questionnaire was divided into four parts: part 1 collected data on personal information; part 2 collected data on goal setting and sales outcomes, part 3 collected data on continuous performance feedback and sales outcomes; and part 4 collected data on incentive systems and sales outcomes. The questionnaire included close-ended questions that provided more structured responses.

The researcher chose to use a questionnaire for data collection in order to save time, provide for increased confidentiality, cover a wide number of respondents, be cost effective and allow respondents to answer the questions in their own time. However, the researcher anticipated certain challenges such as low response rates and errors in filling the questionnaire caused by ambiguity or lack of care.

3.5 Research Procedures
In order to check the accuracy, ease of use and reliability of the questionnaire, the researcher initially piloted the tool with 10 respondents. The researcher prepared a compelling introduction letter to each target organization, and followed up the respondents to remind them of participation, and also offered to share a copy of the findings with the organizations and carry out a pilot survey in order to prepare a clear tool. The researcher personally delivered the invitation letters and described the survey and its benefits to the relevant decision makers who would then relay the same
information to the respondents. The researcher allowed 2 weeks for respondents to fill in the questionnaire and allowed for an additional week for those who had not completed theirs.

### 3.6 Data Analysis Methods

Data Analysis is the process of cleaning and summarizing data so that it becomes information that can be easily interpreted and conclusions made to support decision making. It has multiple facets and approaches, encompassing diverse techniques (Mugenda & Mugenda, 2012). It is a systematic process of interrogation and interpretation of data (O’leary, 2010). Data Analysis methods are either qualitative or quantitative. The data expected to be collected in this study was predominantly quantitative and therefore, a survey was used.

The researcher used descriptive statistics, which includes measures of central tendency (mean, median, and mode) and dispersion (variance, standard deviation and range) (Mugenda & Mugenda, 2012). The researcher also used inferential statistics techniques such as regression analysis which were used to explain or predict the values of a dependent variable based on the values of one or more independent variable (Christensen, 2014). Data was primarily be analyzed using Excel and Statistical Package for Social Science (SPSS) computer applications. Statistics were presented in form of tables, and graphs.

### 3.7 Chapter Summary

This chapter has presented the research design for this study which was correlational. The population and sampling design have been discussed, indicating that the areas of interest are sales teams in new vehicles dealers in Kenya. The data collection methods used have been identified as structured questionnaires. The research procedures and data analysis methods have also been clearly described. In the next chapter, the results and findings of the study are presented.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
The purpose of this study was to determine the effect of performance management systems on sales outcomes in new car dealerships in Kenya. This chapter presents the descriptive analysis for the study results. The first section focuses on the demographic information of the respondents, while the second section provides the descriptive analysis for goal setting and how it affects sales outcomes in new car dealerships in Kenya. The third section provides descriptive analysis for the effect of provision of continuous performance feedback and how it affects sales outcomes in new car dealerships in Kenya. The fourth section presents the descriptive analysis for how incentive systems affect sales outcomes in new car dealerships in Kenya.

4.1.1 Response Rate
A sum total of 50 questionnaires were disseminated for data collection to the 10 identified motor dealer firms. A sum total of 45 questionnaires were received from the respondents. From the 45 received surveys, only 37 were completely filled and lacked errors, and were used for the analysis as provided in Figure 4.1.

![Response Rate](image)

Figure 4.1 Response Rate

The response rate realized by the study in terms of percentage is 74% which indicates that out of a possible 50 responses, the study successfully received 37. This was fit for the study analysis since it was above the compulsory threshold.
4.2 Personal Information

This section of the chapter provides analysis for personal information that was collected from the respondents. It provides results and findings for gender, age bracket, highest level of education attained and name of car dealership.

4.2.1 Gender

As part of the study, the respondents were required to indicate their gender, and the obtained results were as shown in Table 4.1.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>20</td>
<td>54.1%</td>
</tr>
<tr>
<td>Female</td>
<td>17</td>
<td>45.9%</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100%</td>
</tr>
</tbody>
</table>

The table shows that majority of the respondents that numbered 20 out of the 37 were male and 17 out of the 37 were female. The study indicates therefore, that 54.1% were male and 45.9% were female meaning there was no gender disparity, and thus, the results could not be influenced by gender disparity. The negligible difference in gender may be explained by the affirmative action within the country, focusing on eliminating gender bias.

4.2.2 Age Bracket

As part of the study, the respondents were required to specify their age bracket, and the obtained results were as presented in Figure 4.2.

![Figure 4.2 Age Bracket](image-url)
Figure 4.2 shows that majority of the respondents 29.7% were aged between 41-60 years and 31-35 years respectively. They were followed by 24.3% respondents aged between 36-40 years, 13.5% respondents were aged between 26-30 years and 2.7% were aged between 20-25 years. This also shows that the results could not be influenced by age disparity. The negligible difference in age could be explained by the fact that majority of the car dealerships hire experienced employees.

4.2.3 Level of Education

The study sought to determine the level of education of the respondents in order to ascertain their ability of being valid candidates for the study and their response was as presented in Table 4.2.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary School Certificate</td>
<td>1</td>
<td>2.7</td>
</tr>
<tr>
<td>College Diploma</td>
<td>5</td>
<td>13.5</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>20</td>
<td>54.1</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>11</td>
<td>29.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study revealed that 54.1% of the respondents had attained their bachelor’s degree, followed by 29.7% who had attained their Master’s degrees, 13.5% had attained their college diplomas and 2.7% had attained their secondary school certificate. This means that the results of the study could not be influenced by the education level of the respondents since majority (almost all of them) were well educated and could easily understand the study questions.

4.2.4 Car Dealership

The study sought to determine the car dealership that the respondents worked for in order to ascertain that all targeted car dealerships were captured in the study to make the results comprehensive, and the results were as indicated in Table 4.3.
Table 4.3 Car Dealership

<table>
<thead>
<tr>
<th>Dealership</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMW</td>
<td>2</td>
<td>5.4</td>
</tr>
<tr>
<td>Fuso</td>
<td>5</td>
<td>13.5</td>
</tr>
<tr>
<td>Hino</td>
<td>1</td>
<td>2.7</td>
</tr>
<tr>
<td>Mahindra</td>
<td>1</td>
<td>2.7</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>4</td>
<td>10.8</td>
</tr>
<tr>
<td>MMC</td>
<td>5</td>
<td>13.5</td>
</tr>
<tr>
<td>Peugeot</td>
<td>2</td>
<td>5.4</td>
</tr>
<tr>
<td>Renault</td>
<td>2</td>
<td>5.4</td>
</tr>
<tr>
<td>Tata</td>
<td>2</td>
<td>5.4</td>
</tr>
<tr>
<td>Toyota</td>
<td>13</td>
<td>35.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study revealed that majority of the respondents 35.1% worked for Toyota, 13.5% worked for Fuso and MMC respectively, 10.8% worked for Mitsubishi, 5.4% were from BMW, Peugeot, Renault and Tata respectively and finally 2.7% worked for Hino and Mahindra. This is indicative of the fact that all the targeted car dealerships were well represented in the study.

4.3 Goal Setting and Sales Outcomes

The first objective for the study was to determine whether goal setting affects sales outcomes in new car dealerships in Kenya. This section presents the analyzed data for questions on whether goal setting affects sales outcomes in new car dealerships in Kenya using the descriptive analysis as well as frequencies.

4.3.1 Descriptive Analysis for Goal Setting and Sales Outcomes

From the analyzed data for whether goal setting affects sales outcomes in new car dealerships in Kenya, the most outstanding variable agreed upon by all the respondents was that employees perform very well when given tasks that they are knowledgeable in (M=4.41, SD=.927). The summary of the findings was as indicated in Table 4.4.
### Table 4.4 Descriptive Analysis for Goal Setting and Sales Outcomes

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>My attitude to work is determined by the difficulty in attaining my goals</td>
<td>37</td>
<td>2.92</td>
<td>1.402</td>
</tr>
<tr>
<td>I excel at tasks that have a learning goals that require new skills or knowledge</td>
<td>37</td>
<td>4.00</td>
<td>.972</td>
</tr>
<tr>
<td>I tend to choose tasks that I will succeed in and avoid those that are more challenging</td>
<td>37</td>
<td>2.46</td>
<td>1.016</td>
</tr>
<tr>
<td>Having high goals demoralizes the sales team</td>
<td>37</td>
<td>2.35</td>
<td>1.136</td>
</tr>
<tr>
<td>A shared vision has strengthened the firm’s cooperative goal</td>
<td>37</td>
<td>4.05</td>
<td>1.104</td>
</tr>
<tr>
<td>Goals do not matter if the working environment is poor</td>
<td>37</td>
<td>3.14</td>
<td>1.530</td>
</tr>
<tr>
<td>I love setting my personal goals related to my line of work</td>
<td>37</td>
<td>4.16</td>
<td>.800</td>
</tr>
<tr>
<td>High set goals by the firm have pushed me into breaking the laws in order to remain competitive</td>
<td>37</td>
<td>1.95</td>
<td>1.201</td>
</tr>
<tr>
<td>I perform very well when am given tasks that I am knowledgeable in</td>
<td>37</td>
<td>4.41</td>
<td>.927</td>
</tr>
<tr>
<td>Goal setting has enhanced my task performance</td>
<td>37</td>
<td>4.22</td>
<td>.787</td>
</tr>
</tbody>
</table>

My attitude to work is determined by the difficulty in attaining my goals had a mean of 2.92, meaning this was not the case. I excel at tasks that have a learning goals that require new skills or knowledge had a mean of 4.00, showing that it was true. I tend to choose tasks that I will succeed in and avoid those that are more challenging had a mean of 2.46, meaning this was not the case. Having high goals demoralizes the sales team had a mean of 2.35, meaning this was not the case. A shared vision has strengthened the firm’s cooperative goal had a mean of 4.05, showing that it was true.

Goals do not matter if the working environment is poor had a mean of 3.14, meaning that there was some truth in this. I love setting my personal goals related to my line of work had a mean of 4.16, showing that it was true. High set goals by the firm have pushed me into breaking the laws in order to remain competitive had a mean of 1.95, meaning this was not the case. I perform very well when am given tasks that I am knowledgeable in had a mean of 4.41, showing that it was true. Goal setting has enhanced my task performance had a mean of 4.22, showing that it was true.
4.3.2 Frequency Analysis for Goal Setting and Sales Outcomes

Frequencies were carried out for the first objective for the study that was examining whether goal setting affects sales outcomes in new car dealerships in Kenya. The sampled variables tended to have more agreed responses as indicated in Figure 4.3.

![Figure 4.3 Frequency Analysis for Goal Setting and Sales Outcomes](image)

The variable my attitude to work is determined by the difficulty in attaining my goals had majority of the respondents 32.4% disagreeing, 18.9% agreeing and strongly agreeing, 16.2% strongly disagreeing and 13.5% being neutral. This confirms that employees’ attitude to work was not determined by the difficulty in attaining their goals. The variable I excel at tasks that have a learning goal that requires new skills or knowledge had majority of the respondents 45.9% agreeing, 32.4% strongly agreeing, 13.5% being neutral, 5.4% disagreeing and 2.7% strongly disagreeing. This means that employees excel at tasks that have a learning goal that requires new skills or knowledge.

The variable I tend to choose tasks that I will succeed in and avoid those that are more challenging had majority of the respondents 40.5% disagreeing, 27% being neutral, 16.2% strongly disagreeing, 13.5% agreeing and 2.7% strongly agreeing. This shows that employees did not tend to choose tasks that they will succeed in and avoid those that were more challenging. The variable having high goals demoralizes the sales team had most of
the respondents 32.4% disagreeing, 27% strongly disagreeing, 21.6% being neutral, 16.2% agreeing and 2.7% strongly agreeing. This means that having high goals did not demoralize the sales team.

The variable a shared vision has strengthened the firm’s cooperative goal had majority of the respondents 40.5% equally agreeing and strongly agreeing, 8.1% being neutral and 5.4% equally disagreeing and strongly disagreeing, meaning that a shared vision had strengthened the firm’s cooperative goal. The variable goals do not matter if the working environment is poor had most of the respondents 27% strongly agreeing, 24.3% disagreeing, 21.6% agreeing, 18.9% strongly disagreeing and 8.1% being neutral. This means that goals do not matter if the working environment is poor.

The variable I love setting my personal goals related to my line of work had majority of the respondents 51.4% agreeing, 35.1% strongly agreeing, 8.1% being neutral and 5.4% disagreeing. This shows that employees love setting their personal goals related to their line of work. The variable high set goals by the firm have pushed me into breaking the laws in order to remain competitive had most of the respondents 51.4% strongly disagreeing, 21.6% disagreeing, 13.5% agreeing, 10.8% being neutral and 2.7% strongly agreeing. This indicates that high set goals by the firm had not pushed employees into breaking the laws in order to remain competitive.

The variable I perform very well when am given tasks that I am knowledgeable in had most of the respondents 59.5% strongly agreeing, 29.7% agreeing, 5.4% being neutral and 2.7% equally disagreed and strongly disagreed. This means that employees perform very well when they are given tasks that they are knowledgeable in. The variable goal setting has enhanced my task performance had most of the respondents 51.4% agreeing, 37.8% strongly agreeing, 5.4% equally being neutral and disagreeing. This means that goal setting has enhanced the employees’ task performance.

4.3.3 Correlation Analysis for Goal Setting and Sales Outcomes
The study measured the correlation between goal setting and sales outcomes of new car dealerships. The results in Table 4.5 indicates that there is a positive significant correlation between goal setting and sales outcomes ($r=0.561$, $p<0.01$).
Table 4.5 Correlations for Goal Setting and Sales Outcomes

<table>
<thead>
<tr>
<th>Sales Outcomes</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal Setting</td>
<td>Pearson Correlation</td>
<td>.561**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

4.3.4 Regression Analysis for Goal Setting and Sales Outcomes

4.3.4.1 Model Summary for Goal Setting and Sales Outcomes
Table 4.6 presents the model summary for goal setting and sales outcomes. The table indicates that the adjusted R square for goal setting was 0.315 which implies that goal setting influenced sales outcome by 31.5% i.e. 31.5% of the variance in sales outcome could be explained by goal setting.

Table 4.6 Model Summary for Goal Setting and Sales Outcomes

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Goal Setting

4.3.4.2 ANOVA for Goal Setting and Sales Outcome
Table 4.7 shows the analysis of variance (ANOVA) for goal setting and sales outcomes. The F-value of 16.066 df (1,35) <0.01 indicates that the regression analysis model was fit for the study results. It shows that there was a statistically significant variance between goal setting and sales outcomes.

Table 4.7 ANOVA for Goal Setting and Sales Outcome

<table>
<thead>
<tr>
<th>ANOVAb</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Residual</td>
</tr>
</tbody>
</table>
4.3.4.3 Regression Coefficients between Goal Setting and Sales Outcome

Table 4.8 presents the regression coefficients between goal setting and sales outcomes, and this is projected as:

\[
\text{Sales Outcomes} = 1.624 + 0.495 \text{ Goal Setting} + \varepsilon
\]

The regression equation prescribes that goal setting was a significant factor in sales outcomes as evidenced by the p-value of <0.01. Thus, there was a positive significant relationship between goal setting and sales outcomes, and a unit increase in goal setting could result in a 49.5% growth in sales outcomes.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1.624</td>
<td>0.541</td>
<td>0.561</td>
<td>3.001</td>
</tr>
<tr>
<td></td>
<td>0.495</td>
<td>0.123</td>
<td></td>
<td>4.008</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sales Outcomes

\[
\text{Sales Outcomes} = 1.624 + \text{Goal Setting} \times 0.495 + \varepsilon
\]

4.4 Continuous Performance Feedback and Sales Outcomes

The second objective of the study was set to identify whether the provision of continuous performance feedback affects sales outcomes in new car dealerships in Kenya. This section presents the analyzed data for questions on whether the provision of continuous performance feedback affects sales outcomes in new car dealerships in Kenya using the descriptive analysis as well as frequencies.

4.4.1 Descriptive Analysis for Continuous Performance Feedback and Sales Outcomes
From the analyzed data for whether continuous performance feedback affects sales outcomes in new car dealerships in Kenya, the most outstanding variable agreed upon by all the respondents was that employees’ personal development plan helps them to grow their skills and knowledge with the changing environment (M=4.03, SD=1.040). The summary of the findings was as indicated in Table 4.9.

Table 4.9 Descriptive Analysis for Continuous Performance Feedback and Sales Outcomes

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>My performance has been enhanced by evaluative and non-evaluative feedback from my supervisors</td>
<td>37</td>
<td>3.89</td>
<td>1.197</td>
</tr>
<tr>
<td>The firm provides me with continuous coaching that improves my performance</td>
<td>37</td>
<td>3.38</td>
<td>1.114</td>
</tr>
<tr>
<td>Feedback enables me to be made aware of what exactly is expected from me</td>
<td>37</td>
<td>3.97</td>
<td>.928</td>
</tr>
<tr>
<td>The firm uses performance tracking that provides my performance feedback</td>
<td>37</td>
<td>3.76</td>
<td>.983</td>
</tr>
<tr>
<td>My personal development plan helps me to grow my skills and knowledge with the changing environment</td>
<td>37</td>
<td>4.03</td>
<td>1.040</td>
</tr>
<tr>
<td>I find group feedback to be more effective compared to my personal performance feedback</td>
<td>37</td>
<td>3.03</td>
<td>1.213</td>
</tr>
<tr>
<td>Performance feedback and autonomy helps me understand the organizational goals better</td>
<td>37</td>
<td>3.95</td>
<td>.970</td>
</tr>
<tr>
<td>I am more motivated by peer performance comparisons</td>
<td>37</td>
<td>3.05</td>
<td>1.290</td>
</tr>
<tr>
<td>My self-appraisal clears the differences between what I think is important and what management think is important for performance</td>
<td>37</td>
<td>3.62</td>
<td>.953</td>
</tr>
<tr>
<td>Performance appraisal lets me know as an employee that I am valued by the company</td>
<td>37</td>
<td>3.54</td>
<td>1.346</td>
</tr>
</tbody>
</table>

My performance has been enhanced by evaluative and non-evaluative feedback from my supervisors had a mean of 3.89, meaning that there was some truth in this. The firm provides me with continuous coaching that improves my performance had a mean of 3.38, meaning that there was some truth in this. Feedback enables me to be made aware of what exactly is expected from me had a mean of 3.97, meaning that there was some truth in this. The firm uses performance tracking that provides my performance feedback had a mean of 3.76, meaning that there was some truth in this. My personal development...
plan helps me to grow my skills and knowledge with the changing environment had a mean of 4.03, showing that it was true.

I find group feedback to be more effective compared to my personal performance feedback supervisors had a mean of 3.03, meaning that there was some truth in this. Performance feedback and autonomy helps me understand the organizational goals better supervisors had a mean of 3.95, meaning that there was some truth in this. I am more motivated by peer performance comparisons supervisors had a mean of 3.05, meaning that there was some truth in this. My self-appraisal clears the differences between what I think is important and what management think is important for performance supervisors had a mean of 3.62, meaning that there was some truth in this. Performance appraisal lets me know as an employee that I am valued by the company supervisors had a mean of 3.54, meaning that there was some truth in this.

4.4.2 Frequency Analysis for Continuous Performance Feedback and Sales Outcomes

Frequencies were carried out for the second objective for the study that was examining whether continuous performance feedback affects sales outcomes in new car dealerships in Kenya. The sampled variables tended to have more agreed responses as indicated in Figure 4.4.

The variable my performance has been enhanced by evaluative and non-evaluative feedback from my supervisors most of the respondents 40.5% agreeing, 35.1% strongly agreeing, 10.8% being neutral, 8.1% strongly disagreeing, 5.4% disagreeing. This shows that employees’ performance had been enhanced by evaluative and non-evaluative feedback from the supervisors. The variable the firm provides me with continuous coaching that improves my performance had majority of the respondents 48.6% agreeing, 21.6% disagreeing, 13.5% being neutral, 10.8% strongly agreeing and 5.4% strongly disagreeing. This means that the firm provided employees with continuous coaching that improved their performance.
The variable feedback enables me to be made aware of what exactly is expected from me had 62.2% of the respondents agreeing, 24.3% strongly agreed, 8.1% disagreed and 2.7% equally were neutral and strongly disagreed. This means that feedback enabled employees to be aware of what exactly was expected from them. The variable the firm uses performance tracking that provides my performance feedback had majority of the respondents 45.9% agreed, 21.6% equally strongly agreed and being neutral, 8.1% disagreed and 2.7% strongly disagreed. This means that the firm used performance tracking that provided employees with their performance feedback.

The variable my personal development plan helps me to grow my skills and knowledge with the changing environment had most of the respondents 54.1% agreeing, 32.4% strongly agreeing, 5.4% equally disagreed and strongly disagreed and 2.7% were neutral. This shows that the employees’ personal development plan helped them to grow their skills and knowledge with the changing environment. The variable I find group feedback to be more effective compared to my personal performance feedback had 32.4% of the respondents disagreeing, 24.3% agreed, 21.6% were neutral, 13.5% strongly agreed and 8.1% strongly disagreed. This means that employees find group feedback to be more effective compared to personal performance feedback.
The variable performance feedback and autonomy helps me understand the organizational goals better had majority of the respondents 45.9% agreeing, 29.7% strongly agreeing, 16.2% being neutral, 5.4% disagreeing and 2.7% strongly disagreeing. This means that performance feedback and autonomy helped employees understand the organizational goals better. The variable I am more motivated by peer performance comparisons was agreed upon by 29.7% of the respondents, 24.3% disagreed, 18.9% were neutral, 13.5% equally strongly disagreed and strongly agreed. This shows that employees were more motivated by peer performance comparisons.

The variable my self-appraisal clears the differences between what I think is important and what management think is important for performance was agreed upon by 51.4% of the respondents, 21.6% were neutral, 13.5% strongly agreed, 10.8% disagreed and 2.7% strongly disagreed. This means that the employees’ self-appraisal cleared the differences between what they think is important and what management thinks is important for performance. The variable performance appraisal lets me know as an employee that I am valued by the company was strongly agreed upon by 32.4%, 24.3% were neutral, 21.6% agreed, and 10.8% equally disagreed and strongly disagreed. This means that performance appraisal lets employees know that they are valued by the company.

### 4.4.3 Correlation Analysis for Continuous Performance Feedback and Sales Outcomes

The study measured the correlation between continuous performance feedback and sales outcomes of new car dealerships. The results in Table 4.10 indicates that there is a positive significant correlation between continuous performance feedback and sales outcomes ($r=0.747$, $p<0.01$).

**Table 4.10 Correlations for Continuous Performance Feedback and Sales Outcomes**

<table>
<thead>
<tr>
<th>Sales Outcomes</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPF</td>
<td>Pearson Correlation</td>
<td>.747**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)**
4.4.4 Regression Analysis for Continuous Performance Feedback and Sales Outcomes

4.4.4.1 Model Summary for Continuous Performance Feedback and Sales Outcomes

Table 4.11 presents the model summary for continuous performance feedback and sales outcomes. The table indicates that the adjusted R square for continuous performance feedback was 0.558 which implies that continuous performance feedback influenced sales outcome by 55.8% i.e. 55.8% of the variance in sales outcome could be explained by continuous performance feedback.

<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>.747</td>
<td>.558</td>
<td>.545</td>
<td>.48228</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Continuous Performance Feedback

4.4.4.2 ANOVA for Continuous Performance Feedback and Sales Outcome

Table 4.12 shows the ANOVA for continuous performance feedback and sales outcomes. The F-value of 44.201 df (1,35) <0.01 indicates that the regression analysis model was fit for the study results. It shows that there was a statistically significant variance between continuous performance feedback and sales outcomes.
### Table 4.12 ANOVA for Continuous Performance Feedback and Sales Outcome

<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>10.281</td>
<td>1</td>
<td>10.281</td>
<td>44.201</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>8.141</td>
<td>35</td>
<td>.233</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18.422</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Continuous Performance Feedback
b. Dependent Variable: Sales Outcomes

#### 4.4.4.3 Regression Coefficients between Continuous Performance Feedback and Sales Outcome

Table 4.13 presents the regression coefficients between continuous performance feedback and sales outcomes, and this is projected as:

\[
\text{Sales Outcomes} = 1.336 + 0.662 \text{ Continuous Performance Feedback} + \varepsilon
\]

The regression equation prescribes that continuous performance feedback was a significant factor in sales outcomes as evidenced by the p-value of <0.01. Thus, there was a positive significant relationship between continuous performance feedback and sales outcomes, and a unit increase in continuous performance feedback could result in a 62.2% growth in sales outcomes.

### Table 4.13 Regression Coefficients between Continuous Performance Feedback and Sales Outcome

<table>
<thead>
<tr>
<th>Coefficientsa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Unstandardized</td>
</tr>
<tr>
<td>Coefficients</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Constant</td>
<td>1.336</td>
<td>.373</td>
<td>3.584</td>
<td>.001</td>
</tr>
<tr>
<td>CPF</td>
<td>.622</td>
<td>.094</td>
<td>.747</td>
<td>6.648</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sales Outcomes

\[
\text{Sales Outcomes} = 1.336 + \text{Continuous Performance Feedback} 0.622 + \varepsilon
\]
4.5 Incentive Systems and Sales Outcomes

The third objective of the study assessed whether incentive systems affect sales outcomes in new car dealerships in Kenya. This section presents the analyzed data for questions on whether incentive systems affects sales outcomes in new car dealerships in Kenya using the descriptive analysis as well as frequencies.

4.5.1 Descriptive Analysis for Incentive Systems and Sales Outcomes

From the analyzed data for whether incentive systems affect sales outcomes in new car dealerships in Kenya, the most outstanding variable agreed upon by all the respondents was that employees’ level of self-efficacy (general confidence) helps them to thrive in the competitive market (M=4.24, SD=1.038). The summary of the findings was as indicated in Table 4.14.

Table 4.14 Descriptive Analysis for Incentive Systems and Sales Outcomes

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>My level of self-efficacy (general confidence) helps me to thrive in the competitive market</td>
<td>37</td>
<td>4.24</td>
<td>1.038</td>
</tr>
<tr>
<td>Competitive incentive programs highly influence my productivity</td>
<td>37</td>
<td>4.11</td>
<td>1.075</td>
</tr>
<tr>
<td>I am rewarded to meet my productivity target levels</td>
<td>37</td>
<td>3.27</td>
<td>1.367</td>
</tr>
<tr>
<td>Financial incentives significantly influence my productivity and performance</td>
<td>37</td>
<td>4.11</td>
<td>.936</td>
</tr>
<tr>
<td>Salary is a key motivator for me as an employee</td>
<td>37</td>
<td>3.65</td>
<td>1.160</td>
</tr>
<tr>
<td>It is very difficult to design a fair and effective reward program</td>
<td>37</td>
<td>2.97</td>
<td>1.280</td>
</tr>
<tr>
<td>I am motivated by verbal rewards (positive feedback) than financial rewards that focus on performance</td>
<td>37</td>
<td>2.81</td>
<td>1.330</td>
</tr>
<tr>
<td>Commissions on sales volume has a negative impact on my basic motivation</td>
<td>37</td>
<td>2.14</td>
<td>1.058</td>
</tr>
<tr>
<td>For me to remain motivated, the firm needs to appropriately reward my efforts</td>
<td>37</td>
<td>4.14</td>
<td>1.134</td>
</tr>
<tr>
<td>Pay plans with higher adjustable proportions increase my basic/intrinsic motivation</td>
<td>37</td>
<td>4.00</td>
<td>1.155</td>
</tr>
</tbody>
</table>
My level of self-efficacy (general confidence) helps me to thrive in the competitive market had a mean of 4.24, showing that it was true. Competitive incentive programs highly influence my productivity had a mean of 4.11, showing that it was true. I am rewarded to meet my productivity target levels had a mean of 3.27, meaning that there was some truth in this. Financial incentives significantly influence my productivity and performance had a mean of 4.11, showing that it was true. Salary is a key motivator for me as an employee had a mean of 3.65, meaning that there was some truth in this.

It is very difficult to design a fair and effective reward program had a mean of 2.97, meaning this was not the case. I am motivated by verbal rewards (positive feedback) than financial rewards that focus on performance had a mean of 2.81, meaning this was not the case. Commissions on sales volume has a negative impact on my basic motivation had a mean of 2.14, meaning this was not the case. For me to remain motivated, the firm needs to appropriately reward my efforts had a mean of 4.14, showing that it was true. Pay plans with higher adjustable proportions increase my basic/intrinsic motivation had a mean of 4.00, showing that it was true.

4.5.2 Frequency Analysis for Incentive Systems and Sales Outcomes

Frequencies were carried out for the third objective for the study that was assessing whether incentive systems affect sales outcomes in new car dealerships in Kenya. The sampled variables tended to have more agreed responses as indicated in Figure 4.5.

![Figure 4.5 Frequency Analysis for Incentive Systems and Sales Outcomes](image-url)
The variable my level of self-efficacy (general confidence) helps me to thrive in the competitive market was strongly agreed on by 48.6% of the respondents, 40.5% agreed, 5.4% strongly disagreed and 2.7% equally disagreed and were neutral. This means that employees’ level of self-efficacy (general confidence) helped them to thrive in the competitive market. The variable competitive incentive programs highly influence my productivity was strongly agreed on by 43.2% of the respondents, 40.5% agreed, 10.8% disagreed and 2.7% equally disagreed and were neutral. This means that competitive incentive programs highly influenced employees’ productivity.

The variable I am rewarded to meet my productivity target levels was agreed upon by 37.8% of the respondents, 21.6% disagreed, 18.9% strongly agreed, 13.5% strongly disagreed and 8.1% were neutral. This shows that employees are rewarded to meet their productivity target levels. The variable financial incentives significantly influence my productivity and performance had majority of the respondents 51.4% agreeing, 35.1% strongly agreeing, 5.4% equally being neutral and disagreeing and 2.7% strongly disagreeing. This indicates that financial incentives significantly influenced employees’ productivity and performance.

The variable salary is a key motivator for me as an employee had most of the respondents 37.8% agreeing, 24.3% equally were neutral and strongly agreed respectively, 8.1% strongly disagreed and 5.4% disagreed, a clear indication that salary is a key motivator for the employees. The variable it is very difficult to designing a fair and effective reward program had most of the respondents 27% disagreeing, 24.3% agreed, 21.6% were neutral while 13.5% equally strongly disagreed and strongly agreed. This means that it was not very difficult to design a fair and effective reward program.

The variable I am motivated by verbal rewards (positive feedback) than financial rewards that focus on performance had many respondents 27% disagreeing, 21.6% were neutral while 18.9% equally strongly disagreed and agreed and 13.5% strongly agreed. This shows that employees are not motivated by verbal rewards (positive feedback) as compared to financial rewards that focus on performance. The variable commissions on sales volume has a negative impact on my basic motivation had many respondents 35.1% disagreeing, 32.4% strongly disagreed, 21.6% were neutral while 8.1% agreed and 2.7%
strongly agreed. This means that commissions on sales volume had a positive impact on the employees’ basic motivation.

The variable for me to remain motivated, the firm needs to appropriately reward my efforts had most of the respondents 51.4% strongly agreeing, 27% agreed, 10.8% disagreed, 8.1% were neutral and 2.7% strongly disagreed. This shows that for employees to remain motivated, the firms need to appropriately reward their efforts. The variable pay plans with higher adjustable proportions increase my basic/intrinsic motivation had most of the respondents 43.2% agreeing, 37.8% strongly agreed, 8.1% equally disagreed and were neutral and 2.7% disagreed. This means that pay plans with higher adjustable proportions increase employees’ basic/intrinsic motivation.

4.5.3 Correlation Analysis for Incentive Systems and Sales Outcomes

The study measured the correlation between incentive systems and sales outcomes of new car dealerships. The results in Table 4.15 indicates that there is a positive significant correlation between incentive systems and sales outcomes (r=0.517, p<0.01).

Table 4.15 Correlations for Incentive Systems and Sales Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Sales Outcomes</th>
<th>Incentive Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Outcomes</strong></td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td><strong>Incentive Systems</strong></td>
<td>Pearson Correlation</td>
<td>.517** 1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

4.5.4 Regression Analysis for Incentive Systems and Sales Outcomes

4.5.4.1 Model Summary for Incentive Systems and Sales Outcomes

Table 4.16 presents the model summary for incentive systems and sales outcomes. The table indicates that the adjusted R square for incentive systems was 0.268 which implies that incentive systems influenced sales outcome by 26.8% i.e. 26.8% of the variance in sales outcome could be explained by incentive systems.

Table 4.16 Model Summary for Incentive Systems and Sales Outcomes

<table>
<thead>
<tr>
<th>Model Summary</th>
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</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Incentive Systems

### 4.5.4.2 ANOVA for Incentive Systems and Sales Outcome

Table 4.17 shows the ANOVA for incentive systems and sales outcomes. The F-value of 12.784 df (1,35) <0.01 indicates that the regression analysis model was fit for the study results. It shows that there was a statistically significant variance between incentive systems and sales outcomes.

<table>
<thead>
<tr>
<th>ANOVAᵇ</th>
</tr>
</thead>
</table>

<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>4.929</td>
<td>1</td>
<td>4.929</td>
<td>12.784</td>
<td>.001</td>
</tr>
<tr>
<td>Residual</td>
<td>13.493</td>
<td>35</td>
<td>.386</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18.422</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Incentive Systems

b. Dependent Variable: Sales Outcomes

### 4.5.4.3 Regression Coefficients between Incentive Systems and Sales Outcome

Table 4.18 presents the regression coefficients between incentive systems and sales outcomes, and this is projected as:

**Sales Outcomes = 2.413 + 0.364 Incentive Systems + ε**

The regression equation prescribes that incentive systems were a significant factor in sales outcomes as evidenced by the p-value of <0.01. Thus, there was a positive significant relationship between incentive systems and sales outcomes, and a unit increase in incentive systems could result in a 36.4% growth in sales outcomes.
Table 4.18 Regression Coefficients between Incentive Systems and Sales Outcome

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>2.413</td>
<td>.389</td>
<td>6.199</td>
</tr>
<tr>
<td></td>
<td>Incentive Systems</td>
<td>.364</td>
<td>.102</td>
<td>.517</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sales Outcomes

Sales Outcomes = 2.413 + Incentive Systems 0.364 + \( \varepsilon \)

4.6 General comments

The researcher sought general feedback from respondents around the effects of performance management on sales outcomes. The feedback received included that performance management processes should not be tedious otherwise staff lose interest in the process.

Sales targets should be objectively set so that they are not seen to be unattainable, in which case they stop being motivating and the salesperson loses interest. Managers should take the performance management process seriously. Managers should be more of coaches and not compete with their sales teams for incentives.

4.7 Chapter Summary

The purpose of this study was to determine the effect of performance management systems on sales outcomes in new car dealerships in Kenya. This chapter has presented the descriptive analysis for the study results.

The first section focused on the demographic information of the respondents, while the subsequent sections provided the descriptive analysis for goal setting, provision of continuous performance feedback and incentive systems and how these factors affect sales outcomes in new car dealerships in Kenya.
The next chapter is the study’s discussions, conclusions and recommendations.
CHAPTER FIVE
5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This section of the study presents the summary, discussions, conclusions, and recommendations based on the results. The chapter has five sections that are as follows: 5.1 is the introduction; 5.2 is the summary of findings, 5.3 is the discussions, 5.4 is the study conclusion, and 5.5 provides recommendations for improvement and for further research.

5.2 Summary of Findings
This study focused on determining the effect of performance management systems on sales outcomes in new car dealerships in Kenya. The study was dedicated on determining whether goal setting affects sales outcomes in new car dealerships in Kenya, identifying whether the provision of continuous performance feedback affects sales outcomes in new car dealerships in Kenya, and assessing whether incentive systems affect sales outcomes in new car dealerships in Kenya.

The findings for the effect of goal setting on sales outcome showed that there was a positive significant correlation between goal setting and sales outcomes ($r=0.561$, $p<0.01$). The regression analysis revealed that goal setting could statistically and significantly affect sales outcome ($\beta = 0.495$, $t(35) = 16.066$, $p<0.05$). The findings for the effect of continuous performance feedback on sales outcome showed that there was a positive significant correlation between continuous performance feedback and sales outcomes ($r=0.747$, $p<0.01$). The regression analysis revealed that continuous performance feedback could statistically and significantly affect sales outcome ($\beta = 0.558$, $t(35) = 44.201$, $p<0.05$). The findings for the effect of incentive systems on sales outcome showed that there was a positive significant correlation between continuous performance feedback and sales outcomes ($r=0.577$, $p<0.01$). The regression analysis revealed that incentive systems could statistically and significantly affect sales outcome ($\beta = 0.364$, $t(35) = 12.784$, $p<0.05$).
The study showed that employees’ attitude to work was not determined by the difficulty in attaining their goals, and they excelled at tasks that had a learning goal that required new skills or knowledge, and they did not tend to choose tasks that they would succeed in and avoid those that were more challenging. Having high goals did not demoralize the sales team, and shared vision had strengthened the firm’s cooperative goal. Goals did not matter if the working environment was poor, and employees loved setting their personal goals related to their line of work. High set goals by the firm had not pushed employees into breaking the laws in order to remain competitive, and employees performed very well when they were given tasks that they were knowledgeable in, and this had enhanced the employees’ task performance.

The study showed that employees’ performance had been enhanced by evaluative and non-evaluative feedback from the supervisors, and this provided employees with continuous coaching that improved their performance. Feedback enabled employees to be aware of what exactly was expected from them, and firms used performance tracking that provided employees with their performance feedback. Employees’ personal development plan helped them to grow their skills and knowledge with the changing environment, and they found group feedback to be more effective compared to personal performance feedback. The study revealed that performance feedback and autonomy helped employees understand the organizational goals better, and they were more motivated by peer performance comparisons. Employees’ self-appraisal cleared the differences between what they think is important and what management thinks is important for performance, and performance appraisal let employees know that they were valued by the company.

The study showed that employees’ level of self-efficacy (general confidence) helped them to thrive in the competitive market, as well as competitive incentive programs highly influenced employees’ productivity. Employees are rewarded to meet their productivity target levels. Financial incentives significantly influenced employees’ productivity and performance, and salaries were key motivator for the employees. The study revealed that it was not very difficult to design a fair and effective reward program, and employees are not motivated by verbal rewards (positive feedback) as compared to financial rewards that focus on performance. Commissions on sales volume had a positive impact on the employees’ basic motivation, and for them to remain motivated, the firms need to
appropriately reward their efforts, using pay plans with higher adjustable proportions that increases their basic/intrinsic motivation.

5.3 Discussion

5.3.1 Goal Setting and Sales Outcomes

The study showed that employees’ attitude to work was not determined by the difficulty in attaining their goals. The result disagrees with Wiese and Freund (2005) whose 3-year study of people in managerial and professional jobs in Germany revealed that only those adults who perceived their goals as difficult to attain reported a change in affect (how one feels about or how interested one is towards a goal). Drach-Zahavy and Erez (2002) found that, when a task was altered to pose new challenges (but with goal difficulty held constant), people who were made to view a situation as a threat (focus on failure) achieved significantly lower performance than did those who were made to view the situation as a challenge (focus on success and the usefulness of effort).

The study revealed that employees excel at tasks that have a learning goal that requires new skills or knowledge. The result agrees with Latham et al. (2016) that, learning goals focus on the identification and implementation of effective strategies, processes or procedures necessary to perform a task effectively, and setting a specific, difficult learning goal on a task that requires the acquisition of knowledge leads to better performance than a specific, difficult performance goal does. However, LePine (2005) conducted a goal-setting and goal-orientation study and found that, teams that adapted best were those that had high goals as well as a high score on a learning orientation trait scale i.e. setting high goals was found to be harmful if the teams scored low on the measure of learning orientation.

The study showed that employees did not tend to choose tasks that they will succeed in and avoid those that were more challenging. The result disagrees with Seijts et al. (2004), who study showed that, employees with a performance goal orientation will tend to avoid tasks that they may end up failing at and hence be judged negatively based on their failure, thus, they will tend to choose tasks that they will succeed in and that will thus make them look good. A study by Drach-Zahavy and Erez (2002) also revealed that assigning hard goals may not be effective when people view those goals as threatening,
thus, whether a person appraises a high goal as a challenge versus a threat makes a
difference for that person's performance.

The study revealed that having high goals did not demoralize the sales team. The result
disagrees with LePine (2005) who noted that, setting high goals was found to be harmful
if the teams scored low on the measure of learning orientation, and that, the teams that
adapted best were those that had high goals as well as a high score on a learning
orientation trait scale. Drach-Zahavy and Erez (2002) also found that, when a task was
altered to pose new challenges, people who were made to view a situation as a threat
achieved significantly lower performance than did those who were made to view the
situation as a challenge.

The study showed that shared vision had strengthened the firm’s cooperative goal. The
result agrees with Latham et al. (2016) who observed that, a shared vision strengthened
cooperative goal setting by drawing the boundary lines of the group around the two
organizations involved, namely, the company and its suppliers, thereby reducing the
negative feelings that frequently occur in alliances due to perceptions of in- versus out-
groups. However, Soriano’s (2008) study showed that, while goals can help organizations
improve productivity, those positive effects may not last if the more intangible aspects of
the working environment are not given consideration.

The study revealed that goals do not matter if the working environment is poor. The
results agrees with Soriano (2008) who found that while goals can help organizations
improve productivity, those positive effects may not last if the more intangible aspects of
the working environment (job satisfaction, job commitment, willingness to engage in
organizational citizenship behavior, and a belief that justice exists in the workplace) are
not given consideration. Koch and Nafziger (2011) also noted that, challenging goal
increases the psychological cost of avoidance because the individual suffers a loss from
falling short of the goal.

The study showed that employees love setting their personal goals related to their line of
work. The result agrees with Koch and Nafziger (2011) who analyzed the process of self-
regulation through self-set goals, and they modelled an individual with a present bias that
causes a self-control problem and show that he can enhance his motivation to work hard in the future by raising the goal against which performance will be measured. The study Wiese and Freund (2005) also found that lack of goal attainment in one's personal life was related to greater general well-being when the person experienced goal progress on the job, evidently, success in one realm compensated for failure in the other.

The study revealed that high set goals by the firm had not pushed employees into breaking the laws in order to remain competitive. The result disagrees with Ordonez et al. (2009) who after examining the negative aspects of goal setting, found that poorly set goals can narrow focus, motivate risk-taking, lure people into unethical behavior, inhibit learning, increase competition, and decrease intrinsic motivation. Drach-Zahavy and Erez (2002) had also observed that assigning hard goals may not be effective when people view those goals as threatening, thus, whether a person appraises a high goal as a challenge versus a threat makes a difference for that person's performance.

The study showed that employees perform very well when they are given tasks that they are knowledgeable in. The result agrees with Ayers (2015) who state that there are two aspects of goal alignment, that is, actual embedding of organizational goals in performance plans (plan alignment) and the employees’ knowledge of how their work relates to the agency’s goals and priorities (employee alignment). The research found that employee alignment increases organizational performance whereas plan alignment does not. Rysavy (2015) also observed that in many environments, such as the workplace, there is a high likelihood that an individual is influenced or coerced to establish goals that are of say their manager that may be congruent or incongruent with their own individual goal orientation.

The study revealed that goal setting has enhanced the employees’ task performance. The result agrees with the research by Campbell and Furrer (1995) that documented the simultaneous effects of goal setting and competition on the performance of a simple cognitive task. it showed that, goal setting enhanced task performance: specific, difficult goals resulted in higher achievement than easy or intermediate goals. The study by Corgnet et al. (2015) also found that when managers set goals that are challenging but attainable for the worker of average ability, the worker responded to these goals by
increasing effort and performance and by decreasing on-the-job leisure activities with respect to the no-goal-setting baseline.

5.3.2 Continuous Performance Feedback and Sales Outcomes

The study showed that employees’ performance had been enhanced by evaluative and non-evaluative feedback from the supervisors. The result agrees with Kim and Hamner (1976) who state that, when evaluative and non-evaluative feedback is added to a goal-setting program, performance is generally enhanced beyond that found in the goal-setting-only. A research by Earley et al. (1990) also indicated that both process and outcome feedback interrelate with goal setting to enhance performance, in addition, the interaction of goal setting and process feedback was more strongly related to the quality of information search and task strategy than the interaction of goal setting and outcome feedback.

The study revealed that the firm provided employees with continuous coaching that improved their performance. The result agrees with McAfee et al. (1993) who state that, proper performance management involves continuous coaching and counselling and working together with the employee to build their knowledge and skills. The study by Afande (2015) recommended targeted and documented performance tracking to guide performance feedback since it would enable the application of different coaching initiatives for different performance problems which results in a better success rate for resolving performance issues.

The study showed that feedback enabled employees to be aware of what exactly was expected from them. The result agrees with Odhiambo (2015) whose findings indicated that, effective feedback is essential for employee productivity, and ultimately on the organization’s ability to meet its targets, and feedback enables the employees to be made aware of what exactly is expected from them. This result however, disagrees with Alvero et al. (2008) who study showed that feedback does not uniformly improve performance, but that, the most consistent effects continue to occur when feedback is used in combination with other procedures.
The study revealed that the firms used performance tracking that provided employees with their performance feedback. The result agrees with Afande (2015) who states that, targeted and documented performance tracking guides performance feedback, and that firms need to have monthly data collection to guides the identification of poor performance and avoids blanket performance improvement covering areas that may not need fixing. However, Muras et al. (2017) note that, it is hard for Managers to address performance across the year and handle occurrences that may not have happened close to the appraisal date, and that, one significant consequence of this weakness is growth in the use of personal development plans.

The study showed that the employees’ personal development plan helped them to grow their skills and knowledge with the changing environment. This agrees with Muras, Smith and Meyers (2017) who observed that personal development plans enable an employee to grow their skills and knowledge in line with changing internal and external environment and it doesn’t have to wait for the appraisal dates. This result however, disagrees with Alvero et al. (2008) who study showed that feedback does not uniformly improve performance, but that, the most consistent effects continue to occur when feedback is used in combination with other procedures.

The study revealed that employees find group feedback to be more effective compared to personal performance feedback. The result agrees with Alvero, Bucklin, and Austin (2008) who state that, most consistent effects continue to occur when feedback is used in combination with other procedures, and that feedback is more consistently effective when delivered at the group level than when delivered at the individual level. Gonzalez-Mulé et al. (2016) also developed a model proposing that performance feedback coupled with high autonomy enables teams to have greater clarity of the organization’s goals, which in turn increases team performance.

The study showed that performance feedback and autonomy helped employees understand the organizational goals better. The result agrees with Gonzalez-Mulé et al. (2016) who developed a model proposing that performance feedback coupled with high autonomy enables teams to have greater clarity of the organization’s goals, which in turn increases team performance. This result however, disagrees with Alvero et al. (2008) who
study showed that feedback does not uniformly improve performance, but that, the most consistent effects continue to occur when feedback is used in combination with other procedures.

The study revealed that employees were more motivated by peer performance comparisons. The result agrees with Tarakci et al. (2018) who states that, typical assessments of managerial performance with reference to a prior year, this research shows that performance comparisons relative to peers and other organizational units better motivate managers’ divergent strategic behavior. Brown, Kulik and Lim (2016) study also showed that, self-appraisals provide mutual feedback for meaningful adjustment of expectations, and peer appraisals - employees in similar positions appraise an employee’s performance.

The study showed that employees’ self-appraisal cleared the differences between what they think is important and what management thinks is important for performance. The result agrees with a study by Brown, Kulik and Lim (2016) that showed that, often, self-appraisals can highlight discrepancies between what the employee and management think are important performance factors and provide mutual feedback for meaningful adjustment of expectations, and peer appraisals - employees in similar positions appraise an employee’s performance. Kaplan and Norton (2015) developed a set of measures that they referred to as a balanced scorecard, which gives top managers a fast but comprehensive view of the organization’s performance and include both process and results measures.

The study revealed that performance appraisal lets employees know that they are valued by the company. The result agrees with Gonzalez-Mulé et al. (2016) who state that, performance appraisal tells top performers that they are valued by the company, and it requires managers to at least annually communicate to employees their performance strengths and weaknesses. A study by Muchel‘le (2014) showed that, appraisals are a major performance measure and managers’ appraisal - whereby a manager appraises the employees’ performance and delivers the appraisal to the employee (a top-down appraisal) - does not encourage the employees’ active participation.
5.3.3 Incentive Systems and Sales Outcomes

The study showed that employees’ level of self-efficacy (general confidence) helped them to thrive in the competitive market. The result agrees with Brown et al. (2015) who indicate that for individuals to thrive in a competitive milieu they need high levels of self-efficacy (akin to confidence in one’s ability to perform a specific type of task, not general confidence). A study by Ingram and Bellenger (2013) showed that, it is expected that the competitive incentive programs might be less effective than those where everyone who increases their performance to agreed levels is eligible to receive an incentive.

The study revealed that competitive incentive programs highly influenced employees’ productivity. The result disagrees with Ingram and Bellenger (2013) who noted that, in light of the psychological research on competition, it is expected that the competitive incentive programs might be less effective than those where everyone who increases their performance to agreed levels is eligible to receive an incentive. Gibbs et al. (2009) while using data from auto dealership manager incentive systems, they found that companies use incentive systems of multiple performance measures, incentive instruments, and implicit evaluation and rewards as a response to weaknesses in available performance measures.

The study showed that employees are rewarded to meet their productivity target levels. The result agrees with Odhiambo (2015) who noted that, with regards to the influence of reward systems on employee productivity, employees can be rewarded to meet target productivity levels. Ahammad et al. (2015) examined the impact of motivation-enhancing HR practices on the productivity, and their results showed that workers with relatively high abilities might take advantage of both ex-ante and ex-post incentives.

The study revealed that financial incentives significantly influenced employees’ productivity and performance. The result agrees with Odhiambo (2015); and Ahammad et al. (2015) whose studies revealed that, workers with relatively low ability are unable to take advantage of incentive schemes, however, motivation-enhancing HR practices such as financial incentives significantly influence the productivity and performance of employees.
The study showed that salary is a key motivator for the employees. The result agrees with Coughlan and Narasimhan (2016) who note that, sales-force compensation is more heavily weighted toward salary as the number of years of service increases and in the presence of a career-path program, and that those with higher educational levels also receive a higher proportion of pay in salary. The analysis of Uduji (2013) on 178 salespeople in manufacturing firms of Nigeria revealed that salary compensation, commission incentive, bonus payment and fringe benefits were major factors that influenced salespersons motivations.

The study revealed that it was not very difficult to design a fair and effective reward program. The result disagrees with Eijkenaar (2013) whose study revealed that designing a fair and effective program is a complex undertaking, because performance is ideally defined broadly, provided that the set of measures remains comprehensible among other factors. The study by Ayers (2015) also showed that employee alignment increases organizational performance whereas plan alignment does not, furthermore, the overall quality of a performance appraisal program moderates the alignment and organizational performance relationship.

The study showed that employees are not motivated by verbal rewards (positive feedback) as compared to financial rewards that focus on performance. The result disagrees with Ingram and Bellenger (2013) whose study showed that, tangible rewards had a significant negative effect on intrinsic motivation for interesting tasks, while, verbal rewards (positive feedback) had a significant positive effect on intrinsic motivation. It also disagrees with Pullins (2016) who analyzed the importance of salesforce compensation in influencing the salesperson’s intrinsic motivation, and found that, most of the motivation comes from intrinsic rewards and interesting and challenging nature of work.

The study revealed that commissions on sales volume had a positive impact on the employees’ basic motivation. The result disagrees with Pullins (2016) who analyzed the importance of salesforce compensation in influencing the salesperson’s intrinsic motivation which showed that sales managers believed that commissions on sales volume had a negative impact on salespeople’s intrinsic motivation. The analysis of Uduji (2013)
also revealed that salary compensation, commission incentive, bonus payment and fringe benefits were major factors that influenced salespersons motivations.

The study showed that for employees to remain motivated, the firms need to appropriately reward their efforts. The result agrees with Brown et al. (2015) who notes that, clear performance feedback by management fosters motivation and effective self-regulation of goal-directed behavior, and, in order to sustain motivation, salespeople have to be appropriately rewarded for their efforts. This is confirmed by Corgnet et al. (2015) whose study of the relationship between goal setting and monetary rewards indicated that goal setting is most effective when monetary incentives are strong.

The study revealed that pay plans with higher adjustable proportions increase employees’ basic/intrinsic motivation. The result agrees with DelVecchio and Wagner (2014) who analyzed the impact of variable pay on salesperson intrinsic motivation, and found out that pay plans with higher variable proportions could lead to higher levels of intrinsic motivation for the younger salespeople. The analysis of Uduji (2013) also revealed that salary compensation, commission incentive, bonus payment and fringe benefits were major factors that influenced salespersons motivations.

5.4 Conclusions

5.4.1 Goal Setting and Sales Outcomes
The study concludes that employees’ attitude to work was not determined by the difficulty in attaining their goals, and they excelled at tasks that had a learning goal that required new skills or knowledge, and they did not tend to choose tasks that they would succeed in and avoid those that were more challenging. Having high goals did not demoralize the sales team, and shared vision had strengthened the firm’s cooperative goal. The study concludes that goals did not matter if the working environment was poor, and employees loved setting their personal goals related to their line of work. High set goals by the firm had not pushed employees into breaking the laws in order to remain competitive, and employees performed very well when they were given tasks that they were knowledgeable in, and this had enhanced the employees’ task performance.

5.4.2 Continuous Performance Feedback and Sales Outcomes
The study concludes that employees’ performance had been enhanced by evaluative and non-evaluative feedback from the supervisors, and this provided employees with continuous coaching that improved their performance. Feedback enabled employees to be aware of what exactly was expected from them, and firms used performance tracking that provided employees with their performance feedback. Employees’ personal development plan helped them to grow their skills and knowledge with the changing environment, and they found group feedback to be more effective compared to personal performance feedback. The study concludes that performance feedback and autonomy helped employees understand the organizational goals better, and they were more motivated by peer performance comparisons. Employees’ self-appraisal cleared the differences between what they think is important and what management thinks is important for performance, and performance appraisal let employees know that they were valued by the company.

5.4.3 Incentive Systems and Sales Outcomes
The study concludes that employees’ level of self-efficacy (general confidence) helped them to thrive in the competitive market, as well as competitive incentive programs highly influenced employees’ productivity. Employees are rewarded to meet their productivity target levels. Financial incentives significantly influenced employees’ productivity and performance, and salaries were key motivator for the employees. The study concludes that it was not very difficult to design a fair and effective reward program, and employees are not motivated by verbal rewards (positive feedback) as compared to financial rewards that focus on performance. Commissions on sales volume had a positive impact on the employees’ basic motivation, and for them to remain motivated, the firms need to appropriately reward their efforts, using pay plans with higher adjustable proportions that increases their basic/intrinsic motivation.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Goal Setting and Sales Outcomes
The study showed that the firms used goals (target goals) to facilitate the performance of the sales teams. The study recommends the owners and managers of these car dealerships to refrain from using these sales target goals to motivate employees, since it may lead to
unethical behaviors from employees, but rather encourage employees to build character by checking their performance in terms of learning and application, which may encourage better employee behaviors.

5.5.1.2 Continuous Performance Feedback and Sales Outcomes
The study recommends the owners and managers of these car dealerships to ensure that they build a comprehensive 2-way feedback platform that may enable the employees to be aware of what exactly is expected from them, in terms of behavior and sales targets, as well as management getting to understand the challenges faced by employees. This would provide both employees and supervisors with a successful empowerment tool that would increase productivity for the firms.

5.5.1.3 Incentive Systems and Sales Outcomes
The study showed that compensation was a key motivator for the sales-force. The study therefore recommends that, the owners and managers of these car dealerships to increase the pay incentives for their sales-force in order to improve and increase their performance. This should be done across the board in terms of sales commissions, as well as sales bonuses.

5.5.2 Recommendations for Further Research
This study focused on the new car dealerships/dealers in the Kenya motor industry. The researcher recommends that a similar study be conducted in second-hand car dealerships as well, to see whether the findings apply to that sector as well. The study focused on three aspects (goal setting, continuous performance feedback, and incentive systems) and how they affect sales outcomes. Further research can be conducted with the aim of focusing on other variables apart from the ones captured in the study.
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APPENDICES

APPENDIX I: QUESTIONNAIRE

The following questionnaire has been formulated with the intention of examining the effects of performance management systems on sales outcomes in new car dealerships in Kenya. Please fill the blank spaces by ticking ✓ or marking using x or X.

Part 1: Personal Information

1. What is your gender?
   Male [ ]
   Female [ ]

2. What is your age bracket?
   20-25 Years [ ]  26-30 Years [ ]  31-35 Years [ ]  36-40 Years [ ]
   41 Years and Over [ ]

3. What is the highest level of education you have attained?
   Primary Certificate [ ]  Primary Certificate [ ]  Diploma [ ]
   Degree [ ]  Master’s Degree [ ]  Other [ ] Specify ______________________

4. What is the name of your car dealership?
   ____________________________________________________________________

5. How long have you worked for the organization?
   1-5 Years [ ]  6-10 Years [ ]  11-15 Years [ ]  16-20 Years [ ]
   21 Years and Over [ ]

6. What is your position in the organization?
   ____________________________________________________________________
### Part 2: Goal Setting and Sales Outcomes

7. Please rate the following statements using the scale 1 - strongly disagree, 2 - disagree, 3 - neutral, 4 - agree and 5 - strongly agree.

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<th>2</th>
<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td>1</td>
<td>My attitude to work is determined by the difficulty in attaining my goals</td>
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<td>2</td>
<td>I excel at tasks that have a learning goals that require new skills or knowledge</td>
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<td>3</td>
<td>I tend to choose tasks that I will succeed in and avoid those that are more challenging</td>
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<tr>
<td>4</td>
<td>Having high goals demoralizes the sales team</td>
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<tr>
<td>5</td>
<td>A shared vision has strengthened the firm’s cooperative goal</td>
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<tr>
<td>6</td>
<td>Goals do not matter if the working environment is poor</td>
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<tr>
<td>7</td>
<td>I love setting my personal goals related to my line of work</td>
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<tr>
<td>8</td>
<td>High set goals by the firm have pushed me into breaking the laws in order to remain competitive</td>
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<tr>
<td>9</td>
<td>I perform very well when am given tasks that I am knowledgeable in</td>
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<tr>
<td>10</td>
<td>Goal setting has enhanced my task performance</td>
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</tbody>
</table>
Part 3: Continuous Performance Feedback and Sales Outcomes

8. Please rate the following statements using the scale 1 - strongly disagree, 2 - disagree, 3 - neutral, 4 - agree and 5 - strongly agree.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My performance has been enhanced by evaluative and non-evaluative feedback from my supervisors</td>
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<td>2</td>
<td>The firm provides me with continuous coaching that improves my performance</td>
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<tr>
<td>3</td>
<td>Feedback enables me to be made aware of what exactly is expected from me</td>
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<td>4</td>
<td>The firm uses performance tracking that provides my performance feedback</td>
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<tr>
<td>5</td>
<td>My personal development plan helps me to grow my skills and knowledge with the changing environment</td>
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<td>6</td>
<td>I find group feedback to be more effective compared to my personal performance feedback</td>
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<td>7</td>
<td>Performance feedback and autonomy helps me understand the organizational goals better</td>
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<td>8</td>
<td>I am more motivated by peer performance comparisons</td>
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<td>9</td>
<td>My self-appraisal clears the differences between what I think is important and what management think is important for performance</td>
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<td>10</td>
<td>Performance appraisal lets me know as an employee that I am valued by the company</td>
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</tbody>
</table>
### Part 4: Incentive Systems and Sales Outcomes

9. Please rate the following statements using the scale 1 - strongly disagree, 2 - disagree, 3 - neutral, 4 - agree and 5 - strongly agree.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>My level of self-efficacy (general confidence) helps me to thrive in the competitive market</td>
<td></td>
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<tr>
<td>2</td>
<td>Competitive incentive programs highly influence my productivity</td>
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<tr>
<td>3</td>
<td>I am rewarded to meet my productivity target levels</td>
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<tr>
<td>4</td>
<td>Financial incentives significantly influence my productivity and performance</td>
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<td>5</td>
<td>Salary is a key motivator for me as an employee</td>
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<tr>
<td>6</td>
<td>It is very difficult to designing a fair and effective reward program</td>
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<td>7</td>
<td>I am motivated by verbal rewards (positive feedback) than financial rewards that focus on performance</td>
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<tr>
<td>8</td>
<td>Commissions on sales volume has a negative impact on my basic motivation</td>
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<tr>
<td>9</td>
<td>For me to remain motivated, the firm needs to appropriately reward my efforts</td>
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<tr>
<td>10</td>
<td>Pay plans with higher adjustable proportions increase my basic/intrinsic motivation</td>
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<tr>
<td>11</td>
<td>Do you have any other recommendations that companies can implement when it comes to performance management systems to enhance sales outcomes?</td>
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</tbody>
</table>

**THE END**
APPENDIX II: RESEARCHER’S INTRODUCTION LETTER

Naserian Kimathi
P.O. Box 52403-00200
Nairobi, Kenya
Email: naseriankimathi@gmail.com

The CEO
Toyota Kenya
P.O. Box 3391-00506
Nairobi

26th May, 2019

Dear Sir,

I am currently enrolled in the Master of Science in Management and Organizational Development programme at the United States International University-Africa and I am in the process of writing my Master’s Thesis. The purpose of the research is to determine the effects of performance management systems on sales outcomes in new car dealerships in Kenya.

Your participation in this research project is completely voluntary. You may decline altogether, or leave blank any questions you don’t wish to answer. If you agree to participate in this project, please answer the questions on the questionnaire as best as you can. It should take you approximately ten minutes to complete. Your responses will remain confidential and anonymous. No one other than the researcher will know your individual responses to the questionnaire.

Please return the questionnaire as soon as possible in the enclosed business reply envelope (to me, Naserian Kimathi, by 9th June, 2019). If you have any questions or would like further information about this project, please feel free to contact me via email at naseriankimathi@gmail.com.

Thank you for your assistance in this important endeavor.

Sincerely,

Naserian Kimathi
APPENDIX III: UNIVERSITY INTRODUCTION LETTER

TO WHOM IT MAY CONCERN

22ND JULY 2019

Dear Sir/Madam,

REF: PERMISSION TO CONDUCT RESEARCH - ELIZABETH NASERIAN
STUDENT ID NO. 656893.

The bearer of this letter is a student of United States International University (USIU)-Africa pursuing a master’s Degree in Management and Organizational Development.

As part of the program, the student is required to undertake a dissertation on the “Effects of Performance Management Systems on Sales Outcomes in New Car Dealerships in Kenya” requires her to collect data.

Please note that information provided will be treated with utmost confidentiality and will only be used for academic purposes.

Kindly assist the student get the appropriate data and should you have any queries contact the undersigned.

Yours Sincerely

[Signature]

Prof. Amos Njuguna
Dean School of Graduate Studies, Research and Extension
Tel: 6730 116 442
Email: amnjuguna@usiu.ac.ke
APPENDIX IV: NACOSTI APPROVAL LETTER

Ref No: 749900
Date of Issue: 19/August/2019

RESEARCH LICENSE

This is to certify that Ms., ELIZABETH KIMATHI of United States International University, Kenya, has been licensed to conduct research in Nairobi on the topic: EFFECTS OF PERFORMANCE MANAGEMENT SYSTEMS ON SALES OUTCOMES IN NEW CAR DEALERSHIPS IN KENYA for the period ending: 19/August/2020.

License No: NACOSTI/P/10/714

749900
Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code

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7. The Licensee shall submit one hard copy and upload a soft copy of their final report (thesis) within one of completion of the research
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E-mail: dg@nacosti.go.ke / registry@nacoti.go.ke
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